

# TYSON FOODS INC

## FORM 10-K (Annual Report)

Filed 11/22/10 for the Period Ending 10/02/10

Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended **October 2, 2010**

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **001-14704**

**TYSON FOODS, INC.**

(Exact Name of Registrant as specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**71-0225165**

(I.R.S. Employer Identification No.)

**2200 Don Tyson Parkway, Springdale, Arkansas**

(Address of principal executive offices)

**72762-6999**

(Zip Code)

**Registrant's telephone number, including area code:**

**(479) 290-4000**

Securities Registered Pursuant to Section 12(b) of the Act:

**Title of Each Class**

Class A Common Stock, Par Value \$0.10

**Name of Each Exchange on Which Registered**

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: Not Applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

On April 3, 2010, the aggregate market value of the registrant's Class A Common Stock, \$0.10 par value (Class A stock), and Class B Common Stock, \$0.10 par value (Class B stock), held by non-affiliates of the registrant was \$5,835,078,191 and \$412,523, respectively. Class B stock is not publicly listed for trade on any exchange or market system. However, Class B stock is convertible into Class A stock on a share-for-share basis, so the market value was calculated based on the market price of Class A stock.

On October 30, 2010, there were 307,209,339 shares of Class A stock and 70,021,155 shares of Class B stock outstanding.

**INCORPORATION BY REFERENCE**

Portions of the registrant's definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held February 4, 2011, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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### PART I

#### ITEM 1. BUSINESS

##### GENERAL

Founded in 1935, Tyson Foods, Inc. and its subsidiaries (collectively, “Company,” “we,” “us” or “our”) are one of the world’s largest meat protein companies and the second-largest food production company in the *Fortune* 500 with one of the most recognized brand names in the food industry. We produce, distribute and market chicken, beef, pork, prepared foods and related allied products. Our operations are conducted in four segments: Chicken, Beef, Pork and Prepared Foods. Some of the key factors influencing our business are customer demand for our products; the ability to maintain and grow relationships with customers and introduce new and innovative products to the marketplace; accessibility of international markets; market prices for our products; the cost of live cattle and hogs, raw materials and grain; and operating efficiencies of our facilities.

We operate a fully vertically integrated poultry production process. Our integrated operations consist of breeding stock, contract growers, feed production, processing, further-processing, marketing and transportation of chicken and related allied products, including animal and pet food ingredients. Through our wholly-owned subsidiary, Cobb-Vantress, Inc. (Cobb), we are one of the leading poultry breeding stock suppliers in the world. Investing in breeding stock research and development allows us to breed into our flocks the characteristics found to be most desirable.

We also process live fed cattle and hogs and fabricate dressed beef and pork carcasses into primal and sub-primal meat cuts, case ready beef and pork and fully-cooked meats. In addition, we derive value from allied products such as hides and variety meats sold to further processors and others.

We produce a wide range of fresh, value-added, frozen and refrigerated food products. Our products are marketed and sold primarily by our sales staff to grocery retailers, grocery wholesalers, meat distributors, warehouse club stores, military commissaries, industrial food processing companies, chain restaurants or their distributors, international export companies and domestic distributors who serve restaurants, foodservice operations such as plant and school cafeterias, convenience stores, hospitals and other vendors. Additionally, sales to the military and a portion of sales to international markets are made through independent brokers and trading companies.

We have been exploring ways to commercialize our supply of poultry litter and animal fats. In June 2007, we announced a 50/50 joint venture with Syntroleum Corporation, called Dynamic Fuels LLC. Dynamic Fuels LLC produces renewable synthetic fuels targeting the renewable diesel and jet fuel markets. Construction of production facilities was completed in late fiscal 2010, and initial production began in October 2010.

##### FINANCIAL INFORMATION OF SEGMENTS

We operate in four segments: Chicken, Beef, Pork and Prepared Foods. The contribution of each segment to net sales and operating income (loss), and the identifiable assets attributable to each segment, are set forth in Note 20: Segment Reporting of the Notes to Consolidated Financial Statements.

##### DESCRIPTION OF SEGMENTS

**Chicken:** Chicken operations include breeding and raising chickens, as well as processing live chickens into fresh, frozen and value-added chicken products and logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. It also includes sales from allied products and our chicken breeding stock subsidiary.

**Beef:** Beef operations include processing live fed cattle and fabricating dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. This segment also includes sales from allied products such as hides and variety meats, as well as logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. Allied products are marketed to manufacturers of pharmaceuticals and technical products.

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**Pork:** Pork operations include processing live market hogs and fabricating pork carcasses into primal and sub-primal cuts and case-ready products. This segment also includes our live swine group, related allied product processing activities and logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. We sell allied products to pharmaceutical and technical products manufacturers, as well as a limited number of live swine to pork processors.

**Prepared Foods:** Prepared Foods operations include manufacturing and marketing frozen and refrigerated food products and logistics operations to move products through the supply chain. Products include pepperoni, bacon, beef and pork pizza toppings, pizza crusts, flour and corn tortilla products, appetizers, prepared meals, ethnic foods, soups, sauces, side dishes, meat dishes and processed meats. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets.

### RAW MATERIALS AND SOURCES OF SUPPLY

**Chicken:** The primary raw materials used in our chicken operations are corn and soybean meal used as feed and live chickens raised primarily by independent contract growers. Our vertically-integrated chicken process begins with the grandparent breeder flocks and ends with broilers for processing. Breeder flocks (i.e., grandparents) are raised to maturity in grandparent growing and laying farms where fertile eggs are produced. Fertile eggs are incubated at the grandparent hatchery and produce pullets (i.e., parents). Pullets are sent to breeder houses, and the resulting eggs are sent to our hatcheries. Once chicks have hatched, they are sent to broiler farms. There, contract growers care for and raise the chicks according to our standards, with advice from our technical service personnel, until the broilers reach the desired processing weight. Adult chickens are transported to processing plants, which are slaughtered and converted into finished products, then sent to distribution centers and delivered to customers.

We operate our own feed mills to produce scientifically-formulated feeds. In fiscal 2010, corn and soybean meal were major production costs, representing roughly 42% of our cost of growing a live chicken. In addition to feed ingredients to grow the chickens, we use cooking ingredients, packaging materials and cryogenic agents. We believe our sources of supply for these materials are adequate for our present needs, and we do not anticipate any difficulty in acquiring these materials in the future. While we produce nearly all our inventory of breeder chickens and live broilers, from time-to-time we purchase live, ice-packed or deboned chicken to meet production requirements.

**Beef:** The primary raw materials used in our beef operations are live cattle. We do not have facilities of our own to raise cattle but employ cattle buyers located throughout cattle producing areas who visit independent feed yards and buy live cattle on the open spot market. These buyers are trained to select high quality animals, and we continually measure their performance. We also enter into various risk-sharing and procurement arrangements with producers to secure a supply of livestock for our facilities. We believe the sources of supply of live cattle are adequate for our present needs.

**Pork:** The primary raw materials used in our pork operations are live hogs. The majority of our live hog supply is obtained through various procurement relationships with independent producers. We employ buyers who purchase hogs on a daily basis, generally a few days before the animals are processed. These buyers are trained to select high quality animals, and we continually measure their performance. We believe the sources of supply of live hogs are adequate for our present needs. Additionally, we raise a number of weanling swine to sell to independent finishers and supply a minimal amount of live swine for our own processing needs.

**Prepared Foods:** The primary raw materials used in our prepared foods operations are commodity based raw materials, including chicken, beef, pork, corn, flour and vegetables. Some of these raw materials are provided by our other segments, while others may be purchased from numerous suppliers and manufacturers. We believe the sources of supply of raw materials are adequate for our present needs.

### SEASONAL DEMAND

Demand for chicken and beef products generally increases during the spring and summer months and generally decreases during the winter months. Pork and prepared foods products generally experience increased demand during the winter months, primarily due to the holiday season, while demand decreases during the spring and summer months.

### CUSTOMERS

Wal-Mart Stores, Inc. accounted for 13.4% of our fiscal 2010 consolidated sales. Sales to Wal-Mart Stores, Inc. were included in the Chicken, Beef, Pork and Prepared Foods segments. Any extended discontinuance of sales to this customer could, if not replaced, have a material impact on our operations. No other single customer or customer group represents more than 10% of fiscal 2010 consolidated sales.

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### COMPETITION

Our food products compete with those of other food producers and processors and certain prepared food manufacturers. Additionally, our food products compete in markets around the world.

We seek to achieve a leading market position for our products via our principal marketing and competitive strategy, which includes:

- identifying target markets for value-added products;
- concentrating production, sales and marketing efforts to appeal to and enhance demand from those markets; and
- utilizing our national distribution systems and customer support services.

Past efforts indicate customer demand can be increased and sustained through application of our marketing strategy, as supported by our distribution systems. The principal competitive elements are price, product safety and quality, brand identification, breadth and depth of product offerings, availability of products, customer service and credit terms.

### INTERNATIONAL

We exported to more than 100 countries in fiscal 2010. Major export markets include Canada, Central America, China, the European Union, Japan, Mexico, the Middle East, Russia, South Korea, Taiwan and Vietnam.

We have the following international operations:

- Tyson de Mexico, a Mexican subsidiary, is a vertically-integrated poultry production company;
- Cobb-Vantress, a chicken breeding stock subsidiary, has business interests in Argentina, Brazil, the Dominican Republic, India, Ireland, Japan, the Netherlands, Peru, the Philippines, Russia, Spain, Sri Lanka, the United Kingdom and Venezuela;
- Tyson do Brazil, a Brazilian subsidiary, is a vertically-integrated poultry production company;
- Shandong Tyson Xinchang Foods, joint ventures in China in which we have a majority interest, is a vertically-integrated poultry production company;
- Tyson Dalong, a joint venture in China in which we have a majority interest, is a chicken further processing facility;
- Jiangsu-Tyson, a Chinese poultry breeding company, is building a vertically-integrated poultry operation with production expected to begin in fiscal 2011;
- Godrej Tyson Foods, a joint venture in India in which we have a majority interest, is a poultry processing business; and
- Cactus Argentina, a majority interest in a vertically-integrated beef operation joint venture in Argentina; however, we do not consolidate the entity due to the lack of controlling interest.

We continue to evaluate growth opportunities in foreign countries. Additional information regarding export sales, long-lived assets located in foreign countries and income (loss) from foreign operations is set forth in Note 20: Segment Reporting of the Notes to Consolidated Financial Statements.

### RESEARCH AND DEVELOPMENT

We conduct continuous research and development activities to improve product development, to automate manual processes in our processing plants and growout operations, and to improve chicken breeding stock. In 2007, we opened the Discovery Center, which includes 19 research kitchens and a USDA-inspected pilot plant. The Discovery Center brings new market-leading retail and foodservice products to the customer faster and more effectively. Research and development costs totaled \$38 million, \$33 million and \$30 million in fiscal 2010, 2009 and 2008, respectively.

### ENVIRONMENTAL REGULATION AND FOOD SAFETY

Our facilities for processing chicken, beef, pork and prepared foods, milling feed and housing live chickens and swine are subject to a variety of federal, state and local environmental laws and regulations, which include provisions relating to the discharge of materials into the environment and generally provide for protection of the environment. We believe we are in substantial compliance with such applicable laws and regulations and are not aware of any violations of such laws and regulations likely to result in material penalties or material increases in compliance costs. The cost of compliance with such laws and regulations has not had a material adverse effect on our capital expenditures, earnings or competitive position, and except as described below, is not anticipated to have a material adverse effect in the future.

Congress and the United States Environmental Protection Agency are considering various options to control greenhouse gas emissions. It is unclear at this time when or if such options will be finalized, or what the final form may be. Due to the uncertainty surrounding this issue, it is premature to speculate on the specific nature of impacts that imposition of greenhouse gas emission controls would have on us, and whether such impacts would have a material adverse effect.

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We work to ensure our products meet high standards of food safety and quality. In addition to our own internal Food Safety and Quality Assurance oversight and review, our chicken, beef, pork and prepared foods products are subject to inspection prior to distribution, primarily by the United States Department of Agriculture (USDA) and the United States Food and Drug Administration (FDA). We are also participants in the United States Hazard Analysis Critical Control Point (HACCP) program and are subject to the Sanitation Standard Operating Procedures and the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.

### **EMPLOYEES AND LABOR RELATIONS**

As of October 2, 2010, we employed approximately 115,000 employees. Approximately 97,000 employees were employed in the United States and 18,000 employees were in foreign countries, primarily China, Mexico and Brazil. Approximately 29,000 employees in the United States were subject to collective bargaining agreements with various labor unions, with approximately 19% of those employees included under agreements expiring in fiscal 2011. These agreements expire over periods throughout the next several years. Approximately 7,000 employees in foreign countries were subject to collective bargaining agreements. We believe our overall relations with our workforce are good.

### **MARKETING AND DISTRIBUTION**

Our principal marketing objective is to be the primary provider of chicken, beef, pork and prepared foods products for our customers and consumers. As such, we utilize our national distribution system and customer support services to achieve the leading market position for our products. On an ongoing basis, we identify distinct markets and business opportunities through continuous consumer and market research. In addition to supporting strong regional brands across multiple protein lines, we build the Tyson brand primarily through well-defined product-specific advertising and public relations efforts focused toward key consumer targets with specific needs. These efforts are designed to present key Tyson products as everyday solutions to relevant consumer problems thereby becoming part of regular eating routines. We utilize our national distribution system and customer support services to achieve a leading market position for our products.

We have the ability to produce and ship fresh, frozen and refrigerated products worldwide. Domestically, our distribution system extends to a broad network of food distributors and is supported by our owned or leased cold storage warehouses, public cold storage facilities and our transportation system. Our distribution centers accumulate fresh and frozen products so we can fill and consolidate less-than-truckload orders into full truckloads, thereby decreasing shipping costs while increasing customer service. In addition, we provide our customers a wide selection of products that do not require large volume orders. Our distribution system enables us to supply large or small quantities of products to meet customer requirements anywhere in the continental United States. Internationally, we utilize both rail and truck refrigerated transportation to domestic ports, where consolidations take place to transport to foreign destinations.

### **PATENTS AND TRADEMARKS**

We have filed a number of patents and trademarks relating to our processes and products that either have been approved or are in the process of application. Because we do a significant amount of brand name and product line advertising to promote our products, we consider the protection of our trademarks to be important to our marketing efforts. We also have developed non-public proprietary information regarding our production processes and other product-related matters. We utilize internal procedures and safeguards to protect the confidentiality of such information and, where appropriate, seek patent and/or trademark protection for the technology we utilize.

### **INDUSTRY PRACTICES**

Our agreements with customers are generally short-term, primarily due to the nature of our products, industry practices and fluctuations in supply, demand and price for such products. In certain instances where we are selling further processed products to large customers, we may enter into written agreements whereby we will act as the exclusive or preferred supplier to the customer, with pricing terms that are either fixed or variable. Due to volatility of the cost of raw materials, fixed price contracts are generally limited to three months in duration.

### **AVAILABILITY OF SEC FILINGS AND CORPORATE GOVERNANCE DOCUMENTS ON INTERNET WEBSITE**

We maintain an internet website for investors at <http://ir.tyson.com>. On this website, we make available, free of charge, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to any of those reports, as soon as reasonably practicable after we electronically file such reports with, or furnish to, the Securities and Exchange Commission. Also available on the website for investors are the Corporate Governance Principles, Audit Committee charter, Compensation Committee charter, Governance Committee charter, Nominating Committee charter, Code of Conduct and Whistleblower Policy. Our corporate governance documents are available in print, free of charge to any shareholder who requests them.

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

Certain information in this report constitutes forward-looking statements. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2011, other future economic circumstances, industry conditions in domestic and international markets, our performance and financial results, including, without limitation, debt-levels, return on invested capital, value-added product growth, capital expenditures, tax rates, access to foreign markets and dividend policy. These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) the effect of, or changes in, general economic conditions; (ii) fluctuations in the cost and availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (iii) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iv) successful rationalization of existing facilities and operating efficiencies of the facilities; (v) risks associated with our commodity purchasing activities; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) outbreak of a livestock disease (such as avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (viii) changes in availability and relative costs of labor and contract growers and our ability to maintain good relationships with employees, labor unions, contract growers and independent producers providing us livestock; (ix) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (x) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xi) significant marketing plan changes by large customers or loss of one or more large customers; (xii) adverse results from litigation; (xiii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiv) compliance with and changes to regulations and laws (both domestic and foreign), including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; (xv) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xvi) effectiveness of advertising and marketing programs; and (xvii) those factors listed under Item 1A. “Risk Factors.”

### ITEM 1A. RISK FACTORS

These risks, which should be considered carefully with the information provided elsewhere in this report, could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

#### **Fluctuations in commodity prices and in the availability of raw materials, especially feed grains, live cattle, live swine and other inputs could negatively impact our earnings.**

Our results of operations and financial condition are dependent upon the cost and supply of raw materials such as feed grains, live cattle, live swine, energy and ingredients, as well as the selling prices for our products, many of which are determined by constantly changing market forces of supply and demand over which we have limited or no control. Corn and soybean meal are major production costs for vertically-integrated poultry processors such as us, representing roughly 42% of our cost of growing a chicken in fiscal 2010. As a result, fluctuations in prices for these feed ingredients, which include competing demand for corn and soybean meal for use in the manufacture of renewable energy, can adversely affect our earnings. Production of feed ingredients is affected by, among other things, weather patterns throughout the world, the global level of supply inventories and demand for grains and other feed ingredients, as well as agricultural and energy policies of domestic and foreign governments.

We have cattle under contract at feed yards owned by third parties; however, most of the cattle we process are purchased from independent producers. We have cattle buyers located throughout cattle producing areas who visit feed yards and buy live cattle on the open spot market. We also enter into various risk-sharing and procurement arrangements with producers who help secure a supply of livestock for daily start-up operations at our facilities. The majority of our live swine supply is obtained through procurement arrangements with independent producers. We also employ buyers who purchase hogs on a daily basis, generally a few days before the animals are required for processing. In addition, we raise live swine and sell feeder pigs to independent producers for feeding to processing weight and have contract growers feed a minimal amount of company-owned live swine for our own processing needs. Any decrease in the supply of cattle or swine on the spot market could increase the price of these raw materials and further increase per head cost of production due to lower capacity utilization, which could adversely affect our financial results.

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### **Market demand and the prices we receive for our products may fluctuate due to competition from other food producers and processors.**

We face competition from other food producers and processors. Some of the factors on which we compete and which may drive demand for our products include:

- price;
- product safety and quality;
- brand identification;
- breadth and depth of product offerings;
- availability of our products;
- customer service; and
- credit terms.

Demand for our products also is affected by competitors' promotional spending, the effectiveness of our advertising and marketing programs, and the availability or price of competing proteins.

We attempt to obtain prices for our products that reflect, in part, the price we must pay for the raw materials that go into our products. If we are not able to obtain higher prices for our products when the price we pay for raw materials increases, we may be unable to maintain positive margins.

### **Outbreaks of livestock diseases can adversely impact our ability to conduct our operations and demand for our products.**

Demand for our products can be adversely impacted by outbreaks of livestock diseases, which can have a significant impact on our financial results. Efforts are taken to control disease risks by adherence to good production practices and extensive precautionary measures designed to ensure the health of livestock. However, outbreaks of disease and other events, which may be beyond our control, either in our own livestock or cattle and hogs owned by independent producers who sell livestock to us, could significantly affect demand for our products, consumer perceptions of certain protein products, the availability of livestock for purchase by us and our ability to conduct our operations. Moreover, the outbreak of livestock diseases, particularly in our Chicken segment, could have a significant effect on the livestock we own by requiring us to, among other things, destroy any affected livestock. Furthermore, an outbreak of disease could result in governmental restrictions on the import and export of our products to or from our suppliers, facilities or customers. This could also result in negative publicity that may have an adverse effect on our ability to market our products successfully and on our financial results.

### **We are subject to risks associated with our international operations, which could negatively affect our sales to customers in foreign countries, as well as our operations and assets in such countries.**

In fiscal 2010, we exported to more than 100 countries. Major export markets include Canada, Central America, China, the European Union, Japan, Mexico, the Middle East, Russia, South Korea, Taiwan and Vietnam. Our export sales for fiscal 2010 totaled \$3.2 billion. In addition, we had approximately \$364 million of long-lived assets located in foreign countries, primarily Brazil, China, Mexico and India, at the end of fiscal 2010.

As a result, we are subject to various risks and uncertainties relating to international sales and operations, including:

- imposition of tariffs, quotas, trade barriers and other trade protection measures imposed by foreign countries regarding the importation of poultry, beef and pork products, in addition to import or export licensing requirements imposed by various foreign countries;
- closing of borders by foreign countries to the import of poultry, beef and pork products due to animal disease or other perceived health or safety issues;
- impact of currency exchange rate fluctuations between the U.S. dollar and foreign currencies, particularly the Canadian dollar, the Chinese renminbi, the Mexican peso, the European euro, the British pound sterling, and the Brazilian real;
- political and economic conditions;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties and regulations, including, without limitation, the United States' Foreign Corrupt Practices Act and economic and trade sanctions enforced by the United States Department of the Treasury's Office of Foreign Assets Control;
- different regulatory structures and unexpected changes in regulatory environments;
- tax rates that may exceed those in the United States and earnings that may be subject to withholding requirements and incremental taxes upon repatriation;
- potentially negative consequences from changes in tax laws; and
- distribution costs, disruptions in shipping or reduced availability of freight transportation.

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Negative consequences relating to these risks and uncertainties could jeopardize or limit our ability to transact business in one or more of those markets where we operate or in other developing markets and could adversely affect our financial results.

### **We depend on the availability of, and good relations with, our employees.**

We have approximately 115,000 employees, approximately 36,000 of whom are covered by collective bargaining agreements or are members of labor unions. Our operations depend on the availability and relative costs of labor and maintaining good relations with employees and the labor unions. If we fail to maintain good relations with our employees or with the labor unions, we may experience labor strikes or work stoppages, which could adversely affect our financial results.

### **We depend on contract growers and independent producers to supply us with livestock.**

We contract primarily with independent contract growers to raise the live chickens processed in our poultry operations. A majority of our cattle and hogs are purchased from independent producers who sell livestock to us under marketing contracts or on the open market. If we do not attract and maintain contracts with growers or maintain marketing and purchasing relationships with independent producers, our production operations could be negatively affected.

### **If our products become contaminated, we may be subject to product liability claims and product recalls.**

Our products may be subject to contamination by disease-producing organisms or pathogens, such as *Listeria monocytogenes*, *Salmonella* and *E. coli*. These organisms and pathogens are found generally in the environment; therefore, there is a risk that one or more, as a result of food processing, could be present in our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over handling procedures once our products have been shipped for distribution. Even an inadvertent shipment of contaminated products may be a violation of law and may lead to increased risk of exposure to product liability claims, product recalls (which may not entirely mitigate the risk of product liability claims), increased scrutiny and penalties, including injunctive relief and plant closings, by federal and state regulatory agencies, and adverse publicity, which could exacerbate the associated negative consumer reaction. Any of these occurrences may have an adverse effect on our financial results.

### **Our operations are subject to general risks of litigation.**

We are involved on an on-going basis in litigation arising in the ordinary course of business or otherwise. Trends in litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims relating to commercial, labor, employment, antitrust, securities or environmental matters. Litigation trends and the outcome of litigation cannot be predicted with certainty and adverse litigation trends and outcomes could adversely affect our financial results.

### **Our level of indebtedness and the terms of our indebtedness could negatively impact our business and liquidity position.**

Our indebtedness, including borrowings under our revolving credit facility, may increase from time to time for various reasons, including fluctuations in operating results, working capital needs, capital expenditures and possible acquisitions, joint ventures or other significant initiatives. Our consolidated indebtedness level could adversely affect our business because:

- it may limit or impair our ability to obtain financing in the future;
- our credit rating could restrict or impede our ability to access capital markets at desired interest rates and increase our borrowing costs;
- it may reduce our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise;
- a portion of our cash flow from operations must be dedicated to interest payments on our indebtedness and is not available for other purposes; and
- it may restrict our ability to pay dividends.

Our revolving credit facility contains affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; pay dividends or make other payments in respect of our capital stock; amend material documents; change the nature of our business; make certain payments of debt; engage in certain transactions with affiliates; and enter into sale/leaseback or hedging transactions, in each case, subject to certain qualifications and exceptions. If availability under this facility is less than the greater of 15% of the commitments and \$150 million, we will be required to maintain a minimum fixed charge coverage ratio.

Our 10.50% Senior notes due March 2014 also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: incur additional debt and issue preferred stock; make certain investments and restricted payments; create liens; create restrictions on distributions from restricted subsidiaries; engage in specified sales of assets and subsidiary stock; enter into transactions with affiliates; enter new lines of business; engage in consolidation, mergers and acquisitions; and engage in certain sale/leaseback transactions.

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### **An impairment in the carrying value of goodwill could negatively impact our consolidated results of operations and net worth.**

Goodwill is initially recorded at fair value and is not amortized, but is reviewed for impairment at least annually or more frequently if impairment indicators are present. In assessing the carrying value of goodwill, we make estimates and assumptions about sales, operating margins, growth rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors. Goodwill valuations have been calculated using an income approach based on the present value of future cash flows of each reporting unit and are believed to reflect market participant views which would exist in an exit transaction. Under the income approach, we are required to make various judgmental assumptions about appropriate discount rates. Disruptions in global credit and other financial markets and deterioration of economic conditions, could, among other things, cause us to increase the discount rate used in the goodwill valuations. We could be required to evaluate the recoverability of goodwill prior to the annual assessment if we experience disruptions to the business, unexpected significant declines in operating results, divestiture of a significant component of our business or sustained market capitalization declines. These types of events and the resulting analyses could result in goodwill impairment charges in the future, which could be substantial. As of October 2, 2010, we had \$1.9 billion of goodwill, which represented approximately 17.6% of total assets.

### **Domestic and international government regulations could impose material costs.**

Our operations are subject to extensive federal, state and foreign laws and regulations by authorities that oversee food safety standards and processing, packaging, storage, distribution, advertising, labeling and export of our products. Our facilities for processing chicken, beef, pork, prepared foods and milling feed and for housing live chickens and swine are subject to a variety of international, federal, state and local laws relating to the protection of the environment, including provisions relating to the discharge of materials into the environment, and to the health and safety of our employees. Our chicken, beef and pork processing facilities are participants in the HACCP program and are subject to the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. In addition, our products are subject to inspection prior to distribution, primarily by the USDA and the FDA. Also, our livestock procurement and poultry growout activities are regulated by the Grain Inspection, Packers and Stockyards Administration (GIPSA), which is part of USDA's Marketing and Regulatory Programs. Loss of or failure to obtain necessary permits and registrations could delay or prevent us from meeting current product demand, introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results. Additionally, we are routinely subject to new or modified laws, regulations and accounting standards. If we are found to be out of compliance with applicable laws and regulations in these or other areas, we could be subject to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have an adverse effect on our financial results.

### **A material acquisition, joint venture or other significant initiative could affect our operations and financial condition.**

We have recently completed acquisitions and entered into joint venture agreements and periodically evaluate potential acquisitions, joint ventures and other initiatives (collectively, "transactions"), and we may seek to expand our business through the acquisition of companies, processing plants, technologies, products and services, which could include material transactions. A material transaction may involve a number of risks, including:

- failure to realize the anticipated benefits of the transaction;
- difficulty integrating acquired businesses, technologies, operations and personnel with our existing business;
- diversion of management attention in connection with negotiating transactions and integrating the businesses acquired;
- exposure to unforeseen or undisclosed liabilities of acquired companies; and
- the need to obtain additional debt or equity financing for any transaction.

We may not be able to address these risks and successfully develop these acquired companies or businesses into profitable units. If we are unable to do this, such expansion could adversely affect our financial results.

### **Market fluctuations could negatively impact our operating results as we hedge certain transactions.**

Our business is exposed to fluctuating market conditions. We use derivative financial instruments to reduce our exposure to various market risks including changes in commodity prices, interest rates and foreign exchange rates. We hold certain positions, primarily in grain and livestock futures, that do not qualify as hedges for financial reporting purposes. These positions are marked to fair value, and the unrealized gains and losses are reported in earnings at each reporting date. Therefore, losses on these contracts will adversely affect our reported operating results. While these contracts reduce our exposure to changes in prices for commodity products, the use of such instruments may ultimately limit our ability to benefit from favorable commodity prices.

### **Deterioration of economic conditions could negatively impact our business.**

Our business may be adversely affected by changes in economic conditions, including inflation, interest rates, access to capital markets, consumer spending rates, energy availability and costs (including fuel surcharges) and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our products, or the cost and availability of our needed raw materials, cooking ingredients and packaging materials, thereby negatively affecting our financial results.

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Disruptions in global credit and other financial markets and deterioration of economic conditions, could, among other things:

- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future;
- cause our lenders to depart from prior credit industry practice and make more difficult or expensive the granting of any amendment of, or waivers under, our credit agreement to the extent we may seek them in the future;
- impair the financial condition of some of our customers and suppliers thereby increasing customer bad debts or non-performance by suppliers;
- negatively impact global demand for protein products, which could result in a reduction of sales, operating income and cash flows;
- decrease the value of our investments in equity and debt securities, including our marketable debt securities, company-owned life insurance and pension and other postretirement plan assets;
- negatively impact our commodity purchasing activities if we are required to record losses related to derivative financial instruments; or
- impair the financial viability of our insurers.

### **Changes in consumer preference could negatively impact our business.**

The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our products, and could have an adverse effect on our financial results.

### **The loss of one or more of our largest customers could negatively impact our business.**

Our business could suffer significant setbacks in sales and operating income if our customers' plans and/or markets change significantly or if we lost one or more of our largest customers, including, for example, Wal-Mart Stores, Inc., which accounted for 13.4% of our sales in fiscal 2010. Many of our agreements with our customers are short-term, primarily due to the nature of our products, industry practice and the fluctuation in demand and price for our products.

### **The consolidation of customers could negatively impact our business.**

Our customers, such as supermarkets, warehouse clubs and food distributors, have consolidated in recent years, and consolidation is expected to continue throughout the United States and in other major markets. These consolidations have produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories, opposing price increases, and demanding lower pricing, increased promotional programs and specifically tailored products. These customers also may use shelf space currently used for our products for their own private label products. Because of these trends, our volume growth could slow or we may need to lower prices or increase promotional spending for our products, any of which would adversely affect our financial results.

### **Extreme factors or forces beyond our control could negatively impact our business.**

Natural disasters, fire, bioterrorism, pandemic or extreme weather, including droughts, floods, excessive cold or heat, hurricanes or other storms, could impair the health or growth of livestock or interfere with our operations due to power outages, fuel shortages, damage to our production and processing facilities or disruption of transportation channels, among other things. Any of these factors, as well as disruptions in our information systems, could have an adverse effect on our financial results.

### **Our renewable energy ventures and other initiatives might not be as successful as we expect.**

We have been exploring ways to commercialize animal fats and other by-products from our operations, as well as the poultry litter of our contract growers, to generate energy and other value-added products. For example, in fiscal 2007, we announced the formation of Dynamic Fuels LLC, a joint venture with Syntroleum Corporation. We will continue to explore other ways to commercialize opportunities outside our core business, such as renewable energy and other technologically-advanced platforms. These initiatives might not be as financially successful as we initially announced or would expect due to factors that include, but are not limited to, possible discontinuance of tax credits, competing energy prices, failure to operate at the volumes anticipated, abilities of our joint venture partners and our limited experience in some of these new areas.

### **Members of the Tyson family can exercise significant control.**

Members of the Tyson family beneficially own, in the aggregate, 99.97% of our outstanding shares of Class B Common Stock, \$0.10 par value (Class B stock) and 2.42% of our outstanding shares of Class A Common Stock, \$0.10 par value (Class A stock), giving them control of approximately 70% of the total voting power of our outstanding voting stock. In addition, three members of the Tyson family serve on our Board of Directors. As a result, members of the Tyson family have the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our stockholders, including amendments to our restated certificate of incorporation and by-laws, the election and removal of directors, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. This concentration of ownership may also delay or prevent a change in control otherwise favored by our other stockholders and could depress our stock price. Additionally, as a result of the Tyson family's significant ownership of our outstanding voting stock, we rely on the "controlled company" exemption from certain corporate governance requirements of the New York Stock Exchange.

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### ITEM 1B. UNRESOLVED STAFF COMMENTS

None

### ITEM 2. PROPERTIES

We have production and distribution operations in the following states: Alabama, Arkansas, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington and Wisconsin. We also have sales offices throughout the United States. Additionally, we, either directly or through our subsidiaries, have sales offices, facilities or participate in joint venture operations in Argentina, Brazil, China, the Dominican Republic, Hong Kong, India, Ireland, Japan, Mexico, the Netherlands, Peru, the Philippines, Russia, South Korea, Spain, Sri Lanka, Taiwan, the United Arab Emirates, the United Kingdom and Venezuela.

	Number of Facilities		Total
	Owned	Leased	
Chicken Segment:			
Processing plants	61	1	62
Rendering plants	15	-	15
Blending mills	2	-	2
Feed mills	42	1	43
Broiler hatcheries	62	5	67
Breeder houses	493	744	1,237
Broiler farm houses	834	816	1,650
Beef Segment Production Facilities	12	-	12
Pork Segment Production Facilities	9	-	9
Prepared Foods Segment Processing Plants	22	1	23
Distribution Centers	14	5	19
Cold Storage Facilities	65	13	78

	Capacity(1) per week at October 2, 2010	Fiscal 2010
		Average Capacity Utilization
Chicken Processing Plants	46 million head	92%
Beef Production Facilities	171,000 head	84%
Pork Production Facilities	443,000 head	88%
Prepared Foods Processing Plants	45 million pounds	89%

(1) Capacity based on a five day week for Chicken and Prepared Foods, while Beef and Pork are based on a six day week.

**Chicken:** Chicken processing plants include various phases of slaughtering, dressing, cutting, packaging, deboning and further-processing. We also have 17 pet food operations, which are part of the Chicken processing plants. The blending mills, feed mills and broiler hatcheries have sufficient capacity to meet the needs of the chicken growout operations.

**Beef:** Beef plants include various phases of slaughtering live cattle and fabricating beef products. Some also treat and tan hides. The Beef segment includes three case-ready operations that share facilities with the Pork segment. One of the beef facilities contains a tallow refinery. Carcass facilities reduce live cattle to dressed carcass form. Processing facilities conduct fabricating operations to produce boxed beef and allied products.

**Pork:** Pork plants include various phases of slaughtering live hogs and fabricating pork products and allied products. The Pork segment includes three case-ready operations that share facilities with the Beef segment.

**Prepared Foods:** Prepared Foods plants process fresh and frozen chicken, beef, pork and other raw materials into pizza toppings, branded and processed meats, appetizers, prepared meals, ethnic foods, soups, sauces, side dishes, pizza crusts, flour and corn tortilla products and meat dishes.

Our Dynamic Fuels LLC joint venture produces renewable synthetic fuels targeting the renewable diesel and jet fuel markets. Construction of production facilities was completed in late fiscal 2010, and initial production began in October 2010.

We believe our present facilities are generally adequate and suitable for our current purposes; however, seasonal fluctuations in inventories and production may occur as a reaction to market demands for certain products. We regularly engage in construction and other capital improvement projects intended to expand capacity and improve the efficiency of our processing and support facilities. We also consider the efficiencies of our operations and may from time to time consider changing the number or type of plants we operate to align with our capacity needs.

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### ITEM 3. LEGAL PROCEEDINGS

Refer to the description of certain matters under Part II, Item 8, Notes to Consolidated Financial Statements, Note 23: Contingencies, which is incorporated herein by reference. Listed below are certain additional legal proceedings involving the Company and/or its subsidiaries.

On October 23, 2001, a putative class action lawsuit styled R. Lynn Thompson, et al. vs. Tyson Foods, Inc. was filed in the District Court for Mayes County, Oklahoma by three property owners on behalf of all owners of lakefront property on Grand Lake O' the Cherokees. Simmons Foods, Inc. and Peterson Farms, Inc. also are defendants. The plaintiffs allege the defendants' operations diminished the water quality in the lake thereby interfering with the plaintiffs' use and enjoyment of their properties. The plaintiffs sought injunctive relief and an unspecified amount of compensatory damages, punitive damages, attorneys' fees and costs. While the District Court certified a class, on October 4, 2005, the Court of Civil Appeals of the State of Oklahoma reversed, holding the plaintiffs' claims were not suitable for disposition as a class action. This decision was upheld by the Oklahoma Supreme Court and the case was remanded to the District Court with instructions that the matter proceed only on behalf of the three named plaintiffs. Plaintiffs seek injunctive relief, restitution and compensatory and punitive damages in an unspecified amount in excess of \$10,000. We and the other defendants have denied liability and asserted various defenses. The defendants have requested a trial date, but the court has not yet scheduled the matter for trial.

On January 9, 2003, we received a notice of liability letter from Union Pacific Railroad Company ("Union Pacific") relating to our alleged contributions of waste oil to the Double Eagle Refinery Superfund Site in Oklahoma City, Oklahoma. On August 22, 2006, the United States and the State of Oklahoma filed a lawsuit styled United States of America, et al. v. Union Pacific Railroad Co. in the United States District Court for the Western District of Oklahoma seeking more than \$22 million (the amount sought was subsequently increased to more than \$30 million) to remediate the Double Eagle site. Certain Tyson entities joined a "potentially responsible parties" group on October 31, 2006. A settlement between the "potentially responsible parties" group, the United States, and the State of Oklahoma was reached and the Tyson entities paid \$625,586 into escrow towards the settlement of the matter. In furtherance of finalizing the settlement, the U.S. Department of Justice filed a complaint styled United States of America, et al. v. Albert Investment Co., Inc. et al., and includes the "potentially responsible parties." A proposed Consent Decree addressing all alleged liability of the Tyson entities for the site was lodged on June 27, 2008. On October 10, 2008, Union Pacific initiated litigation to challenge the proposed Consent Decree by filing a motion to intervene, which the District Court denied. Union Pacific appealed this decision to the United States Court of Appeals for the Tenth Circuit. The "potentially responsible parties" group and other parties filed briefs in the Tenth Circuit, and oral arguments occurred on September 21, 2009. On November 10, 2009, the Tenth Circuit Court of Appeals reversed the District Court's decision, and Union Pacific was permitted to intervene in the litigation. After negotiations amongst the interested parties, an Amended Consent Decree was lodged with the Court on October 8, 2010. The Amended Consent Decree includes a reopener for certain future response costs. A notice will be published in the Federal Register inviting public comment on the Amended Consent Decree. On October 14, 2010, Union Pacific filed a Notice of Dismissal of Intervention. Assuming the Court approves and enters the Amended Consent Decree, Tyson will be required to make an additional principal payment of \$50,669 plus interest. Upon such payment, the matter will be concluded.

In November 2006, the Audit Committee of our Board of Directors engaged outside counsel to conduct a review of certain payments that had been made by one of our subsidiaries in Mexico, including payments to individuals employed by Mexican governmental bodies. The payments were discontinued in November 2006. Although the review process is ongoing, we believe the amount of these payments is immaterial, and we do not expect any material impact to our financial statements. We have contacted the Securities and Exchange Commission and the U.S. Department of Justice to inform them of our review and preliminary findings and are cooperating fully with these governmental authorities.

Since 2003, nine lawsuits have been brought against us and several other poultry companies by approximately 150 plaintiffs in Washington County, Arkansas Circuit Court (Green v. Tyson Foods, Inc., et al., Bible v. Tyson Foods, Inc., Beal v. Tyson Foods, Inc., et al., McWhorter v. Tyson Foods, Inc., et al., McConnell v. Tyson Foods, Inc., et al., Carroll v. Tyson Foods, Inc., et al., Belew v. Tyson Foods, Inc., et al., Gonzalez v. Tyson Foods, Inc., et al., and Rasco v. Tyson Foods, Inc., et al.) alleging that the land application of poultry litter caused arsenic and pathogenic mold and fungi contamination of the air, soil and water in and around Prairie Grove, Arkansas. In addition to the poultry company defendants, plaintiffs sued Alpharma, the manufacturer of a feed ingredient containing an organic arsenic compound that has been used in the broiler industry. Plaintiffs are seeking recovery for several types of personal injuries, including several forms of cancer. On August 2, 2006, the Court granted summary judgment in favor of Tyson and the other poultry company defendants in the first case to go to trial and denied summary judgment as to Alpharma. The case was tried against Alpharma and the jury returned a verdict in favor of Alpharma. Plaintiffs appealed the summary judgment in favor of the poultry company defendants and the Court stayed the remaining eight lawsuits pending the appeal. On May 8, 2008, the Arkansas Supreme Court reversed the summary judgment in favor of the poultry company defendants. The remanded trial in this case against us and the other poultry company defendants was held, and on May 14, 2009, the jury returned a verdict in favor of the defendants. The plaintiffs appealed this verdict to the Arkansas Supreme Court. The parties have submitted briefs in this matter and are awaiting the Arkansas Supreme Court's ruling.

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**Other Matters:** We have approximately 115,000 employees and, at any time, have various employment practices matters outstanding. In the aggregate, these matters are significant to the Company, and we devote significant resources to managing employment issues. Additionally, we are subject to other lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. While the ultimate results of these matters cannot be determined, they are not expected to have a material adverse effect on our consolidated results of operations or financial position.

### ITEM 4. REMOVED AND RESERVED

Not applicable.

### EXECUTIVE OFFICERS OF THE COMPANY

Our officers serve one year terms from the date of their election, or until their successors are appointed and qualified. No family relationships exist among these officers. The name, title, age and year of initial election to executive office of our executive officers are listed below:

Name	Title	Age	Year Elected Executive Officer
Craig J. Hart	Senior Vice President, Controller and Chief Accounting Officer	54	2004
Kenneth J. Kimbro	Senior Vice President, Chief Human Resources Officer	57	2009
Donnie King	Senior Group Vice President, Poultry and Prepared Foods	48	2009
Dennis Leatherby	Executive Vice President and Chief Financial Officer	50	1994
James V. Lochner	Chief Operating Officer	58	2005
Donnie Smith	President and Chief Executive Officer	51	2008
David L. Van Bebber	Executive Vice President and General Counsel	54	2008
Jeffrey D. Webster	Group Vice President, Renewable Products Division	49	2008
Noel White	Senior Group Vice President, Fresh Meats	52	2009

Craig J. Hart was appointed Senior Vice President, Controller and Chief Accounting Officer in 2004. Mr. Hart was initially employed by IBP in 1978.

Kenneth J. Kimbro was appointed Senior Vice President, Chief Human Resources Officer in 2007, after serving as Senior Vice President, Human Resources since 2001. Mr. Kimbro was initially employed by IBP in 1995.

Donnie King was appointed Senior Group Vice President, Poultry and Prepared Foods in December 2009, after serving as Group Vice President, Refrigerated and Deli since 2008, Group Vice President, Operations since 2007, Senior Vice President, Consumer Products Operations since 2006 and Senior Vice President, Poultry Operations since 2003. Mr. King was initially employed by Valmac Industries, Inc. in 1982. Valmac Industries, Inc. was acquired by the Company in 1984.

Dennis Leatherby was appointed Executive Vice President and Chief Financial Officer in 2008 after serving as Senior Vice President, Finance and Treasurer since 1998. He also served as Interim Chief Financial Officer from 2004 to 2006. Mr. Leatherby was initially employed by the Company in 1990.

James V. Lochner was appointed Chief Operating Officer in November 2009, after serving as Senior Group Vice President, Fresh Meats since 2007, Senior Group Vice President, Fresh Meats and Margin Optimization since 2006 and Senior Group Vice President, Margin Optimization, Purchasing and Logistics since 2005. Mr. Lochner was initially employed by IBP in 1983.

Donnie Smith was appointed President and Chief Executive Officer in November 2009, after serving as Senior Group Vice President, Poultry and Prepared Foods since January 2009, Group Vice President of Consumer Products since 2008, Group Vice President of Logistics and Operations Services since 2007, Group Vice President Information Systems, Purchasing and Distribution since 2006 and Senior Vice President and Chief Information Officer since 2005. Mr. Smith was initially employed by the Company in 1980.

David L. Van Bebber was appointed Executive Vice President and General Counsel in 2008, after serving as Senior Vice President and Deputy General Counsel since 2004. Mr. Van Bebber was initially employed by Lane Processing in 1982. Lane Processing was acquired by the Company in 1986.

Jeffrey D. Webster was appointed Group Vice President, Renewable Products Division in 2008, after serving as Senior Vice President, Renewable Products Division since 2007, Senior Vice President, Corporate Strategy Development and Renewable Energy since 2006 and Senior Vice President, Strategy and Development since 2005. Mr. Webster was initially employed by the Company in 2004.

Noel White was appointed Senior Group Vice President, Fresh Meats in December 2009, after serving as Senior Vice President, Pork Margin Management since 2007 and Group Vice President, Fresh Meats Operations/Commodity Sales since 2005. Mr. White was initially employed by IBP in 1983.

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### PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

We have issued and outstanding two classes of capital stock, Class A stock and Class B stock. Holders of Class B stock may convert such stock into Class A stock on a share-for-share basis. Holders of Class B stock are entitled to 10 votes per share while holders of Class A stock are entitled to one vote per share on matters submitted to shareholders for approval. As of October 30, 2010, there were approximately 30,000 holders of record of our Class A stock and 10 holders of record of our Class B stock, excluding holders in the security position listings held by nominees.

#### DIVIDENDS

Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock. We have paid uninterrupted quarterly dividends on common stock each year since 1977 and expect to continue our cash dividend policy during fiscal 2011. In both fiscal 2010 and 2009, the annual dividend rate for Class A stock was \$0.16 per share and the annual dividend rate for Class B stock was \$0.144 per share.

#### MARKET INFORMATION

The Class A stock is traded on the New York Stock Exchange under the symbol "TSN." No public trading market currently exists for the Class B stock. The high and low closing sales prices of our Class A stock for each quarter of fiscal 2010 and 2009 are represented in the table below.

