

TYSON FOODS INC

FORM 10-Q (Quarterly Report)

Filed 02/15/94 for the Period Ending 01/01/94

Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
Telephone	479-290-4000
CIK	0000100493
Symbol	TSN
SIC Code	2015 - Poultry Slaughtering and Processing
Industry	Food Processing
Sector	Consumer/Non-Cyclical
Fiscal Year	09/30

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly period ended January 1, 1994

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from
to

Commission File Number 0-3400

TYSON FOODS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	71-0225165
-----	-----
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2210 West Oaklawn Drive, Springdale, Arkansas 72764

(Address of Principal Executive Offices and Zip Code)

(501) 290-4000

Registrant's Telephone Number, Including Area Code

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

Yes x No

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

Class	Outstanding January 1, 1994
-----	-----
Class A Common Stock, \$.10 Par Value	79,047,440 Shares
Class B Common Stock, \$.10 Par Value	68,455,438 Shares

TYSON FOODS, INC.

INDEX

	PAGE

PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets January 1, 1994 and October 2, 1993	3
Consolidated Condensed Statements of Income for the Three Months Ended January 1, 1994 and January 2, 1993	4
Consolidated Condensed Statements of Cash Flows for the Three Months Ended January 1, 1994 and January 2, 1993	5
Notes to Consolidated Condensed Financial Statements	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11
PART II. OTHER INFORMATION	12-14
SIGNATURES	15

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TYSON FOODS, INC.
Consolidated Condensed Balance Sheets
(In Thousands)

	(Unaudited) January 1, 1994	October 2, 1993
Assets		

Current Assets:		
Cash and cash equivalents	\$ 18,042	\$ 21,547
Accounts receivable	347,178	104,767
Inventories	709,035	675,205
Other current assets	12,559	10,236
	-----	-----
Total Current Assets	1,086,814	811,755
Net Property, Plant, and Equipment	1,438,658	1,435,298
Excess of Investments over Net Assets Acquired	918,068	924,432
Investments and Other Assets	82,084	82,019
	-----	-----
Total Assets	\$3,525,624	\$3,253,504
	=====	=====
Liabilities and Shareholders' Equity		

Current Liabilities:		
Notes Payable	\$ 40,000	\$ 29,800
Current portion of long-term debt	74,042	73,987
Trade accounts payable	209,590	205,592
Other accrued liabilities	185,626	217,326
	-----	-----
Total Current Liabilities	509,258	526,705
Long-Term Debt	1,165,514	920,465
Deferred Income Taxes	445,588	445,588
Shareholders' Equity:		
Common stock	14,814	14,814
Capital in excess of par value	392,727	392,693
Retained earnings	1,008,513	965,493
	-----	-----
	1,416,054	1,373,000
Less treasury stock	10,122	11,359
Less unamortized deferred compensation	668	895
	-----	-----
Total Shareholders' Equity	1,405,264	1,360,746
	-----	-----
Total Liabilities and Shareholders' Equity	\$3,525,624	\$3,253,504
	=====	=====

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

TYSON FOODS, INC.
Consolidated Condensed Statements of Income
(In Thousands Except Per Share Data)

	(Unaudited)	
	THREE MONTHS ENDED	
	January 1, 1994	January 2, 1993
	-----	-----
	c>	
Sales	\$1,152,790	\$1,083,312
Cost of Sales	935,415	878,510
Expenses:		
Selling	96,273	87,099
General and administrative	23,398	28,306
Amortization	8,165	7,547
Interest	17,016	18,892
Other income	(224)	(547)
	-----	-----
Income Before Taxes on Income	72,747	63,505
Provision for Income Taxes	28,368	24,109
	-----	-----
Net Income	\$ 44,379	\$ 39,396
	=====	=====
Average Shares Outstanding	148,580	148,367
	=====	=====
Earnings Per Share	\$0.30	\$0.27
	=====	=====
Cash Dividends Per Share:		
Class A	\$0.0100	\$0.0100
	=====	=====
Class B	\$0.0083	\$0.0083
	=====	=====

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

TYSON FOODS, INC.
Consolidated Condensed Statements of Cash Flows
(In Thousands)

	(Unaudited)	
	Three Months Ended	
	January 1, 1994	January 2, 1993

Cash Flows from Operating Activities:		
Net income	\$ 44,379	\$ 39,396
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Depreciation	37,451	33,246
Amortization	8,165	7,547
Deferred income taxes	0	3,527
Loss on dispositions of property and equipment	2,415	906
(Increase) decrease in accounts receivable	(242,411)	58,590
Increase in inventories	(33,830)	(39,286)
Increase (Decrease) in trade accounts payable	3,998	(34,510)
Net change in other current assets and liabilities	(34,023)	(221)

Cash Provided by (Used for) Operating Activities	(213,856)	69,195
Cash Flows from Investing Activities:		
Net cash paid for acquisitions	0	(43,207)
Additions to property, plant and equipment	(44,368)	(54,129)
Proceeds from sale of property, plant and equipment	1,142	858
Net increase in other assets	(1,866)	(14,596)

Cash Used for Investing Activities	(45,092)	(111,074)
Cash Flows from Financing Activities:		
Net change in notes payable	10,200	1,000
Proceeds from long-term debt	260,352	248,000
Repayments of long-term debt	(15,248)	(198,014)
Dividends and other	139	(284)

Cash Provided by Financing Activities	255,443	50,702

Increase (Decrease) in Cash and Cash Equivalents	(3,505)	8,823
Cash and Cash Equivalents at Beginning of Period	21,547	27,060

Cash and Cash Equivalents at End of Period	\$ 18,042	\$ 35,883
	=====	
Supplemental Cash Flow Information,		
Cash paid during the period for:		
Interest	\$11,444	\$10,703
Income taxes	\$35,726	\$27,328

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

TYSON FOODS, INC.,
Notes to Consolidated Condensed Financial Statements
(Unaudited)

1. Accounting Policies

The consolidated condensed financial statements have been prepared by Tyson Foods, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the management of the Company believes that the disclosures are adequate to make the information presented not misleading, these consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report for the fiscal year ended October 2, 1993. In the opinion of the management of the Company, the accompanying consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position as of January 1, 1994 and October 2, 1993, the results of operations for the three months ended January 1, 1994, and January 2, 1993 and cash flows for the three months ended January 1, 1994 and January 2, 1993. The results of operations for the three months ended January 1, 1994 and January 2, 1993, and cash flows for the three months ended January 1, 1994 and January 2, 1993, are not necessarily indicative of the results to be expected for the full year.

The Notes to Consolidated Financial Statements for the year ended October 2, 1993, reflect the significant accounting policies, debt provisions, borrowing arrangements, dividend restrictions, contingencies and commitments of the Company. There were no material changes in such items during the three months ended January 1, 1994, except as disclosed below.

2. Accounts Receivable

At October 2, 1993 the Company had an asset sale agreement with an unrelated financial institution which allowed the Company to sell up to \$275 million of accounts receivable. As sold accounts receivable were collected, new qualifying accounts were substituted such that the outstanding balance remained at \$275 million. In November 1993, the Company discontinued this asset sale agreement due to lower financing costs available through the sale of commercial paper. As a result, accounts receivable has increased by \$275 million at January 1, 1994.

3. Inventories

	(In thousands)	
Inventories, valued at the lower of cost (first-in, first-out) or market	January 1, 1994	October 2, 1993
consist of the following:	-----	-----
Finished and work-in-process	\$326,328	\$299,388
Farm flocks and herds	171,599	152,187
Live swine	51,080	55,661
Seafood related products	41,512	53,064
Hatchery eggs and feed	42,558	40,110
Supplies	75,958	74,795
	-----	-----
Total	\$709,035	\$675,205
	=====	=====

4. Excess of Investments over Net Assets Acquired

Excess cost over the fair value of net assets acquired generally is amortized on a straight-line basis over periods ranging from 20 to 40 years. The carrying value of excess of investments over net assets acquired will be reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates that excess of investments over net assets acquired will not be recoverable, as determined based on the undiscounted cash flows of the entity acquired over the remaining amortization period, the Company's carrying value of excess of investments over net assets acquired will be reduced by the estimated shortfall of cash flows.

5. Contingencies

The Company is involved in various lawsuits and claims made by third parties on an ongoing basis as a result of its day-to-day operations, including the following two matters relating to Arctic Alaska Fisheries Corporation ("Arctic"). The U.S. Attorney's Office in Seattle, Washington is presently conducting an investigation following the U.S. Coast Guard's referral of its investigation regarding the sinking in 1990 of one of Arctic's vessels, The Aleutian Enterprise. Also, on September 8, 1993, the State of Alaska, after conducting investigations, filed a Complaint for Forfeiture and Damages alleging that certain Arctic vessels participated in the use of certain fishing gear during 1990, 1991, and 1992. While management is not able at the present time to determine the outcome of these matters, based upon information currently available, management presently does not believe that any of these lawsuits or claims by third parties will have a material adverse effect on the Company's financial position.

6. Income Taxes

At the beginning of fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). This statement supersedes Statement of Financial Accounting Standards No. 96, ("SFAS No. 96") the method previously followed by the Company. Both SFAS No. 109 and SFAS No. 96 require the liability method be used to account for deferred income taxes. The liability method provides that deferred tax liabilities are recorded at current tax rates based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes referred to as temporary differences. The cumulative effect of adoption of SFAS No. 109 did not affect the Company's financial position or results of operations.

Significant components of the Company's deferred tax liabilities and assets as of October 2, 1993 are as follows (In thousands):

<caption>	
Deferred tax liabilities:	
Basis difference in property, plant and equipment	\$205,586
Suspended taxes from conversion to accrual method	150,162
Other	128,416

Total deferred tax liabilities	\$484,164

Deferred tax assets:	
Accrued expenses	(38,576)

Total deferred tax assets	(38,576)

Net deferred tax liabilities	\$445,588
	=====

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

Financial Condition

For the three months ended January 1, 1994, net cash of \$213.9 million was used by all operating activities, consisting of \$90 million provided by operations, offset by \$303.9 million used for net changes in receivables, inventories, payables and other items. Accounts receivable increased as a result of management's decision to discontinue an asset sale agreement due to lower financing costs available through the sale of commercial paper. See Note 2 of Notes to Consolidated Condensed Financial Statements. Inventories increased slightly from 1993 fiscal year-end. Finished inventories have increased from 1993 fiscal year-end due to increased grain costs, seasonal factors and shifts in product mix. Financing activities provided net cash of \$255.4 million, mainly from the discontinuance of the sale of accounts receivable and additional long-term debt incurred by issuing commercial paper. The Company used funds generated from operating activities and financing activities to fund \$44.4 million of property, plant and equipment additions. The expenditures for property, plant and equipment were related to new equipment and upgrading facilities to take advantage of market opportunities and the Company's continuing effort to increase efficiencies, reduce overall cost, and meet or exceed environmental standards.

At January 1, 1994, working capital was \$577.6 million compared to \$285.1 million at 1993 fiscal year-end, an increase of \$292.5 million. The current ratio at the end of the first quarter of 1994 was 2.13 to 1 compared to 1.54 to 1 at 1993 fiscal year-end. The current ratio for the first quarter was impacted by management's decision to discontinue the sale of accounts receivable and increase commercial paper borrowings to achieve lower financing costs. See Note 2 to Notes to Consolidated Condensed Financial Statements.

