

TYSON FOODS INC

FORM 10-K (Annual Report)

Filed 12/21/01 for the Period Ending 09/29/01

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| Telephone | 479-290-4000 |
| CIK | 0000100493 |
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| Industry | Food Processing |
| Sector | Consumer/Non-Cyclical |
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended **September 29, 2001**

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

Commission File No. 0-3400

TYSON FOODS, INC.
(Exact Name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization) **71-0225165** (I.R.S. Employer Identification No.)

2210 West Oaklawn Drive, Springdale, Arkansas (Address of principal executive offices) **72762-6999** (Zip Code)

Registrant's telephone number, including area code: (501) 290-4000

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|--|---|
| Class A Common Stock, Par Value \$0.10 | New York Stock Exchange, Inc. |

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

On October 31, 2001, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was \$2,340,459,420 and \$450,712, respectively.

On October 31, 2001, there were outstanding 247,330,014 shares of the registrant's Class A Common Stock, \$0.10 par value, and 101,644,598 shares of its Class B Common Stock, \$0.10 par value.

Page 1 of 420 Pages

The Exhibit Index appears on pages 22 through 27

The following documents or the indicated portions thereof are incorporated herein by reference into the indicated portions of this Annual Report on Form 10-K: (i) pages 22-60 of the registrant's Annual Report to Shareholders for fiscal year ended September 29, 2001 (the "Annual Report") which are filed as Exhibit 13 to this Form 10-K and (ii) the registrant's definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held February 1, 2002 (the "Proxy Statement").

PART I

Item 1. Business

Pages 22 through 30 under the caption "Management's Discussion and Analysis" and pages 48 and 49 under Note 16: Segment Reporting under the caption "Notes to Consolidated Financial Statements" of the Annual Report.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Pages 36, 57 and 60 of the Annual Report under the captions "Capital Stock", "Eleven-Year Financial Summary" and "Closing Price of Company's Common Stock."

Item 6. Selected Financial Data

Pages 57 of the Annual Report under the caption "Eleven-Year Financial Summary."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Pages 22 through 30 of the Annual Report under the caption "Management's Discussion and Analysis."

Item 7A. Quantitative and Qualitative Disclosure About Market Risks

Pages 27 through 29 of the Annual Report under the caption "Market Risk."

Item 8. Financial Statements and Supplementary Data

Pages 31 through 55 of the Annual Report under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors."

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Part III

Item 10. Directors and Executive Officers of the Registrant

The information set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation and Other Information" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the captions "Principal Shareholders" and "Security Ownership of Management" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Certain Transactions" in the Proxy Statement.

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PART I

ITEM 1. BUSINESS

General

Tyson Foods, Inc. and its subsidiaries (collectively, the Company or Tyson) produce, distribute and market beef, chicken, pork, prepared foods and related allied products. The Company commenced business in 1935, was incorporated in Arkansas in 1947, and was reincorporated in Delaware in 1986. One of the Company's greatest strengths has been its position as the world's number one producer, processor and marketer of chicken. During the fourth quarter of fiscal 2001, the Company acquired IBP, inc. (IBP). Headquartered in Dakota Dunes, South Dakota, IBP is the world's largest manufacturer of premium fresh beef and pork products. With the addition of IBP, Tyson is now the world's largest processor and marketer of beef, chicken and pork products. The Company's goal is to be the primary protein provider for its customers.

Tyson is a totally integrated poultry company. Through its wholly owned subsidiary, Cobb-Vantress, Tyson is the number one breeding stock supplier in the world. Tyson invests in breeding stock research and development. This allows the Company to breed into its flocks the natural characteristics found to be most desirable. The Company's integrated operations consist of breeding and rearing chickens, as well as the processing, further-processing and marketing of these food products and related allied products, including animal and pet food ingredients.

With the addition of IBP, the Company is now involved in the slaughter of live fed cattle and hogs and fabrication of dressed beef and pork carcasses into primal and sub-primal meat cuts and case-ready products. In addition, the Company derives value from allied products such as hides and variety meats for sales to further processors. Through a wholly owned subsidiary, the Company also produces and markets a wide range of value-added, frozen and refrigerated food products.

The Company's products are marketed and sold to national and regional grocery chains, regional grocery wholesalers, meat distributors, clubs and warehouse stores, military commissaries, industrial food processing companies, national and regional chain restaurants or their distributors, international export companies and domestic distributors who service restaurants, foodservice operations such as plant and school cafeterias, convenience stores, hospitals and other vendors. Sales are made by the Company's sales staffs located in Springdale, Arkansas, in regions throughout the United States and in several foreign countries. Additionally, sales to the military and a portion of sales to international markets are made through independent brokers and trading companies.

Description

As a result of the IBP acquisition, the Company became the world's largest protein provider which resulted in a change in the composition of the Company's reportable segments. The Company operates in five business segments: Beef, Chicken, Pork, Prepared Foods and Other.

Beef The Company's beef operations are primarily involved in the slaughter of live fed cattle and fabrication of dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. Throughout production, edible beef and allied products, such as variety meat items, are segregated and prepared for shipment or further refinement. Inedible beef products derived from processing operations are used in the manufacture of pet foods, technical products, pharmaceuticals and cosmetics.

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Nine of IBP's fed beef plants include hide treatment facilities. The uncured hides from IBP's other fed beef plants are transported to these facilities, which include brine curing operations and, in four locations, chrome hide tanneries. The chrome tanning process produces a semi-finished product that is shipped to leather good manufacturers worldwide. Brine-cured hides are sold to other tanneries. IBP is the largest chrome tanner of cattle hides in the United States.

Chicken Originally, the Company was a producer and distributor of fresh chicken. The Company developed a strategy to reduce the impact of the commodity market of the fresh chicken business through value-enhancement. As the industry leader in value-enhanced chicken products, the Company utilizes national and regional advertising, special promotions and brand identification, and meets the varying demands of its customers through capital expenditures and strategic acquisitions. With further-processed chicken products, grain costs as a percentage of total product costs are reduced because of the value added to the products by cutting, deboning, cooking, packaging and/or freezing the chicken.