	Fiscal 2010		Fiscal 2009	
	High	Low	High	Low
First Quarter	\$13.19	\$12.02	\$12.87	\$ 4.40
Second Quarter	19.50	12.24	9.93	7.59
Third Quarter	20.40	16.25	13.88	9.33
Fourth Quarter	18.06	15.22	13.23	10.95

#### ISSUER PURCHASES OF EQUITY SECURITIES

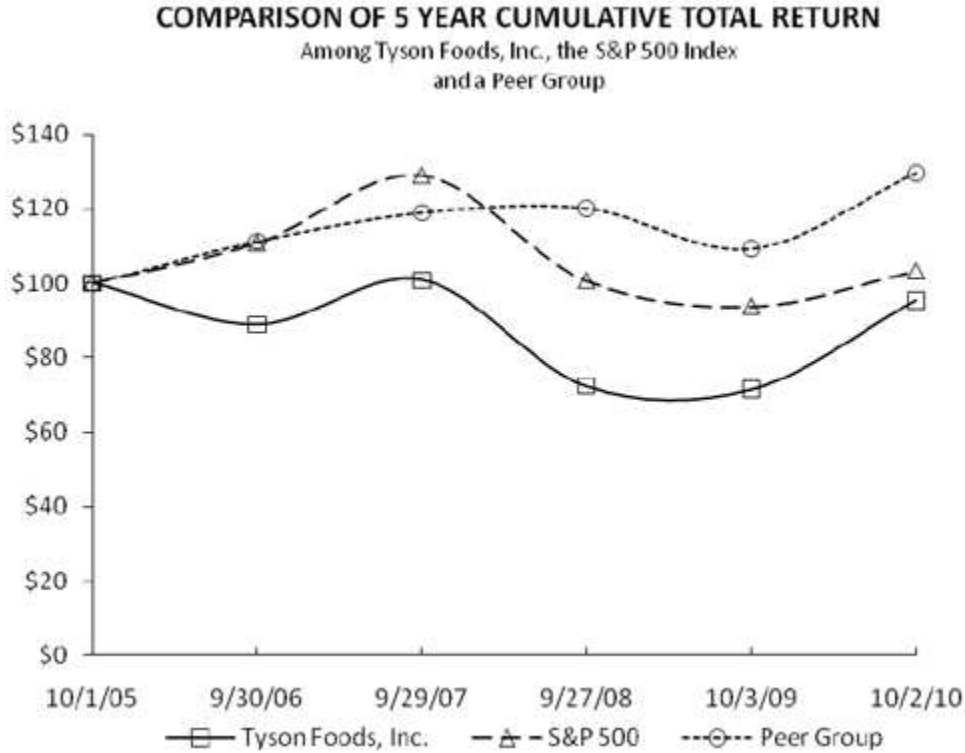
The table below provides information regarding our purchases of Class A stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 4 to July 31, 2010	112,095	\$17.27	-	22,474,439
Aug. 1 to Sept. 4, 2010	134,160	16.12	-	22,474,439
Sept. 5 to Oct. 2, 2010	87,986	17.61	-	22,474,439
Total	(2) 344,241	\$16.91	-	22,474,439

- (1) On February 7, 2003, we announced our board of directors approved a plan to repurchase up to 25 million shares of Class A stock from time to time in open market or privately negotiated transactions. The plan has no fixed or scheduled termination date.
- (2) We purchased 344,241 shares during the period that were not made pursuant to our previously announced stock repurchase plan, but were purchased to fund certain Company obligations under our equity compensation plans. These transactions included 319,643 shares purchased in open market transactions and 24,598 shares withheld to cover required tax withholdings on the vesting of restricted stock.

**PERFORMANCE GRAPH**

The following graph shows a five-year comparison of cumulative total returns for our Class A stock, the Standard & Poor’s (S&P) 500 Index and a group of peer companies described below.



	Years Ending						
	Base Period	10/1/05	9/30/06	9/29/07	9/27/08	10/3/09	10/2/10
Tyson Foods, Inc.		100	88.90	100.77	72.38	71.48	95.31
S&P 500 Index		100	110.79	129.01	100.66	93.70	103.22
Peer Group		100	111.25	118.91	120.14	109.23	129.53

The total cumulative return on investment (change in the year-end stock price plus reinvested dividends), which is based on the stock price or composite index at the end of fiscal 2005, is presented for each of the periods for the Company, the S&P 500 Index and a peer group. The peer group includes: Campbell Soup Company, ConAgra Foods, Inc., General Mills, Inc., H.J. Heinz Co., Hershey Foods Corp., Hormel Foods Corp., Kellogg Co., McCormick & Co., Pilgrim’s Pride Corporation, Sara Lee Corp. and Smithfield Foods, Inc. The graph compares the performance of the Company with that of the S&P 500 Index and peer group, with the investment weighted on market capitalization.

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### ITEM 6. SELECTED FINANCIAL DATA

#### FIVE-YEAR FINANCIAL SUMMARY

	in millions, except per share and ratio data				
	2010	2009	2008	2007	2006
<b>Summary of Operations</b>					
Sales	\$28,430	\$26,704	\$26,862	\$25,729	\$24,589
Goodwill impairment	29	560	-	-	-
Operating income (loss)	1,556	(215)	331	613	(50)
Net interest expense	333	310	206	224	238
Income (loss) from continuing operations	765	(550)	86	268	(174)
Loss from discontinued operation	-	(1)	-	-	(17)
Cumulative effect of change in accounting principle	-	-	-	-	(5)
Net income (loss)	765	(551)	86	268	(196)
Net income (loss) attributable to Tyson	780	(547)	86	268	(196)
Diluted earnings (loss) per share attributable to Tyson:					
Income (loss) from continuing operations	2.06	(1.47)	0.24	0.75	(0.51)
Loss from discontinued operation	-	-	-	-	(0.05)
Cumulative effect of change in accounting principle	-	-	-	-	(0.02)
Net income (loss)	2.06	(1.47)	0.24	0.75	(0.58)
Dividends per share:					
Class A	0.160	0.160	0.160	0.160	0.160
Class B	0.144	0.144	0.144	0.144	0.144
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$978	\$1,004	\$250	\$42	\$28
Total assets	10,752	10,595	10,850	10,227	11,121
Total debt	2,536	3,477	2,804	2,779	3,979
Shareholders' equity	5,201	4,431	5,099	4,735	4,444
<b>Other Key Financial Measures</b>					
Depreciation and amortization	\$497	\$513	\$493	\$514	\$517
Capital expenditures	550	368	425	285	531
Return on invested capital	22.8%	(3.0)%	4.4%	7.7%	(0.6)%
Effective tax rate	36.4%	(1.5)%	44.6%	34.6%	35.0%
Book value per share	\$13.78	\$11.77	\$13.51	\$13.32	\$12.52
Closing stock price high	20.40	13.88	19.44	24.08	18.70
Closing stock price low	12.02	4.40	12.14	14.20	12.92

#### Notes to Five-Year Financial Summary

- a. Fiscal 2010 included \$61 million related to losses on notes repurchased/redeemed during fiscal 2010, a \$29 million non-tax deductible charge related to a full goodwill impairment related to an immaterial Chicken segment reporting unit and a \$12 million charge related to the partial impairment of an equity method investment. Additionally, fiscal 2010 included insurance proceeds received of \$38 million related to Hurricane Katrina.
- b. Fiscal 2009 was a 53-week year, while the other years presented were 52-week years.
- c. Fiscal 2009 included a \$560 million non-tax deductible charge related to Beef segment goodwill impairment and a \$15 million pretax charge related to closing a prepared foods plant.
- d. Fiscal 2008 included \$76 million of pretax charges related to: restructuring a beef operation; closing a poultry plant; asset impairments for packaging equipment, intangible assets, unimproved real property and software; flood damage; and severance charges. Additionally, fiscal 2008 included an \$18 million non-operating gain related to the sale of an investment.
- e. Fiscal 2007 included tax expense of \$17 million related to a fixed asset tax cost correction, primarily related to a fixed asset system conversion in 1999.
- f. Fiscal 2006 included \$63 million of pretax charges primarily related to closing one poultry plant, two beef plants and two prepared foods plants.
- g. Return on invested capital is calculated by dividing operating income (loss) by the sum of the average of beginning and ending total debt and shareholders' equity less cash and cash equivalents.
- h. In March 2009, we completed the sale of the beef processing, cattle feed yard and fertilizer assets of three of our Alberta, Canada subsidiaries (collectively, Lakeside). Lakeside was reported as a discontinued operation for all periods presented.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**DESCRIPTION OF THE COMPANY**

We are one of the world's largest meat protein companies and the second-largest food production company in the *Fortune* 500 with one of the most recognized brand names in the food industry. We produce, distribute and market chicken, beef, pork, prepared foods and related allied products. Our operations are conducted in four segments: Chicken, Beef, Pork and Prepared Foods. Some of the key factors influencing our business are customer demand for our products; the ability to maintain and grow relationships with customers and introduce new and innovative products to the marketplace; accessibility of international markets; market prices for our products; the cost of live cattle and hogs, raw materials and grain; and operating efficiencies of our facilities.

**OVERVIEW**

- General – We had improved operating results in fiscal 2010 as compared to fiscal 2009, as a result of improved internal performance and a better market environment. The following are a few of the key drivers:
  - We achieved margin management gains and operational efficiency improvements, which were the key drivers that led to the nearly \$1.2 billion improvement in operating income, excluding the impact of the \$560 million Beef segment goodwill impairment charge recorded in fiscal 2009. Margin management improvements occurred in the areas of mix, export sales, price optimization and value-added products initiatives. The operational efficiencies occurred in the areas of yields, cost reduction, labor management, logistics cost optimization, capacity and live bird operations (including livability, feed conversion, and net to processing improvements).
  - Tyson and the meat industry in general have benefitted from improving domestic market conditions. For the first time in 40 years, industry forecasters predict a reduction in available protein in two consecutive years for 2009/2010. This is a factor of reduced protein production, fewer imports, increased exports and reduced freezer inventories. Poor industry results for 2008 and 2009 led to a reduction in industry capacity and a better balance between overall meat products' supply and demand. While the recent economic conditions have caused decreased demand at foodservice establishments, most of the lost demand has shifted to retailers as consumers are choosing to eat at home.
  - As a result of improving domestic market conditions and our own operational efficiency and margin management improvements, our operating margins were 5.5% in fiscal 2010 (5.4% after removing \$38 million of insurance proceeds received during the year and \$29 million related to the goodwill impairment). This is the first time since the acquisition of IBP, inc. in 2001 that annual operating margins have exceeded 5.0%. The following is a summary of operating margins by segment:
    - Chicken – 5.2% (or 5.1% excluding \$38 million of insurance proceeds received and \$29 million related to a goodwill impairment)
    - Beef – 4.6%
    - Pork – 8.4%
    - Prepared Foods – 4.1%
- Debt and Liquidity – During fiscal 2010, we generated \$1.4 billion of operating cash flows. We used these cash flows, as well as restricted cash, to repurchase, retire or redeem \$956 million of senior notes. As a result, our total debt is \$2.5 billion, the lowest level since the acquisition of IBP, inc. At October 2, 2010, we had \$1.8 billion of liquidity, which includes the availability under our credit facility and \$978 million of cash and cash equivalents.
- Our accounting cycle resulted in a 52-week year for both fiscal 2010 and 2008 and a 53-week year for fiscal 2009.

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	in millions, except per share data		
	2010	2009	2008
Net income (loss) attributable to Tyson	\$780	\$(547)	\$86
Net income (loss) attributable to Tyson – per diluted share	2.06	(1.47)	0.24

### 2010 – Net income included the following items:

- \$61 million in charges related to losses on notes repurchased during fiscal 2010;
- \$29 million non-cash, non-tax deductible charge related to a full goodwill impairment in an immaterial Chicken segment reporting unit;
- \$12 million non-cash, non-tax deductible charge related to the impairment of an equity method investment; and
- \$38 million gain from insurance proceeds.

### 2009 – Net loss included the following items:

- \$560 million non-cash, non-tax deductible charge related to a goodwill impairment in our Beef segment; and
- \$15 million charge related to the closing of our Ponca City, Oklahoma, processed meats plant.

### 2008 – Net income included the following items:

- \$33 million of charges related to asset impairments, including packaging equipment, intangible assets, unimproved real property and software;
- \$17 million charge related to restructuring our Emporia, Kansas, beef operation;
- \$13 million charge related to closing our Wilkesboro, North Carolina, Cooked Products poultry plant;
- \$13 million of charges related to flood damage at our Jefferson, Wisconsin, plant and severance charges related to the FAST initiative; and
- \$18 million non-operating gain related to sale of an investment.

## FISCAL 2011 OUTLOOK

In 2011, overall protein (chicken, beef, pork and turkey) production is expected to increase. Because exports are likely to grow as well, we forecast that total domestic availability of protein should be relatively flat compared to 2010. The following is a summary of the fiscal 2011 outlook for each of our segments, as well as an outlook on capital expenditures, net interest expense and debt:

- Chicken – While we expect chicken production to increase, domestic availability will depend on export volumes. Because of the less than expected yields in global feed grain crop production, current futures prices indicate higher grain costs in fiscal 2011 compared to fiscal 2010. We expect to offset the impact of increased grain costs with operational and pricing improvements.
- Beef – We expect to see a gradual reduction in cattle supplies of 1-2% in fiscal 2011; however, we do not expect a significant change in the fundamentals of our Beef business as it relates to the previous few quarters. We expect adequate supplies in the regions we operate our plants. We expect beef exports to remain strong in fiscal 2011.
- Pork – We expect hog supplies in fiscal 2011 will be comparable to fiscal 2010 and we believe we will have adequate supplies in the regions in which we operate. We expect pork exports to remain strong in fiscal 2011.
- Prepared Foods – We expect operational improvements and increased pricing will more than offset the likely increase in raw material costs in fiscal 2011. While many of our sales contracts are formula based or shorter-term in nature, we are typically able to absorb rising input costs. However, there is a lag time for price increases to take effect, so it is more difficult to absorb rapidly rising raw material costs.
- Capital Expenditures – Our preliminary capital expenditures plan for fiscal 2011 is approximately \$700 million.
- Net Interest Expense – We expect fiscal 2011 net interest expense will be approximately \$245 million, down nearly \$90 million compared to fiscal 2010.
- Debt – We will continue to use our available cash to repurchase notes when available at attractive rates. We do not have any significant maturities of debt coming due over the next three fiscal years, as our 8.25% Notes due October 1, 2011 (2011 Notes) balance was \$315 million at October 2, 2010. We plan to retire these notes with current cash on hand and/or cash flows from operations.

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### SUMMARY OF RESULTS – CONTINUING OPERATIONS

Sales	in millions		
	2010	2009	2008
Sales	\$28,430	\$26,704	\$26,862
Change in sales volume	(0.6)%	4.4%	
Change in average sales price	7.1%	(4.8)%	
Sales growth (decline)	6.5%	(0.6)%	

#### 2010 vs. 2009 –

- Average Sales Price – The increase in sales was largely due to an increase in average sales prices, which accounted for an increase of approximately \$1.9 billion. While all segments had an increase in average sales prices, the majority of the increase was driven by the Beef and Pork segments.
- Sales Volume – Sales were negatively impacted by a decrease in sales volume, which accounted for a decrease of approximately \$150 million. This was primarily due to an extra week in fiscal 2009 and the decrease in Pork segment sales volume, partially offset by an increase from a fiscal 2009 acquisition in the Chicken segment.

#### 2009 vs. 2008 –

- Average Sales Price – The decline in sales was largely due to a reduction in average sales prices, which accounted for a decrease of approximately \$1.2 billion. While all segments had a reduction in average sales prices, the majority of the decrease was driven by the Beef and Pork segments.
- Sales Volume – Sales were positively impacted by an increase in sales volume, which accounted for an increase of approximately \$1.0 billion. This was primarily due to an extra week in fiscal 2009, increased sales volume in our Chicken segment, which was driven by inventory reductions, and sales volume related to recent acquisitions.

Cost of Sales	in millions		
	2010	2009	2008
Cost of sales	\$25,916	\$25,501	\$25,616
Gross margin	\$2,514	\$1,203	\$1,246
Cost of sales as a percentage of sales	91.2%	95.5%	95.4%

#### 2010 vs. 2009 –

- Cost of sales increased \$415 million. Higher cost per pound increased cost of sales by \$558 million, partially offset by lower sales volume which decreased cost of sales by \$143 million.
  - Increase in average live cattle and hog costs of approximately \$1.0 billion.
  - Increase due to net losses of \$78 million in fiscal 2010, as compared to net gains of \$191 million in fiscal 2009, from our commodity risk management activities related to forward futures contracts for live cattle and hogs, and excludes the impact from related physical purchase transactions which impact current and future period operating results.
  - Increase in raw material costs of approximately \$218 million in our Prepared Foods segment.
  - Increase in incentive-based compensation of approximately \$97 million.
  - Decrease due to net losses of \$6 million in fiscal 2010, as compared to net losses of \$257 million in fiscal 2009, from our commodity risk management activities related to grain and energy purchases, and excludes the impact from related physical purchase transactions which impact current and future period operating results.
  - Decrease in grain costs in the Chicken segment of approximately \$158 million.
  - Decrease in the Chicken segment costs resulting from operational improvements.

#### 2009 vs. 2008 –

- Cost of sales decreased \$115 million. Cost per pound contributed to a \$1.1 billion decrease, offset partially by an increase in sales volume increasing cost of sales \$987 million.
  - Increase due to net losses of \$257 million in fiscal 2009, as compared to net gains of \$206 million in fiscal 2008, from our commodity risk management activities related to grain and energy purchases, which exclude the effect from related physical purchase transactions which impact current and future period operating results.
  - Increase due to sales volumes, which included an extra week in fiscal 2009, as well as increased sales volume in our Chicken segment, which was driven by inventory reductions and sales volume related to recent acquisitions.
  - Decrease in average domestic live cattle and hog costs of approximately \$1.2 billion.

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<b>Selling, General and Administrative</b>	in millions		
	2010	2009	2008
Selling, general and administrative	\$929	\$841	\$879
As a percentage of sales	3.3%	3.1%	3.3%

### 2010 vs. 2009 –

- Increase of \$118 million related to incentive-based compensation.
- Reductions include decreases resulting from one less week in fiscal 2010 compared to fiscal 2009, as well as a \$16 million reduction in professional fees, advertising and sales promotions.

### 2009 vs. 2008 –

- Decrease of \$33 million related to advertising and sales promotions.
- Decrease of \$11 million related to the change in investment returns on company-owned life insurance, which is used to fund non-qualified retirement plans.
- Other reductions include decreases in our payroll-related expenses and professional fees.
- Increase of \$20 million due to our newly acquired foreign operations.

<b>Goodwill Impairment</b>	in millions		
	2010	2009	2008
	\$29	\$560	\$-

We perform our annual goodwill impairment test on the first day of the fourth quarter. We estimate the fair value of our reporting units using a discounted cash flow analysis. This analysis requires us to make various judgmental estimates and assumptions about sales, operating margins, growth rates and discount factors.

**2010** – Includes the full impairment of an immaterial Chicken segment reporting unit.

**2009** – The disruptions in global credit and other financial markets and deterioration of economic conditions led to an increase in our discount rate in fiscal 2009 as compared to fiscal 2008. The discount rate used in our annual goodwill impairment test increased to 10.1% in fiscal 2009 from 9.3% in fiscal 2008. There were no significant changes in the other key estimates and assumptions. The increased discount rate resulted in the non-cash partial impairment of our beef reporting unit's goodwill. The impairment has no impact on managements' estimates of the Beef segment's long-term profitability or value.

<b>Other Charges</b>	in millions		
	2010	2009	2008
	\$-	\$17	\$36

**2009** – Included \$15 million charge related to closing our Ponca City, Oklahoma, processed meats plant.

### 2008 –

- Included \$17 million charge related to restructuring our Emporia, Kansas, beef operation.
- Included \$13 million charge related to closing our Wilkesboro, North Carolina, Cooked Products poultry plant.
- Included \$6 million of severance charges related to the FAST initiative.

<b>Interest Income</b>	in millions		
	2010	2009	2008
	\$14	\$17	\$9

**2010/2009** – Fiscal 2010 and fiscal 2009 increased as compared to fiscal 2008 due primarily to the increase in our cash balance.

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<b>Interest Expense</b>	in millions		
	2010	2009	2008
Cash interest expense	\$245	\$270	\$214
Losses on notes repurchased	61	3	-
Non-cash interest expense	41	54	1
<b>Total Interest Expense</b>	<b>\$347</b>	<b>\$327</b>	<b>\$215</b>

### **2010 vs. 2009 –**

- Cash interest expense includes interest expense related to the coupon rates for senior notes and commitment/letter of credit fees incurred on our revolving credit facilities. The decrease is due to lower average weekly indebtedness of approximately 11%, partially offset by an increase in the overall average borrowing rates.
- Losses on notes repurchased during fiscal 2010 includes the amount paid exceeding the carrying value of the notes repurchased, which primarily includes the repurchases of the 2011 Notes and the 7.35% Senior notes due April 2016 (2016 Notes).
- Non-cash interest expense primarily includes interest related to the amortization of debt issuance costs and discounts/premiums on note issuances. This includes debt issuance costs incurred on the new credit facility in March 2009 and the 10.50% Senior Notes due 2014 (2014 Notes) issued in March 2009, as well as the accretion of the debt discount on the 3.25% Convertible Senior Notes due 2013 (2013 Notes) and 2014 Notes. Fiscal 2009 also includes expenses related to amendment fees paid in December 2008 on our then existing credit agreements.

### **2009 vs. 2008 –**

- Cash interest expense includes interest expense related to the coupon rates for senior notes and commitment/letter of credit fees incurred on our revolving credit facilities. The increase was due primarily to higher average weekly indebtedness of approximately 13%. We also had an increase in the overall average borrowing rates.
- Non-cash interest expense primarily includes interest related to the amortization of debt issuance costs and discounts/premiums on note issuances. The increase was primarily due to debt issuance costs incurred on the new credit facility in fiscal 2009, the 2014 Notes issued in fiscal 2009 and amendment fees paid in December 2008 on our then existing credit agreements. In addition, we had an increase due to the accretion of the debt discount on the 2013 Notes and 2014 Notes. Non-cash interest expense also includes an unrealized loss on our interest rate swap.

<b>Other (Income) Expense, net</b>	in millions		
	2010	2009	2008
	\$20	\$18	\$(29)

**2010** – Included \$12 million charge related to the impairment of an equity method investment.

**2009** – Included \$24 million in foreign currency exchange loss.

**2008** – Included \$18 million non-operating gain related to the sale of an investment.

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### Effective Tax Rate

	2010	2009	2008
	36.4%	(1.5)%	44.6%

The effective tax rate on continuing operations was impacted by a number of items which result in a difference between our effective tax rate and the U.S. statutory rate of 35%. The table below reflects significant items impacting the rate as indicated.

#### 2010 –

- Domestic production activity deduction reduced the rate 2.0%.
- Decrease in unrecognized tax benefits reduced the rate 1.4%.
- Decrease in state valuation allowances reduced the rate 1.0%.
- State income taxes, excluding unrecognized tax benefits, increased the rate 3.4%.
- Impairment of goodwill, which is not deductible for income tax purposes, increased the rate 0.9%.

#### 2009 –

- Impairment of goodwill, which is not deductible for income tax purposes, reduced the rate 36.1%.
- Increase in foreign valuation allowances reduced the rate 3.8%.
- General business credits increased the rate 2.2%.
- Tax planning in foreign jurisdictions increased the rate 1.7%.

#### 2008 –

- Increase in state valuation allowances increased the rate 5.0%.
- Increase in unrecognized tax benefits increased the rate 4.4%.
- Net negative return on company-owned life insurance policies, which is not deductible for federal income tax purposes, increased the rate 3.8%.
- General business credits reduced the rate 3.8%.

### SEGMENT RESULTS

We operate in four segments: Chicken, Beef, Pork and Prepared Foods. Beginning in the third quarter of fiscal 2010, we modified the presentation of our segment sales to include the impact of intersegment sales. All periods presented below include this impact. The following table is a summary of sales and operating income (loss), which is how we measure segment income (loss). Segment results exclude the results of our discontinued operation, Lakeside.

	in millions					
	Sales			Operating Income (Loss)		
	2010	2009	2008	2010	2009	2008
Chicken	\$10,062	\$9,660	\$8,900	\$519	\$(157)	\$(118)
Beef	11,707	10,937	11,806	542	(346)	106
Pork	4,552	3,875	4,104	381	160	280
Prepared Foods	2,999	2,836	2,711	124	133	63
Other	-	-	-	(10)	(5)	-
Intersegment Sales	(890)	(604)	(659)	-	-	-
Total	\$28,430	\$26,704	\$26,862	\$1,556	\$(215)	\$331

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### Chicken Segment Results

			Change 2010		in millions Change 2009	
	2010	2009	vs. 2009	2008	vs. 2008	
Sales	\$10,062	\$9,660	\$402	\$8,900	\$760	
Sales Volume Change			2.0%		8.8%	
Average Sales Price Change			2.1%		(0.2)%	
Operating Income (Loss)	\$519	\$(157)	\$676	\$(118)	\$(39)	
Operating Margin	5.2%	(1.6)%		(1.3)%		

**2010** – Operating income included a \$38 million gain from insurance proceeds and a \$29 million non-cash, non-tax deductible charge related to a full goodwill impairment of an immaterial Chicken segment reporting unit.

**2008** – Operating loss included \$26 million of charges related to: plant closings; impairments of unimproved real property and software; and severance.

#### 2010 vs. 2009 –

— **Sales Volume** – The increase in sales volume for fiscal 2010 was due to sales volume related to a fiscal 2009 acquisition, partially offset by a decrease due to the extra week in fiscal 2009.

— **Average Sales Price** – The increase in average sales prices is primarily due to sales mix changes associated with the reduced sales volume of lower price per pound rendered products.

#### — Operating Income (Loss) –

— Operational Improvements – Operating results were positively impacted by operational improvements, which included: yield, mix and live production performance improvements; additional processing flexibility; and reduced interplant product movement.

— Derivative Activities – Operating results included the following amounts for commodity risk management activities related to grain and energy purchases. These amounts exclude the impact from related physical purchase transactions, which impact current and future period operating results.

2010 – Loss	\$ (6) million
2009 – Loss	<u>(257) million</u>
Improvement in operating results	\$251 million

— Grain Costs – Operating results were positively impacted in fiscal 2010 by a decrease in grain costs of \$158 million.

— Operating results included an increase in incentive-based compensation.

#### 2009 vs. 2008 –

— **Sales Volume** – The increase in sales volume for fiscal 2009 was due to the extra week in fiscal 2009, as well as inventory reductions and sales volume related to recent acquisitions.

— **Average Sales Price** – The inventory reductions and recent acquisitions lowered the average sales price, as most of the inventory reduction related to commodity products shipped internationally and sales volume from recent acquisitions was on lower priced products.

#### — Operating Loss –

— Operational Improvements – Operating results were positively impacted by operational improvements, which included: yield, mix and live production performance improvements; additional processing flexibility; and reduced interplant product movement.

— Derivative Activities – Operating results included the following amounts for commodity risk management activities related to grain and energy purchases. These amounts exclude the impact from related physical purchase transactions, which impact current and future period operating results.

2009 – Loss	\$ (257) million
2008 – Income	<u>206 million</u>
Decline in operating results	\$ (463) million

— SG&A Expenses – We reduced our selling, general and administrative expenses during fiscal 2009 by approximately \$37 million.

— Grain Costs – Operating results were positively impacted in fiscal 2009 by a decrease in grain costs of \$28 million.

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Beef Segment Results	in millions				
	Change 2010			Change 2009	
	2010	2009	vs. 2009	2008	vs. 2008
Sales	\$11,707	\$10,937	\$770	\$11,806	\$(869)
Sales Volume Change			(1.9)%		0.8%
Average Sales Price Change			9.1%		(8.1)%
Operating Income (Loss)	\$542	\$(346)	\$888	\$106	\$(452)
Operating Margin	4.6%	(3.2)%		0.9%	

**2009** – Operating loss included a \$560 million non-cash charge related to the partial impairment of goodwill.

**2008** – Operating income included \$35 million of charges related to: plant restructuring, impairments of packaging equipment and intangible assets, and severance.

### 2010 vs. 2009 –

#### — Sales and Operating Income (Loss) –

- We increased our operating margins by maximizing our revenues relative to the rising live cattle markets, as well as improved our operating costs. In addition, we had an improvement in our export sales. Operating results included an increase in incentive-based compensation.
- Derivative Activities – Operating results included the following amounts for commodity risk management activities related to forward futures contracts for live cattle. These amounts exclude the impact from related physical sale and purchase transactions, which impact current and future period operating results.

2010 – Loss	\$ (15) million
2009 – Income	102 million
Decline in operating results	<u>\$ (117) million</u>

### 2009 vs. 2008 –

#### — Sales and Operating Income (Loss) –

- While our average sales prices have decreased as compared to fiscal 2008, we have still maintained a margin as the average live costs decreased in line with the drop in our average sales price.
- Derivative Activities – Operating results included the following amounts for commodity risk management activities related to forward futures contracts for live cattle. These amounts exclude the impact from related physical sale and purchase transactions, which impact current and future period operating results.

2009 – Income	\$102 million
2008 – Income	53 million
Improvement in operating results	<u>\$49 million</u>

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Pork Segment Results	in millions				
	Change 2010			Change 2009	
	2010	2009	vs. 2009	2008	vs. 2008
Sales	\$4,552	\$3,875	\$677	\$4,104	\$(229)
Sales Volume Change			(3.3)%		1.7%
Average Sales Price Change			21.4%		(7.2)%
Operating Income	\$381	\$160	\$221	\$280	\$(120)
Operating Margin	8.4%	4.1%		6.8%	

**2008** – Operating income included \$5 million of charges related to impairment of packaging equipment and severance.

### 2010 vs. 2009 –

#### — Sales and Operating Income –

- We increased our operating margins by maximizing our revenues relative to the rising live hog markets. In addition, we had an improvement in our export sales. Operating results included an increase in incentive-based compensation.
- Derivative Activities – Operating results included the following amounts for commodity risk management activities related to forward futures contracts for live hogs. These amounts exclude the impact from related physical sale and purchase transactions, which impact current and future period operating results.

2010 – Loss	\$ (36) million
2009 – Income	55 million
Decline in operating results	(\$91) million

### 2009 vs. 2008 –

#### — Sales and Operating Income –

- Operating results for fiscal 2009 were strong, but down when compared to the record year we had in fiscal 2008. While sales volume was relatively flat versus fiscal 2008, results were negatively impacted by a decrease in our average sales prices, which were only partially offset by the decrease in average live costs.
- Derivative Activities – Operating results included the following amounts for commodity risk management activities related to forward futures contracts for live hogs. These amounts exclude the impact from related physical sale and purchase transactions, which impact current and future period operating results.

2009 – Income	\$55 million
2008 – Income	95 million
Decline in operating results	(\$40) million

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### Prepared Foods Segment Results

			Change 2010		Change 2009	
	2010	2009	vs. 2009	2008	vs. 2008	
Sales	\$2,999	\$2,836	\$163	\$2,711	\$125	
Sales Volume Change			0.3%		5.2%	
Average Sales Price Change			5.5%		(0.6)%	
Operating Income	\$124	\$133	\$(9)	\$63	\$70	
Operating Margin	4.1%	4.7%		2.3%		

**2009** – Operating income included a \$15 million charge related to closing our Ponca City, Oklahoma, processed meats plant.

**2008** – Operating income included \$10 million of charges related to flood damage, an intangible asset impairment and severance.

#### 2010 vs. 2009 –

— **Sales and Operating Income** – Despite the increase in average sales prices and sales volume, operating income declined in fiscal 2010 as compared to fiscal 2009 due to an increase in raw material costs. However, we made several operational improvements in late fiscal 2009 that allow us to run our plants more efficiently. We also received \$8 million in insurance proceeds in fiscal 2010 related to the flood damage at our Jefferson, Wisconsin, plant. Operating results included an increase in incentive-based compensation.

#### 2009 vs. 2008 –

— **Sales and Operating Income** – Operating results improved due to an increase in sales volume, as well as a reduction in raw material costs that exceeded the decrease in our average sales prices. In addition, we made several operational improvements in fiscal 2009 that allow us to run our plants more efficiently. We began realizing the majority of these improvements in our operating results during the latter part of fiscal 2009.

### LIQUIDITY AND CAPITAL RESOURCES

Our cash needs for working capital, capital expenditures, growth opportunities and the repurchase/redemption of our 2011 Notes are expected to be met with current cash on hand, cash flows provided by operating activities, or short-term borrowings. Based on our current expectations, we believe our liquidity and capital resources will be sufficient to operate our business. However, we may take advantage of opportunities to generate additional liquidity or refinance existing debt through capital market transactions. The amount, nature and timing of any capital market transactions will depend on: our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

### Cash Flows from Operating Activities

	in millions		
	2010	2009	2008
Net income (loss)	\$765	\$(551)	\$86
Non-cash items in net income (loss):			
Depreciation and amortization	497	513	493
Deferred taxes	18	(33)	35
Impairment of goodwill	29	560	-
Impairment of assets	36	32	57
Other, net	76	72	26
Changes in working capital	11	367	(342)
Net cash provided by operating activities	\$1,432	\$960	\$355

Cash flows associated with changes in working capital:

- **2010** – Increased due to the increase in accrued salaries, wages and benefits and accounts payable balances, almost entirely offset by the increase in inventory and accounts receivable balances. The increase in accrued salaries, wages and benefits is primarily due to the accruals for incentive-based compensation.
- **2009** – Increased primarily due to a reduction in inventory and accounts receivable balances, partially offset by a reduction in accounts payable. The lower inventory balance was primarily due to the reduction of inventory volumes, as well as a decrease in raw material costs.
- **2008** – Decreased primarily due to higher inventory and accounts receivable balances, partially offset by a higher accounts payable balance. Higher inventory balances were driven by an increase in raw material costs and inventory volume.

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Cash Flows from Investing Activities	in millions		
	2010	2009	2008
Additions to property, plant and equipment	\$(550)	\$(368)	\$(425)
Proceeds from sale (purchase) of marketable securities, net	(4)	19	(3)
Change in restricted cash to be used for investing activities	43	(43)	-
Proceeds from sale of discontinued operation	-	75	-
Acquisitions, net of cash acquired	-	(93)	(17)
Other, net	11	(17)	46
Net cash used for investing activities	\$(500)	\$(427)	\$(399)

- Additions to property, plant and equipment include acquiring new equipment and upgrading our facilities to maintain competitive standing and position us for future opportunities. In fiscal 2010, our capital spending included: production efficiencies in our operations; Dynamic Fuels LLC's (Dynamic Fuels) facility; and foreign operations. In fiscal 2009, our capital spending included: improvements made in our prepared foods operations to increase efficiencies; Dynamic Fuels' facility; and foreign operations. In fiscal 2008, our capital spending included equipment updates in our chicken plants, as well as packaging equipment upgrades in our Fresh Meats case-ready facilities.
- Capital spending for fiscal 2011 is expected to be approximately \$700 million, and includes spending on our operations for production and labor efficiencies, yield improvements and sales channel flexibility, as well as expansion of our foreign operations.
- Acquisitions – In October 2008, we acquired three vertically integrated poultry companies in southern Brazil. The aggregate purchase price was \$67 million. In addition, we had \$15 million of contingent purchase price based on production volumes. The joint ventures in China called Shandong Tyson Xinchang Foods received the necessary government approvals during fiscal 2009. The aggregate purchase price for our 60% equity interest was \$21 million, which excludes \$93 million of cash transferred to the joint venture for future capital needs.
- Change in restricted cash – In October 2008, Dynamic Fuels received \$100 million in proceeds from the sale of Gulf Opportunity Zone tax-exempt bonds made available by the federal government to the regions affected by Hurricanes Katrina and Rita in 2005. The cash received from these bonds was restricted and could only be used towards the construction of the Dynamic Fuels' facility.

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Cash Flows from Financing Activities	in millions		
	2010	2009	2008
Net borrowings (payments) on revolving credit facilities	\$-	\$15	\$(213)
Payments on debt	(1,034)	(380)	(147)
Net proceeds from borrowings	-	852	449
Net proceeds from Class A stock offering	-	-	274
Convertible note hedge transactions	-	-	(94)
Warrant transactions	-	-	44
Purchases of treasury shares	(48)	(19)	(30)
Dividends	(59)	(60)	(56)
Debt issuance costs	-	(59)	-
Change in restricted cash to be used for financing activities	140	(140)	-
Other, net	42	6	27
<b>Net cash provided by (used for) financing activities</b>	<b>\$(959)</b>	<b>\$215</b>	<b>\$254</b>

- Net borrowings (payments) on revolving credit facilities primarily include activity related to the accounts receivable securitization facility. With the entry into the new revolving credit facility and issuance of the 2014 Notes in March 2009, we repaid all outstanding borrowings under our accounts receivable securitization facility and terminated the facility.
- Payments on debt include –
  - 2010 – \$524 million of 2011 Notes; \$222 million of 2016 Notes; \$140 million of 7.95% Notes due February 2010 (2010 Notes) (using the restricted cash held in a blocked cash collateral account for the retirement of these notes); \$52 million of 7.0% Notes due May 2018; and \$61 million related to the premiums on notes repurchased during the year.
  - 2009 – \$161 million of 2011 Notes; \$94 million of 2010 Notes (using the restricted cash held in a blocked cash collateral account for the repurchase of these notes); and \$38 million 2016 Notes.
  - 2008 – \$40 million 2016 Notes and repaid the remaining \$25 million outstanding Lakeside term loan.
- Net proceeds from borrowings include –
  - In fiscal 2009, we issued \$810 million of 2014 Notes. After the original issue discount of \$59 million, based on an issue price of 92.756% of face value, we received net proceeds of \$751 million. We used the net proceeds towards the repayment of our borrowings under our accounts receivable securitization facility and for other general corporate purposes.
  - In fiscal 2009, Dynamic Fuels received \$100 million in proceeds from the sale of Gulf Opportunity Zone tax-exempt bonds made available by the Federal government to the regions affected by Hurricanes Katrina and Rita in 2005. These floating rate bonds are due October 1, 2033.
  - In fiscal 2008, we issued \$458 million 3.25% Convertible Senior Notes due October 15, 2013. Net proceeds were used for the net cost of the related Convertible Note Hedge and Warrant Transactions, toward the repayment of our borrowings under the accounts receivable securitization facility, and for other general corporate purposes.
  - In fiscal 2008, we issued 22.4 million shares of Class A stock in a public offering. Net proceeds were used toward repayment of our borrowings under the accounts receivable securitization facility and for other general corporate purposes.
  - In conjunction with the entry into our new credit facility and the issuance of the 2014 Notes during fiscal 2009, we paid \$48 million for debt issuance costs.

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### Liquidity

in millions

	Commitments Expiration Date	Facility Amount	Borrowing Base Adjustment	Outstanding Letters of Credit under Revolving Credit Facility (no draw downs)	Amount Borrowed	Amount Available
Cash and cash equivalents						\$978
Revolving credit facility	March 2012	\$1,000	\$-	\$175	\$-	\$825
Total liquidity						\$1,803

- The revolving credit facility supports our short-term funding needs and letters of credit. Letters of credit are issued primarily in support of workers' compensation insurance programs, derivative activities and Dynamic Fuels' Gulf Opportunity Zone tax-exempt bonds.
- Borrowing Base Adjustment – Availability under this facility, up to \$1.0 billion, is based on a percentage of certain eligible accounts receivable and eligible inventory and is reduced by certain reserves. At October 2, 2010, the entire \$1.0 billion was eligible for borrowing and issuing letters of credit.
- Our 2013 Notes may be converted early during any fiscal quarter in the event our Class A stock trades at or above \$21.96 for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter. In this event, the note holders may require us to pay outstanding principal in cash, which totaled \$458 million at October 2, 2010. Any conversion premium would be paid in shares of Class A stock. The conditions for early conversion were not met in our fourth fiscal quarter of fiscal 2010, and thus, the notes may not be converted in our first quarter fiscal 2011. Should the conditions for early conversion be satisfied in future quarters, and the holders exercised their early conversion option, we would use current cash on hand and cash flow from operations for principal payments.
- At October 2, 2010, we had \$315 million of 2011 Notes outstanding. We plan presently to use current cash on hand and cash flows from operations for payment on the remaining 2011 Notes due on October 1, 2011.
- Our current ratio was 1.81 to 1 and 2.20 to 1 at October 2, 2010, and October 3, 2009, respectively.

### Deterioration of Credit and Capital Markets

Credit market conditions deteriorated rapidly during our fourth quarter of fiscal 2008 and although they have improved, they have not returned to pre-2008 levels. Several major banks and financial institutions failed or were forced to seek assistance through distressed sales or emergency government measures. While not all-inclusive, the following summarizes some of the impacts to our business:

#### Credit Facility

Cash flows from operating activities and current cash on hand are our primary source of liquidity for funding debt service and capital expenditures. We also have a revolving credit facility, with a committed maximum capacity of \$1.0 billion, to provide additional liquidity for working capital needs, letters of credit, and as a source of financing for growth opportunities. As of October 2, 2010, we had outstanding letters of credit totaling \$175 million, none of which were drawn upon, which left \$825 million available for borrowing. Our revolving credit facility is funded by a syndicate of 19 banks, with commitments ranging from \$6 million to \$115 million per bank. The syndicate includes bank holding companies that are required to be adequately capitalized under federal bank regulatory agency requirements. If any of the banks in the syndicate are unable to perform on their commitments to fund the facility, our liquidity could be impaired, which could reduce our ability to fund working capital needs, support letters of credit or finance our growth opportunities.

#### Customers/Suppliers

The financial condition of some of our customers and suppliers could also be impaired by current market conditions. Although we have not experienced a material increase in customer bad debts or non-performance by suppliers, current market conditions increase the probability we could experience losses from customer or supplier defaults. Should credit and capital market conditions result in a prolonged economic downturn in the United States and abroad, demand for protein products could be reduced, which could result in a reduction of sales, operating income and cash flows. In addition, we rely on livestock producers throughout the country to supply our live cattle and hogs. If these producers are adversely impacted by the current economic conditions and terminate their production, our livestock supply for processing could be significantly impacted.

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Additionally, we have cash flow assistance programs in which certain livestock suppliers participate. Under these programs, we pay an amount for livestock equivalent to a standard cost to grow such livestock during periods of low market sales prices. The amounts of such payments that are in excess of the market sales price are recorded as receivables and accrue interest. Participating suppliers are obligated to repay these receivables balances when market sales prices exceed this standard cost, or upon termination of the agreement. Our maximum obligation associated with these programs is limited to the fair value of each participating livestock supplier's net tangible assets. Although we believe the aggregate maximum obligation under the program is unlikely to ever be reached, the potential maximum obligation as of October 2, 2010, was approximately \$215 million. The total receivables under these programs were \$51 million and \$72 million at October 2, 2010 and October 3, 2009, respectively. Even though these programs are limited to the net tangible assets of the participating livestock suppliers, we also manage a portion of our credit risk associated with these programs by obtaining security interests in livestock suppliers' assets. After analyzing residual credit risks and general market conditions, we have recorded an allowance for these programs' estimated uncollectible receivables of \$15 million and \$20 million at October 2, 2010, and October 3, 2009, respectively.

### Investments

The value of our investments in equity and debt securities, including our marketable debt securities, company-owned life insurance and pension and other postretirement plan assets, are impacted by market volatility. These instruments were recorded at fair value as of October 2, 2010. We did not have a significant change in fair value of these instruments during fiscal 2010.

We currently oversee two domestic and one foreign subsidiary non-contributory qualified defined benefit pension plans. All three pension plans are frozen to new participants and no additional benefits will accrue for participants. Based on our 2010 actuarial valuation, we anticipate contributions of \$5 million to these plans for fiscal 2011. We also have one domestic unfunded defined benefit plan. Based on our 2010 actuarial valuation, we anticipate contributions of \$2 million to this plan in fiscal 2011.

### Financial Instruments

As part of our commodity risk management activities, we use derivative financial instruments, primarily futures and options, to reduce our exposure to various market risks related to commodity purchases. Similar to the capital markets, the commodities markets have been volatile over the past few years. Grain and some energy prices remain volatile after reaching an all-time high during our fourth quarter of fiscal 2008 before falling sharply. While the reduction in grain and energy prices benefit us long-term, we recorded losses related to these financial instruments in fiscal 2009 of \$257 million. We have implemented policies to reduce our earnings volatility associated with mark-to-market derivative activities, including more use of normal physical purchases and normal physical sales which are not required to be marked to market.

### Insurance

We rely on insurers as a protection against liability claims, property damage and various other risks. Our primary insurers maintain an A.M. Best Financial Strength Rating of A or better. Nevertheless, we continue to monitor this situation as insurers have been and are expected to continue to be impacted by the current capital market environment.

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### Credit Ratings

#### 2016 Notes

On September 4, 2008, Standard & Poor's (S&P) downgraded the credit rating from "BBB-" to "BB." This downgrade increased the interest rate on the 2016 Notes from 6.85% to 7.35%, effective beginning with the six-month interest payment due October 1, 2008.

On November 13, 2008, Moody's Investors Services, Inc. (Moody's) downgraded the credit rating from "Ba1" to "Ba3." This downgrade increased the interest rate on the 2016 Notes from 7.35% to 7.85%, effective beginning with the six-month interest payment due April 1, 2009.

On August 19, 2010, S&P upgraded the credit rating from "BB" to "BB+." On September 2, 2010, Moody's upgraded the credit rating from "Ba3" to "Ba2." These upgrades decreased the interest rate on the 2016 Notes from 7.85% to 7.35%, effective beginning with the six-month interest payment due October 1, 2010.

A further one-notch upgrade by either ratings agency would decrease the interest rates on the 2016 Notes by 0.25%, while a one-notch downgrade by either ratings agency would increase the interest rates on the 2016 Notes by 0.25%.

#### Revolving Credit Facility

S&P's corporate credit rating for Tyson Foods, Inc. is "BB+." Moody's corporate credit rating for Tyson Foods, Inc. is "Ba2." If Moody's were to upgrade our credit rating to "Ba1" or higher, while our S&P credit rating remained at "BB+" or higher, our letter of credit fees would decrease by 0.25%.

If S&P were to downgrade our corporate credit rating to "B+" or lower or Moody's were to downgrade our corporate credit rating to "B1" or lower, our letter of credit fees would increase by an additional 0.25%.

### Debt Covenants

Our revolving credit facility contains affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; pay dividends or make other payments in respect of our capital stock; amend material documents; change the nature of our business; make certain payments of debt; engage in certain transactions with affiliates; and enter into sale/leaseback or hedging transactions, in each case, subject to certain qualifications and exceptions. If availability under this facility is less than the greater of 15% of the commitments and \$150 million, we will be required to maintain a minimum fixed charge coverage ratio.

Our 2014 Notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: incur additional debt and issue preferred stock; make certain investments and restricted payments; create liens; create restrictions on distributions from subsidiaries; engage in specified sales of assets and subsidiary stock; enter into transactions with affiliates; enter new lines of business; engage in consolidation, mergers and acquisitions; and engage in certain sale/leaseback transactions.

We were in compliance with all covenants at October 2, 2010.

### OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements material to our financial position or results of operations. The off-balance sheet arrangements we have are guarantees of debt of outside third parties, including a lease and grower loans, and residual value guarantees covering certain operating leases for various types of equipment. See Note 10: Commitments of the Notes to Consolidated Financial Statements for further discussion.

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### CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of October 2, 2010:

	in millions				
	Payments Due by Period				
	2011	2012-2013	2014-2015	2016 and thereafter	Total
Debt and capital lease obligations:					
Principal payments (1)	\$401	\$15	\$1,277	\$948	\$2,641
Interest payments (2)	209	305	199	72	785
Guarantees (3)	18	40	44	12	114
Operating lease obligations (4)	91	122	49	55	317
Purchase obligations (5)	829	55	24	36	944
Capital expenditures (6)	371	17	0	0	388
Other long-term liabilities (7)	12	5	4	28	49
Total contractual commitments	\$1,931	\$559	\$1,597	\$1,151	\$5,238

- (1) In the event of a default on payment, acceleration of the principal payments could occur.
- (2) Interest payments include interest on all outstanding debt. Payments are estimated for variable rate and variable term debt based on effective rates at October 2, 2010, and expected payment dates.
- (3) Amounts include guarantees of debt of outside third parties, which consist of a lease and grower loans, all of which are substantially collateralized by the underlying assets, as well as residual value guarantees covering certain operating leases for various types of equipment. The amounts included are the maximum potential amount of future payments.
- (4) Amounts include minimum lease payments under lease agreements.
- (5) Amounts include agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The purchase obligations amount included items, such as future purchase commitments for grains, livestock contracts and fixed grower fees that provide terms that meet the above criteria. We have excluded future purchase commitments for contracts that do not meet these criteria. Purchase orders have not been included in the table, as a purchase order is an authorization to purchase and may not be considered an enforceable and legally binding contract. Contracts for goods or services that contain termination clauses without penalty have also been excluded.
- (6) Amounts include estimated amounts to complete buildings and equipment under construction as of October 2, 2010.
- (7) Amounts include items that meet the definition of a purchase obligation and are recorded in the Consolidated Balance Sheets.