The Company's foreseeable cash needs for operations and capital expenditures will continue to be met through cash flows from operations and borrowings supported by existing credit facilities and additional credit facilities which the Company believes are available.

Long-term debt has increased \$245 million since 1993 fiscal year-end. This is due to the Company's discontinuance of the sale of accounts receivable in the amount of \$275 million, and the financing of this amount through the sale of commercial paper. At January 1, 1994, long-term debt was 45.3% of total capitalization compared to 40.3% at 1993 fiscal year-end. On December 17, 1993, the Company obtained a \$150 million unsecured revolving credit agreement. This credit agreement plus the Company's two other unsecured revolving credit agreements totaling \$850 million provide the Company access to \$1 billion which supports the Company's commercial paper program. At January 1, 1994, long-term debt consisted of \$590 million of commercial paper, \$167 million drawn under the revolving credit facilities, \$366 million of institutional notes and \$42.5 million of other indebtedness.

Results of Operations

Sales for the first quarter of 1994 increased 6.4% over the same quarter of 1993. This increase was mainly due to an increase in consumer poultry sales which accounted for 6.1% of the increase in 1994 total sales. The increase in consumer poultry sales is attributable to a 9.3% increase in tonnage offset slightly by a 1.1% decrease in sales prices. First quarter sales to the animal and pet food industry increased 1994 total sales by 0.2% compared to the first quarter of last year due to a 5.9% increase in tonnage and a 2.8% increase in sales prices. Beef and pork sales increased first quarter 1994 total sales by 4.2% compared to 1993. Beef and pork sales increased primarily due to production by the new pork operation in Marshall, Missouri. Seafood sales decreased first quarter 1994 total sales 2.0% due to a 22.0% decrease in tonnage and a 14.8% decrease in average sales prices. Seafood sales volumes and profit margins continue to be adversely affected by various factors including changes in product mix resulting from government fishing quotas, resource availability and fluctuations in market prices. Mexican food, prepared foods and other sales decreased first quarter 1994 total sales by 0.1%. Reduced numbers of live swine sales resulted in a decrease to 1994 total sales by 2.0% compared to first quarter 1993 swine sales. This decrease in live swine sales was primarily the result of the integration of some of the live swine production with the Company's swine processing facility.

The increase in cost of goods sold of 6.5% for the first quarter of 1994 compared to the same quarter of 1993 was mainly the result of the increase in sales plus an increase of approximately 7.1% in feed ingredient costs. As a percent of sales, cost of sales was 81.1% for both the first quarter of 1994 and the first quarter of 1993. While the Company's strategy of adding value to products through further-processing offsets a portion of the impact of higher grain costs, such increases continue to affect poultry, swine and Mexican food production cost. Additionally, management expects feed ingredient costs for poultry and swine production to increase approximately 9% during the second quarter of fiscal 1994. It is anticipated that the increase in these costs will have an adverse impact on second quarter results and will continue to have an adverse impact on operating results until such time as the market will permit these costs to be passed through to customers. The Company monitors and compares costs for labor, raw material purchases, utilities and other expenses to companies within the industry as part of its cost control measures and believes such costs are at least within industry averages.

Operating expenses increased 4% for the first quarter of 1994 over the same quarter of 1993. Selling expense, as a percent of sales, in the first quarter of 1994 was 8.4% compared to 8% in the same quarter of 1993. Selling expense increased primarily due to increases in storage and transportation expenses. General and administrative expense, as a percent of sales, decreased to 2% in the first quarter of 1994 compared to 2.6% in the same period of 1993. Certain costs which in previous years were classified as general and administrative expenses have been classified as cost of sales or selling expenses. This classification change was made primarily to assign cost based on activity, responsibility and benefit resulting in better management control. This classification change decreased general and administrative expenses 0.5% as a percent of sales. The impact on cost of

sales and selling expense was not material. Costs incurred in connection with the sale of accounts receivable, which are classified as general and administrative expense, decreased 33.9% due to the discontinuance of the sale of accounts receivable. Amortization expense was 0.7% of sales for both the first quarter of 1994 and the first quarter of 1993.

Interest expense decreased 10% in the first quarter of 1994 compared to the same quarter of 1993. Short-term interest rates were lower compared to 1993, due to market conditions and the Company's use of less costly borrowing alternatives which lowered the weighted average interest rate of all Company debt to 6.2% compared to 7.4% for the same period last year. These lower rates were partially offset by a higher level of borrowing due to the discontinuance of the sale of accounts receivable, as the Company's average indebtedness increased 9% compared to the same period last year.

The effective income tax rate for the first quarter of 1994 was 39%, compared to 38% in the first quarter of 1993. The increase in the effective rate is due to the increase in the federal income tax rate during the fourth quarter of the Company's fiscal 1993. The increase in the tax provision was offset slightly by reduced state income taxes and the reduced impact of the non-deductibility of amortization of excess of investments over net assets acquired as income before income taxes increases. The income tax rate generally reflects the statutory corporate income tax rate plus the impact of the non-deductibility of amortization of excess of investments over net assets acquired.

Environmental Matters

The Company has a strong financial commitment to environmental matters. During the first quarter of fiscal 1994 the Company invested approximately \$1.7 million in water quality facilities, including both capital outlays to build and upgrade facilities and \$7.2 million for day-to-day operations.

PART II. OTHER INFORMATION

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

The following directors were elected at the annual shareholders' meeting held January 14, 1994:

Directors	Votes For	Votes Withheld
Neely Cassady	744,272,658	701,589
Lloyd V. Hackley	744,263,616	710,631
Shelby Massey	744,268,504	705,743
Joe F. Starr	744,262,984	711,263
Leland Tollett	744,269,552	704,695
Barbara Tyson	744,272,267	701,980
Don Tyson	744,271,343	702,904
John H. Tyson	744,263,333	710,914
Fred S. Vorsanger	744,262,031	712,216

Additionally, Don Tyson, Chairman of the Board of Directors, announced the nomination of Donald E. "Buddy" Wray, Chief Operating Officer of Tyson Foods, Inc., to the Board of Directors. Mr. Wray was elected to the Board of Directors at its first meeting immediately after the adjournment of the annual meeting of shareholders. Mr. Wray has been with the Company since 1961, and has served as chief operating officer since 1989.

The Board of Directors announced a 100 percent increase in the Company's quarterly cash dividends for both Class A and Class B common stock. The quarterly dividend for the Class A common stock increased from \$0.01 to \$0.02 per share and the quarterly dividend for Class B common stock increased from \$0.00833 to \$0.01667 per share. The increases in the quarterly dividends for Class A and Class B common stock will be payable March 15, 1994 to holders of record on March 1, 1994.

No other items were voted upon at the annual shareholders' meeting or during the quarter ended January 1, 1994.

Item 5. Other Information:

On January 6, 1994, the Company announced the acquisition of Gorges Foodservice, Inc. ("Gorges") of Harlingen, Texas and certain real property related to the operation of Gorges for a total cash purchase price of approximately \$35.6 million. Gorges operates two primarily beef further-processing facilities in Harlingen, Texas.

On January 24, 1994 the Company delivered to the Board of Directors of WLR Foods, Inc. ("WLR Foods") a proposal to enter into a transaction whereby the Company would acquire WLR Foods at a purchase price of \$30.00 per share in cash. The proposal was conditioned on a number of factors including approval by a majority of disinterested directors of WLR Foods, the negotiation of a formal agreement and compliance with various regulatory requirements. A copy of the press

release announcing the proposal is attached to this report as Exhibit 99(a).

The total consideration for the transaction, based upon a cash purchase price of \$30.00 per share and 10,956,856 shares of WLR Foods common stock outstanding would be approximately \$328.7 million together with the assumption of approximately \$71.1 million in debt. The Company anticipates it would finance the transaction with availability under its existing credit facilities, commercial paper, additional credit facilities and working capital.

On February 6, 1994, WLR Foods announced that its Board of Directors had unanimously rejected the Company's proposal to merge with WLR Foods for \$30.00 per share. Further, WLR Foods announced the adoption of a Shareholder Protection Rights Plan, (i.e. poison pill). Finally, WLR Foods initiated legal proceedings against the Company in the United States District Court in Harrisonburg, Virginia, seeking among other things, validation of WLR Foods' Shareholder Protection Rights Plan and the constitutionality of the Virginia Control Share Acquisition Act. A copy of the press release by WLR Foods as reported by Business Wire together with three letters to WLR Foods Shareholders and a summary of the WLR Foods Shareholder Protection Rights Plan is attached to this report as Exhibit 99(b). Additionally, a copy of the legal proceedings as filed with the United States District Court is attached to this report as Exhibit 99(c).

The Company continues to be interested in acquiring WLR Foods, but in light of the rejection of the Company's proposal, there can be no assurance that further proposals will be made or whether any transaction on any terms will be consummated with WLR Foods. The Company has set no timetable as to when any decision concerning this matter will be made.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

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

(b) Reports on Form 8-K:

None.

EXHIBIT INDEX

The following exhibits are filed with this report.

Exhibit No.		Page
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10.	Revolving credit agreement, dated December 17, 1993, by and among the Company, as Borrower, Union Bank of Switzerland, Houston Agency and National Westminster Bank Plc., New York Branch as Co-Agents and Union Bank of Switzerland, Houston Agency as Agent.	16-40
11.	Statement Regarding Computation of Earnings Per Share	41
99(a).	News Release on Proposal to Merge With WLR Foods, Inc.	42-45
99(b).	News Release by WLR Foods Rejecting the Company's Proposal to Merge and Announcing the Adoption of a Shareholder Rights Protection Plan Together with Letters to WLR Foods Shareholders.	46-50
99(c).	Legal Proceedings by WLR Foods Against the Company as Filed in the United States District Court for the Western District of Virginia, Harrisonburg Division.	51-54

SIGNATURES

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

TYSON FOODS, INC.

Date: February 15, 1994

/s/ Gerald Johnston

Gerald Johnston
Executive Vice President,
Finance

Date: February 15, 1994

/s/ Gary Johnson

Gary Johnson
Corporate Controller

\$150,000,000

REVOLVING CREDIT AGREEMENT

among

TYSON FOODS, INC.

**UNION BANK OF SWITZERLAND,
HOUSTON AGENCY**

**NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH**

and

**UNION BANK OF SWITZERLAND,
HOUSTON AGENCY
as Administrative Agent**

Dated as of
December 17, 1993

TABLE OF CONTENTS

	Section
Revolving Credit Agreement	1
Notes	2
Union Bank of Switzerland Base Rate Note	
Union Bank of Switzerland Eurodollar Note	
National Westminster Bank Base Rate Note	
National Westminster Bank Eurodollar Note	
Opinion of Tyson Corporate Counsel	3
Tyson Foods, Inc. Secretary's Certificate	4
Arctic Alaska Fisheries Corporation Guaranty	5
Louis Kemp Seafood Company Guaranty	6
Tyson Breeders, Inc. Guaranty	7
Tyson Farms of Texas, Inc. Guaranty	8
Tyson Farms, Inc. Guaranty	9
Tyson Holding Company Guaranty	10

THIS REVOLVING CREDIT AGREEMENT (the "Agreement") is entered into as of December 17, 1993 (the "Effective Date") among:

- (a) TYSON FOODS, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Borrower"),
- (b) the banks and other financial institutions named on the signature page hereof (collectively the "Banks"), and
- (c) UNION BANK OF SWITZERLAND, HOUSTON AGENCY as administrative agent (in such capacity pursuant to Section 10, the "Administrative Agent").