The Company's chicken business provides a full range of products from raw to fully-cooked, marinated, breaded, glazed or portioned. In addition to producing products for human consumption, the chicken segment also converts inedible chicken allied products into high-grade pet

food and animal feed ingredients.

Pork With the addition of IBP, the Company's pork operations now involve the slaughter of live hogs and the fabrication of pork and allied products. The Company's pork facilities produce fresh boxed pork and case-ready products for shipment to customers, as well as pork bellies, hams and boneless picnic meat for shipment to customers who further process the pork into bacon, cooked hams, luncheon meats and sausage items. Throughout production, edible pork and allied products, such as variety meat items, are segregated and prepared for shipment or further refinement. Inedible pork products derived from processing operations are used in the manufacture of pet foods, technical products, pharmaceuticals and cosmetics. Two of IBP's pork production facilities also have skinning operations.

Additionally, the Company has farrow to finish swine operations, which include genetic and nutritional research, breeding, farrowing and feeder pig finishing and the marketing of live swine to regional and national packers, that are conducted in Arkansas, Missouri and Oklahoma.

Prepared Foods The Company's Prepared Foods segment includes Mexican Original, Culinary Foods and Mallard's Food Products along with most of IBP's previously reported Foodbrands America group. These operations process fresh beef, fresh pork, and other raw materials into pizza toppings, branded and processed meats, appetizers, hors d'oeuvres, desserts, ethnic foods, soups, sauces, side dishes and pizza crusts and produce flour and corn tortilla products and specialty pasta and meat dishes, for restaurants, airlines and other major customers

Other The Company's Other segment primarily includes the supply chain management facilities, which include fresh and frozen distribution systems and the Company's transportation systems, and other corporate groups not identified with specific protein groups.

Raw Materials and Sources of Supply

Beef The primary raw material used by the Company in its beef operations is live cattle. The Company does not have facilities of its own to raise cattle in the United States. However, the Company has entered into various risk-sharing and procurement arrangements with producers that help secure a supply of livestock for daily start-up operations at its facilities. The Company's Canadian subsidiary, Lakeside, primarily has cattle feeding facilities and a beef carcass production and boxed beef processing facility. In 2001, Lakeside's feedlots provided approximately 22% of that facility's fed cattle needs. The Company's primary supply of live cattle is purchased on a daily basis by buyers who are trained to select high quality animals.

Chicken The primary raw materials used by the Company in its chicken operations consist of live chickens that are raised primarily by independent contract growers. The Company's vertically-integrated chicken process begins with the grandparent breeder flocks. Breeder farms specialize in producing the generations of male and female strains, with the broiler being the final progeny. The breeder flocks are raised to maturity in grandparent growing and laying farms where fertile eggs are produced. The fertile eggs are incubated at the grandparent hatchery and produce male and female pullets (i.e., the parents). The pullets are sent to breeder houses, and the resulting eggs are sent to Company hatcheries. Once the chicks have hatched, they are sent to broiler farms. There, contract growers care for and raise the chicks according to Company standards and under the supervision of Company technical service personnel until the broilers have reached the desired processing weight. The adult chickens are caught and hauled to processing plants. The finished products are sent to distribution centers and then transported to customers. Vertically-integrated poultry companies operate their own feed mills to produce scientifically-formulated feeds. Corn and soybean meal are major production costs in the poultry industry, representing roughly 40% of the cost of growing a chicken. In addition to feed ingredients to grow the chickens, the Company uses cooking ingredients, packaging materials and cryogenic agents. The Company believes that its sources of supply for these materials are adequate for its present needs and the Company does not anticipate any difficulty in acquiring these materials in the future. While the Company produces substantially all of its inventory of breeder chickens and live broilers, it may also purchase live, ice-packed or deboned chicken to meet production requirements.

Pork The primary raw material used by the Company in its pork operations is live swine. Prior to the acquisition of IBP, the Company raised live swine to sell to outside processors. With the acquisition of IBP, the Company supplied a minimal amount of its live swine for its processing needs. The majority of the Company's live swine supply is obtained through various procurement arrangements with producers that help secure a supply for daily start-up operations at its facilities. The Company also employs buyers who purchase hogs on a daily basis, generally a few days before the animals are required for processing.

Prepared Foods The primary raw materials used by the Company in its prepared foods operations are typically commodity based raw materials, including fresh and frozen beef, chicken and pork, corn, flour and frozen vegetables that can be purchased from numerous suppliers and manufacturers of these raw materials.

Seasonal Demand

The demand for the Company's chicken and beef products generally increases during the spring and summer months and generally decreases during the winter months. The Company's pork products experience increased demand during the winter months due to the holiday season and decreased demand during the spring and summer months. The Company's prepared foods products do not experience seasonal fluctuations.

Customer Relations

No single customer of the Company accounts for more than ten percent of the Company's consolidated revenues. However, five customers

represent approximately 19% of the Beef segment's sales, five customers represent approximately 29% of the Chicken segment's sales, three customers represent approximately 26% of Pork segment's sales and three customers represent approximately 32% of the Prepared Foods segment's sales. The Company believes the loss of any single customer would not have a material adverse effect on the Company's business. Although any extended discontinuance of sales to any major customer could, if not replaced, have an impact on the Company's operations, the Company does not anticipate any such occurrences due to the demand for its products and its ability to obtain new customers.

Backlog of Orders

There is no significant backlog of unfilled orders for the Company's products.