In addition to the amounts shown above in the table, we have unrecognized tax benefits of \$184 million and related interest and penalties of \$64 million at October 2, 2010, recorded as liabilities. During fiscal 2011, tax audit resolutions could potentially reduce these amounts by approximately \$20 million, either because tax positions are sustained on audit or because we agree to their disallowance.

The maximum contractual obligation associated with our cash flow assistance programs at October 2, 2010, based on the estimated fair values of the livestock supplier's net tangible assets on that date, aggregated to approximately \$215 million, or approximately \$164 million remaining maximum commitment after netting the cash flow assistance related receivables.

The minority partner in our Shandong Tyson Xinchang Foods joint ventures in China has the right to exercise put options to require us to purchase its entire 40% equity interest at a price equal to the minority partner's contributed capital plus (minus) its pro-rata share of the joint venture's accumulated and undistributed net earnings (losses). The put options are exercisable for a five-year term commencing April 2011. At October 2, 2010, the put options, if they had been exercisable, would have resulted in a purchase price of approximately \$67 million for the minority partner's entire equity interest.

### RECENTLY ISSUED/ADOPTED ACCOUNTING PRONOUNCEMENTS

Refer to the discussion under Part II, Item 8, Notes to Consolidated Financial Statements, Note 1: Business and Summary of Significant Accounting Policies for recently issued accounting pronouncements and Note 2: Change in Accounting Principles for recently adopted accounting pronouncements.

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### CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires us 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. The following is a summary of certain accounting estimates we consider critical.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<p><b>Contingent liabilities</b></p> <p>We are subject to lawsuits, investigations and other claims related to wage and hour/labor, environmental, product, taxing authorities and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses.</p> <p>A determination of the amount of reserves and disclosures required, if any, for these contingencies are made after considerable analysis of each individual issue. We accrue for contingent liabilities when an assessment of the risk of loss is probable and can be reasonably estimated. We disclose contingent liabilities when the risk of loss is reasonably possible or probable.</p>	<p>Our contingent liabilities contain uncertainties because the eventual outcome will result from future events, and determination of current reserves requires estimates and judgments related to future changes in facts and circumstances, differing interpretations of the law and assessments of the amount of damages, and the effectiveness of strategies or other factors beyond our control.</p>	<p>We have not made any material changes in the accounting methodology used to establish our contingent liabilities during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our contingent liabilities. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p>
<p><b>Marketing and advertising costs</b></p> <p>We incur advertising, retailer incentive and consumer incentive costs to promote products through marketing programs. These programs include cooperative advertising, volume discounts, in-store display incentives, coupons and other programs.</p> <p>Marketing and advertising costs are charged in the period incurred. We accrue costs based on the estimated performance, historical utilization and redemption of each program.</p> <p>Cash consideration given to customers is considered a reduction in the price of our products, thus recorded as a reduction to sales. The remainder of marketing and advertising costs is recorded as a selling, general and administrative expense.</p>	<p>Recognition of the costs related to these programs contains uncertainties due to judgment required in estimating the potential performance and redemption of each program.</p> <p>These estimates are based on many factors, including experience of similar promotional programs.</p>	<p>We have not made any material changes in the accounting methodology used to establish our marketing accruals during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our marketing accruals. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p> <p>A 10% change in our marketing accruals at October 2, 2010, would impact pretax earnings by approximately \$11 million.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<p><b>Accrued self insurance</b></p> <p>We are self insured for certain losses related to health and welfare, workers' compensation, auto liability and general liability claims.</p> <p>We use an independent third-party actuary to assist in determining our self-insurance liability. We and the actuary consider a number of factors when estimating our self-insurance liability, including claims experience, demographic factors, severity factors and other actuarial assumptions.</p> <p>We periodically review our estimates and assumptions with our third-party actuary to assist us in determining the adequacy of our self-insurance liability. Our policy is to maintain an accrual within the central to high point of the actuarial range.</p>	<p>Our self-insurance liability contains uncertainties due to assumptions required and judgment used.</p> <p>Costs to settle our obligations, including legal and healthcare costs, could increase or decrease causing estimates of our self-insurance liability to change.</p> <p>Incident rates, including frequency and severity, could increase or decrease causing estimates in our self-insurance liability to change.</p>	<p>We have not made any material changes in the accounting methodology used to establish our self-insurance liability during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our self-insurance liability. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p> <p>A 10% increase in the actuarial range at October 2, 2010, would result in an increase in the amount we recorded for our self-insurance liability of approximately \$24 million. A 10% decrease in the actuarial range at October 2, 2010, would not result in a material change in the amount we recorded for our self-insurance liability.</p>
<p><b>Impairment of long-lived assets</b></p> <p>Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Examples include a significant adverse change in the extent or manner in which we use a long-lived asset or a change in its physical condition.</p> <p>When evaluating long-lived assets for impairment, we compare the carrying value of the asset to the asset's estimated undiscounted future cash flows. An impairment is indicated if the estimated future cash flows are less than the carrying value of the asset. The impairment is the excess of the carrying value over the fair value of the long-lived asset.</p> <p>We recorded impairment charges related to long-lived assets of \$19 million, \$25 million, and \$52 million, respectively, in fiscal years 2010, 2009, and 2008.</p>	<p>Our impairment analysis contains uncertainties due to judgment in assumptions and estimates surrounding undiscounted future cash flows of the long-lived asset, including forecasting useful lives of assets and selecting the discount rate that reflects the risk inherent in future cash flows to determine fair value.</p>	<p>We have not made any material changes in the accounting methodology used to evaluate the impairment of long-lived assets during the last three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate impairments of long-lived assets. However, if actual results are not consistent with our estimates and assumptions used to calculate estimated future cash flows, we may be exposed to impairment losses that could be material. Additionally, we continue to evaluate our future international business strategies, which may expose us to future impairment losses.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<b>Impairment of goodwill and other intangible assets</b>		
<p>Goodwill impairment is determined using a two-step process. The first step is to identify if a potential impairment exists by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to have a potential impairment and the second step of the impairment test is not necessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step is performed to determine if goodwill is impaired and to measure the amount of impairment loss to recognize, if any.</p>	<p>We estimate the fair value of our reporting units, generally our operating segments, using various valuation techniques, with the primary technique being a discounted cash flow analysis, which uses significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. A discounted cash flow analysis requires us to make various judgmental assumptions about sales, operating margins, growth rates and discount rates.</p>	<p>We have not made any material changes in the accounting methodology used to evaluate impairment of goodwill and other intangible assets during the last three years.</p>
<p>The second step compares the implied fair value of goodwill with the carrying amount of goodwill. If the implied fair value of goodwill exceeds the carrying amount, then goodwill is not considered impaired. However, if the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess.</p>	<p>Generally, we utilize normalized operating margin assumptions based on long-term expectations and operating margins historically realized in the reporting units' industries. We include assumptions about sales, operating margins and growth rates which consider our budgets, business plans and economic projections, and are believed to reflect market participant views which would exist in an exit transaction. For our fiscal 2010 impairment test, none of our material reporting units operating margin assumptions were in excess of the annual margins realized in the most recent year.</p>	<p>The discount rate used in our annual goodwill impairment test decreased to an average of 8.4% in fiscal 2010 from 10.1% in fiscal 2009. There were no significant changes in the other key estimates and assumptions.</p>
<p>The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination (i.e., the fair value of the reporting unit is allocated to all the assets and liabilities, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit).</p>	<p>Assumptions are also made for varying perpetual growth rates for periods beyond the long-term business plan period.</p>	<p>Other than the Beef reporting unit in 2009, no other material reporting units failed the first step of the annual goodwill impairment analysis in fiscal 2010, 2009 and 2008 and therefore, the second step was not necessary. In fiscal 2009, we recorded a \$560 million partial impairment of our Beef reporting unit's goodwill, which was driven by an increase in our discount rate used in the 2009 annual goodwill impairment analysis as a result of disruptions in global credit and other financial markets and deterioration of economic conditions. In fiscal 2010, we recorded a non-cash \$29 million full impairment of an immaterial Chicken segment reporting unit's goodwill.</p>
<p>For other intangible assets, if the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.</p>	<p>Other intangible asset fair values have been calculated for trademarks using a royalty rate method. Assumptions about royalty rates are based on the rates at which similar brands and trademarks are licensed in the marketplace.</p>	<p>All material reporting units' estimated fair value exceeded their carrying value by more than 20%. Consequently, we currently do not consider any of our material reporting units at significant risk of failing the first step of the annual goodwill impairment test.</p>
<p>We have elected to make the first day of the fourth quarter the annual impairment assessment date for goodwill and other intangible assets. However, we could be required to evaluate the recoverability of goodwill and other intangible assets prior to the required annual assessment if, among other things, we experience disruptions to the business, unexpected significant declines in operating results, divestiture of a significant component of the business or a sustained decline in market capitalization.</p>	<p>Our impairment analysis contains uncertainties due to uncontrollable events that could positively or negatively impact the anticipated future economic and operating conditions.</p>	<p>Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, and our credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units and other intangible assets, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, we may be required to perform the second step which could result in additional material impairments of our goodwill.</p>
		<p>Our fiscal 2010 other intangible asset impairment analysis did not result in a material impairment charge. A hypothetical 10% decrease in the fair value of intangible assets would not result in a material impairment.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<b>Income taxes</b>		
We estimate total income tax expense based on statutory tax rates and tax planning opportunities available to us in various jurisdictions in which we earn income.	Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future.	We do not believe there is a reasonable likelihood there will be a material change in the tax related balances or valuation allowances. However, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities.
Federal income tax includes an estimate for taxes on earnings of foreign subsidiaries expected to be remitted to the United States and be taxable, but not for earnings considered indefinitely invested in the foreign subsidiary.	Changes in projected future earnings could affect the recorded valuation allowances in the future.	To the extent we prevail in matters for which unrecognized tax benefit liabilities have been established, or are required to pay amounts in excess of our recorded unrecognized tax benefit liabilities, our effective tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement would require use of our cash and result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the period of resolution.
Deferred income taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse.	Our calculations related to income taxes contain uncertainties due to judgment used to calculate tax liabilities in the application of complex tax regulations across the tax jurisdictions where we operate.	
Valuation allowances are recorded when it is likely a tax benefit will not be realized for a deferred tax asset.	Our analysis of unrecognized tax benefits contains uncertainties based on judgment used to apply the more likely than not recognition and measurement thresholds.	
We record unrecognized tax benefit liabilities for known or anticipated tax issues based on our analysis of whether, and the extent to which, additional taxes will be due.		

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### MARKET RISK

Market risk relating to our operations results primarily from changes in commodity prices, interest rates and foreign exchange rates, as well as credit risk concentrations. To address certain of these risks, we enter into various derivative transactions as described below. If a derivative instrument is accounted for as a hedge, depending on the nature of the hedge, changes in the fair value of the instrument either will be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or be recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is recognized immediately. Additionally, we hold certain positions, primarily in grain and livestock futures that either do not meet the criteria for hedge accounting or are not designated as hedges. With the exception of normal purchases and normal sales that are expected to result in physical delivery, we record these positions at fair value, and the unrealized gains and losses are reported in earnings at each reporting date. Changes in market value of derivatives used in our risk management activities relating to forward sales contracts are recorded in sales. Changes in market value of derivatives used in our risk management activities surrounding inventories on hand or anticipated purchases of inventories are recorded in cost of sales.

The sensitivity analyses presented below are the measures of potential losses of fair value resulting from hypothetical changes in market prices related to commodities. Sensitivity analyses do not consider the actions we may take to mitigate our exposure to changes, nor do they consider the effects such hypothetical adverse changes may have on overall economic activity. Actual changes in market prices may differ from hypothetical changes.

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**Commodities Risk:** We purchase certain commodities, such as grains and livestock, in the course of normal operations. As part of our commodity risk management activities, we use derivative financial instruments, primarily futures and options, to reduce the effect of changing prices and as a mechanism to procure the underlying commodity. However, as the commodities underlying our derivative financial instruments can experience significant price fluctuations, any requirement to mark-to-market the positions that have not been designated or do not qualify as hedges could result in volatility in our results of operations. Contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts designated and highly effective at meeting this risk reduction and correlation criteria are recorded using hedge accounting. The following table presents a sensitivity analysis resulting from a hypothetical change of 10% in market prices as of October 2, 2010, and October 3, 2009, on the fair value of open positions. The fair value of such positions is a summation of the fair values calculated for each commodity by valuing each net position at quoted futures prices. The market risk exposure analysis includes hedge and non-hedge derivative financial instruments.

Effect of 10% change in fair value	in millions	
	2010	2009
Livestock:		
Cattle	\$39	\$20
Hogs	42	12
Grain	10	1

**Interest Rate Risk:** At October 2, 2010, we had variable rate debt of \$212 million with a weighted average interest rate of 4.5%. A hypothetical 10% increase in interest rates effective at October 2, 2010, and October 3, 2009, would have a minimal effect on interest expense.

Additionally, changes in interest rates impact the fair value of our fixed-rate debt. At October 2, 2010, we had fixed-rate debt of \$2.3 billion with a weighted average interest rate of 9.2%. Market risk for fixed-rate debt is estimated as the potential increase in fair value, resulting from a hypothetical 10% decrease in interest rates. A hypothetical 10% decrease in interest rates would have increased the fair value of our fixed-rate debt by approximately \$9 million at October 2, 2010, and \$32 million at October 3, 2009. The fair values of our debt were estimated based on quoted market prices and/or published interest rates.

**Foreign Currency Risk:** We have foreign exchange gain/loss exposure from fluctuations in foreign currency exchange rates primarily as a result of certain receivable and payable balances. The primary currency exchanges we have exposure to are the Canadian dollar, the Chinese renminbi, the Mexican peso, the European euro, the British pound sterling and the Brazilian real. We periodically enter into foreign exchange forward contracts to hedge some portion of our foreign currency exposure. A hypothetical 10% change in foreign exchange rates effective at October 2, 2010, and October 3, 2009, related to the foreign exchange forward contracts would have a \$17 million and \$15 million, respectively, impact on pretax income. In the future, we may enter into more foreign exchange forward contracts as a result of our international growth strategy.

**Concentrations of Credit Risk:** Our financial instruments exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables. Our cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to our large number of customers and their dispersion across geographic areas. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral. At October 2, 2010, and October 3, 2009, 15.3% and 13.0%, respectively, of our net accounts receivable balance was due from Wal-Mart Stores, Inc. No other single customer or customer group represents greater than 10% of net accounts receivable.

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### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

#### CONSOLIDATED STATEMENTS OF INCOME

Three years ended October 2, 2010  
in millions, except per share data

	2010	2009	2008
Sales	\$28,430	\$26,704	\$26,862
Cost of Sales	25,916	25,501	25,616
Gross Profit	2,514	1,203	1,246
Operating Expenses:			
Selling, general and administrative	929	841	879
Goodwill impairment	29	560	0
Other charges	0	17	36
Operating Income (Loss)	1,556	(215)	331
Other (Income) Expense:			
Interest income	(14)	(17)	(9)
Interest expense	347	327	215
Other, net	20	18	(29)
Total Other (Income) Expense	353	328	177
Income (Loss) from Continuing Operations before Income Taxes	1,203	(543)	154
Income Tax Expense	438	7	68
Income (Loss) from Continuing Operations	765	(550)	86
Loss from Discontinued Operation, Net of Tax	0	(1)	0
Net Income (Loss)	765	(551)	86
Less: Net Loss Attributable to Noncontrolling Interest	(15)	(4)	0
Net Income (Loss) Attributable to Tyson	\$780	\$(547)	\$86
Weighted Average Shares Outstanding:			
Class A Basic	303	302	281
Class B Basic	70	70	70
Diluted	379	372	356
Earnings (Loss) Per Share from Continuing Operations Attributable to Tyson:			
Class A Basic	\$2.13	\$(1.49)	\$0.25
Class B Basic	\$1.91	\$(1.35)	\$0.22
Diluted	\$2.06	\$(1.47)	\$0.24
Loss Per Share from Discontinued Operation Attributable to Tyson:			
Class A Basic	\$0.00	\$0.00	\$0.00
Class B Basic	\$0.00	\$0.00	\$0.00
Diluted	\$0.00	\$0.00	\$0.00
Net Earnings (Loss) per Share Attributable to Tyson:			
Class A Basic	\$2.13	\$(1.49)	\$0.25
Class B Basic	\$1.91	\$(1.35)	\$0.22
Diluted	\$2.06	\$(1.47)	\$0.24

See accompanying notes.

## CONSOLIDATED BALANCE SHEETS

October 2, 2010, and October 3, 2009  
in millions, except share and per share data

	2010	2009
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$978	\$1,004
Restricted cash	0	140
Accounts receivable, net	1,198	1,100
Inventories, net	2,274	2,009
Other current assets	168	122
Total Current Assets	4,618	4,375
Restricted Cash	0	43
Net Property, Plant and Equipment	3,674	3,576
Goodwill	1,893	1,917
Intangible Assets	166	187
Other Assets	401	497
Total Assets	\$10,752	\$10,595
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Current debt	\$401	\$219
Accounts payable	1,110	1,013
Other current liabilities	1,034	761
Total Current Liabilities	2,545	1,993
Long-Term Debt	2,135	3,258
Deferred Income Taxes	321	309
Other Liabilities	486	539
Redeemable Noncontrolling Interest	64	65
Shareholders' Equity:		
Common stock (\$0.10 par value):		
Class A-authorized 900 million shares:		
issued 322 million shares in both 2010 and 2009	32	32
Convertible Class B-authorized 900 million shares:		
issued 70 million shares in both 2010 and 2009	7	7
Capital in excess of par value	2,243	2,236
Retained earnings	3,113	2,399
Accumulated other comprehensive income	0	(34)
Treasury stock, at cost-		
15 million shares in 2010 and 16 million shares in 2009	(229)	(242)
Total Tyson Shareholders' Equity	5,166	4,398
Noncontrolling Interest	35	33
Total Shareholders' Equity	5,201	4,431
Total Liabilities and Shareholders' Equity	\$10,752	\$10,595

See accompanying notes.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three years ended October 2, 2010  
in millions

	October 2, 2010		October 3, 2009		September 27, 2008	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance at beginning of year	322	\$32	322	\$32	300	\$30
Issuance of Class A Common Stock	0	0	0	0	22	2
Balance at end of year	322	32	322	32	322	32
Class B Common Stock:						
Balance at beginning and end of year	70	7	70	7	70	7
Capital in Excess of Par Value:						
Balance at beginning of year		2,236		2,217		1,877
Issuance of Class A Common Stock		0		0		272
Convertible note hedge transactions		0		0		(58)
Warrant transactions		0		0		44
Issuance of convertible debt		0		0		56
Stock-based compensation		7		19		21
Other		0		0		5
Balance at end of year		2,243		2,236		2,217
Retained Earnings:						
Balance at beginning of year		2,399		3,006		2,993
Cumulative effect for adoption of new accounting guidance for uncertainty in income taxes		0		0		(17)
Net income (loss) attributable to Tyson		780		(547)		86
Dividends paid		(59)		(60)		(56)
Redeemable noncontrolling interest accretion		(7)		0		0
Balance at end of year		3,113		2,399		3,006
Accumulated Other Comprehensive Income (Loss), Net of Tax:						
Balance at beginning of year		(34)		41		50
Hedge accounting		12		6		(2)
Investment accounting		0		10		(1)
Currency translation adjustments		27		(81)		(2)
Net change in postretirement liabilities		(5)		(10)		(4)
Balance at end of year		0		(34)		41
Treasury Stock:						
Balance at beginning of year	16	(242)	15	(233)	14	(226)
Purchase of treasury shares	3	(48)	2	(19)	2	(30)
Stock-based compensation	(4)	61	(1)	10	(1)	23
Balance at end of year	15	(229)	16	(242)	15	(233)
Total Shareholders' Equity Attributable to Tyson		\$5,166		\$4,398		\$5,070
Equity Attributable to Noncontrolling Interests						
Balance at beginning of year		\$33		\$29		\$4
Net income (loss) attributable to noncontrolling interests (1)		(6)		(4)		0
Contributions by (distributions to) noncontrolling interest		10		9		25
Net foreign currency translation adjustment and other		(2)		(1)		0
Total Equity Attributable to Noncontrolling Interests		\$35		\$33		\$29
Total Shareholders' Equity		\$5,201		\$4,431		\$5,099
Comprehensive Income (Loss):						
Net income (loss)		\$765		\$(551)		\$86
Other comprehensive income (loss), net of tax		34		(75)		(9)
Total Comprehensive Income (Loss)		799		(626)		77
Comprehensive Income (Loss) attributable to noncontrolling interest		(6)		(4)		0
Total Comprehensive Income (Loss) attributable to Tyson		\$805		\$(622)		\$77

See accompanying notes.

(1) Excludes income (loss) related to redeemable noncontrolling interest of \$(9) million, \$0 and \$0, for fiscal 2010, 2009 and 2008, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Three years ended October 2, 2010  
in millions

	2010	2009	2008
Cash Flows From Operating Activities:			
Net income (loss)	\$765	\$(551)	\$86
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation	416	445	468
Amortization	81	68	25
Deferred income taxes	18	(33)	35
Impairment of goodwill	29	560	0
Impairment of assets	36	32	57
Other, net	76	72	26
(Increase) decrease in accounts receivable	(79)	137	(59)
(Increase) decrease in inventories	(239)	493	(376)
Increase (decrease) in accounts payable	101	(216)	165
Increase (decrease) in income taxes payable/receivable	(53)	33	(22)
Decrease in interest payable	(4)	(60)	0
Net change in other current assets and liabilities	285	(20)	(50)
Cash Provided by Operating Activities	1,432	960	355
Cash Flows From Investing Activities:			
Additions to property, plant and equipment	(550)	(368)	(425)
Purchases of marketable securities	(53)	(37)	(115)
Proceeds from sale of marketable securities	49	56	112
Change in restricted cash to be used for investing activities	43	(43)	0
Proceeds from sale of discontinued operation	0	75	0
Acquisitions, net of cash acquired	0	(93)	(17)
Other, net	11	(17)	46
Cash Used for Investing Activities	(500)	(427)	(399)
Cash Flows From Financing Activities:			
Net borrowings (payments) on revolving credit facilities	0	15	(213)
Payments of debt	(1,034)	(380)	(147)
Net proceeds from borrowings	0	852	449
Net proceeds from Class A stock offering	0	0	274
Convertible note hedge transactions	0	0	(94)
Warrant transactions	0	0	44
Purchase of treasury shares	(48)	(19)	(30)
Dividends	(59)	(60)	(56)
Debt issuance costs	0	(59)	0
Change in restricted cash to be used for financing activities	140	(140)	0
Other, net	42	6	27
Cash Provided by (Used for) Financing Activities	(959)	215	254
Effect of Exchange Rate Change on Cash	1	6	(2)
Increase (Decrease) in Cash and Cash Equivalents	(26)	754	208
Cash and Cash Equivalents at Beginning of Year	1,004	250	42
Cash and Cash Equivalents at End of Year	\$978	\$1,004	\$250

See accompanying notes.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Business:** Tyson Foods, Inc. (collectively, “Company,” “we,” “us” or “our”), founded in 1935 with world headquarters in Springdale, Arkansas, is one of the world’s largest meat protein companies and the second-largest food production company in the *Fortune* 500. We produce a wide variety of brand name protein-based and prepared food products marketed in the United States and approximately 100 countries around the world.

**Consolidation:** The consolidated financial statements include the accounts of all wholly-owned subsidiaries, as well as majority-owned subsidiaries for which we have a controlling interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

We have an investment in a joint venture, Dynamic Fuels LLC (Dynamic Fuels), in which we have a 50 percent ownership interest. Dynamic Fuels qualifies as a variable interest entity. Effective June 30, 2008, we began consolidating Dynamic Fuels since we are the primary beneficiary. At October 2, 2010, Dynamic Fuels had \$154 million of total assets, of which \$145 million was property, plant and equipment, and \$107 million of total liabilities, of which \$100 million was long-term debt. At October 3, 2009, Dynamic Fuels had \$144 million of total assets, of which \$64 million was property, plant and equipment, and \$108 million of total liabilities, of which \$100 million was long-term debt.

**Fiscal Year:** We utilize a 52- or 53-week accounting period ending on the Saturday closest to September 30. The Company’s accounting cycle resulted in a 52-week year for fiscal years 2010 and 2008 and a 53-week year for fiscal year 2009.

**Reclassification:** In the fiscal 2010 Consolidated Statements of Cash Flows, we reclassified (\$65 million) and \$67 million, respectively, for fiscal 2009 and fiscal 2008, of changes in negative book cash balances from Financing Activities to Operating Activities (included in Increase (decrease) in accounts payable) to conform with the current period presentation.

**Discontinued Operation:** On March 13, 2009, we completed the sale of the beef processing, cattle feed yard and fertilizer assets of three of our Alberta, Canada subsidiaries (collectively, Lakeside), which were part of our Beef segment, and related inventories. The financial statements report Lakeside as a discontinued operation. See Note 4: Discontinued Operation in the Notes to Consolidated Financial Statements for further information.

**Cash and Cash Equivalents:** Cash equivalents consist of investments in short-term, highly liquid securities having original maturities of three months or less, which are made as part of our cash management activity. The carrying values of these assets approximate their fair values. We primarily utilize a cash management system with a series of separate accounts consisting of lockbox accounts for receiving cash, concentration accounts where funds are moved to, and several zero-balance disbursement accounts for funding payroll, accounts payable, livestock procurement, grower payments, etc. As a result of our cash management system, checks issued, but not presented to the banks for payment, may result in negative book cash balances. These negative book cash balances are included in accounts payable and other current liabilities. At October 2, 2010, and October 3, 2009, checks outstanding in excess of related book cash balances totaled approximately \$267 million and \$254 million, respectively.

**Accounts Receivable:** We record accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, level of past due accounts and relationships with and economic status of our customers. At October 2, 2010, and October 3, 2009, our allowance for uncollectible accounts was \$32 million and \$33 million, respectively. We generally do not have collateral for our receivables, but we do periodically evaluate the credit worthiness of our customers.

**Inventories:** Processed products, livestock and supplies and other are valued at the lower of cost or market. Cost includes purchased raw materials, live purchase costs, growout costs (primarily feed, contract grower pay and catch and haul costs), labor and manufacturing and production overhead, which are related to the purchase and production of inventories.

	in millions	
	2010	2009
Processed products:		
Weighted-average method – chicken and prepared foods	\$721	\$629
First-in, first-out method – beef and pork	462	414
Livestock – first-in, first-out method	759	631
Supplies and other – weighted-average method	332	335
Total inventory, net	\$2,274	\$2,009

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**Property, Plant and Equipment:** Property, plant and equipment are stated at cost and depreciated on a straight-line method, using estimated lives for buildings and leasehold improvements of 10 to 33 years, machinery and equipment of three to 12 years and land improvements and other of three to 20 years. Major repairs and maintenance costs that significantly extend the useful life of the related assets are capitalized. Normal repairs and maintenance costs are charged to operations.

We review the carrying value of long-lived assets at each balance sheet date if indication of impairment exists. Recoverability is assessed using undiscounted cash flows based on historical results and current projections of earnings before interest and taxes. We measure impairment as the excess of carrying cost over the fair value of an asset. The fair value of an asset is measured using discounted cash flows including market participant assumptions of future operating results and discount rates.

**Goodwill and Other Intangible Assets:** Goodwill and indefinite life intangible assets are initially recorded at fair value and not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Our goodwill is allocated by reporting unit, and we follow a two-step process to evaluate if a potential impairment exists. The first step is to identify if a potential impairment exists by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to have a potential impairment and the second step of the impairment test is not necessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step is performed to determine if goodwill is impaired and to measure the amount of impairment loss to recognize, if any. The second step compares the implied fair value of goodwill with the carrying amount of goodwill. If the implied fair value of goodwill exceeds the carrying amount, then goodwill is not considered impaired. However, if the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination (i.e., the fair value of the reporting unit is allocated to all the assets and liabilities, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit). We have elected to make the first day of the fourth quarter the annual impairment assessment date for goodwill and other indefinite life intangible assets.

We have estimated the fair value of our reporting units using a discounted cash flow analysis, which uses significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. This analysis requires us to make various judgmental estimates and assumptions about sales, operating margins, growth rates and discount factors and are believed to reflect market participant views which would exist in an exit transaction. Generally, we utilize normalized operating margin assumptions based on long-term expectations and operating margins historically realized in the reporting units' industries. For our fiscal 2010 impairment test, none of our material reporting units' operating margin assumptions were in excess of the annual margins realized in the most recent year. Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, we may be required to perform the second step in future years, which could result in material impairments of our goodwill.

During fiscal 2010, 2009 and 2008, all of our reporting units passed the first step of the goodwill impairment analysis, with the exception of an immaterial Chicken segment reporting unit in fiscal 2010 and the Beef reporting unit in fiscal 2009. In fiscal 2010, we recorded a non-cash \$29 million full impairment of an immaterial Chicken segment reporting unit's goodwill. In fiscal 2009, we recorded a \$560 million partial impairment of our Beef reporting unit's goodwill, which was driven by an increase in our discount rate used in the 2009 annual goodwill impairment analysis as a result of disruptions in global credit and other financial markets and deterioration of economic conditions.

For our other indefinite life intangible assets, if the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The fair value of trademarks is determined using a royalty rate method based on expected revenues by trademark.

**Investments:** We have investments in joint ventures and other entities. We use the cost method of accounting when our voting interests are less than 20 percent. We use the equity method of accounting when our voting interests are in excess of 20 percent and we do not have a controlling interest or a variable interest in which we are the primary beneficiary. Investments in joint ventures and other entities are reported in the Consolidated Balance Sheets in Other Assets.

We also have investments in marketable debt securities. We have determined all of our marketable debt securities are available-for-sale investments. These investments are reported at fair value based on quoted market prices as of the balance sheet date, with unrealized gains and losses, net of tax, recorded in other comprehensive income. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is recorded in interest income. The cost of securities sold is based on the specific identification method. Realized gains and losses on the sale of debt securities and declines in value judged to be other than temporary are recorded on a net basis in other income. Interest and dividends on securities classified as available-for-sale are recorded in interest income.

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**Accrued Self Insurance:** We use a combination of insurance and self-insurance mechanisms in an effort to mitigate the potential liabilities for health and welfare, workers' compensation, auto liability and general liability risks. Liabilities associated with our risks retained are estimated, in part, by considering claims experience, demographic factors, severity factors and other actuarial assumptions.

**Capital Stock:** We have two classes of capital stock, Class A Common Stock, \$0.10 par value (Class A stock) and Class B Common Stock, \$0.10 par value (Class B stock). Holders of Class B stock may convert such stock into Class A stock on a share-for-share basis. Holders of Class B stock are entitled to 10 votes per share, while holders of Class A stock are entitled to one vote per share on matters submitted to shareholders for approval. As of October 2, 2010, members of the Tyson family beneficially own, in the aggregate, 99.97% of the outstanding shares of Class B stock and 2.42% of the outstanding shares of Class A stock, giving the Tyson family control of approximately 70% of the total voting power of the outstanding voting stock. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock. We pay quarterly cash dividends to Class A and Class B shareholders. We paid Class A dividends per share of \$0.16 and Class B dividends per share of \$0.144 in each of fiscal years 2010, 2009 and 2008.

The Class B stock is considered a participating security requiring the use of the two-class method for the computation of basic earnings per share. The two-class computation method for each period reflects the cash dividends paid for each class of stock, plus the amount of allocated undistributed earnings (losses) computed using the participation percentage, which reflects the dividend rights of each class of stock. Basic earnings per share were computed using the two-class method for all periods presented. The shares of Class B stock are considered to be participating convertible securities since the shares of Class B stock are convertible on a share-for-share basis into shares of Class A stock. Diluted earnings per share were computed assuming the conversion of the Class B shares into Class A shares as of the beginning of each period.

**Financial Instruments:** We purchase certain commodities, such as grains and livestock in the course of normal operations. As part of our commodity risk management activities, we use derivative financial instruments, primarily futures and options, to reduce our exposure to various market risks related to these purchases, as well as to changes in foreign currency exchange rates. Contract terms of a financial instrument qualifying as a hedge instrument closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. Contracts designated and highly effective at meeting risk reduction and correlation criteria are recorded using hedge accounting. If a derivative instrument is accounted for as a hedge, changes in the fair value of the instrument will be offset either against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is immediately recognized in earnings as a component of cost of sales. Instruments we hold as part of our risk management activities that do not meet the criteria for hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. Changes in market value of derivatives used in our risk management activities relating to forward sales contracts are recorded in sales, while changes surrounding inventories on hand or anticipated purchases of inventories or supplies are recorded in cost of sales. We generally do not hedge anticipated transactions beyond 18 months.

**Revenue Recognition:** We recognize revenue when title and risk of loss are transferred to customers, which is generally on delivery based on terms of sale. Revenue is recognized as the net amount estimated to be received after deducting estimated amounts for discounts, trade allowances and product terms.

**Litigation Reserves:** There are a variety of legal proceedings pending or threatened against us. Accruals are recorded when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, progress of each case, opinions and views of legal counsel and other advisers, our experience in similar matters and intended response to the litigation. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessment efforts progress or additional information becomes available. We expense amounts for administering or litigating claims as incurred. Accruals for legal proceedings are included in Other current liabilities in the Consolidated Balance Sheets.

**Freight Expense:** Freight expense associated with products shipped to customers is recognized in cost of sales.

**Advertising and Promotion Expenses:** Advertising and promotion expenses are charged to operations in the period incurred. Customer incentive and trade promotion activities are recorded as a reduction to sales based on amounts estimated as being due to customers, based primarily on historical utilization and redemption rates, while other advertising and promotional activities are recorded as selling, general and administrative expenses. Advertising and promotion expenses for fiscal years 2010, 2009 and 2008 were \$505 million, \$491 million and \$495 million, respectively.

**Research and Development:** Research and development costs are expensed as incurred. Research and development costs totaled \$38 million, \$33 million and \$30 million in fiscal 2010, 2009 and 2008, respectively.

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**Use of Estimates:** The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Recently Issued Accounting Pronouncements:** In June 2009, the Financial Accounting Standards Board (FASB) issued guidance removing the concept of a qualifying special-purpose entity (QSPE). This guidance also clarifies the requirements for isolation and limitations on portions of financial assets eligible for sale accounting. This guidance is effective for fiscal years beginning after November 15, 2009. Accordingly, we will adopt this guidance at the beginning of fiscal year 2011 and do not expect the adoption will have a material impact.

In June 2009 and December 2009, the FASB issued guidance requiring an analysis to determine whether a variable interest gives the entity a controlling financial interest in a variable interest entity. This guidance requires an ongoing assessment and eliminates the quantitative approach previously required for determining whether an entity is the primary beneficiary. This guidance is effective for fiscal years beginning after November 15, 2009. Accordingly, we will adopt this guidance at the beginning of fiscal year 2011 and do not expect the adoption will have a material impact.

### NOTE 2: CHANGE IN ACCOUNTING PRINCIPLES

In December 2007, the FASB issued guidance establishing principles and requirements for how an acquirer in a business combination: 1) recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree; 2) recognizes and measures goodwill acquired in a business combination or a gain from a bargain purchase; and 3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a business combination. This guidance is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008; therefore, we adopted this guidance at the beginning of fiscal 2010. The initial adoption did not have a significant impact on our consolidated financial statements.

In December 2007, the FASB issued guidance to establish accounting and reporting standards for a noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity and may be reported as equity in the consolidated financial statements, rather than in the liability or mezzanine section between liabilities and equity. This guidance also requires consolidated net income be reported at amounts that include the net income attributable to both Tyson (the parent) and the noncontrolling interest. We adopted the presentation and disclosure requirements retrospectively at the beginning of fiscal 2010. Accordingly, "attributable to Tyson" refers to operating results exclusive of any noncontrolling interest. In conjunction with this adoption, we also adopted guidance applicable for all noncontrolling interests in which we are or may be required to repurchase an interest in a consolidated subsidiary from the noncontrolling interest holder under a put option or other contractual redemption requirement. Because we have certain redeemable noncontrolling interests, noncontrolling interests are presented in both the equity section and the mezzanine section of the balance sheet between liabilities and equity.

In May 2008, the FASB issued guidance which specifies issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The amount allocated to the equity component represents a discount to the debt, which is amortized into interest expense using the effective interest method over the life of the debt. We adopted this guidance in the first quarter of fiscal 2010 and applied it retrospectively. Upon retrospective adoption, our effective interest rate on our 3.25% Convertible Senior Notes due 2013 issued in September 2008 was determined to be 8.26%, which resulted in the recognition of a \$92 million discount to these notes with the offsetting after tax amount of \$56 million recorded to capital in excess of par value. This discount will be accreted over the five-year term of the convertible notes at the effective interest rate. The impact to our previously reported fiscal 2008 interest expense was not significant, while the impact increased fiscal 2009 non-cash interest expense by \$17 million.

In December 2008, the FASB issued guidance requiring additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan. This guidance is effective for fiscal years ending after December 15, 2009, with early adoption permitted. We adopted the disclosure requirements in fiscal 2010. See Note 15: Pensions and Other Postretirement Benefits for required disclosures.

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The following table presents the effects of the retrospective application of new accounting guidance on our consolidated financial statements (in millions, except per share data):

	Previously Reported	Adjustments: Convertible Debt	Adjustments: Noncontrolling Interest	As Adjusted
<b>September 27, 2008 – Income Statement:</b>				
Interest Expense	\$215	\$0	\$0	\$215
Income (Loss) from Continuing Operations before Income Taxes	154	0	0	154
Income Tax Expense	68	0	0	68
Income (Loss) from Continuing Operations	86	0	0	86
Minority Interest	0	0	0	0
Net Income (Loss)	86	0	0	86
Less: Net Loss Attributable to Noncontrolling Interest	0	0	0	0
Net Income (Loss) Attributable to Tyson	0	0	0	86
Earnings (Loss) Per Share from Continuing Operations Attributable to Tyson:				
Class A Basic	\$0.25	\$0.00	\$0.00	\$0.25
Class B Basic	\$0.22	\$0.00	\$0.00	\$0.22
Diluted	\$0.24	\$0.00	\$0.00	\$0.24
Net Income (Loss) Per Share Attributable to Tyson:				
Class A Basic	\$0.25	\$0.00	\$0.00	\$0.25
Class B Basic	\$0.22	\$0.00	\$0.00	\$0.22
Diluted	\$0.24	\$0.00	\$0.00	\$0.24
<b>October 3, 2009 – Income Statement:</b>				
Interest Expense	\$310	\$17	\$0	\$327
Income (Loss) from Continuing Operations before Income Taxes	(526)	(17)	0	(543)
Income Tax Expense	14	(7)	0	7
Income (Loss) from Continuing Operations	(540)	(10)	0	(550)
Minority Interest	(4)	0	4	0
Net Income (Loss)	(537)	(10)	(4)	(551)
Less: Net Loss Attributable to Noncontrolling Interest	0	0	(4)	(4)
Net Income (Loss) Attributable to Tyson	0	0	0	(547)
Earnings (Loss) Per Share from Continuing Operations Attributable to Tyson:				
Class A Basic	\$(1.47)	\$(0.02)	\$0.00	\$(1.49)
Class B Basic	\$(1.32)	\$(0.03)	\$0.00	\$(1.35)
Diluted	\$(1.44)	\$(0.03)	\$0.00	\$(1.47)
Net Income (Loss) Per Share Attributable to Tyson:				
Class A Basic	\$(1.47)	\$(0.02)	\$0.00	\$(1.49)
Class B Basic	\$(1.32)	\$(0.03)	\$0.00	\$(1.35)
Diluted	\$(1.44)	\$(0.03)	\$0.00	\$(1.47)
<b>October 3, 2009 – Balance Sheet:</b>				
Long-Term Debt	\$3,333	\$(75)	\$0	\$3,258
Deferred Income Taxes	280	29	0	309
Minority Interest	98	0	(98)	0
Redeemable Noncontrolling Interest	0	0	65	65
Capital in Excess of Par Value	2,180	56	0	2,236
Retained Earnings	2,409	(10)	0	2,399
Total Tyson Shareholders' Equity	4,352	46	0	4,398
Noncontrolling Interest	0	0	33	33
Total Shareholders' Equity	4,352	46	33	4,431

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### NOTE 3: ACQUISITIONS

In August 2009, we completed the establishment of related joint ventures in China referred to as Shandong Tyson Xinchang Foods. The aggregate purchase price for our 60% equity interest was \$21 million, which excludes \$93 million of cash transferred to the joint venture for future capital needs. The purchase price included \$29 million allocated to Intangible Assets and \$19 million allocated to Goodwill, as well as the assumption of \$76 million of Current and Long-Term Debt.

In October 2008, we acquired three vertically integrated poultry companies in southern Brazil: Macedo Agroindustrial, Avicola Itaiopolis and Frangobras. The aggregate purchase price was \$67 million. In addition, we had \$15 million of contingent purchase price based on production volumes payable through fiscal 2011. The purchase price included \$23 million allocated to Goodwill and \$19 million allocated to Intangible Assets.

### NOTE 4: DISCONTINUED OPERATION

On March 13, 2009, we completed the sale of the beef processing, cattle feed yard and fertilizer assets of three of our Alberta, Canada subsidiaries (collectively, Lakeside), which were part of our Beef segment, and related inventories for total consideration of \$145 million, based on exchange rates then in effect. This included (a) cash received at closing of \$43 million, (b) \$78 million of collateralized notes receivable from either XL Foods or an affiliated entity to be collected throughout the two years following closing, and (c) \$24 million of XL Foods Preferred Stock to be redeemed over five years.

We recorded a pretax loss on sale of Lakeside of \$10 million in fiscal 2009, which included an allocation of beef reporting unit goodwill of \$59 million and cumulative currency translation adjustment gains of \$41 million.

The following is a summary of Lakeside's operating results (in millions):

	2010	2009	2008
Sales	\$0	\$461	\$1,268
Pretax income from discontinued operation	\$0	\$20	\$0
Loss on sale of discontinued operation	0	(10)	0
Income tax expense	0	11	0
Loss from discontinued operation	\$0	\$(1)	\$0

### NOTE 5: OTHER INCOME AND CHARGES

During fiscal 2010, we recognized \$38 million of insurance proceeds received related to losses incurred from Hurricane Katrina in 2005. These proceeds are reflected in the Chicken segment's Operating Income and included in the Consolidated Statements of Income in Cost of Sales. Also in fiscal 2010, we recorded a \$12 million impairment charge related to an equity method investment. This charge is included in the Consolidated Statements of Income in Other, net.

On March 27, 2009, we announced the decision to close our Ponca City, Oklahoma, processed meats plant. The plant ceased operation in August 2009. The closing resulted in the elimination of approximately 600 jobs. During fiscal 2009, we recorded charges of \$15 million, which included \$14 million for estimated impairment charges and \$1 million of employee termination benefits. The charges are reflected in the Prepared Foods segment's Operating Income and included in the Consolidated Statements of Income in Other Charges.

In fiscal 2008, we recorded charges of \$10 million related to intangible asset impairments. Of this amount, \$8 million is reflected in the Beef segment's Operating Income and \$2 million in the Prepared Foods segment's Operating Income, and both are recorded in the Consolidated Statements of Income in Cost of Sales. We recorded charges of \$7 million related to flood damage at our Jefferson, Wisconsin, plant. This amount is reflected in the Prepared Foods segment's Operating Income and included in the Consolidated Statements of Income in Cost of Sales. We also recorded a charge of \$6 million related to the impairment of unimproved real property in Memphis, Tennessee. This amount is reflected in the Chicken segment's Operating Income (Loss) and included in the Consolidated Statements of Income in Cost of Sales. Additionally, we recorded an \$18 million non-operating gain as the result of a private equity firm's purchase of a technology company in which we held a minority interest. This gain was recorded in Other Income in the Consolidated Statements of Income.

In February 2008, we announced discontinuation of an existing product line and closing of one of our three poultry plants in Wilkesboro, North Carolina. The Wilkesboro cooked products plant ceased operations in April 2008. The closure resulted in elimination of approximately 400 jobs. In fiscal 2008, we recorded charges of \$13 million for impairment charges. This amount is reflected in the Chicken segment's Operating Income (Loss) and included in the Consolidated Statements of Income in Other Charges.

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In January 2008, we announced the decision to restructure operations at our Emporia, Kansas, beef plant. Beef slaughter operations ceased during the second quarter of fiscal 2008. However, the facility is still used to process certain commodity, specialty cuts and ground beef, as well as a cold storage and distribution warehouse. This restructuring resulted in elimination of approximately 1,700 jobs at the Emporia plant. In fiscal 2008, we recorded charges of \$10 million for impairment charges and \$7 million of other closing costs, consisting of \$6 million for employee termination benefits and \$1 million in other plant-closing related liabilities. These amounts were reflected in the Beef segment's Operating Income (Loss) and included in the Consolidated Statements of Income in Other Charges. We have fully paid employee termination benefits and other plant-closing related liabilities.

In fiscal 2008, management approved plans for implementation of certain recommendations resulting from the previously announced FAST initiative, which was focused on process improvement and efficiency creation. As a result, in fiscal 2008, we recorded charges of \$6 million related to employee termination benefits resulting from termination of approximately 200 employees. Of these charges, \$2 million, \$2 million, \$1 million and \$1 million, respectively, were recorded in the Chicken, Beef, Pork and Prepared Foods segments' Operating Income (Loss) and included in the Consolidated Statements of Income in Other Charges. We have fully paid the employee termination benefits.

### NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

Our business operations give rise to certain market risk exposures mostly due to changes in commodity prices, foreign currency exchange rates and interest rates. We manage a portion of these risks through the use of derivative financial instruments, primarily futures and options, to reduce our exposure to commodity price risk, foreign currency risk and interest rate risk. Forward contracts on various commodities, including grains, livestock and energy, are primarily entered into to manage the price risk associated with forecasted purchases of these inputs used in our production processes. Foreign exchange forward contracts are entered into to manage the fluctuations in foreign currency exchange rates, primarily as a result of certain receivable and payable balances. We also periodically utilize interest rate swaps to manage interest rate risk associated with our variable-rate borrowings.

Our risk management programs are periodically reviewed by our Board of Directors' Audit Committee. These programs are monitored by senior management and may be revised as market conditions dictate. Our current risk management programs utilize industry-standard models that take into account the implicit cost of hedging. Risks associated with our market risks and those created by derivative instruments and the fair values are strictly monitored at all times, using Value-at-Risk and stress tests. Credit risks associated with our derivative contracts are not significant as we minimize counterparty concentrations, utilize margin accounts or letters of credit, and deal with credit-worthy counterparties. Additionally, our derivative contracts are mostly short-term in duration and we generally do not make use of credit-risk-related contingent features. No significant concentrations of credit risk existed at October 2, 2010.

We recognize all derivative instruments as either assets or liabilities at fair value in the Consolidated Balance Sheets, with the exception of normal purchases and normal sales expected to result in physical delivery. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument based upon the exposure being hedged (i.e., fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation). We qualify, or designate, a derivative financial instrument as a hedge when contract terms closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. If a derivative instrument is accounted for as a hedge, depending on the nature of the hedge, changes in the fair value of the instrument either will be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or be recognized in other comprehensive income (loss) (OCI) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is recognized in earnings immediately. We designate certain forward contracts as follows:

- Cash Flow Hedges – include certain commodity forward and option contracts of forecasted purchases (i.e., grains) and certain foreign exchange forward contracts.
- Fair Value Hedges – include certain commodity forward contracts of forecasted purchases (i.e., livestock).
- Net Investment Hedges – include certain foreign currency forward contracts of permanently invested capital in certain foreign subsidiaries.