Whereas the Banks are willing to make loans to the Borrower in a maximum aggregate principal amount not to exceed \$150,000,000, on the terms and subject to the conditions set forth herein;

Whereas the Borrower desires to borrow hereunder and use the proceeds of Loans (as hereinafter defined) for working capital and other general corporate purposes (including capital expenditures, acquisitions and to support the issuance of commercial paper);

Now, therefore, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

As used herein, the following terms shall have the following meanings (all terms defined in this Agreement in the singular to have the same meanings when used in the plural and vice versa):

"Applicable Lending Office" shall mean, for each Bank and each type of Loan, the Principal Office of the Bank or such other office of the Bank (or of an affiliate of the Bank) as the Bank may from time to time specify to the Borrower and the Administrative Agent.

"Base Rate" shall mean, for any day, the higher of (i) the Prime Rate for such day and (ii) 1/2 of 1% in excess of the Federal Funds Rate for such day.

"Base Rate Loan" shall mean Loans which bear interest at the Base Rate.

"B of A Agreement" shall mean the Credit Agreement among Tyson Foods, Inc., as Borrower, the Banks named therein and Bank of America National Trust and Savings Association, as Agent, dated as of June 30, 1993. Any reference in this Agreement to the B of A Agreement or any Article or Section thereof shall be deemed to refer to such Article or Section (together with all related definitions and other provisions) as in effect on the date hereof without regard to any amendment of, waiver under or termination of the B of A Agreement after the date hereof. Each such Article or Section referred to herein (together with all related definitions and other provisions) shall be deemed to be incorporated by reference herein as if set forth in full herein, mutatis mutandis, with all references therein to "Agent" or "Bank" being deemed for purposes hereof to refer to the Administrative Agent and a Bank, but with all references therein to the B of A Agreement or any portion thereof being deemed to refer to the B of A Agreement or the applicable portion thereof.

"Business Day" shall mean any day on which commercial banks are open for business at the location of the Principal Office of the Administrative Agent and, if such day relates to a borrowing of, a payment of principal of or interest on, or the Interest Period for, a Eurodollar Rate Loan or a notice by the Borrower with respect to any such borrowing, payment or Interest Period, which is also a day on which dealings in U.S. Dollar deposits are carried out in the London interbank market.

"Commitment" shall have the meaning set forth in Section 2.01 hereof.

"Commitment Termination Date" shall mean the day which is 364 days from the Effective Date.

"Current SEC Reports" shall mean, on any date, the most recent annual report filed by the Borrower with the SEC on Form 10-K and any reports filed with the SEC since that date on Form 10-Q or Form 8-K.

"Eurodollar Rate" shall mean, in the case of any Interest Period, the offered rate quoted by UBS to banks in the London interbank market for U.S. Dollar deposits in the approximate amount of the Loans to which such Interest Period applies, and for a maturity corresponding to such Interest Period, at 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

"Eurodollar Rate Loan" shall mean any Loan which bears interest at the Eurodollar Rate plus a margin pursuant to Section 3.02(b).

"Federal Funds Rate" shall mean, for any day, the average rate quoted to UBS at approximately 11:00 a.m. (New York time) on such day for overnight Federal Funds transactions arranged by New York Federal Funds brokers selected by UBS.

"Interest Period" shall mean: (a) with respect to any Eurodollar Rate Loans, the period commencing on the day such Loans are made and ending either two weeks thereafter or on the numerically corresponding day in the first, third or sixth calendar month thereafter, as the Borrower may select as provided in Section 2.02 hereof, except that such Interest Period which commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month, or such other period as the Borrower and the Bank may agree upon, or (b) with respect to any Base Rate Loans, the period commencing on the date such Loans are made and ending seven (7) days thereafter, or such other period as the Borrower and the Bank may agree upon. Notwithstanding the foregoing, each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, in the case of an Interest Period for Eurodollar Rate Loans, if such next succeeding Business Day falls in a succeeding calendar month, on the next preceding Business Day), provided, however, that no Interest Period shall end later than the Commitment Termination Date (as defined above).

"Loan" shall have the meaning set forth in Section 2.01 hereof.

"Majority Banks" means at any time Banks holding at least 51% of the Commitments and, if the Commitments have been terminated, Banks holding at least 51% of the then aggregate unpaid principal amount of the Loans made by the Banks.

"Percentage Share" means, as to any Bank, at any time, such Bank's Commitment divided by the aggregate of all Commitments under this Agreement, as they may be modified from time to time in connection with any assignment of the Commitment of such Bank in accordance with the terms hereof.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or governmental authority.

"Prime Rate" shall mean the rate announced from time to time by UBS in New York City as its prime rate, changing as and when such prime rate changes.

"Principal Office" shall mean the principal office of each Bank and the Administrative Agent as set forth under its name on the signature page hereto, or such other location as the Bank, the Administrative Agent and the Borrower shall mutually agree upon.

"Regulatory Change" shall mean the enactment of or any change after the date of this Agreement in United States federal or state laws or regulations (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System), or foreign laws or regulations, or in the interpretations thereof by any official regulatory body, in any case applicable to this Agreement.

"SEC" shall mean the Securities and Exchange Commission of the United States.

"UBS" shall mean Union Bank of Switzerland.

SECTION 2. COMMITMENTS.

2.01 Loans. The Banks severally agree, on the terms and subject to the conditions of this Agreement, to make loans (each a "Loan," and together the "Loan" or "Loans") to the Borrower during the period from and including the date hereof to but excluding the Commitment Termination Date in an aggregate principal amount at any one time outstanding up to but not exceeding the amount of each Bank's Commitment. Each Bank's Commitment, as in effect on the Effective Date, is set forth opposite its name on the signature page hereto for each Bank, (as the same may be reduced from time to time pursuant to Section 2.03 or Section 9. hereof, the "Commitment"). The Commitment shall terminate on the Commitment Termination Date. Subject to the terms and conditions of this Agreement, during such period the Borrower may borrow, repay and reborrow the amount of the Commitment. The Loans may be a combination of Base Rate Loans and Eurodollar Rate Loans. The Borrower's obligation to repay the Loans, together with accrued interest thereon, shall be evidenced by the Notes (as defined in Section 6.01(e)).

2.02 Borrowings. The Borrower shall give the Administrative Agent notice of each borrowing hereunder. Such notice shall specify the aggregate amount (which shall be at least \$5,000,000 and in multiples of \$1,000,000), the type and date (which shall be a Business Day) and the duration of the Interest Period for the Loans to be borrowed and shall be given not later than 9:45 a.m. (Houston time) at the Principal Office of the Administrative Agent. Such notice shall be given on the same day for Base Rate Loans or, for Eurodollar Rate Loans, not less than 3 Business Days prior to the date of such Loan. Such notice may be in writing or, if oral, immediately

confirmed in writing. The Administrative Agent shall promptly notify each Bank thereof and of the amount of such Bank's share of such Borrowing. Not later than 11:30 a.m (Houston time) on the date of each borrowing hereunder, each Bank shall (subject to Section 4.01) make available its share of such borrowing, in Federal or other funds immediately available in Houston, to the Administrative Agent at its Principal Office. Unless the Administrative Agent determines that any of the conditions of this Agreement have not been satisfied, the Administrative Agent shall make the funds so received available to the Borrower by depositing the same, in immediately available funds, in an account of the Borrower maintained with the Administrative Agent or in such other account designated by the Borrower maintained by the Borrower at a banking institution which is a member of the Federal Reserve System.

2.03 Changes of Commitment. The Borrower may irrevocably terminate or reduce the unutilized portion of the Commitment at any time or from time to time upon not less than three Business Days' prior notice to the Administrative Agent of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction (which shall not be less than \$1,000,000).

2.04 Facility Fee. The Borrower agrees to pay to the Administrative Agent, for the account of each Bank, a facility fee (the "Facility Fee") computed at a rate per annum equal to the facility fee rate described in Section 3.01 (a) of the B of A Agreement less .01% on the amount of the Commitment for each day during the period commencing on the Effective Date and ending on the Commitment Termination Date. The Facility Fee shall be payable quarterly in arrears, beginning 90 days after the Effective Date (or on the next Business Day thereafter) and on the Commitment Termination Date.

2.05 Prepayments. The Borrower may prepay, subject to Section 5.04 hereof, Loans upon not less than two Business Days' prior notice to the Administrative Agent which notice shall specify the prepayment date (which shall be a Business Day) and the amount of the prepayment (which shall be not less than \$5,000,000), provided that any amounts payable pursuant to Section 5.04 in connection with such prepayment and interest on the principal prepaid, accrued to the prepayment date, shall be paid on the prepayment date. Upon receipt of a notice of prepayment pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment, and such notice shall not thereafter be revocable.

SECTION 3. PAYMENTS OF PRINCIPAL AND INTEREST.

3.01 Repayment of Loans. The Borrower will pay to the Administrative Agent, for the account of each Bank, the principal of each Loan on the last day of the Interest Period therefor; provided that the principal of all Loans outstanding shall be paid on or prior to the Commitment Termination Date.

3.02 Interest. The Borrower will pay to the Administrative Agent, for the account of each Bank, interest on the unpaid principal amount of each Loan for the period commencing on the date of such Loan to but excluding the date such Loan shall be paid in full, at the following rates per annum:

(a) If such Loan is a Base Rate Loan, the Base Rate as in effect from time to time.

(b) If such Loan is a Eurodollar Rate Loan, the applicable Eurodollar Rate for such Loan for the Interest Period therefor, plus the applicable margin at the rate per annum described in Section 2.09(a)(ii) of the B of A Agreement plus .01%.

3.03 Interest Payments. Accrued interest shall be payable on the last day of the Interest Period thereof, except that for any Loans having an Interest Period in excess of three months, accrued interest shall be paid at the end of each three month period. In all instances, the accrued interest on all Loans outstanding shall be paid on or prior to the Commitment Termination Date.

SECTION 4. PAYMENTS; COMPUTATIONS; ETC.

4.01 Payments. Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrower under this Agreement shall be made in U.S. Dollars, in immediately available funds, to the Administrative Agent, for the account of each Bank, not later than 11:00 a.m. (Houston time) at the location of its Principal Office on the date on which such payment shall become due, provided that if a new loan is to be made by the Bank on a date the Borrower is to repay any principal of an outstanding Loan, the Bank shall apply the proceeds of its new Loan to the payment of the principal to be repaid by the Borrower to the Bank and only an amount equal to the difference between the principal to be borrowed by the Borrower from the Bank and the principal to be repaid by the Borrower to the Bank shall be made available by the Bank to the Borrower as provided in Section 2.02 hereof or paid by the Borrower to the Bank pursuant to this Section 4.01, as the case may be. All payments by the Borrower hereunder shall be made without set-off, counterclaim, or any other deduction whatsoever. All borrowings hereunder shall be made from the Banks ratably in accordance with their respective Commitments, and all payments of principal or interest in respect of Loans outstanding hereunder shall be allocated by the Administrative Agent ratably in accordance with the respective portions hereof payable to each Bank.