Competition

The Company's food products compete with those of other national and regional food producers and processors and certain prepared food manufacturers, namely, ConAgra Inc., Pilgrims Pride Corp., Cargill Inc., Sanderson Farms Inc., Smithfield Foods Inc. and Hormel Foods Corp. Additionally, the Company's food products compete in international markets around the world. The Company's principal marketing and competitive strategy is to identify target markets for value-enhanced products, to concentrate production, sales and marketing efforts in order to appeal to and enhance the demand from those markets and, utilizing its national distribution system and customer support services, to achieve a dominant market position for its products. Past efforts have indicated that customer demand generally can be increased and sustained through application of the Company's marketing strategy, as supported by its distribution system. The principal competitive elements are brand identification, price, product quality, and customer service.

International

The Company exported to over 100 foreign countries in fiscal 2001. Major export markets include Canada, China, Japan, Mexico, Puerto Rico, Russia and South Korea.

The Company continues to believe that Asia offers potential in terms of developing processing facilities. The Company recently entered into a joint venture in China to further process U.S. produced chicken. The Company's joint venture, to create a commercial feed and swine operation in the Philippines, called Fil-Am Foods, Inc., with Aboitiz Equity Ventures, Inc. and PM Nutrition Company, Inc., a subsidiary of Purina Mills, Inc., has been operational since 1999. Meanwhile, the Company's subsidiary in Mexico continues to grow rapidly under improving economic conditions. The Company has entered into a technical service agreement with Grupo Melo in Panama to assist Grupo Melo with the production of further processed chicken products and allowing them to license the Tyson brand. Additionally, Cobb-Vantress, Inc., a wholly owned subsidiary, has entered into a joint venture agreement with a company to build a 180 thousand capacity chicken breeder farm in China. With the acquisition of IBP, the Company now has two other joint ventures in China, including one that processes pork casings and one that is a pork processing plant. The Company also has an equity interest in a Russian meat processing plant and a cooked meats facility in Ireland.

Research and Development

The Company conducts continuous research and development activities to improve the strains of primary chicken breeding stock, the genetic qualities of swine, and finished product development. Additionally, the Company strives to develop ways to automate manual processes in its processing plants and growout operations. The annual cost of such research and development programs is less than one percent of total consolidated annual sales.

Regulation

The Company's facilities for processing beef, chicken, pork and prepared foods and for housing live chicken and swine are subject to a variety of federal, state and local laws relating to the protection of the environment, including provisions relating to the discharge of materials into the environment, and to the health and safety of its employees. The Company's beef, chicken, pork and prepared foods processing and distribution facilities are also subject to extensive inspection and regulation by the United States Department of Agriculture. Additionally, the Company's beef, chicken and pork processing facilities are participants in the government's Hazardous Analysis Critical Control Point (HACCP) program. The cost of compliance with such laws and regulations has not had a material adverse effect upon the Company's capital expenditures, earnings or competitive position and it is not anticipated to have a material adverse effect in the future. In 2001, the Company incurred expenses of approximately \$68 million to maintain compliance with such regulations. These expenditures relate principally to the normal operation and maintenance of wastewater treatment facilities ("Waste Treatment Facilities"), where the Company biologically treats these wastes, and the associated land application of wastes generated at these treatment facilities. Except as disclosed in Item 3, the Company believes that it is in substantial compliance with such applicable laws and regulations and the Company is not aware of any violations of, or pending

changes in, such laws and regulations that are likely to result in material penalties or material increases in compliance costs. The Company incurred \$9 million in capital expenditures, primarily related to its Wastewater Treatment Facilities, in fiscal 2001 and anticipates capital expenditures of approximately \$45 million in fiscal 2002 for environmental projects primarily related to the Wastewater Treatment Facilities.

Employees and Labor Relations

As of November 30, 2001, the Company employed approximately 124,000 persons. The Company believes that its relations with its workforce are good.

Set forth below is a listing of the Company facilities which have employees subject to a collective bargaining agreement together with the name of the union party to the collective bargaining agreement, the number of employees at the facility subject thereto and the expiration date of the collective bargaining agreement currently in effect.

| Location | Union | No. of People | Expiration Date |
|--------------------------|---------------|---------------|-----------------|
| Albertville, AL | UFCW | 781 | February 2002 |
| Albuquerque, NM | UFCW | 278 | January 2005 |
| Amarillo, TX | Teamsters | 3,042 | November 2002 |
| Ashland, AL | UFCW | 539 | February 2002 |
| Augusta, ME | UFCW | 139 | December 2004 |
| Berlin, MD | UFCW | 297 | (1) |
| Berlin, MD | Teamsters | 182 | January 2002 |
| Berlin, MD | Teamsters | 54 | July 2002 |
| Buena Vista, GA | RWDSU | 762 | November 2003 |
| Buffalo, NY | IUOE | 20 | June 2006 |
| Carthage, TX | UFCW | 593 | November 2003 |
| Center, TX | UFCW | 976 | February 2003 |
| Cherokee, IA | UFCW | 637 | March 2004 |
| Chicago, IL | Truck Drivers | 519 | January 2002 |
| Chicago, IL | UFCW | 225 | July 2003 |
| Chicago, IL | Teamsters | 3 | April 2006 |
| Cleveland, MS | RWDSU | 414 | February 2004 |
| Concordia, MO | UFCW | 183 | June 2005 |
| Corydon, IN | Steelworkers | 36 | October 2002 |
| Corydon, IN | UFCW | 408 | January 2005 |
| Dakota City, NE | UFCW | 3,645 | August 2004 |
| Dakota City, NE | Teamsters | 33 | April 2005 |
| Dardanelle, AR | UFCW | 886 | November 2004 |
| Detroit, MI | Teamsters | 3 | August 2004 |
| Detroit, MI | UFCW | 539 | August 2004 |
| Gadsden/Blountsville, AL | Teamsters | 16 | April 2004 |
| Gadsden, AL | RWDSU | 942 | November 2004 |
| Glen Allen, VA | UFCW | 1,001 | November 2004 |
| Grand Rapids, MI | Teamsters | 437 | August 2003 |
| Grand Rapids, MI | Teamsters | 7 | February 2004 |
| Henderson, KY | UFCW | 1,155 | November 2003 |
| Holly Ridge, NC | UFCW | 21 | August 2003 |
| Holly Ridge, NC | UFCW | 419 | April 2004 |
| Hope, AR | UFCW | 1,261 | March 2003 |
| Jackson, MS | UFCW | 750 | December 2002 |
| Jacksonville, FL | Teamsters | 534 | December 2002 |
| Jefferson, WI | UFCW | 471 | June 2002 |
| 8 | | | |
| Joslin, IL | Teamsters | 15 | June 2002 |
| Joslin, IL | UFCW | 2,098 | March 2006 |
| Logansport, IN | UFCW | 1,696 | October 2003 |
| Manchester, NH | Teamsters | 10 | December 2003 |
| Manchester, NH | UFCW | 335 | December 2004 |
| Newark, NJ | UFCW | 133 | March 2004 |
| Noel, MO | UFCW | 1,104 | December 2002 |
| Norfolk, NE | UFCW | 1,299 | September 2005 |