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### Cash flow hedges

Derivative instruments, such as futures and options, are designated as hedges against changes in the amount of future cash flows related to procurement of certain commodities utilized in our production processes. We do not purchase forward and option commodity contracts in excess of our physical consumption requirements and generally do not hedge forecasted transactions beyond 18 months. The objective of these hedges is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. For the derivative instruments we designate and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses representing hedge ineffectiveness are recognized in earnings in the current period. Ineffectiveness related to our cash flow hedges was not significant during fiscal 2010, 2009 and 2008.

We had the following aggregated notionals of outstanding forward and option contracts accounted for as cash flow hedges:

	Metric	October 2, 2010	October 3, 2009
Commodity:			
Corn	Bushels	16 million	4 million
Soy meal	Tons	101,500	16,900

The net amount of pretax gains in accumulated OCI as of October 2, 2010, expected to be reclassified into earnings within the next 12 months was \$10 million. During fiscal 2010, 2009 and 2008, we did not reclassify significant pretax gains/losses into earnings as a result of the discontinuance of cash flow hedges due to the probability the original forecasted transaction would not occur by the end of the originally specified time period or within the additional period of time allowed by generally accepted accounting principles.

The following table sets forth the pretax impact of cash flow hedge derivative instruments on the Consolidated Statements of Income (in millions):

	Gain/(Loss) Recognized in OCI on Derivatives			Consolidated Statements of Income Classification	Gain/(Loss) Reclassified from OCI to Earnings		
	2010	2009	2008		2010	2009	2008
Cash Flow Hedge – Derivatives designated as hedging instruments:							
Commodity contracts	\$6	\$(61)	\$39	Cost of Sales	\$(6)	\$(67)	\$42
Foreign exchange contracts	1	8	(2)	Other Income/Expense	1	6	0
Total	\$7	\$(53)	\$37		\$(5)	\$(61)	\$42

### Fair value hedges

We designate certain futures contracts as fair value hedges of firm commitments to purchase livestock for slaughter. Our objective of these hedges is to minimize the risk of changes in fair value created by fluctuations in commodity prices associated with fixed price livestock firm commitments. We had the following aggregated notionals of outstanding forward contracts entered into to hedge forecasted commodity purchases which are accounted for as a fair value hedge:

	Metric	October 2, 2010	October 3, 2009
Commodity:			
Live Cattle	Pounds	361 million	133 million
Lean Hogs	Pounds	508 million	171 million

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For these derivative instruments we designate and qualify as a fair value hedge, the gain or loss on the derivative, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in earnings in the current period. We include the gain or loss on the hedged items (i.e., livestock purchase firm commitments) in the same line item, Cost of Sales, as the offsetting gain or loss on the related livestock forward position.

in millions				
Consolidated Statements of Income				
	Classification	2010	2009	2008
Gain/(Loss) on forwards	Cost of Sales	\$(58)	\$152	\$65
Gain/(Loss) on purchase contract	Cost of Sales	58	(152)	(65)

Ineffectiveness related to our fair value hedges was not significant during fiscal 2010, 2009 and 2008.

### Foreign net investment hedges

We utilize forward foreign exchange contracts to protect the value of our net investments in certain foreign subsidiaries. For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign currency, the gain or loss is reported in OCI as part of the cumulative translation adjustment to the extent it is effective, with the related amounts due to or from counterparties included in other liabilities or other assets. We utilize the forward-rate method of assessing hedge effectiveness. Any ineffective portions of net investment hedges are recognized in the Consolidated Statements of Income during the period of change. Ineffectiveness related to our foreign net investment hedges was not significant during fiscal 2010, 2009 and 2008. At October 2, 2010 and October 3, 2009, we had approximately \$49 million and \$0 aggregate outstanding notionals related to our forward foreign currency contracts accounted for as foreign net investment hedges.

The following table sets forth the pretax impact of these derivative instruments on the Consolidated Statements of Income (in millions):

	Gain/(Loss) Recognized in OCI on Derivatives			Consolidated Statements of Income Classification	Gain/(Loss) Reclassified from OCI to Earnings		
	2010	2009	2008		2010	2009	2008
Net Investment Hedge – Derivatives designated as hedging instruments:							
Foreign exchange contracts	\$(1)	\$(5)	\$0	Other Income/Expense	\$0	\$(2)	\$0

### Undesignated positions

In addition to our designated positions, we also hold forward and option contracts for which we do not apply hedge accounting. These include certain derivative instruments related to commodities price risk, including grains, livestock and energy, foreign currency risk and interest rate risk. We mark these positions to fair value through earnings at each reporting date. We generally do not enter into undesignated positions beyond 18 months.

The objective of our undesignated grains, energy and livestock commodity positions is to reduce the variability of cash flows associated with the forecasted purchase of certain grains, energy and livestock inputs to our production processes. We also enter into certain forward sales of boxed beef and boxed pork and forward purchases of cattle and hogs at fixed prices. The fixed price sales contracts lock in the proceeds from a sale in the future and the fixed cattle and hog purchases lock in the cost. However, the cost of the livestock and the related boxed beef and boxed pork market prices at the time of the sale or purchase could vary from this fixed price. As we enter into fixed forward sales of boxed beef and boxed pork and forward purchases of cattle and hogs, we also enter into the appropriate number of livestock futures positions to mitigate a portion of this risk. Changes in market value of the open livestock futures positions are marked to market and reported in earnings at each reporting date, even though the economic impact of our fixed prices being above or below the market price is only realized at the time of sale or purchase. These positions generally do not qualify for hedge treatment due to location basis differences between the commodity exchanges and the actual locations when we purchase the commodities.

We have a foreign currency cash flow hedging program to hedge portions of forecasted transactions denominated in foreign currencies, primarily with forward contracts, to protect against the reduction in value of forecasted foreign currency cash flows. Our undesignated foreign currency positions generally would qualify for cash flow hedge accounting. However, to reduce earnings volatility, we normally will not elect hedge accounting treatment when the position provides an offset to the underlying related transaction that currently impacts earnings.

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The objective of our undesignated interest rate swap is to manage interest rate risk exposure on a floating-rate bond. Our interest rate swap agreement effectively modifies our exposure to interest rate risk by converting a portion of the floating-rate bond to a fixed rate basis for the first five years, thus reducing the impact of the interest-rate changes on future interest expense. This interest rate swap does not qualify for hedge treatment due to differences in the underlying bond and swap contract interest-rate indices.

We had the following aggregate outstanding notionals related to our undesignated positions:

	Metric	October 2, 2010	October 3, 2009
Commodity:			
Corn	Bushels	38 million	11 million
Soy meal	Tons	367,000	73,000
Live Cattle	Pounds	73 million	82 million
Lean Hogs	Pounds	134 million	11 million
Natural Gas	British thermal units	450 billion	850 billion
Foreign Currency	United States dollars	\$146 million	\$124 million
Interest Rate	Average monthly notional debt	\$53 million	\$64 million

Included in our undesignated positions are certain commodity grain positions (which do not qualify for hedge treatment) we enter into to manage the risk of costs associated with forward sales to certain customers for which sales prices are determined under cost-plus arrangements. These unrealized positions totaled gains of \$2 million and losses of \$17 million at October 2, 2010, and October 3, 2009, respectively. When these positions are liquidated, we expect any realized gains or losses will be reflected in the prices of the poultry products sold. Since these derivative positions did not qualify for hedge treatment, they initially created volatility in our earnings associated with changes in fair value. However, once the positions were liquidated and included in the sales price to the customer, there was ultimately no earnings impact as any previous fair value gains or losses were included in the prices of the poultry products.

The following table sets forth the pretax impact of the undesignated derivative instruments on the Consolidated Statements of Income (in millions):

	Consolidated Statements of Income Classification	Gain/(Loss) Recognized in Earnings		
		2010	2009	2008
Derivatives not designated as hedging instruments:				
Commodity contracts	Sales	\$27	\$(34)	\$(12)
Commodity contracts	Cost of Sales	(20)	(151)	259
Foreign exchange contracts	Other Income/Expense	(5)	0	1
Interest rate contracts	Interest Expense	1	(4)	0
<b>Total</b>		<b>\$3</b>	<b>\$(189)</b>	<b>\$248</b>

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The following table sets forth the fair value of all derivative instruments outstanding in the Consolidated Balance Sheets (in millions):

	Fair Value	
	2010	2009
<b>Derivative Assets:</b>		
Derivatives designated as hedging instruments:		
Commodity contracts	\$20	\$12
Derivatives not designated as hedging instruments:		
Commodity contracts	10	9
Foreign exchange contracts	1	0
Total derivative assets – not designated	11	9
Total derivative assets	\$31	\$21
<b>Derivative Liabilities:</b>		
Derivatives designated as hedging instruments:		
Commodity contracts	\$16	\$2
Derivatives not designated as hedging instruments:		
Commodity contracts	34	13
Foreign exchange contracts	6	1
Interest rate contracts	3	4
Total derivative liabilities – not designated	43	18
Total derivative liabilities	\$59	\$20

Our derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities, including cash collateral when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. See Note 12: Fair Value Measurements for a reconciliation to amounts reported in the Consolidated Balance Sheets in Other current assets and Other current liabilities.

## NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Major categories of property, plant and equipment and accumulated depreciation at October 2, 2010, and October 3, 2009:

	in millions	
	2010	2009
Land	\$97	\$96
Building and leasehold improvements	2,617	2,570
Machinery and equipment	4,694	4,640
Land improvements and other	232	227
Buildings and equipment under construction	513	297
	8,153	7,830
Less accumulated depreciation	4,479	4,254
Net property, plant and equipment	\$3,674	\$3,576

Approximately \$388 million will be required to complete buildings and equipment under construction at October 2, 2010.

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### NOTE 8: GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects goodwill activity for fiscal years 2010 and 2009:

	in millions				
	Chicken	Beef	Pork	Prepared Foods	Consolidated
<b>Balances at September 27, 2008:</b>					
Goodwill	\$945	\$1,185	\$317	\$64	\$2,511
Accumulated impairment losses	0	0	0	0	0
	945	1,185	317	64	2,511
Fiscal 2009 Activity:					
Acquisitions	42	0	0	0	42
Disposal of goodwill related to discontinued operation	0	(59)	0	0	(59)
Impairment losses	0	(560)	0	0	(560)
Currency translation and other	(14)	(3)	0	0	(17)
<b>Balances at October 3, 2009:</b>					
Goodwill	973	1,123	317	64	2,477
Accumulated impairment losses	0	(560)	0	0	(560)
	\$973	\$563	\$317	\$64	\$1,917
Fiscal 2010 Activity:					
Impairment losses	(29)	0	0	0	(29)
Currency translation and other	6	0	0	(1)	5
<b>Balances at October 2, 2010:</b>					
Goodwill	979	1,123	317	63	2,482
Accumulated impairment losses	(29)	(560)	0	0	(589)
	\$950	\$563	\$317	\$63	\$1,893

Other intangible assets by type at October 2, 2010, and October 3, 2009:

	in millions	
	2010	2009
Gross Carrying Value:		
Trademarks	\$56	\$57
Patents, intellectual property and other	144	145
Land use rights	23	23
Less Accumulated Amortization	57	38
<b>Total Intangible Assets</b>	<b>\$166</b>	<b>\$187</b>

Amortization expense of \$19 million, \$10 million and \$3 million was recognized during fiscal 2010, 2009 and 2008, respectively. We estimate amortization expense on intangible assets for the next five fiscal years subsequent to October 2, 2010 will be: 2011 - \$17 million; 2012 - \$16 million; 2013 - \$16 million; 2014 - \$15 million; 2015 - \$15 million. Beginning with the date benefits are realized, other intangible assets are amortized using the straight-line method over their estimated period of benefit of 10-30 years.

### NOTE 9: OTHER CURRENT LIABILITIES

Other current liabilities at October 2, 2010, and October 3, 2009, include:

	in millions	
	2010	2009
Accrued salaries, wages and benefits	\$444	\$187
Self-insurance reserves	256	230
Other	334	344
<b>Total other current liabilities</b>	<b>\$1,034</b>	<b>\$761</b>

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### NOTE 10: COMMITMENTS

We lease equipment, properties and certain farms for which total rentals approximated \$188 million, \$175 million and \$163 million, respectively, in fiscal 2010, 2009 and 2008. Most leases have initial terms up to seven years, some with varying renewal periods. The most significant obligations assumed under the terms of the leases are the upkeep of the facilities and payments of insurance and property taxes.

Minimum lease commitments under non-cancelable leases at October 2, 2010, were:

	in millions
2011	\$91
2012	71
2013	51
2014	32
2015	17
2016 and beyond	55
Total	\$317

We guarantee obligations of certain outside third parties, which consists of a lease and grower loans, all of which are substantially collateralized by the underlying assets. Terms of the underlying debt cover periods up to eight years, and the maximum potential amount of future payments as of October 2, 2010, was \$69 million. We also maintain operating leases for various types of equipment, some of which contain residual value guarantees for the market value of the underlying leased assets at the end of the term of the lease. The remaining terms of the lease maturities cover periods over the next seven years. The maximum potential amount of the residual value guarantees is \$45 million, of which \$21 million would be recoverable through various recourse provisions and an additional undeterminable recoverable amount based on the fair value of the underlying leased assets. The likelihood of material payments under these guarantees is not considered probable. At October 2, 2010, and October 3, 2009, no material liabilities for guarantees were recorded.

We have cash flow assistance programs in which certain livestock suppliers participate. Under these programs, we pay an amount for livestock equivalent to a standard cost to grow such livestock during periods of low market sales prices. The amounts of such payments that are in excess of the market sales price are recorded as receivables and accrue interest. Participating suppliers are obligated to repay these receivables balances when market sales prices exceed this standard cost, or upon termination of the agreement. Our maximum obligation associated with these programs is limited to the fair value of each participating livestock supplier's net tangible assets. The potential maximum obligation as of October 2, 2010, was approximately \$215 million. The total receivables under these programs were \$51 million and \$72 million at October 2, 2010, and October 3, 2009, respectively, and are included, net of allowance for uncollectible amounts, in Other Assets in our Consolidated Balance Sheets. Even though these programs are limited to the net tangible assets of the participating livestock suppliers, we also manage a portion of our credit risk associated with these programs by obtaining security interests in livestock suppliers' assets. After analyzing residual credit risks and general market conditions, we have recorded an allowance for these programs' estimated uncollectible receivables of \$15 million and \$20 million at October 2, 2010 and October 3, 2009, respectively.

The minority partner in our Shandong Tyson Xinchang Foods joint ventures in China has the right to exercise put options to require us to purchase its entire 40% equity interest at a price equal to the minority partner's contributed capital plus (minus) its pro-rata share of the joint venture's accumulated and undistributed net earnings (losses). The put options are exercisable for a five-year term commencing April 2011. At October 2, 2010, the put options, if they had been exercisable, would have resulted in a purchase price of approximately \$67 million for the minority partner's entire equity interest. We do not believe the exercise of the put options would materially impact our results of operations or financial condition.

Additionally, we enter into future purchase commitments for various items, such as grains, livestock contracts and fixed grower fees. At October 2, 2010, these commitments totaled:

	in millions
2011	\$829
2012	38
2013	17
2014	12
2015	12
2016 and beyond	36
Total	\$944

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### NOTE 11: DEBT

The major components of debt are as follows (in millions):

	2010	2009
Revolving credit facility – expires March 2012	\$0	\$0
Senior notes:		
7.95% Notes due February 2010 (2010 Notes)	0	140
8.25% Notes due October 2011 (2011 Notes)	315	839
3.25% Convertible senior notes due October 2013 (2013 Notes)	458	458
10.50% Senior notes due March 2014 (2014 Notes)	810	810
7.35% Senior notes due April 2016 (2016 Notes)	701	923
7.00% Notes due May 2018	122	174
7.125% Senior notes due February 2026	0	9
7.00% Notes due January 2028	18	27
Discount on senior notes	(105)	(132)
GO Zone tax-exempt bonds due October 2033 (0.23% at 10/02/10)	100	100
Other	117	129
Total debt	2,536	3,477
Less current debt	401	219
Total long-term debt	\$2,135	\$3,258

Annual maturities of debt for the five fiscal years subsequent to October 2, 2010, are: 2011 - \$401 million; 2012 - \$10 million; 2013 - \$5 million; 2014 - \$1,274 million; 2015 - \$3 million.

#### Revolving Credit Facility

We have a \$1.0 billion revolving credit facility that supports short-term funding needs and letters of credit. Loans made under this facility will mature and the commitments thereunder will terminate in March 2012. However, if our 2011 Notes are not refinanced, purchased or defeased prior to July 3, 2011, the outstanding loans under this facility will mature on and commitments thereunder will terminate on July 3, 2011. We incurred approximately \$30 million in transaction fees which will be amortized over the three-year life of this facility.

Availability under this facility, up to \$1.0 billion, is based on a percentage of certain eligible receivables and eligible inventory and is reduced by certain reserves. After reducing the amount eligible by outstanding letters of credit issued under this facility, the amount available for borrowing under this facility at October 2, 2010, was \$825 million. At October 2, 2010, we had outstanding letters of credit issued under this facility totaling approximately \$175 million, none of which were drawn upon. Our letters of credit are issued primarily in support of workers' compensation insurance programs, derivative activities and Dynamic Fuels' Gulf Opportunity Zone tax-exempt bonds. We had an additional \$66 million of bilateral letters of credit not issued under this facility, none of which were drawn upon.

This facility is fully and unconditionally guaranteed on a senior secured basis by substantially all of our domestic subsidiaries. The guarantors' cash, accounts receivable, inventory and proceeds received related to these items secure our obligations under this facility.

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### 2013 Notes

In September 2008, we issued \$458 million principal amount 3.25% convertible senior unsecured notes due October 15, 2013, with interest payable semi-annually in arrears on April 15 and October 15. The conversion rate initially is 59.1935 shares of Class A stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of \$16.89 per share of Class A stock. The 2013 Notes may be converted before the close of business on July 12, 2013, only under the following circumstances:

- during any fiscal quarter after December 27, 2008, if the last reported sale price of our Class A stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is at least 130% of the applicable conversion price on each applicable trading day (which would currently require our shares to trade at or above \$21.96); or
- during the five business days after any 10 consecutive trading days (measurement period) in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A stock and the applicable conversion rate on each such day; or
- upon the occurrence of specified corporate events as defined in the supplemental indenture.

On and after July 15, 2013, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, we will deliver cash up to the aggregate principal amount of the 2013 Notes to be converted and shares of our Class A stock in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the 2013 Notes being converted. As of October 2, 2010, none of the conditions permitting conversion of the 2013 Notes had been satisfied.

The 2013 Notes were originally accounted for as a combined instrument because the conversion feature did not meet the requirements to be accounted for separately as a derivative financial instrument. However, we adopted new accounting guidance in the first quarter of fiscal 2010 and applied it retrospectively to all periods presented. This new accounting guidance required us to separately account for the liability and equity conversion features. Upon retrospective adoption, our effective interest rate on the 2013 Notes was determined to be 8.26%, which resulted in the recognition of a \$92 million discount to these notes with the offsetting after tax amount of \$56 million recorded to capital in excess of par value. This discount will be accreted over the five-year term of the convertible notes at the effective interest rate.

In connection with the issuance of the 2013 Notes, we entered into separate convertible note hedge transactions with respect to our Class A stock to minimize the potential economic dilution upon conversion of the 2013 Notes. We also entered into separate warrant transactions. We recorded the purchase of the note hedge transactions as a reduction to capital in excess of par value, net of \$36 million pertaining to the related deferred tax asset, and we recorded the proceeds of the warrant transactions as an increase to capital in excess of par value. Subsequent changes in fair value of these instruments are not recognized in the financial statements as long as the instruments continue to meet the criteria for equity classification.

We purchased call options in private transactions for \$94 million that permit us to acquire up to approximately 27 million shares of our Class A stock at an initial strike price of \$16.89 per share, subject to adjustment. The call options allow us to acquire a number of shares of our Class A stock initially equal to the number of shares of Class A stock issuable to the holders of the 2013 Notes upon conversion. These call options will terminate upon the maturity of the 2013 Notes.

We sold warrants in private transactions for total proceeds of \$44 million. The warrants permit the purchasers to acquire up to approximately 27 million shares of our Class A stock at an initial exercise price of \$22.31 per share, subject to adjustment. The warrants are exercisable on various dates from January 2014 through March 2014.

The maximum amount of shares that may be issued to satisfy the conversion of the 2013 Notes is limited to 35.9 million shares. However, the convertible note hedge and warrant transactions, in effect, increase the initial conversion price of the 2013 Notes from \$16.89 per share to \$22.31 per share, thus reducing the potential future economic dilution associated with conversion of the 2013 Notes. If our share price is below \$22.31 upon conversion of the 2013 Notes, there is no economic net share impact. Upon conversion, a 10% increase in our share price above the \$22.31 conversion price would result in the issuance of 2.5 million incremental shares. The 2013 Notes and the warrants could have a dilutive effect on our earnings per share to the extent the price of our Class A stock during a given measurement period exceeds the respective exercise prices of those instruments. The call options are excluded from the calculation of diluted earnings per share as their impact is anti-dilutive.

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### 2014 Notes

In March 2009, we issued \$810 million of senior unsecured notes, which will mature in March 2014. The 2014 Notes carry a 10.50% interest rate, with interest payments due semi-annually on March 1 and September 1. After the original issue discount of \$59 million, based on an issue price of 92.756% of face value, we received net proceeds of \$751 million. In addition, we incurred offering expenses of \$18 million. We used the net proceeds towards the repayment of our borrowings under our former accounts receivable securitization facility and for other general corporate purposes. We also placed \$234 million of the net proceeds in a blocked cash collateral account which was used for the payment and repurchase of the 2010 Notes. The 2014 Notes are fully and unconditionally guaranteed by substantially all of our domestic subsidiaries.

### 2016 Notes

The 2016 Notes carried an interest rate at issuance of 6.60%, with an interest step up feature dependent on their credit rating. On November 13, 2008, Moody's Investor Services, Inc. (Moody's) downgraded the credit rating from "Ba1" to "Ba3." This downgrade increased the interest rate from 7.35% to 7.85%, effective beginning with the six-month interest payment due April 1, 2009.

On August 19, 2010, Standard & Poor's upgraded the credit rating from "BB" to "BB+." On September 2, 2010, Moody's upgraded the credit rating from "Ba3" to "Ba2." These upgrades decreased the interest rate on the 2016 Notes from 7.85% to 7.35%, effective beginning with the six-month interest payment due October 1, 2010.

### GO Zone Tax-Exempt Bonds

In October 2008, Dynamic Fuels received \$100 million in proceeds from the sale of Gulf Opportunity Zone tax-exempt bonds made available by the federal government to the regions affected by Hurricanes Katrina and Rita in 2005. These floating rate bonds are due October 1, 2033. In November 2008, we entered into an interest rate swap related to these bonds to mitigate our interest rate risk on a portion of the bonds for five years. We also issued a letter of credit as a guarantee for the entire bond issuance. The proceeds from the bond issuance could only be used towards the construction of the Dynamic Fuels' facility. Accordingly, the unused proceeds were recorded as non-current Restricted Cash in the Consolidated Balance Sheets and were utilized prior to the end of fiscal 2010.

### Debt Covenants

Our revolving credit facility contains affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; pay dividends or make other payments in respect of our capital stock; amend material documents; change the nature of our business; make certain payments of debt; engage in certain transactions with affiliates; and enter into sale/leaseback or hedging transactions, in each case, subject to certain qualifications and exceptions. If availability under this facility is less than the greater of 15% of the commitments and \$150 million, we will be required to maintain a minimum fixed charge coverage ratio.

Our 2014 Notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: incur additional debt and issue preferred stock; make certain investments and restricted payments; create liens; create restrictions on distributions from subsidiaries; engage in specified sales of assets and subsidiary stock; enter into transactions with affiliates; enter new lines of business; engage in consolidation, mergers and acquisitions; and engage in certain sale/leaseback transactions.

We were in compliance with all covenants at October 2, 2010.

### Condensed Consolidating Financial Statements

Tyson Fresh Meats, Inc. (TFM Parent), our wholly-owned subsidiary, has fully and unconditionally guaranteed the 2016 Notes. TFM Parent and substantially all of our wholly-owned domestic subsidiaries have fully and unconditionally guaranteed the 2014 Notes. The following financial information presents condensed consolidating financial statements, which include Tyson Foods, Inc. (TFI Parent); TFM Parent; the other 2014 Notes' guarantor subsidiaries (Guarantors) on a combined basis; the elimination entries necessary to reflect TFM Parent and the Guarantors, which collectively represent the 2014 Notes' total guarantor subsidiaries (2014 Guarantors), on a combined basis; the 2014 Notes' non-guarantor subsidiaries (Non-Guarantors) on a combined basis; the elimination entries necessary to consolidate TFI Parent, the 2014 Guarantors and the Non-Guarantors; and Tyson Foods, Inc. on a consolidated basis, and is provided as an alternative to providing separate financial statements for the guarantor(s).

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Condensed Consolidating Statement of Income for the year ended October 2, 2010

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
Net Sales	\$454	\$15,950	\$12,248	\$(966)	\$27,232	\$1,167	\$(423)	\$28,430
Cost of Sales	16	14,867	11,343	(966)	25,244	1,079	(423)	25,916
Gross Profit	438	1,083	905	0	1,988	88	0	2,514
Operating Expenses:								
Selling, general and administrative	93	199	550	0	749	87	0	929
Goodwill impairment	0	0	0	0	0	29	0	29
Other charges	0	0	0	0	0	0	0	0
Operating Income (Loss)	345	884	355	0	1,239	(28)	0	1,556
Other (Income) Expense:								
Interest expense, net	328	2	17	0	19	(14)	0	333
Other, net	25	1	(7)	0	(6)	1	0	20
Equity in net earnings of subsidiaries	(782)	(51)	25	37	11	(14)	785	0
Total Other (Income) Expense	(429)	(48)	35	37	24	(27)	785	353
Income (Loss) from Continuing Operations before Income Taxes	774	932	320	(37)	1,215	(1)	(785)	1,203
Income Tax Expense (Benefit)	(6)	304	116	0	420	24	0	438
Income (Loss) from Continuing Operations	780	628	204	(37)	795	(25)	(785)	765
Income (Loss) from Discontinued Operation, net of tax	0	0	0	0	0	0	0	0
Net Income (Loss)	780	628	204	(37)	795	(25)	(785)	765
Less: Net Loss Attributable to Noncontrolling Interest	0	0	0	0	0	(15)	0	(15)
Net Income (Loss) Attributable to Tyson	\$780	\$628	\$204	\$(37)	\$795	\$(10)	\$(785)	\$780

Condensed Consolidating Statement of Income for the year ended October 3, 2009

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
Net Sales	\$11	\$14,504	\$12,245	\$(725)	\$26,024	\$709	\$(40)	\$26,704
Cost of Sales	132	13,970	11,526	(725)	24,771	638	(40)	25,501
Gross Profit (Loss)	(121)	534	719	0	1,253	71	0	1,203
Operating Expenses:								
Selling, general and administrative	132	187	450	0	637	72	0	841
Goodwill impairment	0	560	0	0	560	0	0	560
Other charges	0	0	17	0	17	0	0	17
Operating Income (Loss)	(253)	(213)	252	0	39	(1)	0	(215)
Other (Income) Expense:								
Interest expense, net	285	13	20	0	33	(8)	0	310
Other, net	11	(3)	(6)	0	(9)	16	0	18
Equity in net earnings of subsidiaries	157	(32)	44	13	25	(17)	(165)	0
Total Other (Income) Expense	453	(22)	58	13	49	(9)	(165)	328
Income (Loss) from Continuing Operations before Income Taxes	(706)	(191)	194	(13)	(10)	8	165	(543)
Income Tax Expense (Benefit)	(138)	111	34	0	145	0	0	7
Income (Loss) from Continuing Operations	(568)	(302)	160	(13)	(155)	8	165	(550)
Income (Loss) from Discontinued Operation, net of tax	21	5	0	0	5	(27)	0	(1)
Net Income (Loss)	(547)	(297)	160	(13)	(150)	(19)	165	(551)
Less: Net Loss Attributable to Noncontrolling Interest	0	0	0	0	0	(4)	0	(4)
Net Income (Loss) Attributable to Tyson	\$(547)	\$(297)	\$160	\$(13)	\$(150)	\$(15)	\$165	\$(547)

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Condensed Consolidating Statement of Income for the year ended September 27, 2008

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
Net Sales	\$19	\$15,638	\$11,463	\$(811)	\$26,290	\$580	\$(27)	\$26,862
Cost of Sales	74	15,105	10,796	(811)	25,090	479	(27)	25,616
Gross Profit (Loss)	(55)	533	667	0	1,200	101	0	1,246
Operating Expenses:								
Selling, general and administrative	83	208	533	0	741	55	0	879
Other charges	1	18	17	0	35	0	0	36
Operating Income (Loss)	(139)	307	117	0	424	46	0	331
Other (Income) Expense:								
Interest expense, net	181	17	16	0	33	(8)	0	206
Other, net	(13)	(5)	(11)	0	(16)	0	0	(29)
Equity in net earnings of subsidiaries	(285)	(27)	5	18	(4)	(9)	298	0
Total Other (Income) Expense	(117)	(15)	10	18	13	(17)	298	177
Income (Loss) from Continuing Operations before								
Income Taxes	(22)	322	107	(18)	411	63	(298)	154
Income Tax Expense (Benefit)	(108)	116	37	0	153	23	0	68
Income (Loss) from Continuing Operations	86	206	70	(18)	258	40	(298)	86
Income from Discontinued Operation, net of tax	0	0	0	0	0	0	0	0
Net Income (Loss)	86	206	70	(18)	258	40	(298)	86
Less: Net Loss Attributable to Noncontrolling Interest	0	0	0	0	0	0	0	0
Net Income (Loss) Attributable to Tyson	\$86	\$206	\$70	\$(18)	\$258	\$40	\$(298)	\$86

Condensed Consolidating Balance Sheet as of October 2, 2010

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
<b>Assets</b>								
Current Assets:								
Cash and cash equivalents	\$2	\$2	\$731	\$0	\$733	\$243	\$0	\$978
Restricted cash	0	0	0	0	0	0	0	0
Accounts receivable, net	0	2,389	4,670	0	7,059	132	(5,993)	1,198
Inventories, net	0	734	1,361	0	2,095	179	0	2,274
Other current assets	43	49	27	(9)	67	95	(37)	168
Total Current Assets	45	3,174	6,789	(9)	9,954	649	(6,030)	4,618
Restricted Cash	0	0	0	0	0	0	0	0
Net Property, Plant and Equipment	39	870	2,257	0	3,127	508	0	3,674
Goodwill	0	880	967	0	1,847	46	0	1,893
Intangible Assets	0	37	53	0	90	76	0	166
Other Assets	2,804	101	61	0	162	295	(2,860)	401
Investment in Subsidiaries	10,776	1,785	631	(1,607)	809	307	(11,892)	0
Total Assets	\$13,664	\$6,847	\$10,758	\$(1,616)	\$15,989	\$1,881	\$(20,782)	\$10,752
<b>Liabilities and Shareholders' Equity</b>								
Current Liabilities:								
Current debt	\$317	\$0	\$0	\$0	\$0	\$84	\$0	\$401
Accounts payable	16	421	608	0	1,029	65	0	1,110
Other current liabilities	6,044	168	335	(9)	494	526	(6,030)	1,034
Total Current Liabilities	6,377	589	943	(9)	1,523	675	(6,030)	2,545
Long-Term Debt	2,011	1,638	1,228	0	2,866	118	(2,860)	2,135
Deferred Income Taxes	0	105	204	0	309	12	0	321
Other Liabilities	110	148	179	0	327	49	0	486
Redeemable Noncontrolling Interest	0	0	0	0	0	64	0	64
Total Tyson Shareholders' Equity	5,166	4,367	8,204	(1,607)	10,964	928	(11,892)	5,166
Noncontrolling Interest	0	0	0	0	0	35	0	35
Total Shareholders' Equity	5,166	4,367	8,204	(1,607)	10,964	963	(11,892)	5,201
Total Liabilities and Shareholders' Equity	\$13,664	\$6,847	\$10,758	\$(1,616)	\$15,989	\$1,881	\$(20,782)	\$10,752

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Condensed Consolidating Balance Sheet as of October 3, 2009

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
<b>Assets</b>								
Current Assets:								
Cash and cash equivalents	\$0	\$0	\$788	\$0	\$788	\$216	\$0	\$1,004
Restricted cash	0	0	140	0	140	0	0	140
Accounts receivable, net	2	418	3,309	(7)	3,720	116	(2,738)	1,100
Inventories, net	1	586	1,239	0	1,825	183	0	2,009
Other current assets	198	89	29	(17)	101	36	(213)	122
Total Current Assets	201	1,093	5,505	(24)	6,574	551	(2,951)	4,375
Restricted Cash	0	0	0	0	0	43	0	43
Net Property, Plant and Equipment	40	883	2,256	0	3,139	397	0	3,576
Goodwill	0	881	977	0	1,858	59	0	1,917
Intangible Assets	0	42	59	0	101	86	0	187
Other Assets	211	120	37	0	157	346	(217)	497
Investment in Subsidiaries	10,038	1,763	674	(1,597)	840	296	(11,174)	0
Total Assets	\$10,490	\$4,782	\$9,508	\$(1,621)	\$12,669	\$1,778	\$(14,342)	\$10,595
<b>Liabilities and Shareholders' Equity</b>								
Current Liabilities:								
Current debt	\$3	\$140	\$0	\$0	\$140	\$76	\$0	\$219
Accounts payable	15	375	550	0	925	73	0	1,013
Other current liabilities	2,790	251	296	(24)	523	399	(2,951)	761
Total Current Liabilities	2,808	766	846	(24)	1,588	548	(2,951)	1,993
Long-Term Debt	3,112	15	180	0	195	131	(180)	3,258
Deferred Income Taxes	29	108	182	0	290	27	(37)	309
Other Liabilities	143	161	202	0	363	33	0	539
Redeemable Noncontrolling Interest	0	0	0	0	0	65	0	65
Total Tyson Shareholders' Equity	4,398	3,732	8,098	(1,597)	10,233	941	(11,174)	4,398
Noncontrolling Interest	0	0	0	0	0	33	0	33
Total Shareholders' Equity	4,398	3,732	8,098	(1,597)	10,233	974	(11,174)	4,431
Total Liabilities and Shareholders' Equity	\$10,490	\$4,782	\$9,508	\$(1,621)	\$12,669	\$1,778	\$(14,342)	\$10,595

Condensed Consolidating Statement of Cash Flows for the year ended October 2, 2010

in millions

	2014 Guarantors					Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations	Subtotal			
Cash Provided by Operating Activities	\$386	\$499	\$462	\$0	\$961	\$85	\$0	\$1,432
Cash Flows From Investing Activities:								
Additions to property, plant and equipment	(3)	(85)	(323)	0	(408)	(139)	0	(550)
Change in restricted cash-investing	0	0	0	0	0	43	0	43
Purchases of marketable securities, net	0	0	0	0	0	(4)	0	(4)
Proceeds from sale of discontinued operation	0	0	0	0	0	0	0	0
Acquisitions, net of cash acquired	0	0	0	0	0	0	0	0
Other, net	(1)	(1)	15	0	14	(2)	0	11
Cash Used for Investing Activities	(4)	(86)	(308)	0	(394)	(102)	0	(500)
Cash Flows from Financing Activities:								
Net change in debt	(874)	(149)	0	0	(149)	(11)	0	(1,034)
Debt issuance costs	0	0	0	0	0	0	0	0
Change in restricted cash-financing	0	0	140	0	140	0	0	140
Purchase of treasury shares	(48)	0	0	0	0	0	0	(48)
Dividends	(59)	0	0	0	0	0	0	(59)
Other, net	32	0	0	0	0	10	0	42
Net change in intercompany balances	569	(262)	(351)	0	(613)	44	0	0
Cash Provided by (Used for) Financing Activities	(380)	(411)	(211)	0	(622)	43	0	(959)
Effect of Exchange Rate Change on Cash	0	0	0	0	0	1	0	1
Increase (Decrease) in Cash and Cash Equivalents	2	2	(57)	0	(55)	27	0	(26)
Cash and Cash Equivalents at Beginning of Year	0	0	788	0	788	216	0	1,004
Cash and Cash Equivalents at End of Year	\$2	\$2	\$731	\$0	\$733	\$243	\$0	\$978

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Condensed Consolidating Statement of Cash Flows for the year ended October 3, 2009

in millions

	2014 Guarantors				Subtotal	Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations				
Cash Provided by (Used for) Operating Activities	\$(617)	\$507	\$982	\$0	\$1,489	\$113	\$(25)	\$960
Cash Flows From Investing Activities:								
Additions to property, plant and equipment	0	(56)	(211)	0	(267)	(101)	0	(368)
Change in restricted cash-investing	0	0	0	0	0	(43)	0	(43)
Proceeds from sale of marketable securities, net	0	0	0	0	0	19	0	19
Proceeds from sale of discontinued operation	0	0	0	0	0	75	0	75
Acquisitions, net of cash acquired	0	0	(13)	0	(13)	(80)	0	(93)
Other, net	(37)	1	12	0	13	7	0	(17)
Cash Used for Investing Activities	(37)	(55)	(212)	0	(267)	(123)	0	(427)
Cash Flows from Financing Activities:								
Net change in debt	545	(94)	0	0	(94)	36	0	487
Debt issuance costs	(58)	0	0	0	0	(1)	0	(59)
Change in restricted cash-financing	0	0	(140)	0	(140)	0	0	(140)
Purchase of treasury shares	(19)	0	0	0	0	0	0	(19)
Dividends	(60)	0	0	0	0	(25)	25	(60)
Other, net	0	0	0	0	0	6	0	6
Net change in intercompany balances	106	(358)	123	0	(235)	129	0	0
Cash Provided by (Used for) Financing Activities	514	(452)	(17)	0	(469)	145	25	215
Effect of Exchange Rate Change on Cash	0	0	0	0	0	6	0	6
Increase (Decrease) in Cash and Cash Equivalents	(140)	0	753	0	753	141	0	754
Cash and Cash Equivalents at Beginning of Year	140	0	35	0	35	75	0	250
Cash and Cash Equivalents at End of Year	\$0	\$0	\$788	\$0	\$788	\$216	\$0	\$1,004

Condensed Consolidating Statement of Cash Flows for the year ended September 27, 2008

in millions

	2014 Guarantors				Subtotal	Non-Guarantors	Eliminations	Total
	TFI Parent	TFM Parent	Guarantors	Eliminations				
Cash Provided by (Used for) Operating Activities	\$(164)	\$278	\$256	\$0	\$534	\$0	\$(15)	\$355
Cash Flows From Investing Activities:								
Additions to property, plant and equipment	(2)	(104)	(302)	0	(406)	(17)	0	(425)
Purchases of marketable securities, net	(1)	0	0	0	0	(2)	0	(3)
Acquisitions, net of cash acquired	0	0	0	0	0	(17)	0	(17)
Other, net	27	11	16	0	27	(8)	0	46
Cash Provided by (Used for) Investing Activities	24	(93)	(286)	0	(379)	(44)	0	(399)
Cash Flows from Financing Activities:								
Net change in debt	145	(5)	0	0	(5)	(51)	0	89
Net proceeds from Class A stock offering	274	0	0	0	0	0	0	274
Convertible note hedge transactions	(94)	0	0	0	0	0	0	(94)
Warrant transactions	44	0	0	0	0	0	0	44
Purchase of treasury shares	(30)	0	0	0	0	0	0	(30)
Dividends	(56)	0	0	0	0	(15)	15	(56)
Other, net	13	0	0	0	0	14	0	27
Net change in intercompany balances	(19)	(180)	62	0	(118)	137	0	0
Cash Provided by (Used for) Financing Activities	277	(185)	62	0	(123)	85	15	254
Effect of Exchange Rate Change on Cash	0	0	0	0	0	(2)	0	(2)
Increase in Cash and Cash Equivalents	137	0	32	0	32	39	0	208
Cash and Cash Equivalents at Beginning of Year	3	0	3	0	3	36	0	42
Cash and Cash Equivalents at End of Year	\$140	\$0	\$35	\$0	\$35	\$75	\$0	\$250

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### NOTE 12: FAIR VALUE MEASUREMENTS

We adopted fair value measurement accounting guidance at the beginning of fiscal 2009. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. This guidance also defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy prescribed by this standard contains three levels as follows:

*Level 1* — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.

*Level 2* — Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs derived principally from or corroborated by other observable market data.

*Level 3* — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following tables set forth by level within the fair value hierarchy our financial assets and liabilities accounted for at fair value on a recurring basis according to the valuation techniques we used to determine their fair values (in millions):

October 2, 2010	Level 1	Level 2	Level 3	Netting (a)	Total
Assets:					
Commodity Derivatives	\$0	\$30	\$0	\$(18)	\$12
Foreign Exchange Forward Contracts	0	1	0	(1)	0
Available for Sale Securities:					
Debt securities	0	42	73	0	115
Equity securities	15	3	0	0	18
Deferred Compensation Assets	0	86	0	0	86
<b>Total Assets</b>	<b>\$15</b>	<b>\$162</b>	<b>\$73</b>	<b>\$(19)</b>	<b>\$231</b>

Liabilities:					
Commodity Derivatives	\$0	\$50	\$0	\$(50)	\$0
Foreign Exchange Forward Contracts	0	6	0	(1)	5
Interest Rate Swap	0	3	0	(1)	2
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$59</b>	<b>\$0</b>	<b>\$(52)</b>	<b>\$7</b>

October 3, 2009	Level 1	Level 2	Level 3	Netting (a)	Total
Assets:					
Commodity Derivatives	\$0	\$21	\$0	\$(17)	\$4
Available for Sale Securities:					
Debt securities	0	33	72	0	105
Equity securities	20	0	0	0	20
Deferred Compensation Assets	2	84	0	0	86
<b>Total Assets</b>	<b>\$22</b>	<b>\$138</b>	<b>\$72</b>	<b>\$(17)</b>	<b>\$215</b>

Liabilities:					
Commodity Derivatives	\$0	\$15	\$0	\$(11)	\$4
Foreign Exchange Forward Contracts	0	1	0	0	1
Interest Rate Swap	0	4	0	(2)	2
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$20</b>	<b>\$0</b>	<b>\$(13)</b>	<b>\$7</b>

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(a) Our derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities, including cash collateral, when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. At October 2, 2010, and October 3, 2009, we had posted \$35 million and \$4 million of cash collateral and held \$3 million and \$0 cash collateral with various counterparties, respectively.

The following table provides a reconciliation between the beginning and ending balance of debt securities measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3) (in millions):

	October 2, 2010	October 3, 2009
Balance at beginning of year	\$72	\$54
Total realized and unrealized gains (losses):		
Included in earnings	1	(4)
Included in other comprehensive income (loss)	1	4
Purchases, issuances and settlements, net	(1)	18
Balance at end of year	\$73	\$72
Total gains (losses) for the periods included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at end of year	\$0	\$(4)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

**Derivative Assets and Liabilities:** Our derivatives, including commodities, foreign exchange forward contracts and an interest rate swap, primarily include exchange-traded and over-the-counter contracts which are further described in Note 6: Derivative Financial Instruments. We record our commodity derivatives at fair value using quoted market prices adjusted for credit and non-performance risk and internal models that use as their basis readily observable market inputs including current and forward commodity market prices. Our foreign exchange forward contracts are recorded at fair value based on quoted prices and spot and forward currency prices adjusted for credit and non-performance risk. Our interest rate swap is recorded at fair value based on quoted LIBOR swap rates adjusted for credit and non-performance risk. We classify these instruments in Level 2 when quoted market prices can be corroborated utilizing observable current and forward commodity market prices on active exchanges, observable market transactions of spot currency rates and forward currency prices or observable benchmark market rates at commonly quoted intervals.

**Available for Sale Securities:** Our investments in marketable debt securities are classified as available-for-sale and are included in Other Assets in the Consolidated Balance Sheets. These investments, which are generally long-term in nature with maturities ranging up to 46 years, are reported at fair value based on pricing models and quoted market prices adjusted for credit and non-performance risk. We classify our investments in U.S. government and agency debt securities as Level 2 as fair value is generally estimated using discounted cash flow models that are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other readily available relevant economic measures. We classify certain corporate, asset-backed and other debt securities as Level 3 as there is limited activity or less observable inputs into proprietary valuation models, including estimated prepayment, default and recovery rates on the underlying portfolio or structured investment vehicle.

In October 2008, we received eight million warrants to purchase an equivalent amount of Syntroleum Corporation common stock for one cent each in return for our entering into a letter of credit to guarantee all of the Dynamic Fuels' Gulf Opportunity Zone tax-exempt bonds (see Note 11: Debt), including Syntroleum Corporation's 50 percent ownership portion. In April 2009, we exercised these warrants for eight million shares of Syntroleum Corporation. We record the shares in Other Assets in the Consolidated Balance Sheets at fair value based on quoted market prices. We classify the shares as Level 1 as the fair value is based on unadjusted quoted prices available in active markets.

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We also received 4.25 million warrants to purchase an equivalent amount of Syntroleum Corporation common stock at an average price of \$2.87. These warrants are classified as available for sale and expire in early fiscal 2013. We recorded the warrants in Other Assets in the Consolidated Balance Sheets at fair value based on quoted market prices. We classify the warrants as Level 2 as fair value can be corroborated based on observable market data. Unrealized gains (losses), net of tax, are recorded in OCI. Realized gains or losses on the sale of the securities and declines in value judged to be other than temporary would be recorded in earnings.

(in millions)	October 2, 2010			October 3, 2009		
	Amortized	Fair Value	Unrealized Gain	Amortized	Fair Value	Unrealized Gain
	Cost Basis			Cost Basis		
Available for Sale Securities:						
Debt Securities:						
U.S. Treasury and Agency	\$41	\$42	\$1	\$33	\$33	\$0
Corporate and Asset-Backed (a)	43	46	3	46	48	2
Redeemable Preferred Stock	27	27	0	24	24	0
Equity Securities:						
Common Stock	9	15	6	9	20	11
Stock Warrants	0	3	3	0	0	0

(a) At October 2, 2010, and October 3, 2009, the amortized cost basis for Corporate and Asset-Backed debt securities had been reduced by accumulated other than temporary impairments of \$3 million and \$4 million, respectively.

Unrealized holding gains (losses), net of tax, are excluded from earnings and reported in OCI until the security is settled or sold. On a quarterly basis, we evaluate whether losses related to our available-for-sale securities are temporary in nature. Losses on equity securities are recognized in earnings if the decline in value is judged to be other than temporary. If losses related to our debt securities are determined to be other than temporary, the loss would be recognized in earnings if we intend, or more likely than not will be required, to sell the security prior to recovery. For debt securities in which we have the intent and ability to hold until maturity, losses determined to be other than temporary would remain in OCI, other than expected credit losses which are recognized in earnings. We consider many factors in determining whether a loss is temporary, including the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. During fiscal 2010 and 2008, we recognized no other than temporary impairments in earnings, while we recognized \$4 million of other than temporary impairments during fiscal 2009. No other than temporary losses were deferred in OCI as of October 2, 2010, and October 3, 2009.