4.02 Computations. The Facility Fee and interest on Loans shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable.

SECTION 5. YIELD PROTECTION AND ILLEGALITY.

5.01 Additional Costs. If a Bank determines that the cost of making or maintaining any Loan or of its obligation to make any Loan is affected as a result of a Regulatory Change which (i) changes the basis of taxation of any amounts payable to the Bank under this Agreement in respect of any of such Loans (other than taxes imposed on the overall net income of the Bank or of its Applicable Lending Office for any of such Loans); or (ii) imposes or modifies any reserve, capital requirements, special deposit or similar requirements relating to extensions of credit or other assets of, or any deposits with or other liabilities of, the Bank; or (iii) imposes any other condition affecting this Agreement (an event under subpart (i), (ii), or (iii) to be referred to as "Increased Costs"), then the Bank shall notify the Borrower in writing of the Increased Costs and disclose the proposed Facility Fee and/or the Eurodollar Rate margin, as appropriate, to compensate it for such Increased Costs. Within thirty days of receipt of notice of Increased Costs, the Borrower shall either (i) enter into an amendment to this Agreement to reflect such Increased Costs, or

(ii) terminate this Agreement. If the Borrower agrees to amend this Agreement to reflect such Increased Costs, then the Bank shall be entitled to Increased Costs from the date of the Borrower's receipt of the notice. If the Borrower determines to terminate this Agreement, the Bank shall be entitled to reasonable Increased Costs from the date of the Borrower's receipt of the notice through and including the date of the termination of this Agreement.

5.02 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for a Bank or its Applicable Lending Office to honor its obligation to make or maintain Eurodollar Rate Loans hereunder, then the Bank shall (i) promptly notify the Borrower thereof and the Bank's obligation to make Eurodollar Rate Loans shall be suspended until such time as the Bank may again make and maintain Eurodollar Rate Loans (in which case the provisions of Section 5.03 hereof shall be applicable), and (ii) promptly consult with the Borrower to determine whether a change in the designation of the Applicable Lending Office would permit the Bank to make or maintain its Eurodollar Rate Loans; provided that the designation will not, in the sole opinion of the Bank, be disadvantageous to the Bank.

5.03 Affected Loans. If the obligation of a Bank to make Eurodollar Rate Loans shall be suspended pursuant to Section 5.02 hereof, all Loans which would otherwise have been made by the Bank as Eurodollar Rate Loans shall be made instead as Base Rate Loans and, if an event referred to in Section 5.02 hereof has occurred and the Bank has so requested by notice to the Borrower, all Eurodollar Rate Loans then outstanding shall be automatically converted into Base Rate Loans on the date specified by the Bank in such notice. To the extent that Eurodollar Rate Loans are made as (or converted into) Base Rate Loans, all payments of principal which would otherwise be applied to the Bank's Eurodollar Rate Loans shall be applied instead to its Base Rate Loans.

5.04 Compensation. The Borrower shall pay to the Bank such amount or amounts as shall be shown by the Bank to be necessary to compensate it for any loss, cost or expense attributable to: (a) any prepayment of a Eurodollar Rate Loan on a date other than the last day of the Interest Period for such Loan; or (b) any failure by the Borrower, other than by reason of a default by the Bank or the Bank's not funding pursuant to Section 5.02 hereof, to borrow a Loan from the Bank on the date for such borrowing specified in the relevant notice of borrowing given pursuant to Section 2.02 hereof.

SECTION 6. CONDITIONS PRECEDENT.

6.01 Initial Loan. The obligation of each Bank to make the initial Loan hereunder is subject to the receipt by such Bank of the following documents:

- (a) Certified copies of the charter and by-laws of the Borrower and all corporate action taken by the Borrower authorizing the execution, delivery and performance of this Agreement and borrowings by the Borrower thereunder;
- (b) A certificate of the Borrower in respect of each of the officers (i) who is authorized to sign this Agreement on its behalf and (ii) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby. The Administrative Agent and each

Bank may conclusively rely on such certificate until it receives notice in writing from the Borrower to the contrary;

(c) An opinion of a corporate counsel of the Borrower, substantially in the form of Exhibit A hereto;

(d) Such other statements, documents or certificates as any Bank may reasonably request in support of the Borrower's representations and warranties herein, each of which shall be satisfactory to the Bank in form and substance;

(e) Duly executed and delivered promissory notes payable to such Bank in the amount of such Bank's Commitment (in the form of Exhibit B evidencing the Borrower's indebtedness for Eurodollar Rate Loans made pursuant hereto and Exhibit C evidencing the Borrower's indebtedness for Base Rate Loans made pursuant hereto and made a part hereof and referred to herein individually as a "Note" and collectively as the "Notes"); and

(f) Copies of duly executed Guaranties ("the Guaranties") signed on behalf of the subsidiaries of Borrower named in Exhibit D (the "Guarantors").

6.02 Initial and Subsequent Loans. The obligation of the Bank to make Loans to the Borrower is subject to the conditions precedent that: (a) in the case of each Loan hereunder (including the initial Loan), no Event of Default (as defined in Section 9), or event which with notice or the passage of time of both shall become an Event of Default, shall have occurred and be continuing; and (b) in the case of each Loan hereunder which will increase the aggregate principal amount of the Loans outstanding hereunder and in the case of the initial Loan, the representations and warranties of the Borrower in Section 7 hereof shall be true on and as of the date of the making of such Loans with the same force and effect as if made on and as of such date. Each applicable notice of borrowing by the Borrower hereunder shall constitute a certification by the Borrower to the effect set forth in clauses (a) and (b) of the preceding sentence (both as of the date of such notice and as of the date of such Loan).

SECTION 7. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Banks that:

7.01 Corporate Existence and Power. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and its failure to qualify to do business in any other jurisdiction has no material adverse effect on its ability to perform its obligations under this Agreement or the Notes or to make any borrowing hereunder; and the Borrower has the corporate power to enter into and perform this Agreement and to borrow hereunder.

7.02 Corporate Authority. The making and performance by the Borrower of this Agreement and the Notes and each borrowing hereunder have been duly authorized by all necessary corporate action and will not violate any provision of its certificate of incorporation or by-laws, or any provision of law applicable to the Borrower or by which it or its property may be bound, or result in the breach of or constitute a default or require any consent under, or result in the creation of any security interest, lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture, agreement or instrument of which the Borrower is a party

or by which the Borrower or its property may be bound in any such case which would materially adversely affect the Borrower's and its consolidated subsidiaries' property or business taken as a whole or the Borrower's ability to perform its obligations under this Agreement and the Notes. Neither the execution by the Borrower of this Agreement and the Notes nor the performance by the Borrower of its obligations hereunder requires any license, consent or approval of any governmental agency or regulatory authority. This Agreement has been duly executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, subject in the case of enforcement to bankruptcy and general principles of equity.

7.03 Financial Condition. The Borrower has filed all Current SEC Reports required to be filed. Since the date of its most recent Current SEC Report on Form 10-K or Form 10-Q prior to the date of this Agreement, there has been no material adverse change in the consolidated financial condition or operations of the Borrower and its consolidated subsidiaries taken as a whole which would impair the Borrower's ability to perform its obligations hereunder from that disclosed in such filing otherwise than in the ordinary course of business or as disclosed in a subsequent Current SEC Report.

7.04 Use of Loans. Neither the Borrower nor any of its material subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System). The borrowing by the Borrower of each Loan, and each use of the proceeds of such Loan, shall not be in violation of any applicable laws or regulations.

7.05 Authorized Debt. The outstanding debt for borrowed money of the Borrower does not, and no Loan hereunder when made will cause such debt to, exceed the amount authorized by resolution of the Borrower's Board of Directors to be outstanding.

7.06 Litigation. Except as disclosed in the Borrower's Current SEC Reports prior to the date of this Agreement, there is no action, suit or proceeding, and no proceeding before any arbitrator or by or before any governmental commission, board, bureau or other administrative agency, pending, or, to the knowledge of the Borrower, threatened against the Borrower or any consolidated subsidiary of the Borrower which, in the good faith belief of the Borrower, has a reasonable possibility of being adversely determined in a manner which would have a material adverse effect on the consolidated financial condition or business of the Borrower and its consolidated subsidiaries taken as a whole or materially adversely affect the Borrower's ability to perform its obligations under this Agreement and the Notes or to make any borrowing hereunder.

SECTION 8. FINANCIAL STATEMENTS.

The Borrower agrees that, so long as the Commitment is in effect and until payment in full of all Loans hereunder, all interest thereon and all other amounts payable by the Borrower hereunder, it will furnish to each Bank (a) within 15 days after the Borrower is required to file the same with the SEC or any successor thereto copies of its Annual Report on Form 10-K; (b) within 15 days after the Borrower is required to file the same with the SEC, copies of its quarterly reports on Form 10-Q and any reports filed on Form 8-K, if any; and (c) from time to time, such further publicly available

information regarding the business, affairs and financial condition of the Borrower as such Bank may reasonably request.

SECTION 9. EVENTS OF DEFAULT.

If one or more of the following events (herein called "Events of Default") shall occur and shall not have been remedied:

- (a) Failure by the Borrower to pay when due the Facility Fee or any principal of or interest on any Loan and such failure shall continue unremedied for 5 days; or
- (b) Any representation or warranty made or deemed made by the Borrower herein or in any certificate of the Borrower furnished to the Banks, or the Administrative Agent hereunder shall prove to have been incorrect in any material respect on the date when the same was made or deemed made or furnished; or
- (c) Failure by the Borrower in the performance of any other covenant or agreement contained in this Agreement and such failure shall continue unremedied for 30 days after notice thereof shall have been given to the Borrower by the Administrative Agent or the Majority Banks; or
- (d) Any event occurs or condition exists that constitutes an "Event of Default" as defined in Section 8.01 of the B of A Agreement; or
- (e) The Borrower defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other obligations for money borrowed beyond any period of grace provided with respect thereto, or the Borrower fails to perform or observe any other agreement, term or condition contained in any agreement under which any such

obligation is created and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligation to cause, such obligation to become due prior to any stated maturity, provided that the aggregate amount of all obligations as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration shall occur and be continuing exceeds \$10,000,000; or

(f) The Borrower shall admit in writing its inability to pay its debts as such debts become due; or

(g) The Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts ("Bankruptcy Laws"), (iv) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under any Bankruptcy Law, or (v) take any corporate action for the purpose of effecting any of the foregoing; or

(h) A proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the

composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of its assets, or (iii) similar relief in respect of the Borrower under any Bankruptcy Law, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 days; or an order for relief against the Borrower shall be entered in an involuntary case under any Bankruptcy Law; or

(i) Any Guaranty shall be invalid or unenforceable in whole or in part for any reason, or the applicable Guarantor shall in any manner deny its liability thereunder;

THEREUPON: (i) in the case of any of the Events of Default specified in paragraphs (a) through (e) above, the Majority Banks may by notice to the Borrower, cancel the Commitment and/or declare the principal amount then outstanding of and the accrued interest on the Loans and all other amounts payable by the Borrower hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower; and (ii) in the case of any of the Events of Default specified in paragraphs (f), (g), (h) or (i) above, the Commitment shall be automatically cancelled and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrower hereunder shall become automatically immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 10. THE ADMINISTRATIVE AGENT.

10.01 Appointment. Each Bank hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein or any fiduciary relationship with any Bank.