| | | | |
|--------------------------|-----------|-------|----------------|
| North Richland Hills, TX | UFCW | 303 | August 2004 |
| Pasco, WA | Teamsters | 1,553 | May 2004 |
| Perry, IA | UFCW | 930 | April 2003 |
| Pine Bluff, AR | UFCW | 268 | October 2002 |
| Ponca City, OK | UFCW | 572 | March 2004 |
| Rialto, CA | UFCW | 22 | May 2004 |
| Rialto, CA | Teamsters | 2 | September 2004 |
| Riverside, CA | UFCW | 419 | May 2004 |
| Shelbyville, TN | RWDSU | 1,249 | November 2002 |
| Shelbyville, TN | Teamsters | 31 | August 2004 |
| Waterloo, IA | UFCW | 2,120 | June 2002 |
| Wilkesboro, NC | Teamsters | 29 | November 2004 |
| Wilkesboro, NC | Teamsters | 59 | November 2004 |
| Wilkesboro, NC | Teamsters | 79 | November 2004 |

UFCW - United Food and Commercial Workers Union

RWDSU - Retail, Wholesale, Department Store Union

IUOE - International Union of Electrical Workers

(1) Indefinite (seven day notice by either party of contract expiration)

The Company has not experienced any strike or work stoppage that has had a material impact on operations.

Marketing and Distribution

The Company's principal marketing objective is to be the primary protein provider for our customers. The Company identifies distinct markets and business opportunities through extensive consumer and market research. The company's national branding strategy focuses on the Tyson (chicken) and Thomas E. Wilson (red meat) brands. Additionally, a number of strong regional brands are also supported. All communications stress the quality and value proposition of the products while supporting and building brand awareness. Communications efforts utilize a fully integrated and coordinated mix of activities designed to connect with customers and consumers on both a rational and emotional level. The Company utilizes its national distribution system and customer support services to achieve a dominant market position for its products.

The Company's nationwide distribution system utilizes a network of food distributors which is supported by cold storage warehouses owned or leased by the Company, by public cold storage facilities and by the Company's transportation system. The Company ships products from Company-owned consolidated frozen food distribution centers, from a network of public cold storages, from other owned and leased facilities and directly from plants. The Company's distribution centers facilitate accumulating frozen products so that it can fill and consolidate less-than-truckload orders into full truckloads, thereby decreasing shipping costs while increasing customer service. In addition, customers are provided with a selection of products that do not require large volume orders. The Company's distribution system enables it to supply large or small quantities of products to meet customer requirements anywhere in the continental United States.

Patents and Trademarks

The Company has registered a number of trademarks relating to its products which either have been approved or are in the process of application. Because the Company does a significant amount of brand name and product line advertising to promote its products, it considers the protection of such trademarks to be important to its marketing efforts. The Company has also developed non-public proprietary information regarding its production processes and other product-related matters. The Company utilizes internal procedures and safeguards to protect the confidentiality of such information, and where appropriate, seeks patent protection for the technology it utilizes.

Industry Practices

The Company's agreements with its customers are generally short-term, verbal agreements due primarily to the nature of its products, industry practice and the fluctuation in demand and price for such products.

This report and other written reports and oral statements made from time to time by the Company and its representatives contain forward-looking statements, including forward-looking statements made in this report, with respect to their current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties that could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Tyson undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that may affect the operating results of the Company are the following: (i) fluctuations in the cost and availability of raw materials, such as live cattle, live swine or feed grain costs; (ii) changes in the availability and relative costs of labor and contract growers; (iii) operating efficiencies of facilities; (iv) market conditions for finished products, including the supply and pricing of alternative proteins; (v) effectiveness of advertising and marketing programs; (vi) the ability of the Company to make effective acquisitions and successfully integrate newly acquired businesses into existing operations; (vii) risks associated with leverage, including cost increases due to rising interest rates; (viii) risks associated with effectively evaluating derivatives and hedging activities; (ix) changes in regulations and laws (both domestic and foreign), including changes in accounting standards, environmental laws and occupational, health and safety laws; (x) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (xi) adverse results from ongoing litigation; (xii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (xiii) the effect of, or changes in, general economic conditions.

ITEM 2. PROPERTIES

The Company currently has production and distribution operations in the following states: Alabama, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington and Wisconsin. Additionally, the Company, either directly or through its subsidiaries, has facilities in or participates in joint venture operations in Argentina, Brazil, Canada, China, Denmark, India, Indonesia, Ireland, Japan, Mexico, Panama, the Philippines, Russia, Spain, the United Kingdom and Venezuela.