**Deferred Compensation Assets:** We maintain two non-qualified deferred compensation plans for certain executives and other highly compensated employees. Investments are maintained within a trust and include money market funds, mutual funds and life insurance policies. The cash surrender value of the life insurance policies is invested primarily in mutual funds. The investments are recorded at fair value based on quoted market prices and are included in Other Assets in the Consolidated Balance Sheets. We classify the investments which have observable market prices in active markets in Level 1 as these are generally publicly-traded mutual funds. The remaining deferred compensation assets are classified in Level 2, as fair value can be corroborated based on observable market data. Realized and unrealized gains (losses) on deferred compensation are included in earnings.

### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we record assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. During fiscal 2010, we recorded a \$29 million charge to fully impair an immaterial Chicken segment reporting unit's goodwill. We utilized a discounted cash flow analysis that incorporated unobservable Level 3 inputs. We did not have any other significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

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### Other Financial Instruments

Fair values for debt are based on quoted market prices or published forward interest rate curves. Fair value and carrying value for our debt were as follows (in millions):

	October 2, 2010		October 3, 2009	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Total Debt	\$2,770	\$2,536	\$3,724	\$3,477

For all of our other financial instruments, the estimated fair value approximated the carrying value at October 2, 2010, and October 3, 2009. The carrying value of our other financial instruments, not otherwise disclosed herein, included notes receivable, which approximated fair value at October 2, 2010, and October 3, 2009. Notes receivable were recorded in Other Current Assets in the Consolidated Balance Sheets and totaled \$49 million at October 2, 2010, and were recorded in Other Assets at October 3, 2009, and totaled \$45 million. The fair values were determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

### Concentrations of Credit Risk

Our financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Our cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to the large number of customers and their dispersion across geographic areas. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral. At October 2, 2010, and October 3, 2009, 15.3% and 13.0%, respectively, of our net accounts receivable balance was due from Wal-Mart Stores, Inc. No other single customer or customer group represents greater than 10% of net accounts receivable.

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### NOTE 13: COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income are as follows:

	in millions	
	2010	2009
Accumulated other comprehensive income (loss):		
Unrealized net hedging gains (losses), net of taxes	\$10	\$(2)
Unrealized net gain on investments, net of taxes	9	9
Currency translation adjustment	6	(21)
Postretirement benefits reserve adjustments	(25)	(20)
<b>Total accumulated other comprehensive income (loss)</b>	<b>\$0</b>	<b>\$(34)</b>

The components of other comprehensive income (loss) are as follows:

	in millions		
	Before Tax	Income Tax	After Tax
<b>Fiscal 2010:</b>			
Net hedging loss reclassified to earnings	\$7	\$(1)	\$6
Net hedging unrealized gain	7	(1)	6
Unrealized gain on investments	0	0	0
Currency translation adjustment	27	0	27
Net change in postretirement liabilities	(6)	1	(5)
<b>Other comprehensive income – 2010</b>	<b>\$35</b>	<b>\$(1)</b>	<b>\$34</b>
<b>Fiscal 2009:</b>			
Net hedging loss reclassified to earnings	\$61	\$(25)	\$36
Net hedging unrealized loss	(53)	23	(30)
Loss on investments reclassified to other income	4	(1)	3
Unrealized gain on investments	12	(5)	7
Currency translation adjustment gain reclassified to loss from discontinued operation	(41)	0	(41)
Currency translation adjustment	(43)	3	(40)
Net change in postretirement liabilities	(11)	1	(10)
<b>Other comprehensive loss – 2009</b>	<b>\$(71)</b>	<b>\$(4)</b>	<b>\$(75)</b>
<b>Fiscal 2008:</b>			
Net hedging gain reclassified to earnings	\$(41)	\$16	\$(25)
Net hedging unrealized gain	37	(14)	23
Investments unrealized loss	(1)	0	(1)
Currency translation adjustment	(2)	0	(2)
Net change in postretirement liabilities	(10)	6	(4)
<b>Other comprehensive loss – 2008</b>	<b>\$(17)</b>	<b>\$8</b>	<b>\$(9)</b>

### NOTE 14: STOCK-BASED COMPENSATION

We issue shares under our stock-based compensation plans by issuing Class A stock from treasury. The total number of shares available for future grant under the Tyson Foods, Inc. 2000 Stock Incentive Plan (Incentive Plan) was 18,455,244 at October 2, 2010.

#### Stock Options

Shareholders approved the Incentive Plan in January 2001. The Incentive Plan is administered by the Compensation Committee of the Board of Directors (Compensation Committee). The Incentive Plan includes provisions for granting incentive stock options for shares of Class A stock at a price not less than the fair value at the date of grant. Nonqualified stock options may be granted at a price equal to, less than or more than the fair value of Class A stock on the date the option is granted. Stock options under the Incentive Plan generally become exercisable ratably over two to five years from the date of grant and must be exercised within 10 years from the date of grant. Our policy is to recognize compensation expense on a straight-line basis over the requisite service period for the entire award.

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	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in millions)
Outstanding, October 3, 2009	18,593,844	\$12.73		
Exercised	(2,395,069)	13.14		
Canceled	(690,036)	11.56		
Granted	3,865,173	12.59		
Outstanding, October 2, 2010	19,373,912	12.69	6.1	\$246
Exercisable, October 2, 2010	9,690,215	\$14.24	4.2	\$138

We generally grant stock options once a year; however, we granted stock options twice during fiscal 2010. The weighted average grant-date fair value of options granted in fiscal 2010, 2009 and 2008 was \$4.76, \$1.29 and \$5.22, respectively. The fair value of each option grant is established on the date of grant using a binomial lattice method for grants awarded after October 1, 2005, and the Black-Scholes option-pricing model for grants awarded before October 1, 2005. The change to the binomial lattice method was made to better reflect the exercise behavior of top management. We use historical volatility for a period of time comparable to the expected life of the option to determine volatility assumptions. Expected life is calculated based on the contractual term of each grant and takes into account the historical exercise and termination behavior of participants. Risk-free interest rates are based on the five-year Treasury bond rate. Assumptions as of the grant date used in the fair value calculation of each year's grants are outlined in the following table.

	2010	2009	2008
Expected life	6.5 years	5.3 years	5.8 years
Risk-free interest rate	1.2%	2.3%	3.7%
Expected volatility	40.4%	34.6%	30.9%
Expected dividend yield	1.3%	3.3%	1.1%

We recognized stock-based compensation expense related to stock options, net of income taxes, of \$11 million, \$9 million and \$12 million, respectively, during fiscal years 2010, 2009 and 2008, with a \$7 million, \$6 million and \$7 million related tax benefit. We had 2.2 million, 2.4 million and 2.5 million options vest in fiscal years 2010, 2009 and 2008, respectively, with a fair value of \$13 million, \$15 million and \$15 million, respectively.

In fiscal years 2010, 2009 and 2008, we received cash of \$36 million, \$1 million and \$9 million, respectively, for the exercise of stock options. Shares are issued from treasury for stock option exercises. The related tax benefit realized from stock options exercised during fiscal years 2010, 2009 and 2008, was \$5 million, \$0 and \$1 million, respectively. The total intrinsic value of options exercised in fiscal years 2010, 2009 and 2008, was \$12 million, \$0 and \$3 million, respectively. Cash flows resulting from tax deductions in excess of the compensation cost of those options (excess tax deductions) are classified as financing cash flows. We realized \$3 million, \$0 and \$0, respectively, in excess tax deductions during fiscal years 2010, 2009 and 2008, respectively. As of October 2, 2010, we had \$25 million of total unrecognized compensation cost related to stock option plans that will be recognized over a weighted average period of 2.5 years.

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### Restricted Stock

We issue restricted stock at the market value as of the date of grant, with restrictions expiring over periods through 2013. Unearned compensation is recognized over the vesting period for the particular grant using a straight-line method.

	Number of Shares	Weighted Average Grant-Date Fair Value Per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in millions)
Nonvested, October 3, 2009	4,656,910	\$15.20		
Granted	905,277	14.11		
Dividends	36,616	16.03		
Vested	(1,751,772)	15.88		
Forfeited	(245,417)	13.65		
Nonvested, October 2, 2010	3,601,614	\$14.55	1.7	\$59

As of October 2, 2010, we had \$21 million of total unrecognized compensation cost related to restricted stock awards that will be recognized over a weighted average period of 1.7 years.

We recognized stock-based compensation expense related to restricted stock, net of income taxes, of \$8 million, \$10 million and \$11 million for years 2010, 2009 and 2008, respectively. The related tax benefit for fiscal years 2010, 2009 and 2008 was \$5 million, \$7 million and \$6 million, respectively. We had 1.8 million, 0.7 million and 2.0 million, respectively, restricted stock awards vest in fiscal years 2010, 2009 and 2008, with a grant date fair value of \$30 million, \$11 million and \$24 million.

### Performance-Based Shares

In July 2003, our Compensation Committee began authorizing us to award performance-based shares of our Class A stock to certain senior executives. These awards are typically granted on the first business day of our fiscal year. The vesting of the performance-based shares is generally over three years and each award is subject to the attainment of goals determined by the Compensation Committee prior to the date of the award. We review progress toward the attainment of goals each quarter during the vesting period. However, the attainment of goals can be determined only at the end of the vesting period. If the shares vest, the ultimate cost will be equal to the Class A stock price on the date the shares vest multiplied by the number of shares awarded for all performance grants with other than market criteria. For grants with market performance criteria, the ultimate expense will be the fair value of the probable shares to vest regardless if the shares actually vest. Total expense recorded related to performance-based shares was not material for fiscal 2010, 2009 and 2008.

## NOTE 15: PENSIONS AND OTHER POSTRETIREMENT BENEFITS

At October 2, 2010, we had four noncontributory defined benefit pension plans consisting of three funded qualified plans and one unfunded non-qualified plan. All three of our qualified plans are frozen and provide benefits based on a formula using years of service and a specified benefit rate. Effective January 1, 2004, we implemented a non-qualified defined benefit plan for certain contracted officers that uses a formula based on years of service and final average salary. We also have other postretirement benefit plans for which substantially all of our employees may receive benefits if they satisfy applicable eligibility criteria. The postretirement healthcare plans are contributory with participants' contributions adjusted when deemed necessary.

We have defined contribution retirement and incentive benefit programs for various groups of employees. We recognized expenses of \$48 million, \$49 million and \$48 million in fiscal 2010, 2009 and 2008, respectively.

We use a fiscal year end measurement date for our defined benefit plans and other postretirement plans. We generally recognize the effect of actuarial gains and losses into earnings immediately for other postretirement plans rather than amortizing the effect over future periods.

Other postretirement benefits include postretirement medical costs and life insurance.

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### Benefit Obligations And Funded Status

The following table provides a reconciliation of the changes in the plans' benefit obligations, assets and funded status at October 2, 2010, and October 3, 2009:

	in millions					
	Pension Benefits				Other Postretirement	
	Qualified		Non-Qualified		Benefits	
	2010	2009	2010	2009	2010	2009
Change in benefit obligation						
Benefit obligation at beginning of year	\$89	\$90	\$38	\$32	\$46	\$47
Service cost	0	0	3	4	1	0
Interest cost	5	6	2	2	2	3
Plan participants' contributions	0	0	0	0	1	2
Actuarial loss	9	0	0	2	1	1
Benefits paid	(6)	(7)	(1)	(2)	(6)	(7)
Benefit obligation at end of year	97	89	42	38	45	46
Change in plan assets						
Fair value of plan assets at beginning of year	68	79	0	0	0	0
Actual return on plan assets	9	(5)	0	0	0	0
Employer contributions	3	1	1	2	5	5
Plan participants' contributions	0	0	0	0	1	2
Benefits paid	(6)	(7)	(1)	(2)	(6)	(7)
Fair value of plan assets at end of year	74	68	0	0	0	0
Funded status	\$(23)	\$(21)	\$(42)	\$(38)	\$(45)	\$(46)

Amounts recognized in the Consolidated Balance Sheets consist of:

	in millions					
	Pension Benefits				Other Postretirement	
	Qualified		Non-Qualified		Benefits	
	2010	2009	2010	2009	2010	2009
Accrued benefit liability	\$(23)	\$(21)	\$(42)	\$(38)	\$(45)	\$(46)
Accumulated other comprehensive (income)/loss:						
Unrecognized actuarial loss	40	35	1	1	0	0
Unrecognized prior service (cost)/credit	0	0	3	4	(6)	(8)
Net amount recognized	\$17	\$14	\$(38)	\$(33)	\$(51)	\$(54)

At October 2, 2010, and October 3, 2009, all pension plans had an accumulated benefit obligation in excess of plan assets. The accumulated benefit obligation for all qualified pension plans was \$97 million and \$89 million at October 2, 2010, and October 3, 2009, respectively. Plans with accumulated benefit obligations in excess of plan assets are as follows:

	in millions			
	Pension Benefits			
	Qualified		Non-Qualified	
	2010	2009	2010	2009
Projected benefit obligation	\$ 97	\$ 89	\$ 42	\$ 38
Accumulated benefit obligation	97	89	41	37
Fair value of plan assets	74	68	0	0

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### Net Periodic Benefit Cost

Components of net periodic benefit cost for pension and postretirement benefit plans recognized in the Consolidated Statements of Income are as follows:

	in millions								
	Pension Benefits						Other Postretirement Benefits		
	Qualified			Non-Qualified					
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Service cost	\$0	\$0	\$0	\$3	\$4	\$3	\$1	\$0	\$1
Interest cost	5	6	6	2	2	2	2	3	3
Expected return on plan assets	(6)	(7)	(7)	0	0	0	0	0	0
Amortization of prior service cost	0	0	0	1	1	1	(1)	0	(1)
Recognized actuarial loss, net	1	1	1	0	0	0	0	1	1
Net periodic benefit cost	\$0	\$0	\$0	\$6	\$7	\$6	\$2	\$4	\$4

### Assumptions

Weighted average assumptions are as follows:

	Pension Benefits						Other Postretirement Benefits		
	Qualified			Non-Qualified					
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Discount rate to determine net periodic benefit cost	6.00%	6.33%	5.88%	6.00%	6.50%	6.25%	5.71%	6.50%	6.25%
Discount rate to determine benefit obligations	5.06%	6.00%	6.33%	5.50%	6.00%	6.50%	4.50%	5.71%	6.50%
Rate of compensation increase	N/A	N/A	N/A	3.50%	3.50%	3.50%	N/A	N/A	N/A
Expected return on plan assets	7.80%	8.00%	8.02%	N/A	N/A	N/A	N/A	N/A	N/A

To determine the rate-of-return on assets assumption, we first examined historical rates of return for the various asset classes. We then determined a long-term projected rate-of-return based on expected returns over the next five to 10 years.

Our discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. These were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate.

We have three postretirement health plans. Two of these consist of fixed, annual payments and account for \$31 million of the postretirement medical obligation at October 2, 2010. A healthcare cost trend is not required to determine this obligation. The remaining plan accounts for \$14 million of the postretirement medical obligation at October 2, 2010. The plan covers retirees who do not yet qualify for Medicare and uses a healthcare cost trend of 7% in the current year, grading down to 6% in fiscal 2012. A one-percentage point change in assumed healthcare cost trend rate would have an immaterial impact on the postretirement benefit obligation and total service and interest cost.

### Plan Assets

The fair value of plan assets for domestic pension benefit plans was \$59 million and \$54 million as of October 2, 2010, and October 3, 2009, respectively. The following table sets forth the actual and target asset allocation for pension plan assets:

			Target Asset
	2010	2009	Allocation
Cash	0.3%	0.2%	1.0%
Fixed income securities	18.5	19.7	19.0
US Stock Funds	44.6	43.2	45.0
International Stock Funds	19.9	20.2	20.0
Real Estate	5.0	4.7	5.0
Alternatives	11.7	12.0	10.0
Total	100.0%	100.0%	100.0%

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A foreign subsidiary pension plan had \$15 million and \$14 million in plan assets at October 2, 2010, and October 3, 2009, respectively. All of this plan's assets are held in an insurance contract consistent with its target asset allocation.

The Plan Trustees have established a set of investment objectives related to the assets of the pension plans and regularly monitor the performance of the funds and portfolio managers. Objectives for the pension assets are (1) to provide growth of capital and income, (2) to achieve a target weighted average annual rate of return competitive with other funds with similar investment objectives and (3) to diversify to reduce risk. The investment objectives and target asset allocation were adopted in January 2004 and amended in November 2008. Alternative investments may include, but not limited to, hedge funds, private equity funds and fixed income funds.

The following table shows the categories of pension plan assets and the level under which fair values were determined in the fair value hierarchy, which is described in Note 12: Fair Value Measurements.

	in millions			
	October 2, 2010			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$0	\$0	\$0	\$0
Fixed Income Securities Bond Fund (a)	11	0	0	11
Equity Securities:				
U.S. stock funds (a)	26	0	0	26
International stock funds (a)	12	0	0	12
Global real estate funds (a)	3	0	0	3
Total equity securities	41	0	0	41
Other Investments - Alternatives (b)	0	0	7	7
Total fair value	52	0	7	59
Insurance Contract at Contract Value	0	0	15	15
Total plan assets	\$52	\$0	\$22	\$74

(a) Valued using quoted market prices in active markets.

(b) Valued using plan's own assumptions about the assumptions market participants would use in pricing the assets based on the best information available, such as investment manager pricing.

A reconciliation of the change in the fair value measurement of the defined benefit plans' consolidated assets using significant unobservable inputs (Level 3) is as follows (in millions):

	Alternative funds	Insurance contract	Total
Balance at October 3, 2009	\$7	\$14	\$21
Actual return on plan assets:			
Assets still held at reporting date	0	1	1
Assets sold during the period	0	0	0
Purchases, sales and settlements, net	0	0	0
Transfers in and/or out of Level 3	0	0	0
Balance at October 2, 2010	\$7	\$15	\$22

We believe there are no significant concentrations of risk within our plan assets as of October 2, 2010.

### Contributions

Our policy is to fund at least the minimum contribution required to meet applicable federal employee benefit and local tax laws. In our sole discretion, we may from time to time fund additional amounts. Expected contributions to pension plans for fiscal 2011 are approximately \$7 million. For fiscal 2010, 2009 and 2008, we funded \$4 million, \$2 million and \$2 million, respectively, to defined benefit plans.

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### Estimated Future Benefit Payments

The following benefit payments are expected to be paid:

	in millions		
	Pension Benefits		Other Postretirement Benefits
	Qualified	Non-Qualified	
2011	\$9	\$2	\$7
2012	8	2	6
2013	7	2	4
2014	7	2	4
2015	7	3	4
2016-2020	29	18	17

The above benefit payments for other postretirement benefit plans are not expected to be offset by Medicare Part D subsidies in 2011 or thereafter.

### NOTE 16: SUPPLEMENTAL CASH FLOW INFORMATION

The following table summarizes cash payments for interest and income taxes:

	in millions		
	2010	2009	2008
Interest	\$302	\$333	\$211
Income taxes, net of refunds	470	35	51

### NOTE 17: TRANSACTIONS WITH RELATED PARTIES

We have operating leases for farms, equipment and other facilities with Don Tyson, a director of the Company, John Tyson, Chairman of the Company, certain members of their families and the Randal W. Tyson Testamentary Trust. Total payments of \$2 million in fiscal 2010, \$3 million in fiscal 2009 and \$3 million in fiscal 2008, were paid to entities in which these parties had an ownership interest.

In 2008, a lawsuit captioned In re Tyson Foods, Inc. Consolidated Shareholder's Litigation was settled. Pursuant to the settlement, Don Tyson and the Tyson Limited Partnership paid us \$4.5 million.

### NOTE 18: INCOME TAXES

Detail of the provision for income taxes from continuing operations consists of the following:

	in millions		
	2010	2009	2008
Federal	\$374	\$7	\$56
State	44	(4)	8
Foreign	20	4	4
	\$438	\$7	\$68
Current	\$420	\$40	\$33
Deferred	18	(33)	35
	\$438	\$7	\$68

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The reasons for the difference between the statutory federal income tax rate and our effective income tax rate from continuing operations are as follows:

	2010	2009	2008
Federal income tax rate	35.0%	35.0%	35.0%
State income taxes, excluding unrecognized tax benefits	3.4	0.1	2.0
Unrecognized tax benefits, net	(1.4)	(0.3)	4.4
Goodwill impairment	0.9	(36.1)	0.0
General business credits	(0.7)	2.2	(3.8)
Domestic production deduction	(2.0)	0.5	(2.2)
Company-owned life insurance	(0.2)	(0.3)	3.8
Change in state valuation allowance	(1.0)	0.0	5.0
Change in foreign valuation allowance	0.8	(3.8)	0.0
Tax planning in foreign jurisdictions	0.0	1.7	0.0
Other	1.6	(0.5)	0.4
	36.4%	(1.5)%	44.6%

During fiscal 2010, tax expense was impacted by the domestic production deduction, reduction in unrecognized tax benefits and reduction in state valuation allowance, which decreased tax expense by \$24 million, \$16 million and \$13 million, respectively. The goodwill impairment is not deductible for income tax purposes and negatively impacted the effective income tax rate by 0.9%.

The fiscal 2009 goodwill impairment is not deductible for income tax purposes and negatively impacted our effective income tax rate by 36.1%. During fiscal 2009, our tax expense was impacted by an increase in foreign valuation allowance which increased tax expense by \$21 million, estimated general business credits which decreased tax expense by \$12 million, and tax planning in foreign jurisdictions which decreased tax expense by \$9 million.

During fiscal 2008, an increase in the state valuation allowance increased tax expense by \$8 million, while non-deductible activity relating to company-owned life insurance increased tax expense by \$6 million. The addition of unrecognized tax benefits in fiscal 2008 caused a net increase to income tax expense of \$7 million. Additionally, estimated general business credits decreased fiscal 2008 tax expense by \$6 million.

We recognize deferred income taxes for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The tax effects of major items recorded as deferred tax assets and liabilities are as follows:

	in millions			
	2010		2009	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	\$0	\$347	\$0	\$339
Suspended taxes from conversion to accrual method	0	86	0	91
Intangible assets	0	34	0	34
Inventory	9	85	19	76
Accrued expenses	202	0	197	0
Net operating loss and other carryforwards	97	0	103	0
Note hedge transactions and convertible debt premium	24	23	30	29
Insurance reserves	20	0	22	0
Other	84	67	68	74
	\$436	\$642	\$439	\$643
Valuation allowance	\$(96)		\$(75)	
Net deferred tax liability		\$302		\$279

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We record deferred tax amounts in Other Current Assets and in Deferred Income Taxes on the Consolidated Balance Sheets.

The deferred tax liability for suspended taxes from conversion to accrual method represents the 1987 change from the cash to accrual method of accounting and will be recognized by 2027.

At October 2, 2010, our gross state tax net operating loss carryforwards approximated \$787 million and expire in fiscal years 2011 through 2029. Gross foreign net operating loss carryforwards approximated \$144 million, of which \$53 million expire in fiscal years 2011 through 2019, and the remainder has no expiration.

We have accumulated undistributed earnings of foreign subsidiaries aggregating approximately \$260 million and \$220 million at October 2, 2010, and October 3, 2009, respectively. These earnings are expected to be indefinitely reinvested outside of the United States. If those earnings were distributed in the form of dividends or otherwise, we would be subject to federal income taxes (subject to an adjustment for foreign tax credits), state income taxes and withholding taxes payable to the various foreign countries. It is not currently practicable to estimate the tax liability that might be payable on the repatriation of these foreign earnings.

The following table summarizes the activity related to our gross unrecognized tax benefits at October 2, 2010, October 3, 2009, and September 27, 2008:

	in millions		
	2010	2009	2008
Balance as of the beginning of the year	\$233	\$220	\$210
Increases related to current year tax positions	4	7	23
Increases related to prior year tax positions	11	60	36
Reductions related to prior year tax positions	(35)	(21)	(28)
Reductions related to settlements	(25)	(25)	(14)
Reductions related to expirations of statute of limitations	(4)	(8)	(7)
Balance as of the end of the year	\$184	\$233	\$220

The amount of unrecognized tax benefits, if recognized, that would impact our effective tax rate was \$150 million and \$104 million at October 2, 2010, and October 3, 2009, respectively. This increase is primarily the result of the first quarter adoption of new accounting guidance related to business combinations. We classify interest and penalties on unrecognized tax benefits as income tax expense. At October 2, 2010, and October 3, 2009, before tax benefits, we had \$64 million and \$71 million, respectively, of accrued interest and penalties on unrecognized tax benefits.

As of October 2, 2010, we are subject to income tax examinations for U.S. federal income taxes for fiscal years 1998 through 2009, and for foreign, state and local income taxes for fiscal years 2001 through 2009. During fiscal 2011, tax audit resolutions could potentially reduce our unrecognized tax benefits by approximately \$15 million, either because tax positions are sustained on audit or because we agree to their disallowance.

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### NOTE 19: EARNINGS (LOSS) PER SHARE

The earnings and weighted average common shares used in the computation of basic and diluted earnings (loss) per share are as follows:

	in millions, except per share data		
	2010	2009	2008
Numerator:			
Income (loss) from continuing operations	\$765	\$(550)	\$86
Less: Net loss attributable to noncontrolling interest	(15)	(4)	0
Income (loss) from continuing operations attributable to Tyson	780	(546)	86
Less Dividends:			
Class A (\$0.16/share)	49	50	46
Class B (\$0.144/share)	10	10	10
Undistributed earnings (losses)	721	(606)	30
Class A undistributed earnings (losses)	597	(501)	25
Class B undistributed earnings (losses)	124	(105)	5
Total undistributed earnings (losses)	\$721	\$(606)	\$30
Denominator:			
Denominator for basic earnings (loss) per share:			
Class A weighted average shares	303	302	281
Class B weighted average shares, and shares under if-converted method for diluted earnings per share	70	70	70
Effect of dilutive securities:			
Stock options and restricted stock	6	0	5
Convertible 2013 Notes	0	0	0
Denominator for diluted earnings (loss) per share – adjusted weighted average shares and assumed conversions	379	372	356
Earnings (Loss) Per Share from Continuing Operations Attributable to Tyson:			
Class A Basic	\$2.13	\$(1.49)	\$0.25
Class B Basic	\$1.91	\$(1.35)	\$0.22
Diluted	\$2.06	\$(1.47)	\$0.24
Net Earnings (Loss) Per Share Attributable to Tyson:			
Class A Basic	\$2.13	\$(1.49)	\$0.25
Class B Basic	\$1.91	\$(1.35)	\$0.22
Diluted	\$2.06	\$(1.47)	\$0.24

Approximately 5 million, 24 million and 10 million, respectively, in fiscal years 2010, 2009 and 2008, of our stock-based compensation shares were antidilutive and were not included in the dilutive earnings per share calculation.

We have two classes of capital stock, Class A stock and Class B stock. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of cash dividends paid to holders of Class B stock cannot exceed 90% of the cash dividend paid to holders of Class A stock.

We allocate undistributed earnings (losses) based upon a 1 to 0.9 ratio per share of Class A stock and Class B stock, respectively. We allocate undistributed earnings (losses) based on this ratio due to historical dividend patterns, voting control of Class B shareholders and contractual limitations of dividends to Class B stock.

### NOTE 20: SEGMENT REPORTING

We operate in four segments: Chicken, Beef, Pork and Prepared Foods. We measure segment profit as operating income (loss).

**Chicken:** Chicken operations include breeding and raising chickens, as well as processing live chickens into fresh, frozen and value-added chicken products and logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. It also includes sales from allied products and our chicken breeding stock subsidiary.

**Beef:** Beef operations include processing live fed cattle and fabricating dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. This segment also includes sales from allied products such as hides and variety meats, as well as logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. Allied products are marketed to manufacturers of pharmaceuticals and technical products.

**Pork:** Pork operations include processing live market hogs and fabricating pork carcasses into primal and sub-primal cuts and case-ready products. This segment also includes our live swine group, related allied product processing activities and logistics operations to move products through the supply chain. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets. We sell allied products to pharmaceutical and technical products manufacturers, as well as a limited number of live swine to pork processors.

**Prepared Foods:** Prepared Foods operations include manufacturing and marketing frozen and refrigerated food products and logistics operations to move products through the supply chain. Products include pepperoni, bacon, beef and pork pizza toppings, pizza crusts, flour and corn tortilla products, appetizers, prepared meals, ethnic foods, soups, sauces, side dishes, meat dishes and processed meats. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators and noncommercial foodservice establishments such as schools, hotel chains, healthcare facilities, the military and other food processors, as well as to international markets.

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						in millions	
	Prepared					Intersegment	
	Chicken	Beef	Pork	Foods	Other	Sales	Consolidated
<b>Fiscal year ended October 2, 2010</b>							
Sales	\$10,062	\$11,707	\$4,552	\$2,999	\$0	\$(890)	\$28,430
Operating Income (Loss)	519	542	381	124	(10)		1,556
Total Other (Income) Expense							353
Income (Loss) from Continuing Operations before Income Taxes							1,203
Depreciation	251	82	27	56	0		416
Total Assets	5,031	2,468	845	940	1,468		10,752
Additions to property, plant and equipment	320	61	27	42	100		550
<b>Fiscal year ended October 3, 2009</b>							
Sales	\$9,660	\$10,937	\$3,875	\$2,836	\$0	\$(604)	\$26,704
Operating Income (Loss)	(157)	(346)	160	133	(5)		(215)
Total Other (Income) Expense							328
Income (Loss) from Continuing Operations before Income Taxes							(543)
Depreciation	252	103	36	54	0		445
Total Assets	4,927	2,277	840	905	1,646		10,595
Additions to property, plant and equipment	174	39	18	58	79		368
<b>Fiscal year ended September 27, 2008</b>							
Sales	\$8,900	\$11,806	\$4,104	\$2,711	\$0	\$(659)	\$26,862
Operating Income (Loss)	(118)	106	280	63	0		331
Total Other (Income) Expense							177
Income (Loss) from Continuing Operations before Income Taxes							154
Depreciation (a)	244	117	31	67	0		459
Total Assets (b)	4,990	3,169	898	971	663		10,691
Additions to property, plant and equipment (c)	258	83	21	46	15		423

a) Excludes depreciation related to discontinued operation of \$9 million for fiscal year 2008.

b) Excludes assets held for sale related to discontinued operation of \$159 million for fiscal year 2008.

c) Excludes additions to property, plant and equipment related to discontinued operation of \$2 million for fiscal year 2008.

We allocate expenses related to corporate activities to the segments, while the related assets and additions to property, plant and equipment remain in Other.

The Pork segment had sales of \$718 million, \$449 million and \$517 million for fiscal years 2010, 2009 and 2008, respectively, from transactions with other operating segments. The Beef segment had sales of \$172 million, \$155 million and \$142 million for fiscal years 2010, 2009 and 2008, respectively, from transactions with other operating segments. Beginning in fiscal 2010, we modified the presentation of our segment sales for all periods presented above to include the impact of intersegment sales, which were at market prices.

Our largest customer, Wal-Mart Stores, Inc., accounted for 13.4%, 13.8% and 13.3% of consolidated sales in fiscal years 2010, 2009 and 2008, respectively. Sales to Wal-Mart Stores, Inc. were included in the Chicken, Beef, Pork and Prepared Foods segments. Any extended discontinuance of sales to this customer could, if not replaced, have a material impact on our operations.

The majority of our operations are domiciled in the United States. Approximately 96%, 97% and 98% of sales to external customers for fiscal 2010, 2009 and 2008, respectively, were sourced from the United States. Approximately \$3.3 billion, \$3.2 billion and \$3.4 billion, respectively, of property, plant and equipment were located in the United States at October 2, 2010, October 3, 2009, and September 27, 2008.

Approximately \$364 million, \$329 million and \$139 million of property, plant and equipment were located in foreign countries, primarily Brazil, China, Mexico and India, at fiscal years ended 2010, 2009 and 2008, respectively.

We sell certain products in foreign markets, primarily Canada, Central America, China, the European Union, Japan, Mexico, the Middle East, Russia, South Korea, Taiwan and Vietnam. Our export sales totaled \$3.2 billion, \$2.7 billion and \$3.2 billion for fiscal 2010, 2009 and 2008, respectively. Substantially all of our export sales are facilitated through unaffiliated brokers, marketing associations and foreign sales staffs. Foreign sales, which are sales of products produced in a country other than the United States, were less than 10% of consolidated sales for each of fiscal 2010, 2009 and 2008. Approximately \$55 million of loss, \$14 million of loss and \$34 million of income from continuing operations before income taxes for fiscal 2010, 2009 and 2008, respectively, was from foreign operations, all of which was included in the Chicken segment.

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### NOTE 21: QUARTERLY FINANCIAL DATA (UNAUDITED)

	in millions, except per share data			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>2010</b>				
Sales	\$6,635	\$6,916	\$7,438	\$7,441
Gross profit	529	564	752	669
Operating income	314	344	507	391
Net income	159	156	242	208
Net income attributable to Tyson	160	159	248	213
Net earnings per share attributable to Tyson:				
Class A Basic	\$0.44	\$0.43	\$0.68	\$0.58
Class B Basic	\$0.39	\$0.39	\$0.61	\$0.52
Diluted	\$0.42	\$0.42	\$0.65	\$0.57
<b>2009</b>				
Sales	\$6,521	\$6,307	\$6,662	\$7,214
Gross profit	18	253	470	462
Operating income (loss)	(198)	29	276	(322)
Income (loss) from continuing operations	(110)	(105)	123	(458)
Income (loss) from discontinued operation	6	(14)	7	0
Net income (loss)	(104)	(119)	130	(458)
Net income (loss) attributable to Tyson	(102)	(119)	131	(457)
Earnings (loss) per share from continuing operations attributable to Tyson:				
Class A Basic	\$(0.29)	\$(0.29)	\$0.34	\$(1.25)
Class B Basic	\$(0.27)	\$(0.26)	\$0.30	\$(1.12)
Diluted	\$(0.29)	\$(0.28)	\$0.33	\$(1.23)
Earnings (loss) per share from discontinued operation attributable to Tyson:				
Class A Basic	\$0.02	\$(0.04)	\$0.02	\$0.00
Class B Basic	\$0.02	\$(0.04)	\$0.02	\$0.00
Diluted	\$0.02	\$(0.04)	\$0.02	\$0.00
Net earnings (loss) per share attributable to Tyson:				
Class A Basic	\$(0.27)	\$(0.33)	\$0.36	\$(1.25)
Class B Basic	\$(0.25)	\$(0.30)	\$0.32	\$(1.12)
Diluted	\$(0.27)	\$(0.32)	\$0.35	\$(1.23)

The fourth quarter of fiscal 2009 was a 14-week period, while the remaining quarters in the above table were 13-week periods.

Second quarter fiscal 2010 net income includes \$24 million of pretax charges related to losses on notes repurchased during the quarter. Third quarter fiscal 2010 operating income includes \$38 million of insurance proceeds received during the quarter and net income includes \$34 million of pretax charges related to losses on notes repurchased during the quarter and a \$12 million charge related to an equity method investment impairment. Fourth quarter fiscal 2010 operating income includes a \$29 million non-cash charge related to the full impairment of an immaterial Chicken segment reporting unit's goodwill.

Second quarter fiscal 2009 operating income included a \$15 million charge related to the closing of a prepared foods processed meats plant. Fourth quarter fiscal 2009 operating loss included a \$560 million non-cash charge related to the partial impairment of the Beef segment's goodwill.

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### NOTE 22: CAPITAL STRUCTURE

In September 2008, we issued 22.4 million shares of Class A stock as part of a public offering. The shares were offered at \$12.75. Net proceeds, after underwriting discounts and commissions, of approximately \$274 million were used toward the repayment of our borrowings under the accounts receivable securitization facility and for other general corporate purposes. An entity controlled by Don Tyson purchased three million shares of Class A stock in this offering.

### NOTE 23: CONTINGENCIES

We are involved in various claims and legal proceedings. We routinely assess the likelihood of adverse judgments or outcomes to those matters, as well as ranges of probable losses, to the extent losses are reasonably estimable. We record accruals for such matters to the extent that we conclude a loss is probable and the financial impact, should an adverse outcome occur, is reasonably estimable. Such accruals are reflected in the Company's Consolidated Financial Statements. In our opinion, we have made appropriate and adequate accruals for these matters and believe the probability of a material loss beyond the amounts accrued to be remote; however, the ultimate liability for these matters is uncertain, and if accruals are not adequate, an adverse outcome could have a material effect on the consolidated financial condition or results of operations. Listed below are certain claims made against the Company and/or our subsidiaries for which the potential exposure is considered material to the Company's Consolidated Financial Statements. We believe we have substantial defenses to the claims made and intend to vigorously defend these matters.

Several private lawsuits are pending against us alleging that we failed to compensate poultry plant employees for all hours worked, including overtime compensation, in violation of the FLSA. These lawsuits include *DeAsencio v. Tyson Foods, Inc. (DeAsencio)*, filed on August 22, 2000, in the U.S. District Court for the Eastern District of Pennsylvania. This matter involves similar allegations that employees should be paid for the time it takes to engage in pre- and post-shift activities such as changing into and out of protective and sanitary clothing, obtaining clothing and walking to and from the changing area, work areas and break areas. They seek back wages, liquidated damages, pre- and post-judgment interest, and attorneys' fees. Plaintiffs appealed a jury verdict and final judgment entered in our favor on June 22, 2006, in the U.S. District Court for the Eastern District of Pennsylvania. On September 7, 2007, the U.S. Court of Appeals for the Third Circuit reversed the jury verdict and remanded the case to the District Court for further proceedings. We sought rehearing en banc, which was denied by the Court of Appeals on October 5, 2007. The United States Supreme Court denied our petition for a writ of certiorari on June 9, 2008. The new trial date has not been set.

The other private lawsuits referred to above are *Sheila Ackles, et al. v. Tyson Foods, Inc. (N. Dist. Alabama, October 23, 2006)*; *McCluster, et al. v. Tyson Foods, Inc. (M. Dist. Georgia, December 11, 2006)*; *Dobbins, et al. v. Tyson Chicken, Inc., et al. (N.D. Alabama, December 21, 2006)*; *Buchanan, et al. v. Tyson Chicken, Inc., et al. and Potter, et al. v. Tyson Chicken, Inc., et al. (N.D. Alabama, December 22, 2006)*; *Jones, et al. v. Tyson Foods, Inc., et al., Walton, et al. v. Tyson Foods, Inc., et al. and Williams, et al. v. Tyson Foods, Inc., et al. (S.D. Mississippi, February 9, 2007)*; *Balch, et al. v. Tyson Foods, Inc. (E.D. Oklahoma, March 1, 2007)*; *Adams, et al. v. Tyson Foods, Inc. (W.D. Arkansas, March 2, 2007)*; *Atkins, et al. v. Tyson Foods, Inc. (M.D. Georgia, March 5, 2007)*; *Laney, et al. v. Tyson Foods, Inc. and Williams, et al. v. Tyson Foods, Inc. (M.D. Georgia, May 23, 2007) (the "Williams Case")*. Similar to *DeAsencio*, each of these matters involves allegations that employees should be paid for the time it takes to engage in pre- and post-shift activities such as changing into and out of protective and sanitary clothing, obtaining clothing and walking to and from the changing area, work areas and break areas. The plaintiffs in each of these lawsuits seek or have sought to act as class representatives on behalf of all current and former employees who were allegedly not paid for time worked and seek back wages, liquidated damages, pre- and post-judgment interest, and attorneys' fees. On April 6, 2007, we filed a motion for transfer of the above named actions for coordinated pretrial proceedings before the Judicial Panel on Multidistrict Litigation, which was granted on August 17, 2007. These cases and five other cases subsequently filed involving the same allegations, *Armstrong, et al. v. Tyson Foods, Inc. (W.D. Tennessee, January 30, 2008)*; *Maldonado, et al. v. Tyson Foods, Inc. (E.D. Tennessee, January 31, 2008)*; *White, et al. v. Tyson Foods, Inc. (E.D. Texas, February 1, 2008)*; *Meyer, et al. v. Tyson Foods, Inc. (W.D. Missouri, February 2, 2008)*; and *Leak, et al. v. Tyson Foods, Inc. (W.D. North Carolina, February 6, 2008)*, were transferred to the U.S. District Court in the Middle District of Georgia, In re: *Tyson Foods, Inc., Fair Labor Standards Act Litigation ("MDL Proceedings")*. On January 2, 2008, the Court issued a Joint Scheduling and Case Management Order. This order granted Conditional Class Certification and called for notice to be given to

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potential putative class members via a third party administrator. The potential class members had until April 18, 2008, to “opt-in” to the class. Approximately 13,800 employees and former employees filed their consents to “opt-in” to the class. On October 15, 2008, the Court denied the plaintiffs’ motion for equitable tolling, which, if granted, would have extended the time period in which the plaintiffs could have sought damages. However, in addition to the consents already obtained, the Court allowed the plaintiffs to obtain corrected and reaffirmed opt-in consents that were previously filed in the matter of *M.H. Fox, et al. v. Tyson Foods, Inc.* (N.D. Alabama, June 22, 1999). The deadline for filing these consents was December 31, 2008, and according to the third party administrator, approximately 4,000 reaffirmed consents were filed, some or all of which may be in addition to the approximately 13,800 consents filed previously. The parties have completed discovery at eight of our facilities and our corporate headquarters in Springdale, Arkansas. In July 2009 we filed class decertification motions for the eight facilities involved in discovery. We also filed Motions for Partial Summary Judgment for these eight facilities. Oral arguments for these motions occurred on February 3, 2010, and, on March 16, 2010, the Court granted partial summary judgment with respect to two unionized facilities and denied the remaining motions. The Court concluded that the activities at these two facilities met the definition of “clothes changing” under Section 203(o) of the FLSA and that the time engaged in pre- and post-shift donning and doffing is not compensable. The Court did not rule on whether Section 203(o) activity could begin the continuous work day, thereby making all walking, sanitizing and washing time after that activity compensable. We then filed a motion for certification of a permissive appeal on whether Section 203(o) activity can start the continuous workday and whether washing required clothing items is covered by Section 203(o). On April 23, 2010, the Court granted us permission to appeal these issues to the Eleventh Circuit Court of Appeals. The Court also retained jurisdiction with respect to the eight facilities while staying proceedings with respect to seven. It then scheduled trial in the Williams Case for October 12, 2010. On April 16, 2010, the Court lifted a previously entered stay of discovery with respect to our remaining 32 facilities subject to the MDL Proceedings and ordered the parties to meet, confer, and report to the Court any discovery agreements and disputed issues within 45 days. On June 7, 2010, the Court issued a scheduling order which set the close of discovery for the remaining 32 facilities for May 31, 2012. On September 22, 2010, the Court granted the parties’ joint motion to stay further proceedings in the MDL Proceedings, including the trial in the Williams case, in order to allow the parties an opportunity to explore settlement. The plaintiffs subsequently filed a motion to lift the stay, and the Court granted this motion on November 15, 2010. The trial in the Williams Case is now scheduled to begin on February 14, 2011.

We have pending eleven separate wage and hour actions involving TFM’s plants located in Lexington, Nebraska (*Lopez, et al. v. Tyson Foods, Inc.*, D. Nebraska, June 30, 2006), Garden City and Emporia, Kansas (*Garcia, et al. v. Tyson Foods, Inc., Tyson Fresh Meats, Inc.*, D. Kansas, May 15, 2006), Storm Lake, Iowa (*Bouaphakeo (f/k/a Sharp), et al. v. Tyson Foods, Inc.*, N.D. Iowa, February 6, 2007), Columbus Junction, Iowa (*Robinson, et al. v. Tyson Foods, Inc., d.b.a Tyson Fresh Meats, Inc.*, S.D. Iowa, September 12, 2007), Joslin, Illinois (*Murray, et al. v. Tyson Foods, Inc.*, C.D. Illinois, January 2, 2008), Dakota City, Nebraska (*Gomez, et al. v. Tyson Foods, Inc.*, D. Nebraska, January 16, 2008), Madison, Nebraska (*Acosta, et al. v Tyson Foods, Inc. d.b.a Tyson Fresh Meats, Inc.*, D. Nebraska, February 29, 2008), Perry and Waterloo, Iowa (*Edwards, et al. v. Tyson Foods, Inc. d.b.a Tyson Fresh Meats, Inc.*, S.D. Iowa, March 20, 2008); *Council Bluffs, Iowa (Maxwell (f/k/a Salazar), et al. v. Tyson Foods, Inc. d.b.a. Tyson Fresh Meats, Inc.*, S.D. Iowa, April 29, 2008); *Logansport, Indiana (Carter, et al. v. Tyson Foods, Inc. and Tyson Fresh Meats, Inc.*, N.D. Indiana, April 29, 2008); and *Goodlettsville, Tennessee (Abadeer v. Tyson Foods, Inc., and Tyson Fresh Meats, Inc.*, M.D. Tennessee, February 6, 2009). The actions allege we failed to pay employees for all hours worked, including overtime compensation for the time it takes to change into protective work uniforms, safety equipment and other sanitary and protective clothing worn by employees, and for walking to and from the changing area, work areas and break areas in violation of the FLSA and analogous state laws. The plaintiffs seek back wages, liquidated damages, pre- and post-judgment interest, attorneys’ fees and costs. Each case is proceeding in its jurisdiction. Trial in the Bouaphakeo case was originally set to begin on November 1, 2010 but was rescheduled for September 7, 2011.

We also have pending one wage and hour action involving our Tyson Prepared Foods plant located in Jefferson, Wisconsin (*Weissman, et al. v. Tyson Prepared Foods, Inc.*, (Jefferson County (Wisconsin) Circuit Court, October 20, 2010) The plaintiffs allege that employees should be paid for the time it takes to engage in pre- and post-shift activities such as changing into and out of protective and sanitary clothing and the associated time it takes to walk to and from their workstations post-donning and pre-doffing of protective and sanitary clothing. Six named plaintiffs seek to act as state law class representatives on behalf of all current and former employees who were allegedly not paid for time worked and seek back wages, liquidated damages, pre- and post-judgment interest, and attorneys’ fees and costs.

On June 19, 2005, the Attorney General and the Secretary of the Environment of the State of Oklahoma filed a complaint in the U.S. District Court for the Northern District of Oklahoma against us, three of our subsidiaries and six other poultry integrators. This complaint was subsequently amended. As amended, the complaint asserts a number of state and federal causes of action including, but not limited to, counts under Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), Resource Conservation and Recovery Act (“RCRA”), and state-law public nuisance theories. The amended complaint asserts that defendants and certain contract growers who are not named in the amended complaint polluted the surface waters, groundwater and associated drinking water supplies of the Illinois River Watershed (“IRW”) through the land application of poultry litter. Oklahoma asserts that this alleged pollution has also caused extensive injury to the environment (including soils and sediments) of the IRW and that the defendants have been unjustly enriched. Oklahoma’s claims cover the entire IRW, which encompasses more than one million acres of

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land and the natural resources (including lakes and waterways) contained therein. Oklahoma seeks wide-ranging relief, including injunctive relief, compensatory damages in excess of \$800 million, an unspecified amount in punitive damages and attorneys' fees. We and the other defendants have denied liability, asserted various defenses, and filed a third-party complaint that asserts claims against other persons and entities whose activities may have contributed to the pollution alleged in the amended complaint. The district court has stayed proceedings on the third party complaint pending resolution of Oklahoma's claims against the defendants. On October 31, 2008, the defendants filed a motion to dismiss for failure to join the Cherokee Nation as a required party or, in the alternative, for judgment as a matter of law based on the plaintiffs' lack of standing. This motion was granted in part and denied in part on July 22, 2009. In its ruling, the district court dismissed Oklahoma's claims for cost recovery and for natural resources damages under CERCLA and for unjust enrichment under Oklahoma common law. This ruling also narrowed the scope of Oklahoma's remaining claims by dismissing all damage claims under its causes of action for Oklahoma common law nuisance, federal common law nuisance, and Oklahoma common law trespass, leaving only its claims for injunctive relief for trial. On August 18, 2009, the Court granted partial summary judgment in favor of the defendants on Oklahoma's claims for violations of the Oklahoma Registered Poultry Feeding Operations Act. Oklahoma later voluntarily dismissed the remainder of this claim. On September 2, 2009, the Cherokee Nation filed a motion to intervene in the lawsuit. Their motion to intervene was denied on September 15, 2009, and the Cherokee Nation filed a notice of appeal of that ruling in the Tenth Circuit Court of Appeals on September 17, 2009. A non-jury trial of the case began on September 24, 2009. At the close of Oklahoma's case-in-chief, the Court granted the defendants' motions to dismiss claims based on RCRA, nuisance per se, and health risks related to bacteria. The defense rested its case on January 13, 2010, and closing arguments were held on February 11, 2010. On September 21, 2010, the Court of Appeals affirmed the district court's denial of the Cherokee Nation's motion to intervene. On October 6, 2010 the Cherokee Nation and the State of Oklahoma filed a petition for rehearing or *en banc* review seeking reconsideration of this ruling. The Court of Appeals denied this petition.