10.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through employees, agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties and shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

10.03 Liability of Administrative Agent. Neither the Administrative Agent nor any of its officers, directors, employees, agents or attorneys-in-fact shall be (a) liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement (except for its own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrower or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement, or for the value of any collateral or for the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement,

or for any failure of the Borrower to perform any obligation to any Bank, or to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower or any of its subsidiaries

10.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, facsimile or telex message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon any advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting under this Agreement in accordance with a request from or the consent of the Majority Banks and such request or consent and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Loans or any portion thereof.

10.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default, except with respect to payment defaults, unless the Administrative Agent shall have received notice from a Bank or the Borrower referring to this Agreement, describing such Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Event of Default as shall be requested by the Majority Banks in accordance with Section 9; provided however, that unless and until the Administrative Agent shall have received any such request from the Majority Banks, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable in the best interests of the Banks.

10.06 Credit Decision. Each Bank expressly acknowledges that neither the Administrative Agent nor any officer, director, employee, agent, attorney-in- fact of any of them has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower and its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, properties, operations or condition, financial or otherwise, and creditworthiness of the Borrower and made its own decision to enter into this Agreement and extend credit to the Borrower hereunder.

10.07 Indemnification. The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Percentage Shares, from and against any and all

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including at any time after the repayment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any documents contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided however, that no Bank shall be liable for the payment to the Administrative Agent of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including fees and expenses of counsel and the allocated cost of in-house counsel) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiation, legal proceedings or otherwise) of, or legal advice in respect of its or the Banks' rights or responsibilities under, this Agreement or any document contemplated by or referred to herein or therein to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower.

10.08 Administrative Agent in Individual Capacity. UBS may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though UBS were not the Administrative Agent hereunder. With respect to its Loans, UBS shall have the same rights and powers under this Agreement as any Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include UBS in its individual capacity.

SECTION 11. MISCELLANEOUS.

11.01 Waiver. No failure on the part of the Bank or the Borrower to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or the Notes shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or the Notes preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

11.02 Notices. All notices and other communications provided for herein (including, without limitation, any modifications of, or waiver or consents under, this Agreement) shall be by telecopier, telex, telegraph, cable or other writing and telecopied, telexed, telegraphed, cabled, mailed or delivered to the intended recipient at the address specified below its name on the signature page hereof; or, as to any party, at such other address as shall be designated by such party in a notice to the other party. All notices and other communications hereunder shall be deemed to have been duly given when transmitted by telex or telecopier, delivered to the telegraph or cable office or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

11.03 Expenses. The Borrower agrees to pay the reasonable fees and disbursements of such firm as the Administrative Agent or the Banks may retain as special counsel or, with the Borrower's prior approval, the Bank's in-house counsel, in connection with the enforcement, after an Event of

Default has occurred and while it is continuing, of this Agreement and the Notes.

11.04 Amendments, Etc. Any provision of this Agreement may be modified or waived by an instrument or instruments signed by the Borrower, the Administrative Agent, and the Banks.

11.05 Successors and Assigns. Each Bank may, with the prior written consent of the Borrower and the Administrative Agent, which consent shall not be unreasonably withheld, assign its rights or obligations hereunder. Notwithstanding any other provision of this Agreement, nothing contained in this Agreement shall prevent any Bank from pledging or assigning its interest in the Loans to a Federal Reserve Bank in the Federal Reserve System of the United States of America in accordance with applicable law; provided, however, that no such pledge or assignment shall release any Bank from its obligations hereunder.

11.06 Overdue Amounts. The Borrower shall pay on demand to the Bank interest on any principal of any Loan, and (to the fullest extent permitted by law) on any other amount payable by the Borrower hereunder to the Bank, which shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period commencing on the due date thereof until the same is paid in full at a rate per annum equal to 2% above the Base Rate as in effect from time to time.

11.07 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either of the parties hereto may execute this Agreement by signing any such counterpart.

11.08 Maximum Interest Rate. In no event shall interest payable under this Agreement or the Notes exceed the maximum rate permitted by applicable law. If any payment hereunder or under the Notes in excess of that permitted rate is received, such payment shall be deemed to have been made in error and automatically shall be applied, as determined by the Bank, to reduce any fees, expenses, and the principal balance outstanding hereunder or under the Notes, as case may be.

11.09 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW IN SUCH STATE. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR STATE COURT IN THE STATE OF NEW YORK FOR THE PURPOSE OF ANY SUIT, ACTION, PROCEEDING OR JUDGMENT RELATING TO OR ARISING OUT OF THIS AGREEMENT. THE BORROWER HEREBY CONSENTS TO THE LAYING OF VENUE IN ANY SUCH SUIT, ACTION OR PROCEEDING IN NEW YORK COUNTY, NEW YORK, AND HEREBY IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. ANY PROCESS IN ANY SUCH ACTION SHALL BE DULY SERVED IF MAILED TO THE BORROWER BY REGISTERED MAIL, POSTAGE PREPAID.

The parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

UNION BANK OF SWITZERLAND, TYSON FOODS, INC.
HOUSTON AGENCY, as Administrative Agent

By: _____
Name: Alfred Imholz
Title: First Vice President

By: _____
Name: Dennis Leatherby
Title: Assistant Treasurer

By: _____
Name: Dan O. Boyle
Title: Vice President

1100 Louisiana, Suite 4500
Houston, Texas 77002
Telephone: (713) 655-6500
Telefax: (713) 655-6555
Attention: Dan O. Boyle
BANKS
UNION BANK OF SWITZERLAND,
HOUSTON AGENCY

Address: 2210 West Oaklawn Drive
Springdale, Arkansas 72764
Telephone: (501) 290-4194
Telefax: (501) 290-4061
Attention: Dennis Leatherby

\$75,000,000

By: _____
Name: Alfred Imholz
Title: First Vice President

By: _____
Name: Dan O. Boyle
Title: Vice President

1100 Louisiana, Suite 4500
Houston, Texas 77002
Telephone: (713) 655-6500:
Telefax: (713) 655-6555
Attention: Dan O. Boyle

NATIONAL WESTMINSTER BANK PLC.
NEW YORK BRANCH

\$75,000,000

By: _____
Name: David L. Smith
Title: Vice President and Manager

**NATIONAL WESTMINSTER BANK PLC.
NASSAU BRANCH**

By: _____
Name: David L. Smith
Title: Vice President and Manager

175 Water Street
New York, New York 10038
Telephone: (212)
Telefax: (212) 602-4118
Attention: With a copy to:
National Westminster Bank Plc.
Houston Marketing Office
Texas Commerce Tower Suite 6070
600 Travis Street
Houston, Texas 77002

Telephone: (713) 221-2400
Telefax: (713) 221-2430
Attention: Mr. Steve Krakoski

EXHIBIT A

Union Bank of Switzerland,
Houston Agency, individually and
as Administrative Agent
1100 Louisiana, Suite 4500
Houston, Texas 77002

Gentlemen:

This opinion is furnished to you pursuant to Section 6.01(c) of the Agreement dated as of December 17, 1993 between Tyson Foods, Inc., a Delaware corporation (the "Borrower"), the Banks named therein (the "Banks") and Union Bank of Switzerland, Houston Agency, as Administrative Agent (the "Administrative Agent") (the " Agreement") relating to loans to be made to the Borrower in the aggregate principal amount of up to \$150,000,000. Terms defined in the Agreement are used herein as therein defined unless otherwise defined herein or required by the context.

As General Attorney of the Borrower for Corporate and Securities Law, I am generally familiar with the business and legal affairs of the Borrower and its significant subsidiaries. I, and counsel under my supervision within the Legal Organization of the Borrower, have acted as counsel to the Borrower in connection with the negotiation, execution and delivery of the Agreement and the Notes and we have examined such other documents, instruments and information as we have deemed appropriate for purposes of rendering this opinion. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures (except signatures of personnel of the Borrower) and the conformity to the originals of all documents submitted to us as copies. As to various questions of fact material to this opinion, we have relied upon the representations made in the Agreement and the Notes and upon certificates of officers of the Borrower and of certain governmental officials. In making our examination of the documents executed by parties other than the Borrower, we have assumed that such parties had the corporate power to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite corporate action and execution and delivery of such documents and the validity and binding effect thereof.

On the basis of the foregoing, we are of the following opinion:

- (i) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and the Borrower has corporate power to enter into and perform the Agreement and to borrow thereunder.
- (ii) The making and performance by the Borrower of the Agreement and the Notes have been duly authorized by all necessary corporate action, will not violate any provision of its certificate of incorporation or by-laws and will not violate any provision of law or of any agreement or instrument known to me to be binding on the Borrower or its assets. Neither the execution by the Borrower of the Agreement and the Notes nor the performance by the Borrower of its obligations thereunder requires any notice to or any license, consent or approval of any governmental agency or regulatory authority.

(iii) The Agreement and the Notes have been duly executed and delivered by the Borrower and are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general. The enforceability of the Borrower's obligations under the Agreement and the Notes are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

I am admitted to practice law in the State of New York, and this opinion is limited in all respects to the laws of the State of New York and of the United States of America, and the corporate law of the State of Delaware. In rendering this opinion, we have assumed that the only usury laws applicable to this transaction and the Credit are those of the State of New York, the laws of which jurisdiction have been chosen by the Borrower and the Bank to apply to the Agreement and the Notes.

Very truly yours,

General Attorney

EURODOLLAR RATE LOANS EXHIBIT B

, 199

FOR VALUE RECEIVED, Tyson Foods, Inc., a Delaware corporation (the "Borrower"), promises to pay _____ in immediately available funds in lawful money of the United States of America, the principal amount of Seventy Five Million Dollars (\$75,000,000) or, if less, the unpaid principal amount of all Eurodollar Rate Loans, at the end of the applicable Interest Period (as defined in the Agreement as defined hereinbelow). The Borrower further promises to pay interest on each Eurodollar Rate Loan from the date of the making of such Eurodollar Rate Loan until paid in full at the rate and on the dates specified in the Agreement.

This promissory note is one of the Notes referred to in the Revolving Credit Agreement (the "Agreement") dated as of December 17, 1993, among Borrower and Union Bank of Switzerland, Houston Agency and National Westminster Bank Plc. (the "Banks") and Union Bank of Switzerland, Houston Agency as administrative agent (the "Administrative Agent"), and is subject to and governed by such Agreement. Reference is made to such Agreement for a description of the rights of prepayment, the events of default and the rights of acceleration of maturity in the event of default.

Capitalized terms not defined in this promissory note shall have the meaning set forth in the Agreement.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW IN SUCH STATE.

TYSON FOODS, INC.