Beef The Company's beef operations consist of 14 beef production facilities and a Canadian cattle feeding operation. These facilities slaughter live cattle, fabricate beef products and treat and tan hides. In addition, one of the beef facilities contains a tallow refinery and one facility shares operations with the Pork segment. The carcass facilities reduce live cattle to dressed carcass form. Fed beef consists primarily of young steers and heifers specifically raised for beef consumption. The processing facilities conduct fabricating operations to produce boxed beef and manufacture allied products such as pet foods, technical products, pharmaceuticals and cosmetics. The processing facilities operated in 2001 at approximately 87% of their production capacities. The total slaughter capacity is approximately 240,000 head per week.

Chicken The Company's chicken operations consist of 62 processing plants. These plants are devoted to various phases of slaughtering, dressing, cutting, packaging, deboning or further-processing. The total slaughter capacity is approximately 49 million head per week. In addition, the Company owns 13 rendering plants with the capacity to produce 28 million pounds of animal protein products per week and 18 ground pet food processing operations in connection with chicken processing plants capable of producing 8 million pounds of product per week. In addition, there are two blending mill operations, 39 feed mills and 76 broiler hatcheries with sufficient capacity to meet the needs of the chicken growout operations. During 2001, the feed mills operated at 75% of capacity and the hatcheries operated at 85% of capacity. In general, the remaining processing plants are fully utilized.

Pork The Company's pork operations consist of seven pork production facilities that slaughter live hogs, fabricate pork products and manufacture allied products such as pet foods, technical products, pharmaceuticals and cosmetics. One of these facilities is shared with the Beef segment. The processing facilities operated in 2001 at approximately 82% of their production capacities. The total slaughter capacity of these facilities is approximately 410,000 head per week. In addition, the Company has swine growout operations that consist of 150 swine farrowing and nursery units and 261 swine finishing units. The Company also purchases live swine from contract growers. The swine growout operations are supported by one dedicated feed mill supplemented by the production from the chicken operations' feed mills.

Prepared Foods The Company's prepared foods operations consist of 45 processing plants which process fresh beef, pork, chicken and other raw materials into pizza toppings, branded and processed meats, appetizers, hors d'oeuvres, desserts, ethnic foods, soups, sauces, side dishes and pizza crusts, flour and corn tortilla products and specialty pasta and meat dishes. These processing plants have the capacity to produce approximately 60 million pounds per week and operated in 2001 at approximately 77% of capacity.

Other The Company's other operations consist of two warehouses and 11 freezers used by the beef and pork divisions, 43 cold storage facilities at chicken processing plants, three cold storage facilities at chicken rendering plants, five cold storage facilities used by prepared foods plants, five distribution centers used by the chicken division and five distribution centers used by the prepared foods division with a total capacity of approximately 300 million pounds.

The Company owns its major operating facilities with the following exceptions: one chicken primary processing plant is leased until 2003, one chicken emulsified plant is leased month to month, one chicken distribution center is leased until 2003, one feedmill and three hatcheries are leased until 2003, one hatchery is leased month to month, 386 chicken breeder farm houses are leased under agreements expiring at various dates through 2003 and four chicken breeder farm houses are leased month to month, 30 broiler farms are leased year to year, 68 swine farrowing and nursery units and 210 swine finishing units are leased, with the majority expiring in 2002, one prepared foods distribution center is leased month to month, two prepared foods further processing facilities are leased until 2004 and 2005, and two prepared foods appetizer manufacturing facilities are leased until 2003 and 2013.

Management believes that the Company's present facilities are generally adequate and suitable for its current purposes. However, seasonal fluctuations in inventories and production may occur as a reaction to market demands for certain products. The Company regularly engages in construction and other capital improvement projects intended to expand capacity and improve the efficiency of its processing and support facilities.

ITEM 3. LEGAL PROCEEDINGS

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. Although the outcome of such items cannot be determined with certainty, the Company's general counsel and management are of the opinion that the final outcome should not have a material effect on the Company's results of operations or financial position.

Wage and Hour/ Labor Matters On June 22, 1999, 11 current and former employees of the Company filed the case of *M.H. Fox, et al. v. Tyson Foods, Inc. (Fox v. Tyson)* in the U.S. District Court for the Northern District of Alabama claiming the Company violated requirements of the Fair Labor Standards Act. The suit alleges the Company failed to pay employees for all hours worked and/or improperly paid them for overtime hours. The suit generally alleges that (1) employees should be paid for time taken to put on and take off certain working supplies at the beginning and end of their shifts and breaks and (2) the use of "mastercard" or "line" time fails to pay employees for all time actually worked. Plaintiffs seek to represent themselves and all similarly situated current and former employees of the Company. At filing 159 current and/or former employees consented to join the lawsuit and, to date, approximately 5,000 consents have been filed with the court. Discovery in this case is ongoing. A hearing was held on March 6, 2000, to consider the plaintiff's request for collective action certification and court-supervised notice. No decision has been rendered. The Company believes it has substantial defenses to the claims made and intends to vigorously defend the case; however, neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

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

On February 9, 2000, the Wage and Hour Division of the U.S. Department of Labor (DOL) began an industry-wide investigation of poultry producers, including the Company, to ascertain compliance with various wage and hour issues. As part of this investigation, the DOL inspected 14 of the Company's processing facilities. The Company has had discussions with the DOL regarding its investigation and the possible resolution of potential claims that might be asserted by the DOL.