In September 2009, the National Water Commission ("CONAGUA"), an agency of the Mexican government's Ministry of the Environment and Natural Resources, sent an observation letter to our Mexican subsidiary, Tyson de Mexico ("TdM"), with respect to TdM's water usage at certain water wells that are part of its poultry production operations. This letter was in response to TdM's previous submission to CONAGUA of requested information relating to water usage from these wells from 2004 to 2007. In the observation letter, which contains an initial finding of facts, CONAGUA alleges that TdM may have failed to (i) report accurate water volume usage, (ii) install measuring equipment, (iii) provide evidence of water use exemptions, (iv) pay for applicable usage, and (v) properly measure water volume, all as required under water deeds held by TdM. On October 15, 2009, TdM responded to CONAGUA, denying the allegations as presented. On April 13, 2010, the regional CONAGUA office delivered its final determinations to TdM on this matter and claimed that TdM owed the agency approximately 55.9 million pesos (approximately US\$4.6 million) for certain water usage during the period in question. TdM has appealed the regional office's final determinations to the administrative courts of CONAGUA in Mexico City.

On May 8, 2008, a lawsuit was filed against the Company and two of our employees in the District Court of McCurtain County, Oklahoma styled *Armstrong, et al. v. Tyson Foods, Inc., et al.* (the "Armstrong Case"). The lawsuit was brought by a group of 52 poultry growers who allege that certain of our live production practices in Oklahoma constitute fraudulent inducement, fraud, unjust enrichment, negligence, gross negligence, unconscionability, violations of the Oklahoma Business Sales Act, Deceptive Trade Practice violations, violations of the Consumer Protection Act, and conversion, as well as other theories of recovery. The plaintiffs sought damages in an unspecified amount. On October 30, 2009, 20 additional growers represented by the same attorney filed a lawsuit against us in the same court asserting the same or similar claims, which is styled *Clardy, et al. v. Tyson Foods, Inc., et al.* (the "Clardy Case"). In both of these cases we have denied all allegations of wrongdoing. In June 2009, the plaintiffs in the Armstrong case requested an expedited trial date for a smaller group of plaintiffs they claimed were facing imminent financial peril. The Court ultimately severed a group of 10 plaintiffs from the Armstrong Case, and a trial began on March 15, 2010. There were numerous irregularities and rulings during the trial which we believe to have been legally erroneous and highly prejudicial to our right to a fair trial. On April 1, 2010, the jury returned a verdict against us and one of our employees, and on April 2, 2010, the jury returned a punitive damages verdict against us. After a dispute caused by inconsistencies between the multiple verdict forms completed by the jury and apparent confusion by the jury as to how to complete those verdict forms, the Court entered a final judgment in the amount of \$8,655,735. Subsequent to the trial, the presiding judge disqualified from the cases and the Oklahoma Supreme Court appointed a new judge to the cases. The Company filed post-trial motions challenging the verdict. Those motions were denied. The Company intends to appeal to overturn the verdict. We filed a motion with the trial court to change venue from McCurtain County on the grounds that the numerous irregularities that occurred during the trial, coupled with the attendant publicity, resulted in community bias which would prevent the Company from receiving a fair trial in McCurtain County. The trial court granted this motion and the case will be transferred to Choctaw County, Oklahoma. We filed another motion, which the trial court also granted, to stay all future trials of the claims of the plaintiffs in the Armstrong Case and the Clardy Case pending the outcome of the appeal of the first trial. We believe numerous and substantial legal errors were made by the Court during the trial and that a review of and guidance on these issues by the appellate court could have a substantial impact on the outcome of future trials in the Armstrong Case and the Clardy Case.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of  
Tyson Foods, Inc.

In our opinion, the accompanying consolidated balance sheet as of October 2, 2010 and the related consolidated statements of income, shareholders' equity and cash flows for the fiscal year then ended present fairly, in all material respects, the financial position of Tyson Foods, Inc. and its subsidiaries at October 2, 2010 and the results of their operations and their cash flows for the fiscal year ended October 2, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule for the fiscal year ended October 2, 2010 listed in the index appearing under Item 15(a) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 2, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for noncontrolling interests and the manner in which it accounts for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) in 2010.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Fayetteville, AR  
November 22, 2010

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
of Tyson Foods, Inc.

We have audited the accompanying consolidated balance sheet of Tyson Foods, Inc. as of October 3, 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the two years in the period ended October 3, 2009. Our audits also included the financial statement schedule for each of the two years ended October 3, 2009 listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tyson Foods, Inc. at October 3, 2009, and the consolidated results of its operations and its cash flows for each of the two years in the period ended October 3, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for each of the two years in the period ended October 3, 2009, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As described in Note 2 to the consolidated financial statements, the Company adopted guidance establishing accounting and reporting standards for a noncontrolling interest in a subsidiary and for convertible debt instruments in 2010. As reflected in the consolidated statements of shareholders' equity, the Company changed its method of accounting for uncertainty in income taxes in 2008.

/s/ Ernst & Young LLP

Rogers, Arkansas  
November 23, 2009, except for those matters  
described in Note 2 "Change in Accounting  
Principles" as it relates to the retrospective  
application of accounting principles adopted in  
2010, as to which the date is November 22, 2010

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### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

### ITEM 9A. CONTROLS AND PROCEDURES

#### Evaluation of Disclosure Controls and Procedures

An evaluation was performed, under the supervision and with the participation of management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the 1934 Act)). Based on that evaluation, management, including the CEO and CFO, has concluded that, as of October 2, 2010, our disclosure controls and procedures were effective.

#### Changes in Internal Control Over Financial Reporting

In the quarter ended October 2, 2010, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of October 2, 2010. In making this assessment, we used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on this evaluation under the framework in *Internal Control – Integrated Framework* issued by COSO, Management concluded the Company's internal control over financial reporting was effective as of October 2, 2010.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, who has audited the fiscal 2010 financial statements included in this Form 10-K has also audited the Company's internal control over financial reporting. Their report appears in Part II, Item 8.

### ITEM 9B. OTHER INFORMATION

Not applicable.

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### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See information set forth under the captions “Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the registrant’s definitive Proxy Statement for the registrant’s Annual Meeting of Shareholders to be held February 4, 2011 (the “Proxy Statement”), which information is incorporated herein by reference. Pursuant to general instruction G(3) of the instructions to Annual Report on Form 10-K, certain information concerning our executive officers is included under the caption “Executive Officers of the Company” in Part I of this Report.

We have a code of ethics as defined in Item 406 of Regulation S-K, which code applies to all of our directors and employees, including our principal executive officers, principal financial officer, principal accounting officer or controller, and persons performing similar functions. This code of ethics, titled “Tyson Foods, Inc. Code of Conduct,” is available, free of charge on our website at <http://ir.tyson.com>.

#### ITEM 11. EXECUTIVE COMPENSATION

See the information set forth under the captions “Executive Compensation,” “Director Compensation For Fiscal 2010” and “Compensation Committee Interlocks and Insider Participation” in the Proxy Statement, which information is incorporated herein by reference. However, pursuant to Instructions to Item 407(e)(5) of the Securities and Exchange Commission Regulation S-K, the material appearing under the sub-heading “Report of the Compensation Committee” shall not be deemed to be “filed” with the Commission, other than as provided in this Item 11.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the information included under the captions “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” in the Proxy Statement, which information is incorporated herein by reference.

#### Securities Authorized for Issuance Under Equity Compensation Plans

The following information reflects certain information about our equity compensation plans as of October 2, 2010:

	Equity Compensation Plan Information		
	(a)	(b)	(c)
	Number of Securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans (excluding Securities reflected in column (a))
Equity compensation plans approved by security holders	19,308,139	\$12.71	33,442,431
Equity compensation plans not approved by security holders	-	-	-
Total	19,308,139	\$12.71	33,442,431

This table does not include 65,773 options, with a weighted-average exercise price of \$10.56, which were assumed in connection with the acquisition of IBP, inc. in 2001.

- a) Outstanding options granted by the Company
- b) Weighted average price of outstanding options
- c) Shares available for future issuance as of October 2, 2010, under the Stock Incentive Plan (18,455,244), the Employee Stock Purchase Plan (7,332,331) and the Retirement Savings Plan (7,654,856)

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### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

See the information included under the captions “Election of Directors” and “Certain Transactions” in the Proxy Statement, which information is incorporated herein by reference.

### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

See the information included under the captions “Audit Fees,” “Audit-Related Fees,” “Tax Fees” and “All Other Fees” in the Proxy Statement, which information is incorporated herein by reference.

## **PART IV**

### **ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as a part of this report:

- Consolidated Statements of Income  
for the three years ended October 2, 2010
- Consolidated Balance Sheets at  
October 2, 2010, and October 3, 2009
- Consolidated Statements of Shareholders’ Equity  
for the three years ended October 2, 2010
- Consolidated Statements of Cash Flows  
for the three years ended October 2, 2010
- Notes to Consolidated Financial Statements
- Reports of Independent Registered Public Accounting Firms

- Financial Statement Schedule - Schedule II Valuation and Qualifying  
Accounts for the three years ended October 2, 2010

All other schedules are omitted because they are neither applicable nor required.

The exhibits filed with this report are listed in the Exhibit Index at the end of Item 15.

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### EXHIBIT INDEX

#### Exhibit No.

- 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. 001-14704, and incorporated herein by reference).
- 3.2 Fourth Amended and Restated By-laws of the Company (previously filed as Exhibit 3.2 to the Company's Current Report on Form 8-K filed September 28, 2007, Commission File No. 001-14704, and incorporated herein by reference).
- 4.1 Indenture dated June 1, 1995 between the Company and The Chase Manhattan Bank, N.A., as Trustee (the "Company Indenture") (previously filed as Exhibit 4 to Registration Statement on Form S-3, filed with the Commission on December 18, 1997, Registration No. 333-42525, and incorporated herein by reference).
- 4.2 Form of 7.0% Note due January 15, 2028 issued under the Company Indenture (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 001-14704, and incorporated herein by reference).
- 4.3 Form of 7.0% Note due May 1, 2018 issued under the Company Indenture (previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 1998, Commission File No. 001-14704, and incorporated herein by reference).
- 4.4 Supplemental Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee, dated as of October 2, 2001, supplementing the Company Indenture, together with form of 8.250% Note (previously filed as Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2001, Commission File No. 001-14704, and incorporated herein by reference).
- 4.5 Form of 6.60% Senior Notes due April 1, 2016 issued under the Company Indenture (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 22, 2006, Commission File No. 001-14704, and incorporated herein by reference).
- 4.6 Supplemental Indenture among the Company, Tyson Fresh Meats, Inc. and JPMorgan Chase Bank, National Association, dated as of September 18, 2006, supplementing the Company Indenture (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 19, 2006, Commission File No. 001-14704, and incorporated herein by reference).
- 4.7 Supplemental Indenture dated as of September 15, 2008, between the Company and The Bank of New York Mellon Trust Company, National Association (as successor to JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank, N.A.)), as Trustee (including the form of 3.25% Convertible Senior Notes due 2013), supplementing the Company Indenture (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 4.8 Indenture, dated March 9, 2009, among the Company, the Subsidiary Guarantors (as defined therein) and The Bank of New York Mellon Trust Company, N.A., as Trustee (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 10, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 4.9 Form of 10.50% Senior Note due 2014 (previously filed as Exhibit 4.2 and included in Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 10, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.1 Credit Agreement, dated March 9, 2009, among the Company, JPMorgan Chase Bank, N.A., as the Administrative Agent, J.P. Morgan Securities Inc., Banc of America Securities LLC, Barclays Capital, Wachovia Capital Markets, LLC and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Joint Bookrunners and Joint Lead Arrangers, Bank of America, N.A. and Barclays Capital, as Co-Syndication Agents and Wachovia Bank, National Association and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as Co Documentation Agents and certain other lenders party thereto (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 10, 2009, Commission File No. 001-14704, and incorporated herein by reference).

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- 10.2 Amendment, dated January 12, 2010, to the Credit Agreement dated March 9, 2009, among the Company, JPMorgan Chase Bank, N.A., as the Administrative Agent, and certain other lenders party thereto (previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2010, Commission File No. 001-14704, and incorporated herein by reference).
- 10.3 Convertible note hedge transaction confirmation, dated as of September 9, 2008, by and between JPMorgan Chase Bank, National Association and the Company (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.4 Warrant transaction confirmation, dated as of September 9, 2008, by and between JPMorgan Chase Bank, National Association and the Company (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.5 Letter Agreement, dated as of September 9, 2008, by and between JPMorgan Chase Bank, National Association and the Company (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.6 Convertible note hedge transaction confirmation, dated as of September 9, 2008, by and between Merrill Lynch Financial Markets, Inc. and the Company (previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.7 Warrant transaction confirmation, dated as of September 9, 2008, by and between Merrill Lynch Financial Markets, Inc. and the Company (previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.8 Letter Agreement, dated as September 9, 2008, by and between Merrill Lynch Financial Markets, Inc. and the Company (previously filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed September 15, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.9 Executive Employment Agreement, dated June 5, 2009, by and between the Company and Leland E. Tollett (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed June 5, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.10 Employment Agreement, dated October 5, 2009, by and between the Company and Craig J. Hart (previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.11 Senior Advisor Agreement, dated July 30, 2004, by and between Don Tyson and the Company (previously filed as Exhibit 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2004, Commission File No. 001-14704, and incorporated herein by reference).
- 10.12 First Amendment, dated October 3, 2010, to the Senior Advisor Agreement, dated July 30, 2004, by and between Don Tyson and the Company.
- 10.13 Employment Agreement, dated December 16, 2009, by and between the Company and Donnie Smith (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 18, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.14 Employment Agreement, dated December 16, 2009, by and between the Company and James V. Lochner (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed December 18, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.15 Employment Agreement, dated August 10, 2009, by and between the Company and Donnie Smith (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 14, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.16 Executive Employment Agreement, dated May 21, 2008, by and between the Company and David L. Van Bebber (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 28, 2008, Commission File No. 001-14704, and incorporated herein by reference).

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- 10.17 Executive Employment Agreement, dated June 6, 2008, by and between the Company and Dennis Leatherby (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 11, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.18 Executive Employment Agreement, dated December 1, 2008, by and between the Company and Jeffrey D. Webster (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.19 Employment Agreement, dated October 5, 2009, by and between the Company and Kenneth J. Kimbro (previously filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.20 Employment Agreement, dated December 9, 2009, by and between the Company and Donnie King (previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2010, Commission File No. 001-14704, and incorporated herein by reference).
- 10.21 Employment Agreement, dated December 21, 2009, by and between the Company and Noel White (previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2010, Commission File No. 001-14704, and incorporated herein by reference).
- 10.22 Agreement, dated as of October 3, 2010, between the Company and John Tyson.
- 10.23 Indemnity Agreement, dated as of September 28, 2007, between the Company and John Tyson (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 28, 2007, Commission File No. 001-14704, and incorporated herein by reference).
- 10.24 Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain executive officers (previously filed as Exhibit 10(t) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995, Commission File No. 0-3400, and incorporated herein by reference).
- 10.25 Tyson Foods, Inc. Annual Incentive Compensation Plan for Senior Executives adopted February 4, 2005, and reapproved February 5, 2010 (previously filed as Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2005, Commission File No. 001-14704, and incorporated herein by reference).
- 10.26 Tyson Foods, Inc. Restricted Stock Bonus Plan, effective August 21, 1989, as amended and restated on April 15, 1994; and Amendment to Restricted Stock Bonus Plan effective November 18, 1994 (previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference).
- 10.27 Amended and Restated Tyson Foods, Inc. Employee Stock Purchase Plan, effective as of October 1, 2008 (previously filed as Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.28 First Amendment to the Tyson Foods, Inc. Employee Stock Purchase Plan, effective December 27, 2009 (previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.29 Restated Executive Savings Plan of Tyson Foods, Inc. effective January 1, 2009 (previously filed as Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.30 First Amendment to Executive Savings Plan of Tyson Foods, Inc. effective January 1, 2009 (previously filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).

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- 10.31 Second Amendment to Executive Savings Plan of Tyson Foods, Inc. effective May 1, 2010.
- 10.32 Amended and Restated Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 19, 2004, First Amendment to the Amended and Restated Tyson Foods, Inc. 2000 Stock Incentive Plan effective February 2, 2007, and Second Amendment to the Amended and Restated Tyson Foods, Inc. 2000 Stock Incentive Plan effective August 13, 2007 (previously filed as Exhibit 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.33 Third Amendment to the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 20, 2009 (previously filed as Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.34 IBP 1996 Stock Option Plan (previously filed as Exhibit 10.5.7 to IBP's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, File No. 1-6085 and incorporated herein by reference).
- 10.35 Amended and Restated Retirement Income Plan of IBP, inc. effective August 1, 2000, and Amendment to Freeze the Retirement Income Plan of IBP, inc. effective December 31, 2002 (previously filed as Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.36 Amended and Restated Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective March 1, 2007, First Amendment to the Amended and Restated Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective September 24, 2007, and Second Amendment to the Amended and Restated Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective January 1, 2008 (previously filed as Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.37 Retirement Savings Plan of Tyson Foods, Inc. effective January 1, 2008 (previously filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference).
- 10.38 First Amendment to the Retirement Savings Plan of Tyson Foods, Inc. effective January 1, 2008 (previously filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.39 Form of Restricted Stock Agreement pursuant to which restricted stock awards were granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan prior to July 31, 2009 (previously filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2004, Commission File No. 001-14704, and incorporated herein by reference).
- 10.40 Form of Restricted Stock Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective July 31, 2009 (previously filed as Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 10.41 Form of Restricted Stock Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective January 1, 2010.

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- 10.42 Form of Stock Option Grant Agreement pursuant to which stock option awards were granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan prior to July 31, 2009 (previously filed as Exhibit 10.49 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2004, Commission File No. 001-14704, and incorporated herein by reference).
- 10.43 Form of Stock Option Grant Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective July 31, 2009 through February 3, 2010.
- 10.44 Form of Stock Option Grant Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective February 4, 2010.
- 10.45 Form of Performance Stock Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective September 29, 2009 (previously filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 12.1 Calculation of Ratio of Earnings to Fixed Charges
- 14.1 Code of Conduct of the Company
- 16.1 Letter of Ernst & Young LLP dated November 23, 2009 (previously filed as Exhibit 16.1 to the Company's Current Report on Form 8-K/A filed November 23, 2009, Commission File No. 001-14704, and incorporated herein by reference).
- 21 Subsidiaries of the Company
- 23.1 Consent of PricewaterhouseCoopers, LLP
- 23.2 Consent of Ernst & Young, LLP
- 31.1 Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following financial information from our Annual Report on Form 10-K for the year ended October 2, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) the Notes to Consolidated Financial Statements, and (vi) Financial Statement Schedule.

**SIGNATURES**

Pursuant to requirements of Section 13 or 15(d) 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.**

By: /s/ Dennis Leatherby  
Dennis Leatherby  
Executive Vice President and Chief  
Financial Officer

November 22, 2010

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>/s/ Lloyd V. Hackley</u> Lloyd V. Hackley	Director	November 22, 2010
<u>/s/ Craig J. Hart</u> Craig J. Hart	Senior Vice President, Controller and Chief Accounting Officer	November 22, 2010
<u>/s/ Jim Kever</u> Jim Kever	Director	November 22, 2010
<u>/s/ Kevin M. McNamara</u> Kevin M. McNamara	Director	November 22, 2010
<u>/s/ Dennis Leatherby</u> Dennis Leatherby	Executive Vice President and Chief Financial Officer	November 22, 2010
<u>/s/ Brad T. Sauer</u> Brad T. Sauer	Director	November 22, 2010
<u>/s/ Donnie Smith</u> Donnie Smith	President and Chief Executive Officer	November 22, 2010
<u>/s/ Robert C. Thurber</u> Robert C. Thurber	Director	November 22, 2010
<u>/s/ Barbara A. Tyson</u> Barbara A. Tyson	Director	November 22, 2010
<u>/s/ Don Tyson</u> Don Tyson	Director	November 22, 2010
<u>/s/ John Tyson</u> John Tyson	Chairman of the Board of Directors	November 22, 2010
<u>/s/ Albert C. Zapanta</u> Albert C. Zapanta	Director	November 22, 2010

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**FINANCIAL STATEMENT SCHEDULE  
TYSON FOODS, INC.  
SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS**

Three Years Ended October 2, 2010

in millions

	Balance at Beginning of Period	Additions			Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts	(Deductions)	
Allowance for Doubtful Accounts:					
2010	\$33	\$0	\$0	\$(1)	\$32
2009	12	22	0	(1)	33
2008	8	5	0	(1)	12
Inventory Lower of Cost or Market Allowance:					
2010	\$22	\$7	\$0	\$(27)	\$2
2009	13	57	0	(48)	22
2008	4	29	0	(20)	13

## FIRST AMENDMENT

This First Amendment (this "Amendment"), dated this 3rd day of October, 2010, amends that certain Senior Executive Employment Agreement dated July 30, 2004 (the "SEAA"), by and between Tyson Foods, Inc. (the "Company"), and Donald J. Tyson ("Employee") (the Company and Employee may be collectively referred to as the "Parties").

WHEREAS, pursuant to the SEAA, the Company agreed to provide for Employee's reasonable personal use certain of the Company's real property and a boat at previously established rates (collectively, the "Benefits");

WHEREAS, since the date of the SEAA, the Company has sold or otherwise discontinued availability of the Benefits; and

WHEREAS, due to such Benefits no longer being available to Employee, the Company and Employee now desire to amend the SEAA as provided in this Amendment to partially compensate Employee for the loss of the Benefits.

NOW, THEREFORE, based on the foregoing recitals and covenants and agreements set forth herein, the Parties hereby agree as follows:

1. The effective date of this Amendment is October 3, 2010.

2. Paragraph 1 is hereby amended by adding the following sentence at the end of such paragraph: "On October 19, 2011, and on each October 19 thereafter, assuming Employee is alive on such date, the Term of this Agreement shall be extended by one (1) year."

3. Paragraph 4.a. of the SEAA is hereby stricken and replaced in its entirety as follows:

"Personal use of the Company-owned aircraft for up to two hundred (200) hours per year during the Term; provided, however, that Mr. Tyson's personal use of the Company-owned aircraft shall be approved pursuant to the Company's then existing aircraft approval policy and shall not interfere with Company use of the Company-owned aircraft. If Mr. Tyson does not use all of such hours in a given year, he may use those unused hours in future years during the Term. As part of such personal use, Mr. Tyson may designate such number of additional passengers on such Company-owned aircraft as seating permits, and Mr. Tyson need not be one of the passengers;"

4. Unless otherwise expressly modified in this Amendment, the terms and provisions of the SEAA shall continue in full force and effect.

5. This Amendment shall be governed by the laws of the State of Arkansas, without regard to principles of conflict of laws.

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IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first above written.

TYSON FOODS, INC.

By: /s/ Donnie Smith

Name: Donnie Smith

Title: Chief Executive Officer

DONALD J. TYSON

/s/ Donald J. Tyson

**AGREEMENT**

THIS AGREEMENT (“Agreement”) is by and between Tyson Foods, Inc., a corporation organized under the laws of Delaware (“Company”), and John Tyson (“Mr. Tyson”).

**WITNESSETH:**

WHEREAS, the Company and Mr. Tyson previously entered into an agreement dated as of September 28, 2007 (the “2007 Agreement”), whereby Mr. Tyson provided advisory services in a non-officer capacity; and

WHEREAS, the Company and Mr. Tyson desire to enter into a new agreement to provide advisory services in a non-officer capacity upon the terms, provisions and conditions herein provided;

NOW, THEREFORE, in consideration of the foregoing and of the agreements hereinafter contained, the parties hereby agree as follows:

1. (a) Except as expressly provided herein, the 2007 Agreement shall be of no further force and effect after October 2, 2010. The term of this Agreement (the “Term”) shall begin October 3, 2010 (the “Effective Date”) and shall end on the earlier of (i) ten (10) years thereafter and (ii) the termination of this Agreement as otherwise expressly provided herein.
- (b) Notwithstanding any other provision of that certain Amended and Restated Employment Agreement dated as of July 29, 2003 by and between Mr. Tyson and the Company, the 2007 Agreement or any stock option award agreement under which Mr. Tyson’s outstanding options to purchase shares of the Company’s Class A Common Stock described in Schedule 1 attached hereto and incorporated herein by reference were received, such options shall remain in full force and effect and shall continue to vest on the earlier of (i) those vesting dates set forth under Schedule 1 as occurring during the Term; (ii) the termination of this Agreement by the Company for any reason other than for “Cause;” (iii) Mr. Tyson’s death or Mr. Tyson’s “Permanent Disability” (as defined and determined under the Company’s Long-Term Disability Benefit Plan applicable to the most senior officers of the Company as in effect on the effective date of the 2007 Agreement); (iv) any material breach by the Company

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(including, without limit, any reduction in the payment or benefits owed to Mr. Tyson) of this Agreement; or (v) any earlier date as provided under Section 17 or the otherwise applicable (but not inconsistent) provisions of the governing plan and stock option award agreement under which such options were issued or received. Once vested, such options shall remain fully vested and immediately exercisable, subject to the Company's internal securities trading policy as generally applicable to its directors, officers and employees, and in accordance with the otherwise applicable (but not inconsistent) provisions of the stock option award agreement under which such options were issued or received.

(c) Upon completion of the Term or any earlier termination of the Term, Mr. Tyson will receive those retirement and/or continuing payments and benefits, as specified herein, in the amounts and upon the terms hereinafter contained.

2. During the Term, Mr. Tyson will provide services to the Company based on the following:

- (a) Mr. Tyson may be required to provide up to twenty (20) hours per month of advisory services to the Company and perform certain public relations duties, each upon the Company's reasonable request. Such hourly requirement shall not be cumulative, and Mr. Tyson shall have no obligation to the Company to provide over twenty (20) hours of services in any month. Mr. Tyson may perform such advisory services hereunder at any location but may be required to be at the offices of the Company and/or its subsidiaries upon reasonable advance notice and after taking into account Mr. Tyson's other personal and professional obligations. Mr. Tyson shall not be obligated to render advisory services under this Agreement during any period when he is disabled due to illness or injury, and this Agreement and the Term hereof shall nonetheless continue in full force and effect with Mr. Tyson remaining entitled to receive all compensation and benefits, and stock options vested or continuing to thereupon and thereafter vest and be exercisable, as provided hereunder.
- (b) If Mr. Tyson's employment under this Agreement is terminated for "Cause," all further obligations of the Company (other than the Company's obligation to make any payments or extend any benefits accrued and owed to Mr. Tyson up to and including such date of termination) under this Agreement will immediately cease. As used herein, the term "Cause" shall be limited to (i) willful malfeasance or willful

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misconduct committed by Mr. Tyson in connection with his performance of his duties hereunder; (ii) gross negligence committed by Mr. Tyson in connection with his performance of his duties hereunder which results in material and demonstrable damage or injury to the Company; (iii) any willful and material breach by Mr. Tyson of Section 7 of this Agreement; or (iv) the conviction of Mr. Tyson of any felony. Notwithstanding the foregoing, the Company shall not terminate Mr. Tyson's employment under this Agreement for "Cause" under sub-clause (i), (ii) or (iii) hereof unless and until the Company shall have provided Mr. Tyson with written notice of the commission of any event or conduct constituting "Cause" hereunder and providing Mr. Tyson with reasonable opportunity to cure such event or conduct. In addition to such cure, termination of Mr. Tyson's employment under this Agreement for "Cause" shall be made only upon and after delivery to Mr. Tyson of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the then members of the Company's Board of Directors (the "Board") at a meeting called and held for purposes of considering such termination (and which meeting was conducted only after providing Mr. Tyson with 30 days' prior written notice thereof and reasonable opportunity to attend such meeting and be heard before the Board with respect to such matter prior to the Board undertaking such vote) and finding that in the reasonable judgment of the Board, Mr. Tyson was guilty of conduct constituting "Cause" under this Agreement and specifying the particulars of such conduct. If the Board determines Mr. Tyson was guilty of conduct constituting "Cause," Mr. Tyson will reimburse the Company for any benefits and payments received under the terms of this Agreement between the date of the notice provided pursuant to this Section 2(c) and the determination of the Board.

- (c) Except for "Cause," the Company may not terminate this Agreement.
- (d) Mr. Tyson may terminate this Agreement and his employment with the Company hereunder at any time, with or without reason, upon providing the Company with written notice of such termination which notice shall specify the date of such termination. Upon receipt of such notice by the Company, all obligations of the Company under this Agreement shall immediately cease; any unvested options will immediately terminate and expire, and any vested options will be exercisable pursuant to the terms thereof. In the event of a termination of this Agreement by Mr. Tyson, his obligations under Section 7 of the Agreement will continue after the termination.

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3. During the Term, the Company shall pay Mr. Tyson \$500,000 annually for his services provided under this Agreement. The Company shall pay Mr. Tyson the foregoing amount through its regular payroll processes and shall convert the annual amount shown above into level payments for each payroll cycle occurring during the applicable period.
  4. In addition to the compensation paid pursuant to Section 3, throughout the entire Term, (i) Mr. Tyson shall be eligible to participate in any benefit plan or program maintained by the Company other than plans or programs related to equity compensation or long-term disability, provided, however, that Mr. Tyson is eligible to receive a cash bonus if so approved by the Compensation Committee of the Board in its sole discretion, (ii) the Company shall provide Mr. Tyson with coverage under all employee pension and welfare benefit programs, plans and practices in accordance with the terms thereof and which the Company generally makes available to its most senior officers, and (iii) the Company shall provide Mr. Tyson, his spouse and his eligible dependents with healthcare, hospitalization, medical, long term care, vision, dental, and other similar insurance coverage or benefits (collectively, "Health Coverage") under the Tyson Healthcare Continuation Plan or any successor or additional plan maintained by the Company and at such coverage levels and upon such terms and conditions as shall otherwise be made available to any of the most senior officers of the Company (including, without limitation, the provision of Health Coverage at a monthly cost to Mr. Tyson that is equal to the monthly premium cost paid by other similarly situated participants). Unless this Agreement is terminated by the Company for "Cause" or voluntarily by Mr. Tyson (other than by reason of the Company's breach of this Agreement), from and after the expiration or termination of the Term of this Agreement, the Company shall continue to provide Health Coverage to Mr. Tyson, his spouse and his eligible dependents consistent with the terms of this Section 4(iii) (the "Post Termination Health Coverage"). In addition, during the Term the Company shall permit Mr. Tyson to participate in any benefit plan or arrangement generally made available to employees of the Company, including reimbursement of expenses incurred in connection with the business of the Company or in the performance of Mr. Tyson's obligations under this Agreement including without limitation, expenses for travel and similar items related to Mr. Tyson's performance of his services and duties hereunder, in accordance with the policies of the Company. During the Term, the Company shall also provide Mr. Tyson with the following perquisites:
    - (a) Reimbursement of dues incurred by Mr. Tyson for one annual country club membership consistent with the past practices of Mr. Tyson at the Company;

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- (b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile. The monthly lease payment or allowance for such automobile shall be consistent with past practices under the 2007 Agreement;
  - (c) Personal use of the Company-owned aircraft for up to one hundred fifty (150) hours per year during the Term; provided, however, that Mr. Tyson's personal use of the Company-owned aircraft shall be approved pursuant to the Company's then existing aircraft approval policy and shall not interfere with Company use of the Company-owned aircraft. If Mr. Tyson does not use all of such hours in a given year, he may use those unused hours in future years during the Term. As part of such personal use, Mr. Tyson may designate such number of additional passengers on such Company-owned aircraft as seating permits, and Mr. Tyson need not be one of the passengers;
  - (d) Payment of or reimbursement from the Company for reasonable costs incurred by Mr. Tyson for tax and estate planning advice;
  - (e) Reimbursement from or payment by the Company for the annual premium payment on that certain existing \$7,500,000 life insurance policy on the life of Mr. Tyson consistent with past practice. If during the Term Mr. Tyson chooses to replace the existing policy with a different life insurance policy, the Company's obligation to reimburse Mr. Tyson for the annual premium will not exceed the amount paid to Mr. Tyson for the last year under the existing policy. The Company has no interest in any such policy nor the proceeds payable under any such policy;
  - (f) Use of, and the payment of all reasonable expenses associated with, mobile telephone (Mr. Tyson will pay the same monthly fee charged other employees of the Company for a mobile telephone), e-mail or other communication devices, home telephone and internet lines, and secretarial, administrative and bookkeeping support and services similar to or consistent with those previously provided by the Company to Mr. Tyson;
  - (g) Reasonable personal use of the Company-owned entertainment assets; provided, however, such use shall be approved pursuant to the Company's then existing approval policy and such personal use of these assets shall not interfere with the Company's business use thereof;

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- (h) Up to 1,500 hours per year of security services to be designated by Mr. Tyson, to be valued at \$40 per hour; and
  - (i) The Company will reimburse and gross-up Mr. Tyson for any and all tax liability (including interest and penalties) imposed upon Mr. Tyson in connection with the provision of the services and benefits sets forth in Sections 4(a)-(h) in an amount sufficient so that the services and benefits will be provided hereunder without reduction for taxes.

The expenses described in this Section 4 must be incurred by Mr. Tyson during the Term to be eligible for reimbursement. All reimbursement shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the calendar year following the calendar year in which the expense was incurred, nor shall the amount of reimbursable expenses incurred in one taxable year affect the expenses eligible for reimbursement in any other taxable year.

- 5. Mr. Tyson shall continue to be eligible to receive benefit payments under the Company SERP. The annual payment made to Mr. Tyson under the SERP will be \$175,195.70 (which represents the total grossed-up benefit amount) less any required tax withholdings.
- 6. If this Agreement is terminated early due to Mr. Tyson's death, the compensation and benefits described in Sections 3, 4 (other than the Post Termination Health Coverage which shall continue) and 5 above shall cease, and the Company shall have no further obligations under this Agreement except as provided in this Section 6. In the event of Mr. Tyson's death during the Term, the Company shall, within thirty (30) days of Mr. Tyson's death, pay his designated beneficiary a lump sum payment equal to the remaining payments that would have been made to Mr. Tyson under Section 3 of this Agreement for the period of time between Mr. Tyson's death and October 2, 2020. Additionally, from and after the earlier of the expiration or termination of this Agreement or the date of Mr. Tyson's death, the Company shall thereafter, upon written notice given to the Company by Mr. Tyson or his legal representative, as applicable, terminate and redeem all outstanding and unexercised options to purchase any Company stock, whether or not then vested, held by Mr. Tyson in exchange for a lump sum payment equal to the aggregate difference between (i) the fair market value of the stock represented by such options as determined as of the close of the Company's business on the date of the occurrence of the event giving rise to application hereof less (ii) the strike price for such stock under the applicable options.

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7. Mr. Tyson agrees to the following terms and conditions regarding the nondisclosure of confidential information; non-competition; and non-disparagement:
- (a) Mr. Tyson shall not, without the prior written consent of the Company, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any Confidential Information (as defined below) pertaining to the business of the Company or any of its affiliates, except (i) while employed by the Company, in the business of and for the benefit of the Company, or (ii) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Mr. Tyson to divulge, disclose or make accessible such information, or (iii) disclosures to Mr. Tyson's professional or legal advisors to permit his obtainment of their applicable advice, or (iv) use or disclosure of Confidential Information as necessary to permit Mr. Tyson to defend against any claim or prosecute any rights dependent upon the Confidential Information so used or disclosed. For purposes of this Section 7(a), "Confidential Information" shall mean non-public information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans and other non-public, proprietary and confidential information of the Company or its affiliates (the "Restricted Group") or customers, that, in any case, is not otherwise available to the public (other than by Mr. Tyson's breach of the terms hereof). Notwithstanding the foregoing, it is acknowledged and agreed that an insubstantial or inadvertent disclosure or use of any Confidential Information by Mr. Tyson shall not be deemed a breach of this provision.
  - (b) Mr. Tyson agrees that during the Term and so long as he remains employed by the Company hereunder and serves as the Chairman of the Board, without the prior written consent of the Company, (A) he will not, directly or indirectly, in the United States, participate in any Position (as defined below) in any business which is in direct competition with any business of the Restricted Group, (B) he shall not, on his own behalf or on behalf of any person, firm or company, directly or indirectly, solicit or offer employment to any person who has been employed by the Restricted Group at any time during the 13 months immediately preceding such solicitation, and (C) he shall not, on his

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own behalf or on behalf of any person, firm or company, solicit, call upon, or otherwise communicate in any way with any client, customer, prospective client or prospective customer of the Company or of any member of the Restricted Group for the purposes of causing or attempting to cause any such person to purchase products sold or services rendered by the Company or by any member of the Restricted Group from any person other than the Company or any member of the Restricted Group. The term "Position" shall include, without limitation, a partner, director, holder of more than 5% of the outstanding voting shares, principal, executive, officer, manager or any employment or consulting position. It is acknowledged and agreed that the scope of the clause as set forth above is essential, because (i) a more restrictive definition of "Position" (e.g. limiting it to the "same" position with a competitor) will subject the Company to serious, irreparable harm by allowing competitors to describe positions in ways to evade the operation of this clause, and substantially restrict the protection sought by the Company, and (ii) by the allowing Mr. Tyson to escape the application of this clause by accepting a position designated as a "lesser" or "different" position with a competitor, the Company is unable to restrict Mr. Tyson from providing valuable information to such competing company to the harm of the Company. For purposes of clarification, it is acknowledged and agreed that the covenants and restrictions imposed and required of Mr. Tyson under this section 7(b) shall not apply from and after the date on which either Mr. Tyson is no longer employed by the Company (irrespective of the reason why such employment no longer continues or exists) or Mr. Tyson no longer serves as Chairman of the Board (irrespective of the reason why Mr. Tyson no longer serves in such capacity).

- (c) Mr. Tyson agrees that he will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement that has the effect of undermining or disparaging the reputation of the Company or any member of the Restricted Group, or their good will, products, or business opportunities; or that has the effect of undermining or disparaging the reputation of any officer, director, agent, representative or employee, past or present, of the Company or any member of the Restricted Group. Notwithstanding the above, Mr. Tyson will not be in violation of this provision if he (i) in good faith engages in conduct or makes any statement in the performance of providing advice to the Company under this Agreement or his duties as a Board member; or (ii) makes any such statement which is not publicly disseminated, or which Mr. Tyson could not reasonably have expected to be publicly disseminated, and was not intended to hurt or damage the

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Company. It is acknowledged and agreed that the provisions of this Section 7(c) are intended for the sole and exclusive benefit of the Company and there are no third party beneficiaries hereof. As a result, the provisions hereof do not create any right or claim in favor of any person or entity other than the Company nor shall any third party or individual, including without limit, any officer, director, agent, representative or employee of the Company or any member of the Restricted Group, have any right to individually or separately enforce or seek or assert any claim based upon the provisions hereof (or any alleged breach or violation hereof) as against Mr. Tyson. The Company agrees that it shall not, directly or indirectly, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of Mr. Tyson.

- (d) For purposes of this Section 7, a business shall be deemed to be in competition with the Restricted Group if it is principally involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by the Restricted Group as a material part of the business of the Restricted Group within the same geographic area in which the Restricted Group effects such purchases, sales or dealings or renders such services. Nothing in this Section 7 shall be construed so as to preclude Mr. Tyson from investing in any company if in compliance with Section 7(b) hereof.
  - (e) Mr. Tyson and the Company agree that this covenant not to compete is a reasonable covenant under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant as to the court shall appear not reasonable and to enforce the remainder of the covenant as so modified. Mr. Tyson agrees that any breach of the covenants contained in this Section 7 would irreparably injure the Company. Accordingly, Mr. Tyson agrees that the Company may, in addition to pursuing any other remedies it or they may have in law or in equity, cease making any payments otherwise required by this Agreement and obtain an injunction against Mr. Tyson from any court having jurisdiction over the matter restraining any further violation of this Agreement by Mr. Tyson.
8. This Agreement shall be binding upon and inure to the benefit of the successors, heirs and legal representatives of Mr. Tyson and the assigns and successors of the Company, but neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by either (i) Mr. Tyson except by will, by operation of the laws of

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intestate succession, or with the permission of the Company (which permission the Company may withhold in its sole and absolute discretion) or (ii) the Company; provided, however, that the Company may assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the stock, assets or business(es) of the Company provided that no such assignment by the Company shall relieve the Company from any direct, continuing and primary liability or responsibility owed to Mr. Tyson from or in connection with any such assignee's breach, default or violation hereof.

9. The Company may withhold from any and all amounts payable under this Agreement, such federal, state or local taxes that are required to be withheld pursuant to any applicable law or regulation.
10. This Agreement represents the complete agreement between the Company and Mr. Tyson concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Mr. Tyson and the Company.
11. It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Delaware without regard to any state's conflicts of laws principles.
12. It is the intention of the parties that this Agreement complies with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and Treasury Regulations and other Internal Revenue Service guidance thereunder (collectively, "Section 409A"). Accordingly, this Agreement may be amended from time to time with the consent of Mr. Tyson (which consent will not be unreasonably withheld) as may be necessary or appropriate to comply with, and to avoid adverse tax consequences under, Section 409A. Notwithstanding the foregoing, the Company shall reimburse and gross-up Mr. Tyson for any and all excise or other tax liability (including interest and penalties) that may be assessed by the IRS pursuant to Section 409A and imposed upon Mr. Tyson under or in connection with the Company's making of any payment or provision of any benefits to Mr. Tyson hereunder all in an amount sufficient so that such payments and benefits received by Mr. Tyson hereunder will be so received without reduction for any such taxes, interest or penalties.

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13. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.
  14. Each party hereto shall be solely responsible for any and all legal fees incurred by him or it in connection with this Agreement, including the enforcement hereof.
  15. This Agreement may be executed in one or more counterparts, each of which will be deemed an original.
  16. Mr. Tyson will continue to be indemnified by the Company pursuant to each of (i) that certain Indemnity Agreement between Mr. Tyson and the Company dated May 9, 1997 and (ii) that certain Indemnity Agreement between Mr. Tyson and the Company dated September 28, 2007. Mr. Tyson will receive all rights of indemnification and related benefits consistent with and on terms no less favorable than those extended by the Company or any member of the Restricted Group to any other former, then current or future officer, director, or fiduciary of the Company or any member of the Restricted Group including, without limit, coverage under any errors and omissions, directors and officers or other liability insurance coverage maintained by the Company or any member of the Restricted Group.
  17. Upon the occurrence of a Change in Control (defined below), any options previously granted to Mr. Tyson to purchase Company stock which are unvested at the time of the Change in Control will vest sixty (60) days after the Change in Control event occurs (unless vesting earlier pursuant to the terms of the applicable grant). If Mr. Tyson is terminated by the Company other than for "Cause" during such sixty (60) day period, all of such unvested options will vest on the date of termination. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as the term "Change in Control" as set forth in the Tyson Foods, Inc. 2000 Stock Incentive Plan; provided, however, that a Change in Control shall not include any event as a result of which one or more of the following persons or entities possess, immediately after such event, over fifty percent (50%) of the combined voting power of the Company or, if applicable, a successor entity: (a) Don Tyson; (b) individuals related to Don Tyson by blood, marriage or adoption, or the estate of any such individual; or (c) any entity (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more individuals or estates described in clauses (a) and (b) hereof possess over fifty percent (50%) of the combined voting power or beneficial interests of such entity. The Compensation Committee of the Board shall have the sole discretion to interpret the foregoing provisions of this paragraph.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date written above.

TYSON FOODS, INC.

JOHN TYSON

By: /s/ Donnie Smith  
Title: Chief Executive Officer

/s/ John Tyson 10/1/10

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**SCHEDULE 1**

<b>Grant Date</b>	<b>Shares</b>	<b>Strike Price</b>	<b>Expiration</b>	<b>Vesting Date(s)</b>
03/29/01	200,000	\$ 11.50	03/29/2011	Fully Vested
10/15/01	200,000	\$ 9.32	10/15/2011	Fully Vested
10/10/02	200,000	\$ 9.64	10/10/2012	Fully Vested
07/29/03	500,000	\$ 11.23	07/29/2013	Fully Vested
09/19/03	500,000	\$ 13.33	09/19/2013	Fully Vested
09/29/04	500,000	\$ 15.96	09/29/2014	Fully Vested
11/16/05	500,000	\$ 16.35	11/16/2015	•80% Vested •20% Vests on 11/16/10
11/17/06	500,000	\$ 15.37	11/17/2016	•60% Vested •20% Vests on each of 11/17/10 and 11/17/11

**SECOND AMENDMENT TO THE EXECUTIVE SAVINGS PLAN  
OF TYSON FOODS, INC.**

**(AS AMENDED AND RESTATED AS OF JANUARY 1, 2009)**

THIS SECOND AMENDMENT is made on this 5<sup>th</sup> day of February, 2010 by Tyson Foods, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Employer").

**INTRODUCTION :**

WHEREAS, the Employer maintains the Executive Savings Plan of Tyson Foods, Inc. (the "Plan"), which was last amended and restated by an indenture effective as of January 1, 2009;

WHEREAS, the Employer now desires to amend the Plan to permit the distribution of benefits pursuant to the terms of certain domestic relations orders; and

WHEREAS, the Board of Directors of the Employer has authorized and approved the amendments provided herein.