BY: _____

NAME: Dennis Leatherby

TITLE: Assistant Treasurer

REVERSE SIDE OF EXHIBIT B

This Note evidences Loans made by the Bank as a part of the Eurodollar Rate Loans made pursuant to the Revolving Credit Agreement dated as of December 17, 1993, entered into between the Borrower, the Banks and the Administrative Agent in the principal amounts and on the dates set forth below, subject to the prepayments of principal set forth below:

DATE	PRINCIPAL AMOUNT OF THE LOAN WHICH IS PART OF EURODOLLAR RATE LOANS	PRINCIPAL AMOUNT PREPAID	OUTSTANDING EURODOLLAR RATE LOANS
------	---------------------------------------------------------------------------------------	--------------------------------	-----------------------------------------

BASE RATE LOANS EXHIBIT C

_____, 199

FOR VALUE RECEIVED, Tyson Foods, Inc., a Delaware corporation (the "Borrower"), promises to pay _____ in immediately available funds in lawful money of the United States of America, the principal amount of Seventy Five Million Dollars (\$75,000,000) or, if less, the unpaid principal amount of all Base Rate Loans, at the end of the applicable Interest Period (as defined in the Agreement as defined hereinbelow). The Borrower further promises to pay interest on each Base Rate Loan from the date of the making of such Base Rate Loan until paid in full at the rate and on the dates specified in the Agreement.

This promissory note is one of the Notes referred to in the Revolving Credit Agreement (the "Agreement") dated as of December 17, 1993, among Borrower and Union Bank of Switzerland, Houston Agency and National Westminster Bank Plc. (the "Banks") and Union Bank of Switzerland, Houston Agency as administrative agent (the "Administrative Agent") and is subject to and governed by such Agreement. Reference is made to such Agreement for a description of the rights of prepayment, the events of default and the rights of acceleration of maturity in the event of default.

Capitalized terms not defined in this promissory note shall have the meaning set forth in the Agreement.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW IN SUCH STATE.

TYSON FOODS, INC.

BY: _____

NAME: Dennis Leatherby

TITLE: Assistant Treasurer

C-2

REVERSE SIDE OF EXHIBIT C

This Note evidences Loans made by the Bank as a part of the Base Rate Loans made pursuant to the Revolving Credit Agreement dated as of December 17, 1993, entered into between the Borrower, the Banks and the Administrative Agent in the principal amounts and on the dates set forth below, subject to the prepayments of principal set forth below:

DATE	PRINCIPAL AMOUNT OF THE LOAN WHICH IS PART OF BASE RATE LOANS	PRINCIPAL AMOUNT PREPAID	OUTSTANDING BASE RATE LOANS
------	---------------------------------------------------------------------------------	--------------------------------	-----------------------------------

EXHIBIT D

**SUBSIDIARIES EXECUTING
THE GUARANTY**

Arctic Alaska Fisheries Corporation, a Washington corporation Louis Kemp Seafood Company, a Washington corporation Tyson Holding Company, a Delaware corporation Tyson Farms, Inc., a North Carolina corporation Tyson Breeders, Inc., a Delaware corporation Tyson Farms of Texas, Inc. a Texas corporation

GUARANTY

This GUARANTY (this "Guaranty"), dated as of December 17, 1993 is made by _____, a _____ corporation (the "Guarantor") and wholly owned subsidiary of Tyson Foods, Inc. a Delaware corporation ("the Borrower"), in favor of UNION BANK OF SWITZERLAND, HOUSTON AGENCY, as Administrative Agent under the Agreement referred to below (in such capacity, the "Administrative Agent") for its benefit and for the ratable benefit of the banks and other financial institutions party to the Agreement (each a "Bank", and collectively, the "Banks").

Now therefore, in consideration of the premises and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with and for the benefit of the Administrative Agent and each Bank (including their respective successors and assigns), as follows:

Section 1. The Guaranty. The Guarantor hereby unconditionally guarantees the full and punctual payment (whether at stated maturity, upon demand or acceleration or otherwise) of the principal of and interest on each note (a "Note") issued by Borrower pursuant to the \$150,000,000 REVOLVING CREDIT AGREEMENT dated as of December 17, 1993 between the Administrative Agent, the Banks named therein and the Borrower (as amended from time to time, the "Agreement") and the full and punctual payment of all other amounts payable by the Borrower under the Notes or the Agreement. Upon failure by the Borrower to pay punctually any such amount, the Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in the Agreement.

Section 2. Obligations Unconditional. The obligations of the Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower under the Agreement or any Note, by operation of law or otherwise;
- (ii) any modification or amendment of or supplement to the Agreement or any Note;
- (iii) any release, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower under the Agreement or any Note;
- (iv) any change in the corporate existence, structure or ownership of the Borrower, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or its assets or any resulting release or discharge of any obligation of the Borrower contained in the Agreement or any Note;
- (v) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Borrower, the Administrative Agent, any Bank or any other corporation or person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against the Borrower for any reason of the Agreement or any Note, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower of the principal of or interest on any Note or any other amount payable by the Borrower under the Agreement or any Note; or

(vii) any other act or omission to act or delay of any kind by the Borrower, the Administrative Agent, any Bank or any other corporation or person or any other circumstance whatsoever which might, but for the provisions of this Section, constitute a legal or equitable discharge of the Guarantor's obligation hereunder.

Section 3. Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. The Guarantor's obligations hereunder shall remain in full force and effect until the Commitment (as defined in the Agreement) shall have terminated and the principal of and interest on the Notes and all other amounts payable by the Borrower under the Agreement and the Notes shall have been paid in full. If at any time any payment of the principal of or interest on any Note or any other amount payable to the Borrower under the Agreement or any Note is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

Section 4. Waivers by the Guarantor. The Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any corporation or person against the Borrower or any other corporation or person. The Guarantor irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder to be subrogated to the rights of the payee against the Borrower with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by the Borrower in respect thereof.

Section 5. Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Borrower under the Agreement or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of the Agreement or the Notes shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Administrative Agent at the request of the Majority Banks.

Section 6. Expenses; Set-off. The Guarantor agrees to pay on demand all costs and expenses of the Administrative Agent and the Banks, including reasonable fees and expenses of counsel, in connection with the enforcement against it of this Guaranty and the protection of the rights of the Administrative Agent and the Banks hereunder, including any bankruptcy, insolvency and other enforcement proceedings with respect to the Guarantor. In addition, the Guarantor shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Guaranty, and agrees to save the Administrative Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. The Guarantor hereby grants to the Administrative Agent and each Bank a right of set-off against any amounts standing to the credit of the Guarantor (including any of its offices or

divisions) on the books of any office of the Administrative Agent or such Bank in any demand deposit or other account maintained with such office.

Section 7. Taxes. All payments under this Guaranty will be payable to the Administrative Agent and each Bank free and clear of any and all present and future taxes, levies, imposts, duties, deductions, withholdings, fees, liabilities and similar charges other than those imposed on the overall net income of such Bank or the Administrative Agent("Taxes"). If any Taxes are required to be withheld or deducted from any amount payable under this Guaranty, then the amount payable under this Guaranty will be increased to the amount which, after deduction from such increased amount of all Taxes required to be withheld or deducted therefrom, will yield to such Bank or the Administrative Agent the amount stated to be payable under this Guaranty. If any of the Taxes specified in this Section are paid by any Bank or the Administrative Agent, the Guarantor will, upon demand of such Bank or Administrative Agent, reimburse such Bank or Administrative Agent for such payments, together with any interest and penalties which may be imposed by any governmental agency or taxing authority.

Section 8. Amendments and Waivers. Any provision of this Guaranty may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Administrative Agent with the consent of the Majority Banks. No failure or delay by the Administrative Agent or any Bank in exercising any right, power or privilege hereunder or partial exercise thereof shall preclude any other or further exercise thereof or the exercise or any other right, power or privilege.

Section 9. Successors and Assigns. The Guaranty shall inure to the benefit of, and shall be enforceable by, the Administrative Agent, each Bank and their respective successors and assigns.

Section 10. Governing Law. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES). THE GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR STATE COURT IN THE STATE OF NEW YORK FOR THE PURPOSE OF ANY SUIT, ACTION, PROCEEDING OR JUDGMENT RELATING TO OR ARISING OUT OF THE GUARANTY. THE GUARANTOR HEREBY CONSENTS TO THE LAYING OF VENUE IN ANY SUCH SUIT, ACTION OR PROCEEDING IN NEW YORK COUNTY, NEW YORK, AND HEREBY IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. ANY PROCESS IN ANY SUCH ACTION SHALL BE DULY SERVED IF MAILED TO THE GUARANTOR BY REGISTERED MAIL, POSTAGE PREPAID.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed by its duly authorized officer as of December 17, 1993.

(Name of Guarantor)

By: _____
Name: Dennis Leatherby
Title: Assistant Treasurer

EXHIBIT 11
TYSON FOODS, INC.

Computation of Earnings Per Share

(In Thousands Except Per Share Data)

	Quarter Ended	
	January 1, 1994	January 2, 1993
Primary:		
Average common shares outstanding during the period	147,503	147,123
Net effect of dilutive stock options based on the treasury stock method using average market price	1,077 -----	1,244 -----
Total common and common equivalent shares outstanding	148,580 =====	148,367 =====
Net income	\$44,379 =====	\$39,396 =====
Earnings per share	\$0.30 =====	\$0.27 =====
Fully Diluted:		
Average common shares outstanding during the period	147,503	147,123
Net effect of dilutive stock options based on the treasury stock method using the quarter-end market price, if higher than average market price	1,149 -----	1,308 -----
Total common and common equivalent shares outstanding	148,652 =====	148,431 =====
Net income	\$44,379 =====	\$39,396 =====
Earnings per share	\$0.30 =====	\$0.27 =====

NEWS RELEASE

For further information, contact Gerald Johnston, Executive Vice President, Finance, at (501)290-4000.

TYSON ANNOUNCES PROPOSAL TO MERGE WITH WLR FOODS

Springdale, Arkansas (January 24, 1994) Tyson Foods, Inc. (NASDAQ:TYSNA), a leading producer and marketer of pre-packaged, pre-cooked and convenience poultry and other food products, announced that the Company has delivered to the Board of Directors of WLR Foods, Inc. a proposal to merge WLR Foods into Tyson or a subsidiary of Tyson in which the shareholders of WLR Foods would receive \$30.00 in cash per share. Tyson has requested a response to the proposal no later than February 4, 1994. Tyson alternately proposed negotiation of a tax-free reorganization in which WLR Foods shareholders would receive part cash and part Tyson stock for their WLR Foods shares.

WLR Foods, Inc. (NASDAQ:WLRF), headquartered in Hinton, Virginia, is a vertically integrated food company which has grown to be among the top three turkey processors and the eighth largest poultry processor in the United States. WLR Foods sells fresh, frozen, cooked value-added, and prepackaged chicken and turkey products to retail, foodservice and institutional customers. Sales for the fiscal year ended July 3, 1993 were approximately \$617 million.

The proposal is based upon and subject to the following conditions and information:

1. There are approximately 10,956,856 shares of WLR Foods common stock outstanding;
2. That the disclosures in WLR Foods 10-K's and 10-Q's are substantially accurate and that there are no undisclosed matters that would be financially material to the detriment of WLR Foods;
3. That the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 will be complied with prior to the consummation of the merger;
4. That WLR Foods Board of Directors or management will not take any actions which would materially reduce the value of WLR Foods to Tyson (normal conduct of your business in the manner in which WLR Foods has been conducting it in the past will not constitute such a reduction);
5. That a majority of the disinterested Directors of WLR Foods will make such approvals as necessary to prevent the Virginia Stock Corporation Act from being an impediment to the proposed merger, and that the Virginia Stock Corporation Act will not otherwise be used to disadvantage Tyson in the purchase of WLR Foods stock, in the voting of WLR Foods stock, or in any merger with Tyson or a subsidiary of Tyson;
6. That no "Poison Pills" or other "Anti-Takeover" measures will be used to obstruct a merger and that WLR Foods will repeal any such measures prior to the consummation of any transaction; and

7. The preparation, negotiation and execution of a definitive merger agreement containing such terms (including but not limited to representations, warranties and covenants) as are customary in transactions of this nature.