On August 22, 2000, seven employees of the Company filed the case of *De Asencio v. Tyson Foods, Inc.* in the U.S. District Court for the Eastern District of Pennsylvania. This lawsuit is similar to *Fox v. Tyson* in that the employees claim violations of the Fair Labor Standards Act for allegedly failing to pay for time taken to put on, take off and sanitize certain working supplies. Plaintiffs seek to represent themselves and all similarly situated current and former employees of the poultry processing plants in New Holland, Pennsylvania. Currently, there are approximately 500 additional current or former employees who have filed consents to join the lawsuit. The court, on January 30, 2001, ordered that notice of the lawsuit be issued to all potential plaintiffs at the New Holland facilities, but the class has not been ordered certified. The Company believes it has substantial defenses to the claims made and intends to defend the case vigorously; however, neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

On November 5, 2001, a lawsuit entitled *Maria Chavez, et.al. vs. IBP, Lasso Acquisition Corporation and Tyson Foods, Inc.* was filed in the U.S. District Court for the Eastern District of Washington against IBP and Tyson by several employees of IBP's Pasco, Washington, beef slaughter and processing facility alleging various violations of both the Fair Labor Standards Act, 29 U.S.C. Sections 201 - 219 (FLSA) claims, as well as violations of the Washington State Minimum Wage Act, RCW chapter 49.46, Industrial Welfare Act, RCW chapter 49.12, and the Wage

Deductions-Contribution-Rebates Act, RCW chapter 49.52. The lawsuit alleges IBP and/or Tyson required employees to perform unpaid work

related to the donning and doffing of certain personal protective clothing, both prior to and after their shifts, as well as during meal periods. Plaintiffs further allege that similar prior litigation entitled *Alvarez et. al. vs. IBP* which resulted in a \$3.1 million final judgment against IBP, supports a claim of collateral estoppel and/or is res judicata as to the issues raised in this new litigation.

On January 26, 2000, a lawsuit entitled *Jose Jairo Gutierrez, et. al. vs. Specialty Brands, Inc. and Foodbrands America, Inc.* was filed in the U.S. District Court for the District of New Mexico by 14 employees at the Specialty Brands' Albuquerque facility alleging violations of both the FLSA and the New Mexico wage and hour statutes. Initially, these plaintiffs sought to certify a class of all Foodbrands and Specialty Brands employees, but were allowed by the court to certify only a class of hourly production employees in Albuquerque. The complaint alleges that Specialty Brands failed to compensate employees for walking to and from their work stations and putting on and taking off protective clothing such as smocks, hard hats, hairnets and earplugs.

Environmental Matters On January 15, 1997, the Illinois EPA brought suit in the Circuit Court for the 14th Judicial Circuit, Rock Island, Illinois, Chancery Division against IBP at its Joslin, Illinois, facility alleging that IBP's operations at its Joslin, Illinois, facility are violating the "odor nuisance" regulations enacted in the State of Illinois. IBP has already completed additional improvements at its Joslin facility to further reduce odors from this operation, but denies Illinois EPA's contention that its operations at any time amounted to a "nuisance". IBP is in the midst of discussions aimed at a complete resolution of these issues, and reports this issue solely because of a recent determination that the penalties have the potential to exceed \$100,000.

On January 12, 2000, The U.S. Department of Justice (DOJ), on behalf of the Environmental Protection Agency (EPA), filed a lawsuit against IBP in U.S. District Court for the District of Nebraska, alleging violations of various environmental laws at IBP's Dakota City facility. This action alleges, among other things, violations of: (1) the Clean Air Act; (2) the Clean Water Act; (3) the Resource, Conservation and Recovery Act (RCRA); (4) the Comprehensive Environmental Response Compensation and Liability Act (CERCLA); and (5) the Emergency Planning and Community Right to Know Act (EPCRA). IBP determined to reserve \$3.5 million during 1999 for the claims raised in this lawsuit based upon the evaluation of a confidential settlement demand received from the DOJ, and review and evaluation of the resolution of comparable claims, in light of the company's assessment of the facts as known to the company and the legal theories advanced by the DOJ. On October 12, 2001, a Second and Final Partial Consent Decree was lodged with the U.S. District Court, which, combined with a Partial Consent Decree entered on May 19, 2000, would fully and finally resolve all allegations raised in this lawsuit for a total civil penalty of \$4.1 million. In addition, pursuant to the Second and Final Partial Consent Decree, IBP agreed to make additional wastewater improvements at its Dakota City facility including the installation of a full nitrification system. On the same date, an amended complaint was filed adding Clean Water Act and RCRA allegations involving IBP's former Palestine, Texas, facility, Clean Water Act allegations involving IBP's Gibbon, Nebraska, facility, as well as EPCRA/CERCLA alleged violations for other IBP facilities located in Region VII. These issues are fully resolved in the Second and Final Partial Consent Decree proposed to the court. Also on the same date, a separate administrative consent agreement with EPA was entered resolving alleged EPCRA/CERCLA claims at IBP's Joslin, Illinois, facility for a \$200,000 civil penalty. Notice of the Second and Final Partial Consent Decree was published in the Federal Register on November 15, 2001, for a 30-day comment period. After completion of the comment period, it is anticipated that the Second and Final Partial Consent Decree will be approved and entered by the U.S. District Court in Nebraska, which will end this litigation.

On October 23, 2001, a putative class action lawsuit was filed in the District Court for Mayes County, Oklahoma, against Tyson Foods, Inc. by R. Lynn Thompson and Deborah S. Thompson on behalf of all owners of Grand Lake O' the Cherokee's littoral (lake front) property. The suit alleges that the Company "or entities over which it has operational

control" conduct operations in such a way as to interfere with the putative class action plaintiffs' use and enjoyment of their property, allegedly caused by diminished water quality in the lake. On November 1, 2001, the suit was removed to the U.S. District Court for the Northern District of Oklahoma. To date, the court has taken no action. The Company believes that the allegations in the complaint are unfounded and intends to vigorously defend the case.

The Company has been advised by the U.S. Attorney's office for the Western District of Missouri that the government intends to seek an indictment of the Company for alleged violations of the Clean Water Act related to activities at its Sedalia, Missouri, facility. The Company is presently discussing the possible resolution of this matter but neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this matter can be determined at this time.