NOW, THEREFORE, the Employer does hereby amend the Plan, effective for domestic relations orders entered on the docket for a particular court case by the clerk of the court on and after May 1, 2010, by deleting the existing Section 9.2 in its entirety and by substituting therefor the following:

"9.2 Inalienability of Benefits. The right of any Member or Beneficiary to any benefit or payment under the Plan shall not be subject to alienation or assignment, and to the fullest extent permitted by law, shall not be subject to attachment, execution, garnishment, sequestration or other legal or equitable process. In the event a Member or Beneficiary who is receiving or is entitled to receive benefits under the Plan attempts to assign, transfer or dispose of such right, or if an attempt is made to subject said right to such process, such assignment, transfer or disposition shall be null and void. Notwithstanding the foregoing, all or a portion of a Member's Post-2004 Account may be distributed to the spouse or a former spouse of the Member pursuant to the terms of a domestic relations order which creates or recognizes the existence of the spouse's or former spouse's right to, or assigns to the spouse or former spouse the right to, receive all or a portion of the Member's Post-2004 Account. Subject to such additional rules as the Committee may prescribe from time to time, for purposes of this Section 9.2, the term "domestic relations order" means any judgment, decree or order (including approval of a property settlement agreement) which relates to the provision of alimony payments or marital property rights to the spouse or a former spouse of a Member, is made pursuant to a state domestic relations law (including a community property law) and does not provide for any form of payment different from those forms of payment permitted by the terms of the

Plan; provided, however, that any such order may provide for the payment (or, if otherwise permitted, the commencement of payment) of the assigned portion of a Member's Post-2004 Account immediately following a final determination by the Committee that the order qualifies as a domestic relations order within the meaning of this Section 9.2 and such additional rules promulgated by the Committee pursuant to the provisions of this Section 9.2."

Except as specifically amended hereby, the Plan shall remain in full force and effect prior to this Second Amendment.

IN WITNESS WHEREOF, the Employer has caused this Second Amendment to be executed on the day and year first above written.

**TYSON FOODS, INC.**

By: /s/ Dennis Leatherby

Title: Executive Vice President and Chief  
Financial Officer

ATTEST:

By: /s/ R. Read Hudson

Title: Vice President, Assoc. General  
Counsel and Secretary

[CORPORATE SEAL]

**TYSON FOODS, INC.  
RESTRICTED STOCK AGREEMENT**

THIS RESTRICTED STOCK AGREEMENT (the "Agreement") is made and entered into as of \_\_\_\_\_ (the "Grant Date"), by and between TYSON FOODS, INC., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Employee") Personnel Number \_\_\_\_\_.

Subject to the Additional Terms and Conditions attached hereto and incorporated herein by reference as part of this Agreement, the Company hereby awards as of the Grant Date to the Employee the restricted shares ("Restricted Shares") described below (the "Restricted Stock Grant") pursuant to the Tyson Foods, Inc. 2000 Stock Incentive Plan (the "Stock Plan") in consideration of the Employee's services to be rendered on behalf of the Company as contemplated by the terms of Employee's most current Employment Agreement with the Company (the "Employment Agreement").

- A. Grant Date : \_\_\_\_\_, 200\_\_
- B. Restricted Shares : \_\_\_\_\_ shares of the Company's Class A common stock, par value \$.10 per share ("Common Stock").
- C. Vesting Schedule : The Restricted Shares shall vest according to the Vesting Schedule attached hereto as Schedule 1. The Restricted Shares which have become vested pursuant to the Vesting Schedule are herein referred to as the "Vested Restricted Shares."

IN WITNESS WHEREOF, the Company has executed this Agreement as of the Grant Date set forth above.

TYSON FOODS, INC.:

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**ADDITIONAL TERMS AND CONDITIONS OF  
TYSON FOODS, INC.  
RESTRICTED STOCK AGREEMENT**

1. Restricted Shares Held in Stock Plan Name. The Restricted Shares shall be issued in the name of the Stock Plan and held for the account and benefit of the Employee. The Committee (as defined in the Stock Plan) shall cause periodic statements of account to be delivered to the Employee, at such time or times as the Committee may determine in its sole discretion, showing the number of Restricted Shares held by the Stock Plan on behalf of the Employee. Subject to other Additional Terms and Conditions, and the terms of the Employment Agreement, the Committee shall cause one or more certificates to be delivered to the Employee as soon as administratively practicable following the date that all or any portion of the Restricted Shares become Vested Restricted Shares.

2. Condition to Delivery of Vested Restricted Shares.

(a) If Employee makes a timely election pursuant to Section 83(b) of the Internal Revenue Code, as a condition to receiving the Vested Restricted Shares Employee must deliver to the Company, within thirty (30) days of making the election pursuant to said Section 83(b) as to all or any portion of the Restricted Shares, either cash or a certified check payable to the Company in the amount of all of the tax withholding obligations (whether federal, state or local), imposed on the Company by reason of the making of an election pursuant to said Section 83(b),

(b) If the Employee does not make a timely election pursuant to Section 83(b) of the Internal Revenue Code as to all of the Restricted Shares, the Employee may notify the Company in writing, which notice must be received by the Company at least thirty (30) days prior to the date Restricted Shares become Vested Restricted Shares (or such later date as the Committee may permit), that the Employee wishes to pay in cash all of the tax withholding obligations (whether federal, state or local) imposed on the Company by reason of the vesting of some or all of the Restricted Shares. As a condition to receiving the Vested Restricted Shares, Employee must deliver to the Company no later than three (3) business days of the vesting either cash or a certified check payable to the Company in the amount of all of the tax withholding obligations (whether federal, state or local) imposed on the Company by reason of the vesting of the Vested Restricted Shares to which the election applies.

(c) If the Employee does not make a timely election pursuant to Section 83(b) of the Internal Revenue Code as provided in Section 2(a), or deliver a timely election to make a supplemental payment with cash or by certified check for tax withholding obligations as provided in Section 2(b) as to all or a portion of the Vested Restricted Shares, Employee will be deemed to have elected to have the actual number of Vested Restricted Shares reduced by the smallest number of whole shares of underlying Common Stock which, when multiplied by the fair market value of the underlying Common Stock, as determined by the Committee, on the date of the vesting event is sufficient to satisfy the amount of the tax withholding

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obligations imposed on the Company by reason of the vesting of such Vested Restricted Shares (the “Withholding Election”). Employee understands and agrees that Employee’s acceptance of this Restricted Stock Grant will be deemed to be Employee’s election to make a Withholding Election pursuant to this Section 2(c) and such other consistent terms and conditions prescribed by the Committee.

(d) In addition to the provisions of Sections 2(a)-(c), if the Employee has attained the age of 62, and at least 12 months and one day has elapsed since the Grant Date, the Employee has a taxable event (“Taxable Event”) since Employee could voluntarily terminate employment and receive the Restricted Shares under Section 4(b)(iii). If the Employee has not made a timely election pursuant to Section 83(b) of the Internal Revenue Code as to all of the Restricted Shares, the Employee may notify the Company in writing, which notice must be received by the Company at least thirty (30) days prior to the Taxable Event, that the Employee wishes to pay in cash all of the tax withholding obligations (whether federal, state or local) to be withheld by reason of the Taxable Event. If the Employee has not made a timely election pursuant to Section 83(b) of the Internal Revenue Code as provided in Section 2(a), delivered a timely election to make a supplemental payment with cash or by certified check for tax withholding obligations, or delivered the supplemental payment within three (3) business days of the Taxable Event, Employee will be deemed to have elected to have the actual number of Restricted Shares reduced by the smallest number of whole shares of the underlying Common Stock which, when multiplied by the fair market value of the underlying Common Stock, as determined by the Committee, on the date of the Taxable Event that is sufficient to satisfy the amount of the tax withholding obligations by reason of the Taxable Event (the “Taxable Event Withholding Election”). A stock certificate for such Restricted Shares (net of any tax withholdings) will be issued and held by Tyson and delivered to Employee after the Vesting Date or as otherwise provided herein. Employee understands and agrees that Employee’s acceptance of this Restricted Stock Grant will be deemed to be Employee’s election to make a Taxable Event Withholding Election pursuant to this Section 2(d) and such other consistent terms and conditions prescribed by the Committee.

(e) In addition to the provisions of Sections 2(a)-(d), if Employee is terminated by the Company other than for Cause under Section 4(b)(ii), Employee will be deemed to have elected to have the actual number of Restricted Shares that will vest pursuant to the terms of Section 4(b)(ii) reduced by the smallest number of whole shares of the underlying Common Stock which, when multiplied by the fair market value of the underlying Common Stock, as determined by the Committee, is sufficient to satisfy the amount of the tax withholding obligations imposed on the Company by reason of the vesting of such Restricted Shares. The date for the withholding will be the date the tax withholding obligation is imposed on the Company, as determined by the Company. A stock certificate for such Restricted Shares (net of any tax withholdings) will be issued and held by Tyson and delivered to Employee after the Vesting Date or as otherwise provided herein. Employee understands and agrees that Employee’s acceptance of this Restricted Stock Grant will be deemed to be Employee’s election to make a tax withholding election pursuant to this Section 2(e) and such other consistent terms and conditions prescribed by the Committee.

(f) The Committee reserves the right to give no effect to a withholding election under Sections 2(c), (d) or (e) in which case the Employee will remain obligated as a condition to receiving the Vested Restricted Shares to satisfy applicable tax withholding obligations with cash or by a certified check in the manner provided by the Committee. If the Committee elects not to give effect to a withholding election under Sections 2(c), (d) or (e), it shall provide the Employee with written notice reasonably in advance of the applicable vesting event.

3. Rights as Stockholder. Employee, or his permitted transferee under Section 4(d) below, shall have no rights as a stockholder with respect to the Restricted Shares until a stock certificate for the shares is issued in the name of the Stock Plan on the Employee's behalf. Once any such stock certificate is issued and during the period that the Stock Plan holds the Restricted Shares, Employee shall be entitled to all rights associated with the ownership of shares of Common Stock not so held, except as follows: (a) if additional shares of Common Stock become issuable to Employee with respect to Restricted Shares due to an event described in Section 6 below, any stock certificate representing such shares shall be issued in the name of the Stock Plan and delivered to the Committee or its representative and those shares of Common Stock shall be treated as additional Restricted Shares and shall be subject to forfeiture to the same extent as the shares of Restricted Shares to which they relate; (b) if cash dividends are paid on any shares of Common Stock subject to the terms of this Agreement, those dividends shall be reinvested in shares of Common Stock and any stock certificate representing such shares shall be issued in the name of the Stock Plan and delivered to the Committee or its representative and those shares of Common Stock shall be treated as additional Restricted Shares and shall be subject to forfeiture to the same extent as any other Restricted Shares; and (c) Employee shall have no rights inconsistent with the terms of this Agreement, such as the restrictions on transfer described in Section 4 below. Employee shall be entitled to vote all Restricted Shares following issuance of the stock certificate representing those shares.

4. Vesting, Forfeiture and Restrictions on Transfer of Restricted Shares.

(a) Generally. Those Restricted Shares which have become Vested Restricted Shares pursuant to the Vesting Schedule shall be considered as fully earned by the Employee, subject to the further provisions of this Section 4 and any provisions of the Employment Agreement, as applicable, and the Company shall deliver certificates to the Employee as soon as administratively practicable following the Vesting Date or other vesting event and the payment of any required taxes pursuant to the terms of Section 2. Any Restricted Shares which do not become Vested Restricted Shares in accordance with the Vesting Schedule or the provisions of this Section 4 as of the Employee's Termination of Employment (as defined in the Stock Plan) with the Company and/or its affiliates will be forfeited back to the Company.

(b) Vesting and Forfeitures upon Termination of Employment.

(i) Termination by Employee. Except as provided in Sections 4(b)(iii) and (iv), upon a Termination of Employment prior to the Vesting Date effected by the Employee for any reason all Restricted Shares shall be forfeited as of the effective date of such Termination of Employment.

(ii) Termination by Company Other Than for Cause. Upon a Termination of Employment prior to the Vesting Date effected by the Company for any reason other than Cause (as described in Section 4(b)(v)), upon the later of (i) the termination date, and (ii) Employee's execution of a Separation Agreement and General Release in favor of the Company and the Separation Agreement and General Release becoming effective after the lapse of any permitted or required revocation period without the associated revocation rights being exercised by Employee, the Employee shall become vested in the following number of Restricted Shares:

- (A) If less than one-third ( $\frac{1}{3}$ ) of the period between the Grant Date and the Vesting Date shown on Schedule 1 has elapsed all the Restricted Shares will be forfeited;
- (B) If at least one-third ( $\frac{1}{3}$ ) but less than two-thirds ( $\frac{2}{3}$ s) of the period between the Grant Date and the Vesting Date shown on Schedule 1 has elapsed the number of Restricted Shares that become Vested Restricted Shares pursuant to this Section 4(b)(ii)(B) shall be the number that bears the same relation to all Restricted Shares as (1) the number of full calendar months elapsed from the Grant Date to the last date of Employee's employment bears to (2) the number of full calendar months between the Grant Date and the Vesting Date, and the remaining Restricted Shares shall be forfeited;
- (C) If at least two-thirds ( $\frac{2}{3}$ s) of the period between the Grant Date and Vesting Date has elapsed, all of the Restricted Shares shall fully vest and become Vested Restricted Shares; and
- (D) Notwithstanding the provisions of Section 4(b)(ii)(A), (B) and (C), if the Employee is at least age 62, and at least 12 months and one day has elapsed since the Grant Date, all of the Restricted Shares shall fully vest and become Vested Restricted Shares.

The Vested Restricted Shares shall be delivered within thirty (30) days from the date such shares have vested pursuant to the terms of this Section 4(b)(ii). Notwithstanding the foregoing provisions of this Section 4(b)(ii), if the Employee refuses to sign, or elects to revoke during any permitted revocation period, the Separation Agreement and General Release, then the vesting of any Restricted Shares pursuant to this Section 4(b)(ii) shall not occur and all Restricted Shares shall be forfeited.

(iii) Retirement. Upon the Employee's voluntary Termination of Employment prior to the Vesting Date on or after attaining age 62, (A) if the last date of Employee's employment is twelve (12) months or less from the Grant Date, all Restricted Shares shall be forfeited; or (B) if the last date of Employee's employment is at least twelve (12) months and one day from the Grant Date, all of the Restricted Shares shall vest and become Vested Restricted Shares. The Restricted Shares that vest in accordance with Clause (B) of this Section 4(b)(iii) shall become Vested Restricted Shares as of the last date of Employee's employment. Vested Restricted Shares shall be delivered within thirty (30) days after the vesting event.

(iv) Death or Disability. Upon the Employee's Termination of Employment prior to the Vesting Date due to death or disability, all of the Restricted Shares shall vest and become Vested Restricted Shares on the last date of Employee's employment. Vested Restricted Shares shall be delivered within thirty (30) days after the vesting event.

(v) Termination by Company for Cause. Upon a Termination of Employment prior to the Vesting Date effected by the Company for Cause (as defined in Employment Agreement), all Restricted Shares shall be forfeited as of the effective date of such termination of employment.

(c) Certain Breaches of Employment Agreement. Notwithstanding anything to the contrary herein, if, at any time, the Company determines that the Employee has breached any of the terms, provisions and restrictions imposed upon Employee under the Employment Agreement, all of the Restricted Shares, including any Restricted Shares that have become Vested Restricted Shares, shall be forfeited. Such forfeiture shall occur without limiting the Company's other rights and remedies available under the Employment Agreement.

(d) Restrictions on Transfer of Restricted Shares. Employee shall effect no disposition of Restricted Shares prior to the date that an unrestricted certificate for Vested Restricted Shares in his name is delivered to him by the Committee; provided, however, that this provision shall not preclude a transfer by will or the laws of descent and distribution in the event of the death of the Employee.

(e) Legends. Employee agrees that the Company may endorse any certificates for Restricted Shares or Vested Restricted Shares with such legends to reflect the restrictions provided for herein or otherwise required by applicable federal or state securities laws. The Company need not register a transfer of the Restricted Shares and may also instruct its transfer agent not to register the transfer of the Restricted Shares unless the conditions specified in any legends are satisfied.

5. Removal of Legend and Transfer Restrictions. Any restrictive legends and any related stop transfer instructions may be removed at the direction of the Committee and the Company shall issue necessary replacement certificates without that portion of the legend to the Employee as of the date that the Committee determines that such legend(s) and/or instructions are no longer applicable.

#### 6. Change in Capitalization.

(a) The number and kind of Restricted Shares shall be proportionately adjusted to reflect a merger, consolidation, reorganization, recapitalization, reincorporation, stock split, stock dividend (in excess of two percent (2%)) or other change in the capital structure of the Company in accordance with the terms of the Stock Plan. All adjustments made by the Committee under this Section shall be final, binding, and conclusive upon all parties.

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(b) The existence of the Stock Plan and the Restricted Stock Grant shall not affect the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or part of its business or assets, or any other corporate act or proceeding.

7. Governing Laws. This Agreement shall be construed, administered and enforced according to the laws of the State of Delaware.

8. Successors. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors, and permitted assigns of the parties.

9. Notice. Except as otherwise specified herein, all notices and other communications under this Agreement shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

10. Severability. In the event that any one or more of the provisions or portion thereof contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

11. Entire Agreement. Subject to the terms and conditions of the Stock Plan, and the applicable provisions of the Employment Agreement, this Agreement expresses the entire understanding and agreement of the parties with respect to the subject matter. In the event of any conflict between the provisions of the Stock Plan and the terms of this Agreement, the provisions of the Stock Plan will control. The Restricted Stock Grant has been made pursuant to the Stock Plan and an administrative record is maintained by the Committee indicating under which plan the Restricted Stock Grant is authorized.

12. Violation. Any disposition of the Restricted Shares or any portion thereof shall be a violation of the terms of this Agreement and shall be void and without effect.

13. Headings. Paragraph headings used herein are for convenience of reference only and shall not be considered in construing this Agreement.

14. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

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15. No Right to Continued Retention. Neither the establishment of the Stock Plan nor the award of Restricted Shares hereunder shall be construed as giving Employee the right to a continued service relationship with the Company or an affiliate.

16. Definitions. Any terms which are capitalized herein but not defined herein shall have the meaning set forth in the Stock Plan.

**SCHEDULE 1  
TO TYSON FOODS, INC.  
RESTRICTED STOCK GRANT**

Vesting Schedule

- A. Provided that the Employee continues to be employed by the Company or any affiliate on the applicable Vesting Date described in this Part A, the Restricted Shares shall become Vested Restricted Shares as follows:

<u>Percentage of Restricted Shares Which are Vested Restricted Shares</u>	<u>Vesting Date</u>
100%	

Notwithstanding the foregoing, the events described in Sections 4(b)(ii), (iii) and (iv) of the Additional Terms and Conditions to the Agreement, and the change of control provisions of the Employment Agreement, provide for accelerated vesting of all or a portion of the Restricted Shares to the extent and in the manner described by such provisions. Except as otherwise provided in Sections 4(b)(ii), (iii) or (iv) of the Additional Terms and Conditions to the Agreement, and the change of control provisions of the Employment Agreement, all Restricted Shares shall be forfeited if the Employee experiences a Termination of Employment prior to the Vesting Date.

- B. The provisions of this Vesting Schedule are subject to, and limited by, all applicable provisions of the Agreement

**NONQUALIFIED STOCK OPTION AWARD  
PURSUANT TO THE TYSON FOODS, INC. 2000 STOCK INCENTIVE PLAN**

THIS AWARD (the "Award") is made as of the Grant Date by Tyson Foods, Inc., a Delaware corporation (the "Company"), to «**First\_name** \_\_\_\_\_» «**MI**» «**Last\_name** \_\_\_\_\_» (the "Optionee") Personnel No. «**Persno**» .

Upon and subject to the Terms and Conditions applicable hereto and incorporated herein by reference, the Company hereby awards as of the Grant Date to Optionee a nonqualified stock option (the "Option"), as described below, to purchase the Option Shares.

- A. Grant Date:
- B. Type of Option: Nonqualified Stock Option.
- C. Plan under which granted: Tyson Foods, Inc. 2000 Stock Incentive Plan ("Plan").
- D. Option Shares: All or any part of «**TXT\_Options**» shares of the Company's \$.10 par value Class A common stock (the "Common Stock"), subject to adjustment as provided in the Terms and Conditions.
- E. Exercise Price: \$ \_\_\_\_\_ per share, subject to adjustment as provided in the Terms and Conditions.
- F. Option Period: The Option may be exercised only during the Option Period which commences on the Grant Date and ends, subject to earlier termination as provided in the Terms and Conditions, on the earliest of the following (a) the tenth (10th) anniversary of the Grant Date; (b) three months following the date the Optionee ceases to be an employee of the Company (including any Affiliate) for any reason other than death, Disability or, after attaining at least age 62, retirement; or (c) one (1) year following the date the Optionee ceases to be an employee of the Company (including any Affiliate) due to death, Disability or, after attaining at least age 62, retirement; provided, however, that the Option may only be exercised as to the vested Option Shares determined pursuant to the Vesting Schedule below. *Note that other restrictions to exercising the Option, as described in the Terms and Conditions, may apply .*
- G. Vesting Schedule: The Option Shares shall become vested Option Shares in the increasing percentages indicated below but only if the Optionee remains continuously employed by the Company or any Affiliate through the date indicated beside the applicable percentage:

<u>Percentage of option shares Which are vested shares</u>	<u>Dates Upon Which Shares Become Vested Shares</u>
Zero (0)	Prior to First Anniversary of Grant Date
One-third ( 1 / 3 )	First Anniversary of Grant Date
One-third ( 1 / 3 )	Second Anniversary of Grant Date
One-third ( 1 / 3 )	Third Anniversary of Grant Date

Notwithstanding the foregoing, all unvested Option Shares shall become vested Option Shares immediately upon the Optionee's death, Disability or voluntary termination of employment after attaining at least age 62. If Optionee is involuntarily terminated by the Company other than for Cause, all unvested Option Shares which have been granted and outstanding for at least two years will fully vest upon the Optionee's execution of a Separation Agreement and General Release and such Options will be exercisable for a period of three months from Optionee's termination date (but no later than the tenth anniversary of the Grant Date). Upon a Change in Control (defined in Section 5(b) of the Terms and Conditions), all unvested Option Shares granted under this Award, or any prior award of Option Shares from the Company to the Optionee, shall become vested Option Shares sixty (60) days after the Change in Control.

IN WITNESS WHEREOF, the Company has executed and sealed this Award as of the Grant Date set forth above.

TYSON FOODS, INC.:

By: \_\_\_\_\_  
Title: President and CEO

**TERMS AND CONDITIONS TO THE  
NONQUALIFIED STOCK OPTION AWARD  
PURSUANT TO THE  
TYSON FOODS, INC. 2000 STOCK INCENTIVE PLAN**

1. Exercise of Option. Subject to the provisions of the Plan and the Award, which is made pursuant to the Plan, and subject also to these Terms and Conditions, which are incorporated in and made a part of the attached Award:

(a) The Option may be exercised with respect to all or any portion of the vested Option Shares at any time during the Option Period by the delivery to the Company, at its principal place of business, of (i) a notice of exercise in substantially the form required by the Committee (as defined in the Plan) (a form of which is available from the Company), which shall be actually delivered to the Company before the Optionee desires to exercise all or any portion of the Option; (ii) payment to the Company of the Exercise Price *multiplied* by the number of shares being purchased (the "Purchase Price") in the manner provided in Subsection (b), and (iii) satisfaction of the tax withholding obligation described in Section 2 below.

(b) The Purchase Price shall be paid in full upon the exercise of an Option and no Option Shares shall be issued or delivered until full payment therefor has been made. Payment of the Purchase Price for all Option Shares purchased pursuant to the exercise of an Option shall be made in cash, certified check, or, alternatively, as follows:

(i) by delivery to the Company of a number of shares of Common Stock owned by the Optionee prior to the date of the Option's exercise, having a Fair Market Value, as determined under the Plan, on the date of exercise either equal to the Purchase Price or in combination with cash to equal the Purchase Price;

(ii) subject to applicable securities laws, by receipt of the Purchase Price in cash from a broker, dealer or other "creditor" as defined by Regulation T issued by the Board of Governors of the Federal Reserve System following delivery by the Optionee to the Committee of instructions in a form acceptable to the Committee regarding delivery to such broker, dealer or other creditor of that number of Option Shares with respect to which the Option is exercised; or

(iii) by any combination of the foregoing.

Upon acceptance of such notice and receipt of payment in full of the Purchase Price and any tax withholding liability, the Company shall cause to be issued a certificate representing the Option Shares purchased.

2. Withholding. The Optionee must satisfy federal, state and local, if any, withholding taxes imposed by reason of the exercise of the Option either by paying to the Company the full amount of the withholding obligation (i) in cash; (ii) by tendering shares of Common Stock owned by the Optionee prior to the date of exercise having a Fair Market Value equal to the tax withholding obligation; (iii) by electing, irrevocably and in substantially the form required by the Committee (the "Withholding Election"), to have the smallest number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the Common Stock as of the date the Option is exercised, is sufficient to satisfy the minimum required amount of tax withholding obligations; or (iv) by any combination of the above. Optionee may make a Withholding Election only if the following conditions are met:

(a) the Withholding Election is made on or prior to the date on which the amount of tax required to be withheld is determined by executing and delivering to the Company a properly completed Notice of Withholding Election in substantially the form required by the Committee (a form of which is available from the Company); and

(b) any Withholding Election will be irrevocable; however, the Committee may, in its sole discretion, disapprove and give no effect to the Withholding Election.

3. Rights as Shareholder . Until the stock certificates reflecting the Option Shares accruing to the Optionee upon exercise of the Option are issued to the Optionee, the Optionee shall have no rights as a shareholder with respect to such Option Shares. The Company shall make no adjustment for any dividends or distributions or other rights on or with respect to Option Shares for which the record date is prior to the issuance of that stock certificate, except as the Plan or this Award otherwise provides.

4. Restriction on Transfer of Option . Except as otherwise expressly permitted by the Committee in writing, the Option evidenced hereby is nontransferable other than by will or the laws of descent and distribution, and, shall be exercisable during the lifetime of the Optionee only by the Optionee (or in the event of his disability, by his legal representative) and after his death, by the Optionee's designated beneficiary. If the Optionee fails to name a beneficiary, the Option may be exercised by the Optionee's spouse, if the spouse survives the Optionee, otherwise, by the legal representative of the Optionee's estate. If no legal representative is appointed, the Option may be exercised by the person entitled to that right under the laws of descent and distribution of the state where the Optionee resided at the time of death.

5. Changes in Capitalization .

(a) The number of Option Shares and the Exercise Price shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or combination of shares or the payment of a stock dividend (in excess of two percent (2%)) in shares of Common Stock to holders of outstanding shares of Common Stock or any other increase or decrease in the number of shares of Common Stock outstanding effected without receipt of consideration by the Company.

(b) If the Company shall be the surviving corporation in any merger, consolidation, reorganization or other change in the corporate structure of the Company or the Common Stock or in the event of an extraordinary dividend (including a spin-off), the Optionee shall be entitled to purchase or receive the number and class of securities to which a holder of the number of shares of Common Stock subject to the Option at the time of such transaction would have been entitled to receive as a result of such transaction, and a corresponding adjustment shall be made in the Exercise Price. Upon the occurrence of a Change in Control (defined below) all of the unvested Options granted hereunder will vest sixty (60) days after the Change in Control event occurs (unless vesting earlier pursuant to the terms of the Award). If the Optionee is terminated by the Company other than for egregious circumstances during such sixty (60) day period, all of the unvested Options granted hereunder will vest on the date of termination. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as the term "Change in Control" as set forth in the Plan; provided, however, that a Change in Control shall not include any event as a result of which (i) Don Tyson; (ii) individuals related to Don Tyson by blood, marriage or adoption; and/or (iii) any entities (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more individuals described in clauses (i) and (ii) hereof possess over fifty percent (50%) of the voting power or beneficial interests of such entities continue to possess, immediately after such event, over fifty percent (50%) of the voting power in the Company or, if applicable, successor entity. The Committee shall have the sole discretion to interpret the foregoing provisions of this paragraph.

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(c) In lieu of any adjustment or permitted exercises of the Option contemplated by Subsection (b) above, the Committee retains the discretion in the event of any transaction contemplated by Subsection (b) to cancel the Option in consideration for a payment to the Optionee equal to the positive difference between the then aggregate Fair Market Value of, and the aggregate Exercise Price for, those vested Option Shares which have not been exercised as of the effective date of such transaction. Such payment may be made in shares of Common Stock or in cash or in any combination thereof.

(d) The existence of the Plan and this Award shall not affect in any way the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its business or assets, or any other corporate act or proceeding.

6. Special Limitations on Exercise. Any exercise of the Option is subject to the condition that if at any time the Committee, in its discretion, shall determine that the listing, registration or qualification of the shares covered by the Option upon any securities exchange or under any state or federal law is necessary or desirable as a condition of or in connection with the delivery of shares thereunder, the delivery of any or all shares pursuant to the Option may be withheld unless and until such listing, registration or qualification shall have been effected. The Optionee shall deliver to the Company, prior to the exercise of the Option, such information, representations and warranties as the Company may reasonably request in order for the Company to be able to satisfy itself that the Option Shares being acquired in accordance with the terms of an applicable exemption from the securities registration requirements of applicable federal and state securities laws.

7. Legend on Stock Certificates. The Company may endorse any legends on certificates evidencing Option Shares that it deems necessary and advisable or as may be required to reflect any restrictions provided for herein or otherwise required by applicable federal or state securities laws.

8. Governing Laws. This Award shall be construed, administered and enforced according to the laws of Delaware; provided, however, no option may be exercised except, in the reasonable judgment of the Board of Directors, in compliance with exemptions under applicable state securities laws of the state in which the Optionee resides, and/or any other applicable securities laws.

9. Successors. This Award shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and permitted assigns of the parties.

10. Notice. Except as otherwise specified herein, all notices and other communications under this Award shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.

11. Severability. In the event that any one or more of the provisions or portion thereof contained in this Award shall for any reason be held to be invalid, illegal or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Award, and this Award shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.

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12. Certain Breaches of Employment Agreement. Notwithstanding anything to the contrary herein, if, at any time, the Company determines that the Optionee has breached any of the terms, provisions and restrictions imposed upon the Optionee under any employment agreement between the Company and Optionee, or any provision thereof, then in effect (the "Employment Agreement"), all of the Option Shares shall be forfeited. Such forfeiture shall occur without limiting the Company's other rights and remedies available under the Employment Agreement.

13. Entire Agreement. Subject to the terms and conditions of the Plan, this Award expresses the entire understanding and agreement of the parties.

14. Violation. Any transfer, pledge, sale, assignment, or hypothecation of the Option or any portion thereof shall be a violation of the terms of this Award and shall be void and without effect.

15. Headings. Paragraph headings used herein are for convenience of reference only and shall not be considered in construing this Award.

16. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Award, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

17. No Right to Continued Employment. Neither the establishment of the Plan nor the award of Option Shares hereunder shall be construed as giving the Optionee the right to continued employment.

18. Defined Terms. Any capitalized terms herein not otherwise defined shall have the meanings set forth for such terms in the Plan.

**NONQUALIFIED STOCK OPTION AWARD  
PURSUANT TO THE TYSON FOODS, INC. 2000 STOCK INCENTIVE PLAN**

THIS AWARD (the "Award") is made as of the Grant Date by Tyson Foods, Inc., a Delaware corporation (the "Company"), to «**First\_name** \_\_\_\_\_» «**MI**» «**Last\_name** \_\_\_\_\_» (the "Optionee") Personnel No. «**Persno**» .

Upon and subject to the Terms and Conditions applicable hereto and incorporated herein by reference, the Company hereby awards as of the Grant Date to Optionee a nonqualified stock option (the "Option"), as described below, to purchase the Option Shares.

- A. Grant Date:
- B. Type of Option: Nonqualified Stock Option.
- C. Plan under which granted: Tyson Foods, Inc. 2000 Stock Incentive Plan ("Plan").
- D. Option Shares: All or any part of «**TXT\_Options**» shares of the Company's \$.10 par value Class A common stock (the "Common Stock"), subject to adjustment as provided in the Terms and Conditions.
- E. Exercise Price: \$ \_\_\_\_\_ per share, subject to adjustment as provided in the Terms and Conditions.
- F. Option Period: The Option may be exercised only during the Option Period which commences on the Grant Date and ends, subject to earlier termination as provided in the Terms and Conditions, on the earliest of the following (a) the tenth (10th) anniversary of the Grant Date; (b) three months following the date the Optionee ceases to be an employee of the Company (including any Affiliate) for any reason other than death, Disability or, termination of employment without cause after attaining at least age 62; or (c) one (1) year following the date the Optionee ceases to be an employee of the Company (including any Affiliate) due to death, Disability or, termination of employment without cause after attaining at least age 62; provided, however, that the Option may only be exercised as to the vested Option Shares determined pursuant to the Vesting Schedule below. *Note that other restrictions to exercising the Option, as described in the Terms and Conditions, may apply .*
- G. Vesting Schedule: The Option Shares shall become vested Option Shares in the increasing percentages indicated below but only if the Optionee remains continuously employed by the Company or any Affiliate through the date indicated beside the applicable percentage:

<u>Percentage of Option Shares Which are Vested Shares</u>	<u>Dates Upon Which Shares Become Vested Shares</u>
Zero (0)	Prior to First Anniversary of Grant Date
One-third ( 1 / 3 )	First Anniversary of Grant Date
One-third ( 1 / 3 )	Second Anniversary of Grant Date
One-third ( 1 / 3 )	Third Anniversary of Grant Date

Notwithstanding the foregoing, all unvested Option Shares shall become vested Option Shares immediately upon the Optionee's death, Disability or termination of employment without cause after attaining at least age 62. If Optionee is involuntarily terminated by the Company other than for Cause, all unvested Option Shares which have been granted and outstanding for at least two years will fully vest upon the Optionee's execution of a Separation Agreement and General Release and such Options will be exercisable for a period of three months from Optionee's termination date (but no later than the tenth anniversary of the Grant Date). Upon a Change in Control (defined in Section 5(b) of the Terms and Conditions), all unvested Option Shares granted under this Award, or any prior award of Option Shares from the Company to the Optionee, shall become vested Option Shares sixty (60) days after the Change in Control.

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IN WITNESS WHEREOF, the Company has executed and sealed this Award as of the Grant Date set forth above.

TYSON FOODS, INC.:

By: \_\_\_\_\_  
Title: President and CEO

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**TERMS AND CONDITIONS TO THE  
NONQUALIFIED STOCK OPTION AWARD  
PURSUANT TO THE  
TYSON FOODS, INC. 2000 STOCK INCENTIVE PLAN**

1. Exercise of Option. Subject to the provisions of the Plan and the Award, which is made pursuant to the Plan, and subject also to these Terms and Conditions, which are incorporated in and made a part of the attached Award:

(a) The Option may be exercised with respect to all or any portion of the vested Option Shares at any time during the Option Period by the delivery to the Company, at its principal place of business, of (i) a notice of exercise in substantially the form required by the Committee (as defined in the Plan) (a form of which is available from the Company), which shall be actually delivered to the Company before the Optionee desires to exercise all or any portion of the Option; (ii) payment to the Company of the Exercise Price *multiplied* by the number of shares being purchased (the "Purchase Price") in the manner provided in Subsection (b), and (iii) satisfaction of the tax withholding obligation described in Section 2 below.

(b) The Purchase Price shall be paid in full upon the exercise of an Option and no Option Shares shall be issued or delivered until full payment therefor has been made. Payment of the Purchase Price for all Option Shares purchased pursuant to the exercise of an Option shall be made in cash, certified check, or, alternatively, as follows:

(i) by delivery to the Company of a number of shares of Common Stock owned by the Optionee prior to the date of the Option's exercise, having a Fair Market Value, as determined under the Plan, on the date of exercise either equal to the Purchase Price or in combination with cash to equal the Purchase Price;

(ii) subject to applicable securities laws, by receipt of the Purchase Price in cash from a broker, dealer or other "creditor" as defined by Regulation T issued by the Board of Governors of the Federal Reserve System following delivery by the Optionee to the Committee of instructions in a form acceptable to the Committee regarding delivery to such broker, dealer or other creditor of that number of Option Shares with respect to which the Option is exercised; or

(iii) by any combination of the foregoing.

Upon acceptance of such notice and receipt of payment in full of the Purchase Price and any tax withholding liability, the Company shall cause to be issued a certificate representing the Option Shares purchased.

2. Withholding. The Optionee must satisfy federal, state and local, if any, withholding taxes imposed by reason of the exercise of the Option either by paying to the Company the full amount of the withholding obligation (i) in cash; (ii) by tendering shares of Common Stock owned by the Optionee prior to the date of exercise having a Fair Market Value equal to the tax withholding obligation; (iii) by electing, irrevocably and in substantially the form required by the Committee (the "Withholding Election"), to have the smallest number of whole shares of Common Stock which, when multiplied by the Fair Market Value of the Common Stock as of the date the Option is exercised, is sufficient to satisfy the minimum required amount of tax withholding obligations; or (iv) by any combination of the above. Optionee may make a Withholding Election only if the following conditions are met:

(a) the Withholding Election is made on or prior to the date on which the amount of tax required to be withheld is determined by executing and delivering to the Company a properly completed Notice of Withholding Election in substantially the form required by the Committee (a form of which is available from the Company); and

(b) any Withholding Election will be irrevocable; however, the Committee may, in its sole discretion, disapprove and give no effect to the Withholding Election.

3. Rights as Shareholder. Until the stock certificates reflecting the Option Shares accruing to the Optionee upon exercise of the Option are issued to the Optionee, the Optionee shall have no rights as a shareholder with respect to such Option Shares. The Company shall make no adjustment for any dividends or distributions or other rights on or with respect to Option Shares for which the record date is prior to the issuance of that stock certificate, except as the Plan or this Award otherwise provides.

4. Restriction on Transfer of Option. Except as otherwise expressly permitted by the Committee in writing, the Option evidenced hereby is nontransferable other than by will or the laws of descent and distribution, and, shall be exercisable during the lifetime of the Optionee only by the Optionee (or in the event of his disability, by his legal representative) and after his death, by the Optionee's designated beneficiary. If the Optionee fails to name a beneficiary, the Option may be exercised by the Optionee's spouse, if the spouse survives the Optionee, otherwise, by the legal representative of the Optionee's estate. If no legal representative is appointed, the Option may be exercised by the person entitled to that right under the laws of descent and distribution of the state where the Optionee resided at the time of death.

5. Changes in Capitalization.

(a) The number of Option Shares and the Exercise Price shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or combination of shares or the payment of a stock dividend (in excess of two percent (2%)) in shares of Common Stock to holders of outstanding shares of Common Stock or any other increase or decrease in the number of shares of Common Stock outstanding effected without receipt of consideration by the Company.

(b) If the Company shall be the surviving corporation in any merger, consolidation, reorganization or other change in the corporate structure of the Company or the Common Stock or in the event of an extraordinary dividend (including a spin-off), the Optionee shall be entitled to purchase or receive the number and class of securities to which a holder of the number of shares of Common Stock subject to the Option at the time of such transaction would have been entitled to receive as a result of such transaction, and a corresponding adjustment shall be made in the Exercise Price. Upon the occurrence of a Change in Control (defined below) all of the unvested Options granted hereunder will vest sixty (60) days after the Change in Control event occurs (unless vesting earlier pursuant to the terms of the Award). If the Optionee is terminated by the Company other than for egregious circumstances during such sixty (60) day period, all of the unvested Options granted hereunder will vest on the date of termination. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as the term "Change in Control" as set forth in the Plan; provided, however, that a Change in Control shall not include any event as a result of which (i) Don Tyson; (ii) individuals related to Don Tyson by blood, marriage or adoption; and/or (iii) any entities (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more individuals described in clauses (i) and (ii) hereof possess over fifty percent (50%) of the voting power or beneficial interests of such entities continue to possess, immediately after such event, over fifty percent (50%) of the voting power in the Company or, if applicable, successor entity. The Committee shall have the sole discretion to interpret the foregoing provisions of this paragraph.

(c) In lieu of any adjustment or permitted exercises of the Option contemplated by Subsection (b) above, the Committee retains the discretion in the event of any transaction contemplated by Subsection (b) to cancel the Option in consideration for a payment to the Optionee equal to the positive difference between the then aggregate Fair Market Value of, and the aggregate Exercise Price for, those vested Option Shares which have not been exercised as of the effective date of such transaction. Such payment may be made in shares of Common Stock or in cash or in any combination thereof.

(d) The existence of the Plan and this Award shall not affect in any way the right or power of the Company to make or authorize any adjustment, reclassification, reorganization or other change in its capital or business structure, any merger or consolidation of the Company, any issue of debt or equity securities having preferences or priorities as to the Common Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its business or assets, or any other corporate act or proceeding.

6. Special Limitations on Exercise. Any exercise of the Option is subject to the condition that if at any time the Committee, in its discretion, shall determine that the listing, registration or qualification of the shares covered by the Option upon any securities exchange or under any state or federal law is necessary or desirable as a condition of or in connection with the delivery of shares thereunder, the delivery of any or all shares pursuant to the Option may be withheld unless and until such listing, registration or qualification shall have been effected. The Optionee shall deliver to the Company, prior to the exercise of the Option, such information, representations and warranties as the Company may reasonably request in order for the Company to be able to satisfy itself that the Option Shares being acquired in accordance with the terms of an applicable exemption from the securities registration requirements of applicable federal and state securities laws.

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7. Legend on Stock Certificates. The Company may endorse any legends on certificates evidencing Option Shares that it deems necessary and advisable or as may be required to reflect any restrictions provided for herein or otherwise required by applicable federal or state securities laws.
8. Governing Laws. This Award shall be construed, administered and enforced according to the laws of Delaware; provided, however, no option may be exercised except, in the reasonable judgment of the Board of Directors, in compliance with exemptions under applicable state securities laws of the state in which the Optionee resides, and/or any other applicable securities laws.
9. Successors. This Award shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and permitted assigns of the parties.
10. Notice. Except as otherwise specified herein, all notices and other communications under this Award shall be in writing and shall be deemed to have been given if personally delivered or if sent by registered or certified United States mail, return receipt requested, postage prepaid, addressed to the proposed recipient at the last known address of the recipient. Any party may designate any other address to which notices shall be sent by giving notice of the address to the other parties in the same manner as provided herein.
11. Severability. In the event that any one or more of the provisions or portion thereof contained in this Award shall for any reason be held to be invalid, illegal or unenforceable in any respect, the same shall not invalidate or otherwise affect any other provisions of this Award, and this Award shall be construed as if the invalid, illegal or unenforceable provision or portion thereof had never been contained herein.
12. Certain Breaches of Employment Agreement. Notwithstanding anything to the contrary herein, if, at any time, the Company determines that the Optionee has breached any of the terms, provisions and restrictions imposed upon the Optionee under any employment agreement between the Company and Optionee, or any provision thereof, then in effect (the "Employment Agreement"), all of the Option Shares shall be forfeited. Such forfeiture shall occur without limiting the Company's other rights and remedies available under the Employment Agreement.
13. Entire Agreement. Subject to the terms and conditions of the Plan, this Award expresses the entire understanding and agreement of the parties.
14. Violation. Any transfer, pledge, sale, assignment, or hypothecation of the Option or any portion thereof shall be a violation of the terms of this Award and shall be void and without effect.
15. Headings. Paragraph headings used herein are for convenience of reference only and shall not be considered in construing this Award.
16. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Award, the party or parties who are thereby aggrieved shall have the right to specific performance and injunction in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

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17. No Right to Continued Employment. Neither the establishment of the Plan nor the award of Option Shares hereunder shall be construed as giving the Optionee the right to continued employment.

18. Defined Terms. Any capitalized terms herein not otherwise defined shall have the meanings set forth for such terms in the Plan.

## Computation of Ratio of Earnings to Fixed Charges

(dollars in millions)

	Fiscal Years				
	2010	2009	2008	2007	2006
<b>Earnings:</b>					
Income (loss) from continuing operations before income taxes	\$1,203	\$(543)	\$ 154	\$ 410	\$(268)
Add: Fixed charges	360	388	272	278	325
Add: Amortization of capitalized interest	3	4	4	3	3
Less: Capitalized interest	(11)	(3)	(3)	(2)	(8)
Total adjusted earnings	1,555	(154)	427	689	52
<b>Fixed Charges:</b>					
Interest	240	289	212	228	263
Capitalized interest	11	3	3	2	8
Amortization of debt discount expense	46	38	3	4	5
Rentals at computed interest factor (1)	63	58	54	44	49
Total fixed charges	\$ 360	\$ 388	\$ 272	\$ 278	\$ 325
Ratio of Earnings to Fixed Charges	4.32		1.57	2.48	
Insufficient Coverage		\$ 542			\$ 273

(1) Amounts represent those portions of rent expense (one-third) that are reasonable approximations of interest costs.

**Tyson Foods, Inc.**

**Code of Conduct**

For over 75 years, Tyson Foods’ success has been based on the most valuable asset we have as a company – our people. From our earliest days of hauling live chickens to market, to our current position as one of the world’s largest food production companies, our commitment to “Doing What’s Right!” with regard to our people has sustained the growth of our company, enhanced our reputation, and elevated respect for our brand.

The guidelines expressed in this Code of Conduct are drawn from existing policies and procedures. Of course, no single document or Code can address every possible business situation. This Code, however, provides a foundational resource that offers guidance on how to act in most situations. It also provides specific guidance on whom to contact when questions or concerns arise about a situation or a particular transaction.

Our focus on taking care of our customers, shareholders, suppliers, and Team Members is apparent in the way we conduct business every day. Our Core Values, Cultural Tenets, Customer Creed, business strategy, and this Code of Conduct are guidelines that are available to each of us to make sure we conduct business the right way, the ethical way, every day.

A company culture begins with its leaders and grows through the actions and behaviors of its people. Our executive team may set and articulate values, tenets, creeds, and policies, but all of us are responsible for executing and exemplifying the company culture of “Doing What’s Right!”

/s/ John Tyson  
Chairman  
Tyson Foods, Inc.

/s/ Donnie Smith  
President and CEO  
Tyson Foods, Inc.

## **SECTION 1: INTRODUCTION**

### **Applicability**

This Tyson Foods, Inc. Code of Conduct (“Code”) describes the basic ethical standards that should be observed by the Company, Tyson Board of Directors, Team Members, business units, and subsidiaries (“Tyson”). These standards also apply to consultants, lobbyists, brokers, agents, and other representatives of Tyson. This Code of Conduct expresses the foundation for our Company’s policies. All Team Members are encouraged to review the related Tyson policies that are linked under ‘Company Info’ on the Tyson Intranet home page. Any waiver of principles expressed in this Code must be approved by the Board of Directors.

This Code attempts to address the most common legal and ethical issues that we might encounter; however, it cannot address every business situation. When deciding whether an action is ethical, or permitted under this Code, consider the following questions:

- Does my action comply with Tyson Foods’ Core Values?
- Do I feel like this action is the right thing to do?
- Is it consistent with the way I would want to be treated?
- Would Tyson or I be embarrassed if my action was published in the newspaper?
- Is it legal?

If you have any doubts about action you are considering, seek guidance from one of the resources listed within this Code or contact the Tyson Help Line at 1-888-301-7304.

### **Training and Verification**

Our business success depends on each Team Member’s commitment to operating with integrity, respect, accountability, and honor. All Team Members and Tyson Directors must participate in an annual compliance-training curriculum and certify that they understand and agree to follow the provisions of this Code. In addition, certain Team Members may be required to participate in training and acknowledge their understanding of key policies based on their specific roles and responsibilities. To review the current year’s training curriculum, please refer to the Required Training Policy.

### **Reporting, Retaliation, and Consequences**

We must all be alert and sensitive to workplace situations that could result in illegal or unethical actions. If you become aware of, or suspect, any violation of the law, the Code, or Tyson policy, you have a duty to report the issue promptly to a member of management with whom you feel comfortable, or your local Human Resources (HR) representative. As part of your personal responsibility for “Doing What’s Right,” you should never delegate the responsibility of reporting misconduct, nor should you assume someone else will report the misconduct.