The text of the Tyson proposal is as follows:

Board of Directors
WLR Foods, Inc.

Gentlemen:

We at Tyson have long admired WLR Foods and the outstanding job you and your management team have done for your stockholders. We believe now is an ideal time for your stockholders to have the opportunity to realize the tangible benefits of your efforts through a combination of WLR Foods with Tyson on the very favorable basis which I will describe in this letter.

We think that there are extremely attractive opportunities for pursuing the continued growth and development of our two companies through this combination in which it will be essential that you and members of your management team play a significant role. Accordingly, one of our top priorities is to negotiate mutually satisfactory arrangements enabling the combined enterprise to have the benefit of your experience and that of WLR's key managers.

I have discussed this matter thoroughly with our Board of Directors, and we are pleased to propose a merger with WLR and Tyson or a subsidiary of Tyson in which the stockholders of WLR would receive \$30.00 in cash for each of their WLR Foods shares.

We are confident that this proposal will be extremely attractive to your stockholders. We also believe that a combination of WLR and Tyson on the terms described below will prove to be the most advantageous alternative to your stockholders, management, employees, and other important constituencies. This offer represents a 56% premium over last Friday's closing market price of \$19.25 per share. It also represents approximately 2.26 times WLR book value per share, and a price to earnings multiple of 21.4 times WLR's fiscal 1993 earnings. Accordingly, we believe our offer is a full and fair one. We are willing to assure the communities where your plants operate that they will benefit, not suffer, from this proposed merger.

We recognize that you must consider what alternatives, if any, may be available for WLR and its stockholders, including a sales transaction with a third party, a leveraged buyout or leveraged recapitalization of WLR. We believe that the combination of Tyson and WLR will quickly prove to be the most attractive alternative to you. For that reason, we believe it would be mutually desirable and advantageous if you would give us the opportunity to negotiate with you and your Board of Directors a definitive merger agreement embodying the terms of our proposal. We are prepared to negotiate in good faith and to conclude a transaction which we believe will be enthusiastically supported by your Board, stockholders, management, employees and other constituencies.

Although we would prefer an all cash transaction, we would also be willing to negotiate other possible ways of merging if a tax free reorganization would be more desirable for a significant number of your shareholders. A part

stock, part cash merger would enable your shareholders to participate in the future growth of the combined entity. We would also be willing to attempt to time the closing of a transaction such that your shareholders who purchased shares in your secondary offering last year qualified on their capital gains holding period.

We respectfully request that any pertinent information which is available to your management or is made available to your investment bankers or third parties for the purpose of evaluating or pursuing alternative transactions be made available to us as well, so that our proposal and its terms may be formulated with the benefit of a level and fully illuminated playing field.

Although, as a board, you have apparently been unwilling to meet with us we believe it would be mutually desirable to give us a chance to meet with you to answer any of your questions and to negotiate in good faith.

Our proposal is based upon and subject to the information we have received to the effect that:

1. There are approximately 10,956,856 shares of WLR Foods common stock outstanding;
2. That the disclosures in your 10-K's and 10Q's are substantially accurate and that there are no undisclosed matters that would be financially material to the detriment of WLR Foods;
3. That the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 will be complied with prior to the consummation of a merger;
4. That your Board or management will not take any actions which would materially reduce the value of WLR Foods to Tyson (normal conduct of your business in the manner you have been conducting it in the past will not constitute such a reduction);
5. That a majority of the disinterested Directors of WLR Foods will make such approvals as necessary to prevent the Virginia Stock Corporation Act from being an impediment to the proposed merger, and that the Virginia Stock Corporation Act will not otherwise be used to disadvantage Tyson in the purchase of WLR Foods stock, in the voting of WLR Foods stock, or in any merger with Tyson or a subsidiary of Tyson;
6. That no "Poison Pills" or other "Anti-Takeover" measures will be used to obstruct a merger and that you will repeal any such measures prior to the consummation of any transaction; and
7. The preparation, negotiation and execution of a definitive merger agreement containing such terms (including but not limited to representations, warranties and covenants) as are customary in transactions of this nature.

We and our advisors are prepared to meet promptly with WLR directors, management and advisors at their convenience in order to answer any questions you or they may have about our offer and if appropriate, in order to negotiate a mutually desirable and beneficial transaction.

We believe that under the existing case law including U.S. Supreme Court cases concerning disclosure of merger negotiations, it is likely that you will be advised that this proposal must be disclosed to your stockholders. Similarly, our counsel has advised us that this proposal could be sufficiently material to our stockholders to require its disclosure to them. In view of these concerns, we believe that prudence requires that we make a public announcement of this proposal before the opening of the market tomorrow morning.

Since this matter is of the utmost importance, we feel compelled to ask for a response to our proposal from your Board of Directors no later than the close of business on Thursday, February 4, 1994, after which time our proposal will expire unless extended in writing.

We look forward to hearing from you at your earliest convenience.

Very truly yours,

Don Tyson
Chairman

Exhibit 99(b)

WLR FOODS DIRECTORS UNANIMOUSLY REJECT TYSON'S OFFER

Business Editors

BROADWAY, Va.--(BUSINESS WIRE)--Feb. 6, 1994--The board of directors of WLR Foods, Inc (NASDAQ: WLRF) has unanimously rejected an unsolicited proposal from Tyson Foods Inc. to negotiate the purchase of WLR Foods for \$30 per share.

In a letter to shareholders today, Charles W. Wampler Jr., chairman of the board of WLR Foods, and James L. Keeler, president and chief executive officer, stated, "The board believes it is in the best long-term interests of WLR Foods and its shareholders for the company to remain independent."

An additional letter sent to shareholders today outlined the adoption of Shareholders Protection Rights Plan. The letter, which was signed by Chairman Charles W. Wampler Jr., on behalf of the board, was accompanied by a "Summary of Shareholder Protection Rights Plan."

WLR Foods is a fully integrated provider of high quality turkey and chicken products primarily under the Wampler-Longacre label and retail ice under the Cassco label. The company exports to more than 40 countries and has processing operations in Virginia, West Virginia and Pennsylvania, close to its major mid-Atlantic markets.

Copies of three letters and the Summary of Shareholder Protection Rights Plan follow:

February 6, 1994

Mr Don Tyson Chairman, Board of Directors Tyson Foods, Inc.
2210 West Oaklawn Drive
Springdale, AR 72762-6999

Dear Mr. Tyson and Directors:

The Board of Directors of WLR Foods, Inc., along with management and its professional advisors, has carefully considered your unsolicited offer to negotiate the acquisition of WLR Foods, Inc. by Tyson Foods, Inc. We decline your invitation to discuss your acquisition as we strongly believe it is in the best long-term interests of WLR Foods, Inc. and its shareholders for our company to remain independent. Our decision to remain independent is unanimous.

Not only do we believe that WLR Foods and our shareholders are best served by the continued independence of the company, we further believe that now would be the wrong time to sell. We have made significant capital expenditures and sizeable acquisitions in recent years to strategically position this company to profit in a more favorable poultry cycle and national economy. A sale at this time would deprive our shareholders from realizing the benefits of the confluence of these factors.

Our Board is committed to taking whatever action it deems necessary and appropriate to protect the interests of WLR Foods, its shareholders and other constituencies.

Sincerely,

Charles W. Wampler, Jr.
Chairman, Board of Directors
WLR Foods, Inc.

February 6, 1994

Dear Fellow Shareholders:

As you are aware, the Board of Directors of WLR Foods, Inc. recently received an unsolicited proposal from Tyson Foods, Inc. to negotiate the purchase of WLR Foods, Inc. for \$30 per share. The Board, after receiving advice from its management and professional advisors, carefully considered this proposal and voted unanimously to reject it. The Board believes it is in the best long-term interests of WLR Foods and its shareholders for the company to remain independent.

WLR Foods is just now positioned for impressive growth as we enter a strong economy and a favorable poultry market. Our company has recently completed a significant investment program in its facilities. We are not interested in handing over to anyone the harvest of all our work which belongs to our shareholders and which we are just beginning to see.

One of WLR Foods greatest strengths is its close relations with employees, producers, customers and suppliers. These relationships have helped build our company into a major force in the poultry industry and, together with the recent investments in our facilities, will boost WLR Foods to even greater prominence in the years ahead. Many of these constituencies already have had the opportunity to associate with Tyson Foods. They have not done so. They believe, as we do, that the best corporate citizens are those whose management lives in, and is part of, the communities where its facilities are. Our management lives right where most of our facilities are--not in Arkansas.

Let me assure you that the Board of Directors will take any action it believes is appropriate and necessary to protect our shareholders. We are committed to preserving our company's promising future for our entire WLR Foods family.

Thank you for your many expressions of support over the past several days. We are very proud of our loyal shareholder base. Your Board appreciates, and feels the responsibility of, that loyalty. We will continue to act in what we believe is your best interest. And we will greatly appreciate your continued support.

Sincerely,

Charles W. Wampler, Jr.
Chairman, Board of Directors

James L. Keeler
President and Chief
Executive Officer

February 6, 1994

Dear Fellow Shareholders:

On February 4, 1994, at the time is unanimously rejected an unsolicited proposal to negotiate the purchase of WLR Foods, Inc. for \$30 per share, your Board of Directors adopted a Shareholder Protection Rights Plan. This letter briefly describes the Rights Plan and the Board's reasons for adopting it.

The Rights Plan was adopted to give WLR Foods sufficient time to consider appropriate responses to unsolicited tender offers, as well as to protect shareholders against attempts to acquire control of the Company by means of "creeping" accumulation of shares in the open market, a two-tier tender offer, an offer at less than a full and fair price or other prevalent takeover tactics which the Board believes are not in your best interests.

More than 1,000 U.S. corporations have considered it prudent, in light of the takeover environment, to adopt shareholder protection plans similar to the Rights Plan.

The Rights Plan is not intended to and will not prevent a takeover of the Company at a full and fair price. However, it may cause substantial dilution to a person or group that acquires 15% or more of the Company's common stock unless the Rights are first redeemed by the Board of Directors.

The Rights Plan does not in any way weaken the Company's financial strength or interfere with its business plans. The issuance of the Rights has no dilutive effect, will not affect reported earnings per share, is not taxable to the Company or you and will not change the way in which the Company's shares are traded.

The Rights should not interfere with any merger or other business combination that is in the best interests of the Company and its shareholders, since the Rights generally may be redeemed by the Company at \$0.01 per Right in cash prior to the day after it is announced that a person or group has acquired 15% or more of the Company's common stock.

A summary of the terms of the Rights Plan is attached. The summary is not complete and is qualified in its entirety by the Rights Agreement, a copy of which can be obtained free of charge from the Company by contacting Delbert L. Seitz at P.O. Box 7000, Broadway, Virginia, 22815.

In adopting the Rights Plan, the Board has expressed its confidence in the Company's future and the Board's determination that you, the shareholders, be given every opportunity to participate fully in that future.