Securities Matters In February 2000, several lawsuits were filed against IBP by certain shareholders in the U.S. District Court for the District of Nebraska seeking to certify a class of all persons who purchased IBP stock between March 25, 1999, and January 12, 2000. The complaints allege that IBP violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and claims IBP issued materially false statements about the company's compliance with environmental laws in order to inflate the company's stock price. On February 14, 2001, lead plaintiffs filed a motion for leave to amend the amended consolidated complaint to add additional claims on behalf of all persons who purchased IBP stock between March 25, 1999, to January 25, 2001. The proposed new claims are substantially similar to those alleged in the South Dakota and New York actions described below under the heading Securities Litigation re: Earnings Restatement, alleging that IBP violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and rule 10b-5 thereunder. On May 21, 2001, the Magistrate Judge issued two opinions recommending (1) the denial of plaintiffs request to amend the amended consolidated complaint, and (2) dismissal of the complaint in its entirety for failure to state a claim. Plaintiffs' appeal to the District Court judge was denied, and a final judgment was entered

dismissing the case. Plaintiffs appealed the decision, but on November 7, 2001, signed a Stipulation of Dismissal of Appeal, dismissing their appeal, with prejudice.

Between January and March 2001, a number of lawsuits were filed by certain shareholders in the U.S. District Court for the District of South Dakota and one suit filed in the U.S. District Court for the Southern District of New York seeking to certify a class of all persons who purchased IBP stock between February 7, 2000, and January 25, 2001. The plaintiff in the New York action has voluntarily dismissed and refiled its complaint in South Dakota. The complaints, seeking unspecified damages, allege that IBP and certain members of management violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and claims IBP issued materially false statements about the company's financial results in order to inflate the company's stock price. IBP intends to vigorously contest these claims.

On or about June 6, 2001, IBP was advised the SEC has commenced a formal investigation of IBP related to the restatement of earnings made by IBP in March 2001. The investigation appears to relate primarily to certain improprieties in the financial statements of its DFG subsidiary which resulted in this restatement.

IBP Stockholder and Merger Agreement Related Litigation Between October 2 and November 1, 2000, 14 class actions were filed in the Delaware Court of Chancery (the Delaware Court) against IBP, inc. (IBP) and the members of the IBP Board of Directors. On November 13, 2000, these actions were consolidated as *In re IBP, inc. Shareholders Litigation*, C.A. No. 18373 (the Consolidated Action).

On March 29, 2001, the Company filed an action in the Chancery Court of Washington County, Arkansas, entitled *Tyson Foods, Inc. et al. v. IBP, inc.*, Case No. E 2001-749-4 (the Arkansas Lawsuit), alleging that the Company had

been inappropriately induced to enter into the Merger Agreement dated January 1, 2001, (the Merger Agreement) and that IBP was in breach of various representations and warranties made in the Merger Agreement.

On March 30, 2001, IBP filed an answer to the amended consolidated complaint and a cross-claim (amended on April 2, 2001) against the Company in the Consolidated Action. As amended, IBP's cross-claim sought a declaration that the Company could not rescind or terminate the Merger Agreement, specific enforcement of the Merger Agreement and damages for breach of a Confidentiality Agreement.

Following expedited discovery, the Delaware Court conducted a nine day trial, beginning on May 14, 2001, on IBP's and the plaintiffs' claims for specific performance with respect to the Terminated Cash Tender Offer and the Merger Agreement and the Company's counterclaims. On June 15, 2001, following expedited post-trial briefing, the Delaware Court issued a memorandum opinion, which was issued in revised form on June 18, 2001 (the Post-Trial Opinion), in which the Delaware Court concluded, among other things, that (1) the Merger Agreement is a valid and enforceable contract that was not induced by any material misrepresentation or omission, (2) the Company did not breach the Merger Agreement or any duty to IBP's stockholders by failing to close the Terminated Cash Tender Offer, (3) the Company did not have a basis to terminate the Merger Agreement under its terms, and (4) specific performance of the Merger Agreement was the only method by which to adequately redress the harm threatened to IBP and its stockholders.

After negotiations and in accordance with the Post-Trial Opinion, the Company and IBP presented an Order, Judgment and Decree to the Delaware Court, entered on June 27, 2001, requiring the Company and its affiliates to specifically perform the Merger Agreement as modified by, and subject to the conditions contained in, the Stipulation, including making this Offer and effecting the Merger.

On August 3, 2001, the Delaware Court entered an order approving the settlement of the Consolidated Action and extinguished all claims that were or could have been asserted in the Consolidated Action in exchange for, among other things, the acceleration of the closing of a new Cash Tender Offer to August 3, 2001.

On June 19, 2001, a purported Company stockholder, commenced a derivative action in the Delaware Court entitled *Alan Shapiro v. Barbara R. Allen, et al.*, C.A. No. 18967-NC seeking monetary damages on behalf of the Company, a nominal defendant, from the members of the Company's Board of Directors. The complaint alleges that the directors violated their fiduciary duties by attempting to terminate the Merger Agreement. The defendants intend to vigorously defend these claims and, on July 17, 2001, moved to dismiss the complaint. A briefing schedule for that motion has not yet been set.

Between June 22 and July 20, 2001, various plaintiffs commenced actions against the Company, Don Tyson, John Tyson and Les Baledge in the U.S. District Court for the District of Delaware, seeking monetary damages on behalf of a purported class of those who sold IBP stock or traded in certain IBP options from March 29, 2001, when the Company announced its intention to terminate the Merger Agreement with IBP, and June 15, 2001, when the Delaware Court rendered its Post-Trial Opinion in the Consolidated Action. The actions, entitled *Meyer v. Tyson Foods, Inc., et al.*, C.A. No. 01-425 SLR; *Banyan Equity Mgt. v. Tyson Foods, Inc. et al.*, C.A. No. 01-426 GMS; *Steiner v. Tyson Foods, Inc., et al.*, C.A. No. 01-462 GMS; *Aetos Corp. et al. v. Tyson, et al.*, C.A. No. 01-463 GMS; *Meyers, et al. v. Tyson Foods, Inc., et al.*, C.A. No. 01-489; *Binsky v. Tyson Foods, Inc., et al.*, C.A. No. 01-495; *Management Risk Trading LP v. Tyson Foods, Inc., et al.*, C.A. No. 01-496; and *Stark Investments, L.P. et al. v. Tyson et al.*, C.A. No. 01-565 allege that the defendants violated federal securities laws by making, or causing to be made, false and misleading statements in connection with the Company's attempted termination of the Merger Agreement. The plaintiffs

allege that, as a result of the defendants' alleged conduct, the purported class members were harmed. The defendants intend to vigorously defend these claims.