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**Tyson Foods, Inc.**  
**Code of Conduct**

Tyson recognizes there may be situations where you do not feel comfortable going to local management or you may want to remain anonymous. In these situations, we recommend using the Tyson Help Line (1-888-301-7304) or the Tyson Web Line (tysonintegrity.eaweblne.com). We also encourage you to use these confidential options when you:

- Want further advice or guidance on an ethical issue;
- Want to tell us about a situation where you think the law or Company policy has not been upheld; and/or
- Think issues you have reported locally are not being addressed properly.

The Tyson Help Line and Web Line are free, accommodate most languages, and are available 24 hours a day, seven days a week. All of our reporting avenues are provided to uphold our commitment to our Core Values and to protect the rights of Team Members without fear of retaliation.

Tyson is devoted to maintaining a workplace where we can all raise questions or concerns without fear of retaliation. Tyson prohibits all forms of retaliation, including but not limited to verbal abuse or exclusion by management or coworkers, demotion or denial for promotion, relocation or reassignment, threats of physical harm to person or property, and other adverse employment actions against those who in good faith report illegal or unethical conduct. This protection extends to those who cooperate in an official investigation.

Appropriate corrective action, up to and including termination, will be taken against any Team Member or Tyson Board Member whose conducts violates the provisions of this Code. Corrective action may extend to those who have knowledge or authority for failing to prevent, detect, or report a known violation or misconduct. Additionally, in cases where a reporting Team Member is found to be involved in a violation, the Team Member may be disciplined when appropriate.

**Q:** How can I be sure I won't be penalized if I report wrongdoing?

**A:** Tyson is fully committed to protecting your position and maintaining the independence, impartiality, and confidentiality of the reporting and Help Line process. Anyone who tries to undermine our commitment to not retaliate against those who report in good faith can expect to be disciplined.

**Q:** What if someone makes a malicious or frivolous report?

**A:** Making a malicious or frivolous report or deliberately giving false information will be treated as serious misconduct, and disciplinary action may result.

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**Tyson Foods, Inc.**  
**Code of Conduct**

Q: What will happen when I call the Tyson Help Line?

A: Your call will be answered by the trained staff of an independent third-party call-center provider. They will take written details of your report then make a confidential report to the Corporate Ethics and Compliance Department. Your call will not be recorded, and the details will only be provided to those investigating your concern. At the end of the call, you will be provided a reference number so you can contact the Help Line again to get a status of your report or to provide additional information.

Q: Do I have to give my name when I use the Tyson Help Line or Web Line?

A: Because we keep your information confidential, we would rather you identify yourself as this helps us to better assess the concern you are raising. However, if you wish to remain anonymous, you may do so. In some cases, it does make it more difficult to conduct a thorough investigation.

Q: Do I have to be absolutely sure there is a problem before I make a report?

A: No. If you have a real and honest concern the law or our standards are being violated or have been violated, then you must report it. If it turns out your concern, reported in good faith, was unfounded or mistaken, you will not be penalized.

**Company Records**

Tyson expects Team Members to create clear and accurate records, whether paper or electronic, and to maintain those records securely and in accordance with generally accepted accounting practices, any applicable government regulations and all applicable Company policies. Company record retention and destruction activities are governed by company-approved retention schedules and any applicable litigation or tax holds. Please refer to the Record Retention and Disposal Policy or contact the Records Retention staff for further guidance.

**Confidential and Personal Information**

Each day, Team Members are entrusted with confidential information from and about Team Members, customers, vendors, and our business. Team Members are prohibited from using or sharing any confidential information with third parties unless the third party signs a non-disclosure agreement. A non-disclosure agreement, or confidentiality agreement, is a legal contract intended to protect proprietary or confidential information. The parties involved in the non-disclosure agreement promise not to share information described except as specifically permitted in the agreement.

The Tyson Legal Department will review a non-disclosure agreement to ensure it includes all the appropriate information to protect Tyson and its proprietary or confidential information. Non-disclosure agreements should be in place prior to sharing proprietary or confidential information with another company, as well as when another company is sharing confidential information with Tyson.

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## **Tyson Foods, Inc. Code of Conduct**

### **Data Classification and Privacy**

Data classification is a system for identifying and protecting information critical to Tyson, its Team Members, supply partners, and customers. It is one of the first steps Team Members can take to safeguard Tyson information.

Data classification applies to any application, system, or device connected to the Tyson network, such as (but not limited to): Internet access, e-mail, handheld devices, smart phones, desktops and laptops, plant and manufacturing control systems, physical documents, drawings, pictures, and specifications. In order to provide appropriate levels of protection, data needs to be classified according to sensitivity which includes the confidentiality and availability related to the storage, processing, and transmission of data.

Data owned, used, created, or maintained by Tyson is classified into one of three categories, including a sample (not all inclusive) of Tyson data within each category:

- Public (Non-Confidential)
  - Publicly posted press releases
  - Publicly available marketing materials
- Tyson Proprietary
  - Employment information on Team Members (i.e. start and end dates)
  - Internal directories and organization charts
- Tyson Restricted Confidential
  - Medical records
  - Social Security Numbers

Team Members are required to utilize the appropriate data classification in headers and/or footers for documents, presentations, and spreadsheets; encrypt and password protect Tyson Restricted Confidential data; and ensure that such data is secured and not accessible for unauthorized use.

### **SECTION 2: WHO WE ARE**

- **We strive to be a company of diverse people working together to produce food.**
- **We strive to be honorable people.**
- **We strive to be a faith-friendly company.**

Tyson Foods' Core Values ensure our company's commitment to the well-being of all Tyson Team Members. We are expected to act responsibly in the workplace by treating each other with dignity and respect; following all rules, policies, regulations, and laws; reporting policy violations; and working ethically at all times.

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## **Tyson Foods, Inc. Code of Conduct**

### **Team Member Bill of Rights**

Tyson is committed to fostering an environment in which Team Members can work together in a safe and productive workplace. Tyson has implemented a Team Member Bill of Rights that sets forth the rights and responsibilities of all Team Members, including the right to:

- A safe workplace,
- Be free from discrimination and retaliation,
- Certain information,
- Compensation for work performed,
- Adequate facilities and equipment,
- Training, and
- Tell Tyson First.

### **Human Rights**

Tyson Foods' human-rights practices are grounded in the Company's Core Values, Team Member Bill of Rights, and this Code. These documents outline the many rights, benefits, and responsibilities enjoyed by and expected of Team Members. We strive to provide our Team Members a safe workplace and payment of wages owed for the work they perform. Team Members are encouraged to honor their social, economic, cultural, and political institutions and to respect those of fellow Team Members. In addition, we do not employ anyone under the legal age of employment, and we do not tolerate forced and compulsory labor.

These rights, benefits, and responsibilities correspond with, or are in addition to, all other rights provided by state or federal law.

### **Dignity and Respect**

Team Members should treat one another with dignity and respect at all times. We should always be fair, reasonable, and courteous in our interactions. We should all practice the "Golden Rule" of treating others as we wish to be treated, thus helping to create a respectful workplace where each Team Member's contribution is valued.

**Q:** My co-worker is frequently rude and insulting toward on-site contractors. He claims this is a way to achieve the best performance. Is such behavior acceptable because they are not Team Members?

**A:** No. It is not acceptable, and in the long term, it is likely to adversely affect the contract and damage the vendor relationship. You should talk to your local HR manager about this behavior or call the Tyson Help Line.

### **Inclusion and Diversity**

Tyson is dedicated to promoting an environment of inclusiveness. We recognize that understanding, respecting, and valuing inclusion and diversity is central to Tyson Core Values

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and its business culture. Team Members are encouraged to embrace and foster their diverse nature, and respect the diversity of others. Diversity includes differences in race, religion, national origin, or education, skills, background, thoughts, and experiences. Tyson is devoted to maintaining an inclusive work environment where all Team Members feel welcome and each individual is considered a valued member of our Team. Together we will ensure Tyson continues to encourage a culture of diversity, inclusion, and engagement, thus promoting the idea of ONE – One Person, One Team, One Goal.

**Q:** One of my co-workers seems to be picked on constantly by others. I discussed this with another Team Member who advised me to ignore the situation because if I spoke up I could “become the next target.” Where can I go for advice?

**A:** You have a right to challenge and should challenge inappropriate or unacceptable behavior. You need to report this to your immediate supervisor to get this resolved at a local level. If you don’t feel comfortable, seek advice from HR or call the Help Line.

**Equal Employment Opportunity**

Tyson is dedicated to equal opportunity in all aspects of employment from recruitment to retirement. All personnel actions will be administered solely upon a Team Member’s or applicant’s qualifications, skills, performance, and abilities without discrimination with respect to any condition or characteristic protected by applicable laws.

**Q:** My supervisor is recruiting and hiring new Team Members, but is excluding applicants because of age. How can I best advise my supervisor that this is wrong?

**A:** Do not discuss the situation with your supervisor. Tyson does not allow age discrimination. Instead, seek advice from your HR representative and allow him or her to handle the situation.

**Harassment and Discrimination**

Tyson is committed to providing a workplace free from unlawful harassment and discrimination. Our Harassment and Discrimination Policy prohibits any kind of unlawful harassing or discriminatory behavior, such as that involving race, sex, age, religion, veteran’s status, color, national origin, disability, or sexual orientation. Harassment and discrimination are strictly prohibited in any form, including verbal, written, visual, or physical actions. We are required to exercise good judgment in our actions and interactions with others in and outside of the workplace; this expectation extends to our vendors, brokers, clients, and customers. We should treat one another with dignity and respect at all times by always being fair, reasonable, and courteous in our interactions with each other. We help to create a unified and respectful workplace by practicing the “Golden Rule” – treating others as we wish to be treated.

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Team Members are required to *immediately* report any real or perceived harassment, discrimination, or unwelcomed behavior to their supervisor, local HR representative, the Employment Compliance Department, or the Tyson Help Line. Tyson is committed to assessing all complaints and taking swift remedial action as appropriate.

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**Tyson Foods, Inc.**  
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Providing a safe workplace is one of our Core Values. Tyson is committed to maintaining a working environment free of violence or threats of violence. Tyson strives to provide an atmosphere in which all Team Members, visitors, contractors, and business partners are treated with dignity and respect. This includes freedom from inappropriate language, gestures, threats of violence, or physical violence. Workplace violence not only includes physical acts involving a weapon but also written or verbal remarks, such as making false, malicious, or unfounded statements against another person. Workplace violence is strictly prohibited and is absolutely not tolerated. Violations of this policy can lead to disciplinary action, up to and including termination.

**Potential Conflicts with Tyson Business (Conflicts of Interest)**

Team Members have a duty to avoid possible conflicts of interest. For example, a conflict may exist if a situation arises where a Team Member's or a family member's personal interest conflicts with the interests of Tyson Foods, or a Team Member uses his or her position at Tyson Foods to achieve personal gain. Such a conflict of interest may harm the integrity of both Tyson and the Team Member. All Team Members have a duty to report any personal, property, or business interests or obligations that might conflict or appear to conflict with the interests of Tyson. Situations or circumstances that may present or be perceived to present a conflict of interest should be disclosed to the Company according to the guidelines in the Potential Conflicts with Tyson Business Policy. Each disclosure will be evaluated by the Team Member's direct supervisor, HR, and the Ethics and Compliance Department for propriety on an individual basis. Gifts and entertainment may also be perceived as a conflict of interest, please refer to the section of Gifts and Entertainment for further guidance or contact the Ethics and Compliance Office.

**Faith-Friendly Workplace and Chaplain Services**

At the heart of Tyson Foods' commitment to people is a profound respect for the Company's rich culture of various traditions, faiths, and beliefs. Our vision of being a faith-friendly company centers on the idea that faith enriches the workplace. Through Chaplain Services, Tyson provides Chaplains who offer counseling and personal guidance to Team Members of all faiths. Tyson strives to be a faith-friendly company by respecting all Team Members and acknowledging their faith in a manner that is respectful of all traditions and beliefs.

Chaplain Services offers proactive assistance with a spiritual foundation. Chaplains are available to talk in confidence with Team Members about many issues, including health concerns, marital and family issues, grief and death, substance abuse, and job and financial concerns. Team Members are encouraged to refer to the Chaplain Services intranet page or reach out to the Director of Chaplain Services for further guidance.

**Religious Accommodations**

Tyson is dedicated to providing a workplace that is free from religious discrimination and intolerance. In order to maintain this commitment, we have adopted a Religious Accommodation

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Policy that outlines the guidelines and procedures for making reasonable accommodations for religious practices and observances. Team Members who believe their work requirements conflict with their sincerely held religious beliefs or practices, must promptly report their concern to their local HR representative or contact the Tyson Help Line.

**Substance Abuse**

A large part of Tyson Foods' success relies upon each Team Member performing his or her best while at work. Using alcohol or illegal drugs in the workplace prevents Team Members from contributing at their highest levels and puts their fellow Team Members in danger. Furthermore, Tyson does not allow the misuse of prescription medications or the use of alcohol, illegal drugs, or controlled substances in the workplace. Team Members are strongly encouraged to seek help for dependency issues.

All Team Members should become familiar with our Drug and Alcohol Abuse Policy. If you are ever suspicious of a Team Member's behavior, you must immediately report your concern to a HR representative or the Tyson Help Line.

**Management Standards of Behavior**

Those who are managers or supervise other Team Members have additional responsibilities, and our Management Standards of Behavior Policy sets forth guidelines and expectations for appropriate managerial behavior and disciplinary protocols. As leaders, we are to comply with and be stewards of Tyson Foods' Core Values and Cultural Tenets – both in word and deed. Whether we are on the job or off, managers have an obligation to align ourselves with these values and tenets. Management Team Members are the first point of contact when Team Members have concerns, and as such, need to be ready and willing to listen and respond appropriately. Management Team Members have the additional responsibility of closely monitoring compliance with the Code of those they supervise and ensuring that third parties with whom they interact are aware of and comply with the policies and procedures.

**Social Media**

Social media tools have added another dimension to the way we communicate. As we engage in these online communities, remember that the Code and policies apply to all online communications. Tyson respects your right to personal speech. At the same time, Tyson also prohibits us from sharing sensitive business information, such as posting messages about business performance that could be perceived as material to the share price. Federal regulations require that you disclose your affiliation with Tyson if you comment about the Company or its products. Tyson reserves the right to investigate and take appropriate action against those who violate the Code or policies through social media tools. Whether you're engaging in public or virtual communities, it's always good to remember that online communications tend to be 'evergreen.' After something is posted, more often than not, the information stays up indefinitely and can be read out of context. Think before you post.

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## **Tyson Foods, Inc. Code of Conduct**

### **Immigration Laws**

A diverse workforce is critical to Tyson Foods' success, and we are committed to employing only individuals who are legally authorized to work in the United States.

Tyson is devoted to ensuring all of our hiring locations consistently implement and follow our Employment Eligibility Policy. Accordingly, we have established procedures that include training, certification, record keeping, and third-party verification to ensure compliance. Team Members are prohibited from knowingly hiring or allowing anyone to continue working if they are not authorized for employment.

If Team Members have questions regarding U.S. immigration and naturalization laws, they should contact Employment Compliance or the Legal Department.

### **Use of Company Assets**

Tyson provides Team Members with the assets necessary to achieve business objectives. These assets may include such items as a photocopier, a cell phone, or a Company car. Assets also include confidential Company information, Company goodwill, or Company logos. Misuse of any Company asset costs Tyson Foods money and is strictly prohibited. Tyson expects us to use good judgment in the proper use and care of these Company assets. If you suspect misuse of a Company asset, contact a member of management or the Tyson Help Line.

### **Trade Secrets**

Trade secrets and intellectual property give Tyson an advantage over our competitors and customers. Protecting this information keeps us ahead of the competition. A trade secret can be a formula, practice, process, design, instrument, pattern, or compilation of information which is not common knowledge. Intellectual properties are creations of the mind – inventions, patents, names, images, trademarks, designs, literary and artistic works, and symbols. To protect Tyson information, we need to make sure we discuss with others only Tyson information that is public and non-confidential or is protected by a confidentiality agreement that has been approved by the Legal Department.

### **E-mail and Internet Usage**

When using a Tyson e-mail or instant-messaging account, or visiting a website on the Internet at work, you are representing Tyson to the world. To communicate the acceptable use of these accounts and the various information system resources, Tyson has adopted an Electronic Usage Policy to protect the interests of the Company, our business partners and Team Members from the loss or compromise of confidential data. Team Members may not use these tools at work for personal gain or for unlawful or unethical purposes. Tyson monitors Team Member usage of e-mail and the Internet. Team Members are expected to use e-mail and the Internet responsibly and to limit personal use of these tools in the workplace so that it will not affect job performance or the success of the Company. Questions or concerns regarding improper e-mail or Internet usage should be directed to HR, the IS Security Department, or the Tyson Help Line.

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**Raffles and Lotteries**

Raffles and lotteries, which are defined as the payment of money for the purpose of obtaining a “chance” to win a prize, are forbidden in most states, even if the beneficiary of the raffle or lottery is a charity.

It is permissible to raise funds through donations made directly to a charity or to raise funds through events that do not require payment to obtain a “chance” for a prize. For instance, a donor could make a donation to receive a small item (a cookie, a soft drink, candy, a meal), and all donors could be entered in a door-prize drawing because they made a donation in exchange for the item, not to enter a drawing. Any questions should be directed to the Legal Department or the Ethics and Compliance Department. If you are in doubt regarding participating in or organizing a raffle, please reach out for guidance before proceeding.

**SECTION 3: WHAT WE DO**

- **We feed our families, the nation, and the world with trusted food products.**
- **We serve as stewards of the animals, land, and environment entrusted to us.**
- **We strive to provide a safe work environment for our Team Members.**

Tyson Foods’ Core Values reinforce the Company’s deep-seated commitment to produce trusted food products. We are expected to act responsibly in the workplace and comply with all applicable laws, regulations, and policies for food safety, animal welfare, the environment, and Team Member safety.

**Food Safety and Quality**

Our customers and consumers trust us to deliver high quality, safe products that provide the dietary benefits and food value promised on each product’s label and in our advertisements. In keeping with these expectations, Team Members need to take appropriate responsibility throughout the process to ensure that food safety is always one of Tyson Foods’ top priorities.

Team Members are obligated to adhere to government regulations and the Company’s Food Safety and Quality Assurance (FSQA) Policies and Procedures. Any actual or suspected failure to comply with these regulations or policies must be reported to a member of management or the Tyson Help Line. Standards and expectations governing food quality and safety are complex and frequently change; therefore, Team Members are encouraged to seek guidance from a FSQA representative to ensure full compliance.

Team Members must immediately report any actual or suspected, accidental or intentional non-compliance with all applicable food-safety laws, regulations, or Company-defined policies to the FSQA Department, or the Tyson Help Line.

Q: I witnessed someone not following the product specification. What should I do – it’s not like it is a food-safety issue?

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A: Whether it is a food safety issue or customer expectation, all standards must be followed. Contact a member of the FSQA staff immediately so that they can look into the matter.

**Animal Well-Being**

Tyson has a long-standing commitment to the well-being, proper handling, and humane slaughter of all animals used in its food products. This is not only the right thing to do; it is also an important moral and ethical obligation the Company owes to suppliers, customers, Team Members, and most importantly of all, the animals entrusted to us and upon whom the Company depends on for its products and our livelihood.

Team Members and contract producers or suppliers should raise, transport, and slaughter animals in an environment that complies with all federal, state, and local laws for humane treatment and slaughter. We are all expected to respect and serve as stewards of the animals the Company works with every day, treating them in a proper manner at all times.

Tyson has an Office of Animal Well-Being and an Animal Welfare Policy to provide guidance regarding animal well-being expectations and standards. Team Members are expected to immediately report any actual or suspected accidental or intentional mistreatment of animals to his or her supervisor, Food Safety and Quality Assurance Department, Office of Animal Well-Being, or the Tyson Help Line.

**Environmental**

Tyson is committed to protecting natural resources to maintain clean air, water, and land for our world. Team Members are required to perform work in an environmentally responsible manner, including minimizing water usage, practicing proper housekeeping, and ensuring proper storage and disposal of waste. Team Members are accountable for managing all operations in an environmentally responsible manner so as to meet or exceed environmental laws and regulations.

The federal regulatory agency responsible for overseeing environmental compliance is the Environmental Protection Agency (EPA). There are many federal and state laws, rules, regulations, and Tyson policies which govern environmental compliance. Should questions arise, Team Members are encouraged to seek guidance from the complex environmental manager or the Corporate Environmental Health and Safety Services Department. Any actual or suspected, accidental or intended failure to comply with these laws, regulations, or policies needs to be reported to a member of management, the Environmental Health and Safety Services Department, or the Tyson Help Line.

**Health and Safety**

Tyson promotes a culture that values the health and safety of its Team Members. We view workplace injuries and illnesses as unacceptable, and improving our health and safety performance is a priority. We have created and implemented programs to reduce the frequency

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## **Tyson Foods, Inc. Code of Conduct**

and severity of these events, and we review and monitor our performance closely. Additionally, we aspire to have zero injuries and illnesses, and are working to build an incident-free culture that is grounded on the premise of eliminating workplace risks and hazards and continual improvement. Team Members must understand and comply with our policies; safety, health and environmental laws; and all regulations that affect our business activities.

Tyson has created and implemented standards, known as the Core Safety Mandates. These mandates focus on three critical areas regarding accident prevention and Occupational Safety and Health Administration (OSHA) compliance including:

- Lock out and tag out,
- Confined space entry, and
- Fall-protection.

Contractors, suppliers, and others who work with us must also follow applicable laws and regulations. Team Members must promptly report unsafe work conditions, threats, and unusual actions or situations (including those relating to vendors or customers). Speak up if you observe unsafe behavior. Do not allow yourself or anyone to ignore established safety practices or procedures. If you see anyone performing an unsafe act or creating an unsafe condition, stop the Team Member and explain what they are doing that is unsafe. Let your fellow Team Members know “I Got Your Back!” If you do not feel comfortable talking with someone directly, tell the Team Member’s supervisor, the local HR representative, or contact the Tyson Help Line.

**Q:** My lead asked me to do a job that I am not trained for, one which has safety implications. What should I do?

**A:** You should not undertake a job you have not been trained to do. Talk to your lead about getting the right training for the job. Seek advice on what sort of training is needed from your manager or local safety representative, and if necessary, ask them to support you in discussing what is required with your lead.

## **Sustainability**

Tyson Foods is one of the world’s largest processors and marketers of chicken, beef, and pork food products. As our company has grown, so have our responsibilities. We understand our actions and decisions have an impact. We recognize the global community we serve faces unparalleled economic, environmental, and social issues such as increased unemployment rates, resource scarcity, and extreme hunger and poverty. Understanding and addressing these issues is consistent with the Core Values of our company.

We believe our triple bottom line success, including social progress, environmental excellence, and economic growth, will continue as we strive to do the right thing with respect to *people, planet, and profit*. Sustainability touches every aspect of our company and our operations. Accordingly, we define sustainability in a way that brings responsibility and accountability into

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every business activity and process. Our Core Values and focus on sustainability guide our actions on important issues such as hunger relief, food safety, environmental protection and resource conservation, animal well-being, ethical business practices, the health and safety of our Team Members and returning a profit to our shareholders.

We are committed to building the world's most extraordinary food company, and to conducting business in a manner that builds financial success, respects the environment, and supports those in need.

To review our most recent sustainability report, visit [www.tyson.com](http://www.tyson.com).

**SECTION 4: HOW WE DO IT**

- **We strive to earn consistent and satisfactory profits for our shareholders and to invest in our people, products, and processes.**
- **We strive to operate with integrity and trust in all we do.**
- **We strive to honor God and be respectful of each other, our customers, and other stakeholders.**

**Regulatory Compliance**

There are numerous laws and regulations that Tyson and its Team Members must observe and obey. The Company's actions and dealings with federal, state, and local governmental officials must comply with all applicable laws and regulations. They must also be free from even the *appearance* of wrongdoing. Team Members, Tyson Board Members and consultants, lobbyists, agents, and other representatives of Tyson, must adhere to the highest ethical standards of conduct when dealing with government personnel.

**Sarbanes-Oxley Act (SOX) and Financial Reporting**

The accuracy and completeness of our financial reports are important to our shareholders and Tyson as a company. The SOX Act of 2002 requires that senior management take individual responsibility for the accuracy and completeness of published corporate financial reports. Each fiscal quarter, Tyson Foods' executive and senior-management teams certify the integrity of the Company's financial reports.

Financial reporting controls have been installed to ensure that we are compliant with these requirements. External Auditors and our Internal Audit Department perform audit testing throughout the year to verify the effectiveness of these controls. The Securities and Exchange Commission (SEC) requires Tyson to file periodic reports (8-K, 10-Q, and 10-K), quarterly earnings releases, and an Annual Report; all of which report significant events. These reports are considered public (non-confidential) information after they have been filed and published and are available on [www.sec.gov](http://www.sec.gov). For more information regarding SOX or the requirements of the SEC, contact Legal, Financial and Accounting or the Internal Audit Department.

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## Tyson Foods, Inc. Code of Conduct

### Whistle Blower

Tyson has adopted a Whistle Blower Policy that defines formal procedures for Team Members and other interested parties to **confidentially and anonymously** bring good faith material or significant concerns or complaints regarding accounting matters or publically filed documents to the attention of the Audit Committee of the Board of Directors without fear of dismissal or retaliation. Team Members are required to *immediately* report any real or perceived illegal or unethical financial or accounting conduct using the procedures described in the Whistle Blower Policy or by contacting the Tyson Help Line.

### Political Activities and Contributions

Government decisions affect Tyson, and the communities in which our Team Members live. For that reason, we encourage involvement in civic affairs, including running for office or supporting those who do. However, there are restricted political activities that may not be undertaken without the pre-approval of the External Relations Department:

- Using your work time or another Team Members' work time for personal political activities.
- Using Tyson assets (phone, computer, copier, vehicle, etc.) for personal political purposes.
- Using Tyson funds for political activities.

At Tyson, we engage public officials through memberships in trade associations, local 'grassroots' relationships, direct lobbying, and other initiatives. Since lobbying activities are regulated by law, any lobbying activity on behalf of Tyson must be limited to those endorsed and expressly approved by the External Relations Department and reported quarterly.

Team Members may make direct political contributions of their own money in accordance with applicable law, but such contributions may not be made in the name of Tyson. Team Members are restricted from using their position to coerce contributions from other Team Members for the purpose of supporting a charity, political candidate, political party, or political action committee. No political contributions made by Team Members may be reimbursed through Tyson expense accounts. In addition, political contributions may not be made on Tyson Foods' behalf directly or indirectly through suppliers, customers, or agents.

Contributions to federal candidates and political parties may be made by the Tyson Political Action Committee (TYPAC), which is a federal PAC organized and administered under applicable law. Contributions to TYPAC by eligible salaried Team Members are voluntary.

Q: I don't have any contact with government officials, but I am sometimes asked to research pending legislation. Do I have to know anything specific about the lobbying rules?

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A: Yes. There may be rules that require you to report the time you spend supporting those who lobby the government directly. It's best to ask the Legal Department or the External Relations Department for guidance.

**Labor Unions and Relations**

The highest ethical standards must be upheld when interacting with labor unions and their representatives. In keeping with these high ethical standards, the solicitation or giving of bribes, illegal gratuities, improper gifts, or anything of value in any form by or to a labor union officer, official, member, or other union representative is strictly prohibited and will not be tolerated. Such conduct may constitute a violation of the National Labor Relations Act or other federal statutes and may result in disciplinary action. Questions or concerns regarding labor relations or unions should be directed to the Corporate HR Department or through the Tyson Help Line.

**Antitrust Laws and Competition**

The United States adopted antitrust and pricing discrimination laws to protect free enterprise by ensuring vigorous competition. Tyson is committed to doing its part to preserve free enterprise by requiring that all Team Members strictly obey all applicable antitrust laws and follow the governing principles contained within our Pricing and Competitive Information Policy. Team Members who are routinely involved in the negotiation, pricing, review, approval, or execution of a written or oral agreement relating to the sale of Tyson products or the purchase of products and raw materials for Tyson must pay special attention to the guidelines and requirements of the Pricing and Competitive Information Policy.

Matters and issues involving antitrust laws or the Company policy on Pricing and Competitive Information should be brought to the attention of the Legal Department or the Tyson Help Line.

**Gifts and Entertainment**

Although buying gifts and paying for entertainment are customary business practices, they can sometimes be perceived as a conflict of interest. Offering or receiving any gift, gratuity, or entertainment that might be perceived as a way to influence a business relationship or decision must be avoided, especially when a government official is involved (see section on Foreign Corrupt Practices Act).

Team Members and their immediate families must not accept gifts of cash or cash equivalents (such as gift cards or gift certificates), loans of any amount, gifts or paid entertainment greater than \$100, or other favors from a current or potential supply partner or customer. Receiving such items or favors may compromise or appear to compromise your ability to make objective, impartial, and fair business decisions.

Although gifts of an advertising or promotional nature may be accepted, the value of the promotional gift must not be greater than \$100. Gifts and/or entertainment valued at more than \$100 must be approved by a senior vice president within the business unit and communicated to the Ethics and Compliance Department.

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The solicitation of gifts, no matter how small, may be perceived to be an attempt to create an obligation to the giver and are therefore inappropriate. This applies at all times and does not change during traditional gift-giving seasons. Team Members must not solicit a gift or entertainment from a current or potential supply partner or customer except for the solicitation of contributions for Tyson-endorsed fundraisers.

All entertainment should be consistent with our Core Values and the provisions within this Code of Conduct. If you become aware of any gift or entertainment not consistent with these provisions, contact the Legal Department or the Tyson Help Line immediately.

**Q:** I was given an expensive gift during a business meeting and know that – because of cultural traditions – it would offend the provider if I did not accept it. What should I do with the gift, so as not to offend the provider?

**A:** You should report the gift immediately to the Ethics and Compliance Department and ask for guidance. Depending on the circumstances and value of the gift, we may ask you to return the gift or seek the provider's permission to donate it to charity.

### **Dealing with Regulatory Government Personnel**

The United State Department of Agriculture (USDA) and Food and Drug Administration (FDA) regulate the manufacturing of Tyson products. There are particularly strict rules governing dealings with USDA personnel. Team Members, agents, consultants, lobbyists, and other representatives cannot give or receive anything of value to or from any USDA official or employee under any circumstances. This applies to gifts of money; non-monetary items such as meals, transportation, lodging, entertainment (e.g., tickets to sporting events), and other hospitality; and services (e.g., car washing), as well as any other personal benefit or favor. This standard also applies to all other federal officials regardless of the agency they represent.

If any government official requests a gift of any kind, including gifts of service from a Team Member, the Team Member must decline and immediately report the request to his or her supervisor and the Ethics and Compliance Department. Tyson will not tolerate the solicitation, receiving or giving of bribes, illegal gratuities, or improper gifts in any form by or to any local, state, or federal government personnel (see section on Foreign Corrupt Practices Act or FCPA).

### **Supplier Code of Conduct**

The Supplier Code of Conduct sets forth the principles and high ethical standards that we strive to achieve and expect from our supply partners. These principles and ethical standards include: assuring compliance with legal standards; sharing a desire to provide safe, quality food products; an abiding concern for the well-being of animals; respect for the rights and safety of others; dedication to protection of the environment; and a commitment to sustainable business practices.

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The Supplier Code of Conduct supplements but does not supersede any rights or obligations established in any agreement we may have with our supply partners. Please contact the Purchasing or Legal Department if you have questions about how the Supplier Code of Conduct applies to contracts with our suppliers.

**International Code of Conduct**

Tyson has adopted a separate International Code of Conduct, which applies to all Team Members in our international operations and companies and foreign sales offices. Due to the nature and number of possible international ethical concerns, Team Members who act and interact with our business internationally should have an understanding of the International Code of Conduct and the specific laws and expectations governing conduct and business affairs beyond the basic principles found in this Code. International matters or issues should be directed to the Legal Department or the Ethics and Compliance Department.

**Federal Sanctions Program Compliance**

Federal agencies administer a variety of embargoes and sanctions programs against regimes in foreign countries, and individuals and organizations in the United States and elsewhere whose activities have been determined to be contrary to the interests of the United States and its allies (“Federal Sanctions Program”). These countries, individuals and organizations that have been determined by a federal agency to be either a terrorist, a drug trafficker, or a weapons dealer are known as “Targets”. Transactions with Targets are prohibited by federal laws. Severe civil and criminal penalties may be levied against companies and individuals who conduct business with Targets in violation of a Federal Sanctions Program or U.S. export controls. Companies must self report violations of Sanctions Program requirements and delayed self reporting can be the basis for the government seeking additional penalties against the Company.

Team Members who are responsible for domestic and international trade negotiations are encouraged to “know their customers.” The Ethics and Compliance Department has the capability of determining whether a person, regime or organization has been designated as a Target.

Team Members must report transactions that they suspect could be in violation of a Federal Sanctions Program to the Ethics and Compliance Department, the Tyson Help Line or the Legal Department as soon as possible, preferably before the transaction is finalized.

**Customs and Import Restrictions**

All goods imported into the United States must pass through U.S. Customs, where a duty must be paid unless an exemption applies. Team Members are required to supply accurate information about the classification and value of such goods.

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**Restrictive Trade Practices and Boycotts**

Tyson must not participate in any activity, including those fostered by foreign countries or organizations, intended to restrain trade or promote a boycott of customers or suppliers located in a country friendly to the United States or of U.S. persons, firms, or corporations. If a Team Member receives or learns of a boycott request or a related information request, it must be reported to the Legal Department or the Tyson Help Line.

**Foreign Corrupt Practices Act (FCPA)**

The Foreign Corrupt Practices Act (FCPA) is intended to curb dishonesty in international dealings. Tyson Team Members must fully comply with all applicable laws, including all applicable foreign tax and currency controls. Team Members must keep accurate records reflecting the true nature of all transactions. Falsification of records or illegal payments may be grounds for civil and criminal prosecution of both the Team Member(s) involved and the Company. Due to the nature and number of possible international ethical concerns, Team Members who conduct Tyson business internationally should have an understanding of the laws governing international trade beyond the principles found in this Code of Conduct.

**Bribes, Kickbacks, or Payoffs**

The FCPA and other United States laws prohibit the payment of any money or anything of value to a foreign official, foreign political party (or official), or any candidate for foreign political office for purposes of obtaining, retaining, or directing of business to Tyson.

**Facilitating Payments**

Even though the FCPA may allow “facilitating payments” depending on local law, Tyson strictly prohibits such payments. These payments include fees paid for the processing of governmental papers, obtaining local phone service, securing required permits, or obtaining adequate police protection. Team Members must contact the Legal Department or the Tyson Help Line in cases where facilitating payments potentially could be involved in a transaction.

Q: I was informed I could hire a local company or consultant to help get all the necessary permits from a foreign government. An advance payment has been requested to “help move the process along.” I have been told this is common practice in this country. Do we have to worry about it?

A: **Yes** . We are responsible for the actions of any third party working on our behalf. The request for an advance payment is itself a red flag; the comment to help move the process along, even more so. Consult with the Legal Department before proceeding.

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**Tyson Foods, Inc.**  
**Code of Conduct**

**A Final Thought**

Tyson Foods believes that the integrity each Team Member brings to his or her position will enable the Company to set the standard for business conduct in the agribusiness industry. This Code of Conduct sets formal expectations that each Team Member must meet to comply with the laws that govern the Company's business.

All provisions of this Code of Conduct are fully binding, without exception, as long as you are a Team Member. In addition, the provisions in this Code of Conduct protecting the Company's confidential and proprietary information continue to be binding upon those persons who leave Tyson employment, either voluntarily or involuntarily.

If Team Members have questions or concerns about conduct or about provisions of this Code of Conduct, they should promptly bring them to the attention of the Ethics and Compliance Department or the Legal Department.

- The Tyson Help Line:
  - Phone – (888) 301-7304
  - Website – [tysonintegrity.eaweblne.com](http://tysonintegrity.eaweblne.com)
- Ethics and Compliance Department
  - Phone – (479) 290-2652
  - E-mail – [helpline@tyson.com](mailto:helpline@tyson.com)
  - Fax – (479) 717-0370
  - Mail – 2200 Don Tyson Parkway (CP006), Springdale, AR 72762
- Legal Department
  - Phone – (479) 290-4000
  - E-mail – [helpline@tyson.com](mailto:helpline@tyson.com)
  - Mail – 2200 Don Tyson Parkway (CP004), Springdale, AR 72762

<u>Entity Name</u>	<u>Place of Incorporation</u>
<b>Tyson Foods, Inc.</b>	<b>Delaware (1986)</b>
<i>Subsidiaries 100% owned unless otherwise noted</i>	
FPPCI Acquisition, Inc.	Delaware (2008)
Global Employment Services, Inc.	Delaware (1993)
National Comp Care Inc.	Delaware (1995)
Oaklawn Capital Corporation	Delaware (1995)
The Pork Group, Inc.	Delaware (1998)
TyNet Corporation	Delaware (1995)
Tyson Breeders, Inc.	Delaware (1971)
Tyson International Company, Ltd.	Bermuda (1993)
Tyson Mexican Original, Inc.	Delaware (1998)
Tyson Pet Products, Inc.	Delaware (2005)
Tyson Poultry, Inc.	Delaware (1998)
Tyson Receivables Corporation	Delaware (2001)
Tyson Sales and Distribution, Inc.	Delaware (1998)
Tyson Shared Services, Inc.	Delaware (1998)
<b>Tyson Chicken, Inc. (Subsidiary of Tyson Foods, Inc.)</b>	<b>Delaware (1997)</b>
Hudson Midwest Foods, Inc.	Nebraska (1996)
<b>Tyson Farms, Inc. (Subsidiary of Tyson Foods, Inc.)</b>	<b>North Carolina (1968)</b>
Central Industries, Inc.	Mississippi (1964)
<b>Tyson Fresh Meats, Inc. (Subsidiary of Tyson Foods, Inc.)</b>	<b>Delaware (2000)</b>
Tyson Processing Services, Inc.	Delaware (1997)
The IBP Foods Co.	Delaware (1999)
Tyson Hog Markets, Inc.	Delaware (1972)
IBP Caribbean, Inc.	Cayman Islands (1997)
IBP Redevelopment Corporation	Missouri (2000)
Tyson Service Center Corp.	Delaware (1979)
Tyson of Wisconsin, Inc.	Delaware (1989)
Madison Foods, Inc.	Delaware (1998)
PBX, inc.	Delaware (1974)
Rural Energy Systems, Inc.	Delaware (1984)
Texas Transfer, Inc.	Texas (1987)
Tyson Canada Finance LP	New Brunswick, Canada (2003)
<b>Tyson International Service Center, Inc. (Subsidiary of Tyson Fresh Meats, Inc.)</b>	<b>Delaware (1973)</b>
Tyson International Service Center, Inc. Asia	Delaware (1985)
Tyson International Service Center, Inc. Europe	Delaware (1985)
<b>IBP Foodservice, L.L.C.</b>	<b>Delaware (1997)</b>
<i>(78% owned by Tyson Fresh Meats, Inc.; 22% owned by IBP Caribbean, Inc.)</i>	
<b>Foodbrands America, Inc. (Subsidiary of IBP Foodservice, L.L.C.)</b>	<b>Delaware (1994)</b>
The Bruss Company	Illinois (1956)
CBFA Management Corp.	Delaware (1998)
Foodbrands Supply Chain Services, Inc.	Delaware (1992)
Wilton Foods, Inc.	New York (1964)
Zemco Industries, Inc.	Delaware (1969)
<b>Tyson Deli, Inc. (Subsidiary of Foodbrands America, Inc.)</b>	<b>Delaware (2003)</b>
Tyson Prepared Foods, Inc.	Delaware (2003)

**Tyson Refrigerated Processed Meats, Inc.**  
*(Subsidiary of Foodbrands America, Inc.)*  
Carolina Brand Foods, LLC

**DFG Foods, Inc. (Subsidiary of Foodbrands America, Inc.)**  
DFG Foods, LLC

**New Canada Holdings, Inc.**  
*(85.84% owned by Tyson Fresh Meats, Inc.;  
14.16% owned by Cobb-Vantress, Inc.)*  
Tyson China Holding 3 Limited  
Haimen Tyson Poultry Development Co., Ltd.  
Jiangsu Tyson Foods Co., Ltd.

**Tyson International Holding Company**  
*(Subsidiary of New Canada Holdings, Inc.)*  
Oaklawn Sales Ltd.  
Tyson India Holdings, Ltd.  
Tyson China Holding Limited  
Tyson China Holding 2 Limited

**Tyson International Holding Srl (Subsidiary of New Canada Holdings, Inc.)**

**Tyson Global Holding Srl (Subsidiary of Tyson International Holdings Srl)**  
Tyson Delaware Holdings, LLC  
Tyson Americas Holding Srl

**Tyson International Holding S.C.A.**  
*(.1% owned by Tyson Americas Holdings Srl;  
99.9% owned by Tyson Global Holding Srl)*  
Cobb-Vantress Brasil Ltda.  
Hybro Genetics Brasil Ltda.  
Tyson Do Brasil Alimentos Ltda.  
Tyson Brasil Investimentos I Ltda.  
Tyson Brasil Investimentos II Ltda.  
Tyson Brasil Investimentos III Ltda.

**Cobb Europe B.V. (Subsidiary of Tyson International Holding S.C.A.)**  
Hybro B.V.  
Avex S.A.  
Fortune G-P Farms Ltd.

**IBP Finance Company of Canada (Subsidiary of Tyson Americas Holding Srl)**

**Alberta Farm Industries ULC (Subsidiary of IBP Finance Company of Canada)**  
Provemex Holdings, LLC  
1385606 Alberta ULC  
Alberta Feeders Partnership  
Cobb Breeders B.V.

**Cobb Europe Limited (Subsidiary of Alberta Farm Industries ULC)**  
Cobb Poland B.V. Sp. z o.o  
Cobb-Istanbul Ana Damizlik Isletmeleri Ve Ticaret A.S.  
Cobb France Eurl  
Kabir International S.R.L.

**Delaware (2003)**  
North Carolina (2000)

**Delaware (1998)**  
Oklahoma (1998)

**Delaware (2007)**  
Hong Kong (2009)  
China (2008)  
China (2008)

**Delaware (1994)**  
British Virgin Islands (1995)  
Republic of Mauritius (2008)  
Hong Kong (2008)  
Hong Kong (2009)

**Luxembourg (2003)**

**Luxembourg (2009)**  
Delaware (2003)  
Luxembourg (2009)

**Luxembourg (2003)**  
Brazil (1995)  
Brazil (2005)  
Brazil (1975)  
Brazil (2008)  
Brazil (2008)  
Brazil (2008)

**The Netherlands (1994)**  
The Netherlands (1959)  
Peru (2006)  
Sri Lanka (2004)

**Nova Scotia, Canada (1997)**

**Alberta, Canada (1994)**  
Delaware (2005)  
Alberta, Canada (2008)  
Alberta, Canada (2001)  
The Netherlands (1994)

**United Kingdom (1974)**  
Poland (1996)  
Turkey (2001)  
France (1990)  
Italy (2004)

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**JOINT VENTURES/PARTNERSHIPS**

Cactus Argentina S.A.	Argentina (1998)
Carneco Foods, LLC	Oklahoma (2000)
Changyi Tyson Xinchang Foods Co., Ltd.	China (1995)
Changyi Tyson Xinchang Poultry Co., Ltd.	China (2005)
Changyi Tyson Xinsheng Foods Co., Ltd.	China (2000)
Dorada Poultry LLC	Oklahoma (2010)
Dynamic Fuels, LLC	Delaware (2007)
Exportaciones Agroindustriales Argentinas S.A.	Argentina (1994)
Godrej Tyson Foods Limited	India (2008)
Nacrail, LLC	Delaware (2001)
Overseas Distribution Solutions, L.L.C.	Georgia (1999)
Professor Connor's, Inc.	Delaware (2004)
Rizhao Tyson Xinchang Poultry Company, Ltd.	China (2009)
Shandong Sand's Food and Development Co. Ltd.	China (Inactive) (1995)
Shandong Tyson Da Long Food Company Limited	China (2001)
Shandong Tyson Xinchang Foods Company, Ltd.	China (2009)
Shandong Tyson Yuansheng Duck Co., Ltd.	China (2004)
Shandong Tyson Shengde Foods Co., Ltd.	China (2002)
Weifang Tyson Xinchang Feed Co., Ltd.	China (1998)
<b>TYSON DE MEXICO, S. DE R.L. DE C.V.</b>	
Tyson de Mexico, S. de R.L. de C.V.	Mexico (1984)
Avicultores Tecnicos, S. de R.L. de C.V.	Mexico (1985)
Comercializadora Avemex, S. de R.L. de C.V.	Mexico (1992)
Corporativo Orvin, S. de R.L. de C.V.	Mexico (1989)
Empresas Provemex, S. de R.L. de C.V.	Mexico (1972)
Laboral Gomez Palantina, S. de R.L. de C.V.	Mexico (1988)
Provemex Avicola, S. de R.L. de C.V.	Mexico (1974)
<b>Cobb-Vantress, Inc.</b>	
<b><i>Cobb-Vantress, Inc.</i></b>	
<b><i>(Subsidiary of Tyson Foods, Inc.)</i></b>	
Cobb Caribe, S.A.	<b>Delaware (1986)</b>
Cobb Espanola SA	Dominican Republic (2001)
Matsusaka Farm Co., Ltd.	Spain (1969)
Progenitores Avicolas, C.A.	Japan (1967)
Venco Research and Breeding Farm Limited	Venezuela (1967)
Reproductores Cobb S.A.	India (1980)
Cobb-Russia LLC	Argentina (1999)
OOO Broiler Budeshago (Broiler of the Future, LLC)	Delaware (2006)
	Russia (2004)
<b><i>Cobb-Vantress Philippines, Inc.</i></b>	
<b><i>(99.99% owned by Cobb-Vantress, Inc.; .01% owned by 7 individuals)</i></b>	
C.V. Holdings, Inc.	<b>Philippines (2003)</b>
	Philippines (2003)

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Forms S-8 (Nos. 333-115378, 333-115379, 333-115380, 333-70646, 333-02135 and 333-22881) of Tyson Foods, Inc. of our report dated November 22, 2010 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Fayetteville, AR  
November 22, 2010

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-115378, 333-115379, 333-115380, 333-70646, 333-02135 and 333-22881) pertaining to certain employee benefit plans of Tyson Foods, Inc., of our report dated November 23, 2009 (except for those matters described in Note 2 “Change in Accounting Principles” as it relates to the retrospective application of accounting principles adopted in 2010, as to which the date is November 22, 2010), with respect to the consolidated financial statements and schedule of the Company as of October 3, 2009 and for each of the two years in the period ended October 3, 2009, included in this Annual Report (Form 10-K) for the year ended October 2, 2010.

/s/ Ernst & Young LLP

Rogers, Arkansas  
November 22, 2010

## CERTIFICATIONS

I, Donnie Smith, certify that:

1. I have reviewed this annual report on Form 10-K of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2010

/s/ Donnie Smith

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Donnie Smith  
President and Chief Executive Officer

## CERTIFICATIONS

I, Dennis Leatherby, certify that:

1. I have reviewed this annual report on Form 10-K of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 22, 2010

/s/ Dennis Leatherby

Dennis Leatherby  
Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Tyson Foods, Inc. (the "Company") on Form 10-K for the fiscal year ending October 2, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donnie Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donnie Smith

Donnie Smith

President and Chief Executive Officer

November 22, 2010

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Annual Report of Tyson Foods, Inc. (the "Company") on Form 10-K for the fiscal year ending October 2, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dennis Leatherby, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Dennis Leatherby

Dennis Leatherby  
Executive Vice President and Chief Financial Officer

November 22, 2010