On behalf of the Board of Directors,

Charles W. Wampler, Jr.
Chairman, Board of Directors

WLR FOODS, INC. SUMMARY OF SHAREHOLDER PROTECTION RIGHTS PLAN

Distribution and Transfer of Rights; Rights Certificates: The Board has declared a dividend of one Right for each share of Common Stock outstanding on February 14, 1994. Prior to the Separation Time referred to below, the Rights will be evidenced by and trade with the Common Stock and will not be exercisable. After the Separation Time, the Company will mail Rights Certificates to shareholders and the Rights will become transferable apart from the Common Stock.

Separation Time: Rights will separate from the Common Stock and become exercisable following the earlier of (i) the date of the Flip-in Trigger referred to below or (ii) the tenth business day (or such later date as the Board may decide) after any person holding a total of 15% or more of the Common Stock.

Exercise of Rights: After the Separation Time, each Right will entitle the holder to purchase, for an exercise Price of \$68, Participating Preferred Stock designed to have economic and voting terms similar to those of one share of Common Stock.

"Flip-in" Trigger: Upon announcement that any person has acquired 15% or more of the outstanding Common Stock, the:

(i) Rights owned by the person acquiring such stock (an "Acquiring Person") or transferees thereof will automatically become void; and

(ii) each other Right will automatically become a right to buy, for the Exercise Price, that number of shares of Common Stock or Participating Preferred Stock having a market value of twice the Exercise Price.

Exchange Option: If any person acquires between 15% and 50% of the outstanding Common Stock, the Board may, in lieu of allowing Rights to be exercised, require each outstanding Right to be exchanged for one share of Common Stock or Participating Preferred Stock designed to have economic and voting terms similar to those of one share of Common Stock.

"Flip-over" Trigger: After an Acquiring Person has become such, the Company may not consolidate or merge with, or sell 50% or more of its assets or earning power to, any person (a "Flip-Over Transaction or Event") if at the time of such merger or sale (or agreement to do any of the foregoing) the Acquiring Person controls the Board of Directors and, in the case of a merger, will receive different treatment than all other shareholders unless proper provision is made so that each Right would thereafter become a right to buy, for the Exercise Price, that number of shares of common stock or such other person having a market value of twice the Exercise Price.

Redemption: The Rights may be redeemed by the Board, at any time until a "Flip-in" Trigger has occurred, at a Redemption Price of \$0.01 per Right.

Power to Amend: The Board may amend the Plan in any respect until a "Flip-in" Trigger has occurred. Thereafter, the Board may amend the Plan in any respect not materially adverse to Rights holders generally.

Expiration: The Rights will expire no later than ten years from the date of their issuance.

CONTACT: WLR Foods, Inc.
Gail Price, 703/896-0403
Burson-Marsteller
Robert Grieves, 212/614-4951
Pager: 800-759-8255, PIN #43549

**WLR FOODS AGAINST TYSON FOODS
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF VIRGINIA, HARRISONBURG DIVISION**

WLR FOODS, INC., Plaintiff, v. TYSON FOODS, INC., Defendant

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiff WLR Foods, Inc. ("WLR"), by its undersigned attorneys, for its complaint, upon knowledge with respect to itself and its own acts and upon information and belief as to all other matters, alleges:

I. NATURE OF ACTION

1. This action seeks a declaration that WLR's Shareholder Protection Rights Agreement (the "Rights Plan"), adopted on February 4, 1994, is valid and was duly adopted in full conformance with applicable law and that any rights to be issued pursuant to the Rights Plan (the "Right(s)") are valid, binding and legally enforceable under state and federal law.
2. This action also seeks a declaration that Article 14, Va. Code section 13.1-725, et seq., and Article 14.1, Va. Code Section 13.1-728.1, et seq., of Virginia's Stock Corporation Act (collectively the "Articles") are constitutional under the Virginia and the United States Constitutions and valid under any other applicable law. The Articles were adopted by the Commonwealth of Virginia as a means of protecting Virginia corporations and their shareholders.

II. JURISDICTION

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. Section 1331, 28 U.S.C. Section 1332 (a) (1) and 28 U.S.C. Section 2201.

III. PARTIES

4. WLR is a Virginia corporation with its principal executive offices in Rockingham County, Virginia. Shares of WLR's common stock are publicly traded on the NASDAQ National Market System.
5. Defendant Tyson Foods, Inc. ("Tyson") is a Delaware corporation with its principal executive offices in Springdale, Arkansas.

IV. CLAIMS

6. By letter dated January 24, 1994, Tyson proposed to WLR's board of directors a merger of WLR and Tyson (or a subsidiary of Tyson) pursuant to which the shareholders of WLR would receive \$30.00 in cash for each of their WLR shares (a copy of the letter is attached hereto as Exhibit A and is incorporated by reference). In that letter, Tyson stated, among other things, that the proposal was contingent upon WLR's board of directors not using what Tyson termed any "Poison Pills" or other "Anti-Takeover" measures

to "obstruct a merger." This language indicates that Tyson believes a basis may exist for challenging the validity of measures such as the Rights Plan.

7. Tyson's January 24, 1994 letter also made its acquisition proposal contingent upon the WLR board of directors taking necessary action to prevent the Virginia Stock Corporation Act from being an "impediment" to the proposed merger. This condition to Tyson's proposed acquisition indicates that Tyson believes a basis may exist for challenging the validity of provisions of Virginia's Stock Corporation Act ("Stock Corporation Act"), including the Articles.

8. By letter dated February 6, 1994, WLR rejected Tyson's January 24, 1994 acquisition proposal (a copy of the letter is attached hereto as Exhibit B and is incorporated by reference).

A. Articles 14 and 14.1 Of Virginia's Stock

Corporation Act Are Constitutional

9. Article 14 of the Stock Corporation Act ("Article 14") prohibits a corporation from engaging in certain transactions including mergers, with an "interested shareholder" for three years from the date that the person is determined by the corporation's board of directors to be an "interested shareholder." An "interested shareholder" is defined by Article 14 to be, among other things, the beneficial owner of more than ten percent of any class of outstanding voting shares of the corporation.

10. Article 14 provides for certain exceptions from the requirements of the Article, including an exception for transactions approved by a majority of the disinterested directors of the corporation or two-thirds of the voting shares (other than those shares beneficially owned by the interested shareholder).

11. Article 14.1 of the Stock Corporation Act ("Article 14.1") limits the voting rights of the shares of a corporation acquired, directly or indirectly, in a "control share acquisition." A "control share acquisition" is defined by Article 14.1 to be the direct or indirect acquisition of sufficient shares to give the owner various specified levels of voting power in connection with the election of directors of the corporation.

12. Article 14.1 provides for certain exceptions from its requirements. For instance, the corporation's board of directors may take certain actions, under specified procedures and conditions, that will remove the acquisition from the limitations imposed by Article 14.1. In addition, any acquiring person may request that the corporation call a special meeting of the shareholders for the purpose of considering the voting rights to be granted shares acquired or to be acquired in the control share acquisition.

13. Articles 14 and 14.1 were adopted by the Commonwealth of Virginia as a means of protecting Virginia corporations and their shareholders and do not conflict with either the Virginia or the United States Constitutions or any other applicable law.

14. In its January 24, 1994 letter, Tyson states that its proposal is contingent on WLR's board of directors taking action "necessary to prevent the Virginia Corporation Act from being an impediment to the proposed merger"

and the board of directors not using the Act to "disadvantage Tyson in the purchase of" WLR's stock. Thus, rather than viewing and respecting the Articles as a measure by the Commonwealth of Virginia to protect Virginia corporations and their shareholders, Tyson apparently believes them to be an "impediment" and "disadvantage" to its acquisition efforts.

B. WLR'S Shareholder Rights Plan Is Valid

15. At a meeting held on February 4, 1994, WLR's board of directors adopted the Rights Plan. In adopting the plan, the board of directors and each of its members acted in good faith, in conformity with fiduciary and other duties, and conducted a reasonable investigation which included receiving the advice of the company's management and legal and financial advisors.

16. Pursuant to the Rights Plan, among other provisions, the board of directors declared a dividend distribution of one Right for each outstanding share of the Company's common stock (the "Common Stock"). The occurrence of certain events, including commencement of a tender offer for acquisition of at least 15% of WLR's common stock, entitles the holder of each Right to purchase one-hundredth of a share of WLR Participating Preferred Stock at a price set by the board of directors in consultation with the Company's financial advisers (the "Exercise Price"). The Participating Preferred Stock would be designed so that each one-hundredth of a share has economic and voting terms similar to those of one share of Common Stock.

17. If any person acquires 15% or more of the outstanding Common Stock (the "Flip-in trigger"), then:

(i) Rights owned by the person acquiring such stock or transferees thereof will automatically be void; and

(ii) each other Right will automatically become a right to buy, for the Exercise Price, that number of shares of Common Stock or Participating Preferred Stock having a market value of twice the Exercise Price.

The Rights may be redeemed by the board of directors, at any time until a Flip-in trigger has occurred, at a Redemption Price of \$0.01 per Right.

18. WLR believes and alleges that the Rights Plan is valid and lawful and was duly adopted in full conformance with applicable law, and that its adoption was a legitimate exercise of business judgment by WLR's board of directors, and not otherwise contrary to Virginia state law and federal laws. The Rights Plan is binding in all respects, valid and enforceable.

19. Based on the language of Tyson's January 24, 1994 letter, WLR believes and alleges that the defendant or persons or entities acting in concert with them or on their behalf will contest (a) the constitutionality or validity otherwise of Articles 14 and 14.1 and (b) the validity of the Rights Plan and the Rights. Thus, an actual controversy exists between the parties to this action which is within the power of this Court to determine pursuant to 28 U.S.C. Sections 2201-2202. This Court's determination of the issues presented herein will afford relief from uncertainty and insecurity with respect to rights, status, and legal relations between the parties.

20. Without a declaratory judgment, WLR and its shareholders will be deprived of the assurance that (a) Articles 14 and 14.1 are applicable to Tyson's efforts to acquire the corporation and (b) the Rights Plan was validly adopted and the Rights thereunder exercisable.

21. WLR has no adequate remedy at law as to matters which require injunctive relief.

WHEREFORE, plaintiff hereby requests that the Court enter a judgment:

a. Declaring that Articles 14 and 14.1 of the Virginia Stock Corporation Act, are valid, lawful and binding under both the Virginia and the United States Constitutions and any other applicable laws.

b. Declaring that:

(i) the Rights Plan and the Rights are valid, lawful and binding;

(ii) the Rights Plan was adopted in full compliance with the laws of the Commonwealth of Virginia and any other applicable law; and

(iii) the Rights distributed pursuant thereto will be valid and enforceable.

c. Temporarily, preliminarily and permanently enjoining defendant, its affiliates, subsidiaries, officers, directors, and all others acting in concert with them or on their behalf, from bringing any action in any other court (a) challenging the constitutionality and validity of Articles 14 and 14.1 of the Virginia Stock Corporation Act; (b) attacking any aspect of the Rights Plan, including the Plan's adoption under Virginia or in regard to any other applicable law; and/or (c) otherwise relating to or involving Tyson's proposal to acquire WLR and the response to that proposal by WLR and/or its directors, officers or agents, under state law and/or federal law.

d. Awarding to WLR and against defendant, costs, and disbursements of this action, including reasonable attorneys fees, if permitted by law; and

e. Granting such further relief to WLR as may be just and proper under the circumstances.

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Dated February 6, 1994