General Matters In July 1996, a lawsuit was filed against IBP by certain cattle producers in the U.S. District Court, Middle District of Alabama, seeking certification of a class of all cattle producers. The complaint alleges that IBP has used its market power and alleged "captive supply" agreements to reduce the prices paid to producers for cattle. Plaintiffs have disclosed that, in addition to declaratory relief, they seek actual and punitive damages. The original motion for class certification was denied by the District Court; plaintiffs then amended their motion, defining a narrower class consisting of only those cattle producers who sold cattle directly to IBP from 1994 through the date of certification. The District Court approved this narrower class in April 1999. The 11th Circuit Court of Appeals reversed the District Court decision to certify a class, on the basis that there were inherent conflicts amongst class members preventing the named plaintiffs from providing adequate representation to the class. The plaintiffs then filed pleadings seeking to certify an amended class. The Court denied the plaintiffs' motion on October 17, 2000. Plaintiffs' motion for reconsideration of the judge's decision was denied, and plaintiffs now seek to certify a class of cattle producers who have sold exclusively to IBP on a cash market basis. This motion, as well as the company's motions for summary judgment on both liability and damages, is now pending. Management continues to believe that the company has acted properly and lawfully in its dealings with cattle producers.

On August 8, 2000, the Company was served with a complaint filed in the U.S. District Court for the District of Arizona styled *Lemelson Medical, Education & Research Foundation, Limited Partnership v. Alcon Laboratories, et al.*, CIV00-0661 PHX PGR. The plaintiff sued the Company, along with approximately 100 other defendants in the food, beverage, drug, cosmetic and tobacco industries, claiming that the defendants infringed various patents held by the Foundation. The alleged patent infringement is based on the defendants' use of the Foundation's automatic identification patents that relate to the use of bar coding and/or the Foundation's patents that relate to machine vision. The Foundation seeks treble damages for the defendants' alleged infringement. The case is currently stayed pending the resolution of related litigation.

The Company has been indicted in the Eastern District of Tennessee for alleged violations of the Immigration and Naturalization Act at several of the Company's locations. We intend to vigorously defend this matter and believe we have meritorious defenses to the government's theories of recovery. However, the outcome of this matter and any potential liability on the part of the Company cannot be determined at this time.

On October 17, 2000, a Washington County (Arkansas) Chancery Court awarded the Company approximately \$20 million in its lawsuit alleging trade secret misappropriation by ConAgra, Inc. and ConAgra Poultry Company. Subsequently, on December 4, 2000, as a result of an opinion issued by the Arkansas Supreme Court, the Chancery Court reversed its finding that the Company's nutrient profile was a trade secret and reversed the jury's \$20 million verdict against the ConAgra entities. On January 3, 2001, the Company filed a notice of appeal appealing the Chancery Court's reversal of the trade secret determination and of the jury verdict. This appeal is still pending.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

Executive Officers of the Company

Officers of the Company serve one year terms from the date of their election, or until their successors are appointed and qualified. The name, title, age and year of initial election to executive office of the Company's executive officers are listed below:

| Name | Title | Age | Year Elected |
|-----------------|--|-----|--------------|
| John Tyson | Chairman of the Board of Directors and Chief Executive Officer | 48 | 1984 |
| Richard L. Bond | Co-Chief Operating Officer and Group President, Fresh Meats and Retail | 53 | 2001 |
| Greg Lee | Co-Chief Operating Officer and Group President, | 54 | 1993 |

Food Service and International

| | | | |
|------------------|--|----|------|
| Les Baledge | Executive Vice President and General Counsel | 44 | 1999 |
| Steven Hankins | Executive Vice President and Chief Financial Officer | 43 | 1997 |
| Eugene D. Leman | Senior Group Vice President, Fresh Meats | 59 | 2001 |
| Dennis Leatherby | Senior Vice President, Finance and Treasurer | 41 | 1990 |
| Rodney S. Pless | Senior Vice President, Controller and Chief Accounting Officer | 40 | 2000 |

No family relationships exist among the above officers. Mr. John Tyson was appointed Chairman of the Board of Directors and Chief Executive Officer in 2001 after serving as Chairman of the Board of Directors, President and Chief Executive Officer since 2000, Chairman of the Board of Directors since 1998, Vice Chairman of the Board of Directors since 1997 and President, Beef and Pork Division since 1993. Mr. Bond was appointed Co-Chief Operating Officer and Group President, Fresh Meats and Retail in 2001 after serving as President and Chief Operating Officer of IBP, inc. from March 1997 until the merger of IBP into a wholly owned subsidiary of the Company on September 28, 2001, and as President, IBP Fresh Meats from 1995 to 1997. Mr. Lee was appointed Co-Chief Operating Officer and Group President, Food Service and International in 2001 after serving as Chief Operating Officer since 1999, as President of the Foodservice Group since 1998 and Executive Vice President, Sales, Marketing and Technical Services since 1995. Mr. Baledge was appointed Executive Vice President and General Counsel in 2000 after serving as Executive Vice President and Associate General Counsel since 1999 upon joining Tyson. Prior to joining Tyson, Mr. Baledge was of counsel to the law firm of Kutak Rock LLP and a partner with the Rose Law Firm. Mr. Hankins was appointed Executive Vice President and Chief Financial Officer in 1998 after serving as Senior Vice President, Financial Planning and Shared Services since 1997 and Vice President, Management Information Systems since 1993. Mr. Leman was appointed Senior Group Vice President, Fresh Meats in 2001 after serving as IBP's President of Fresh Meats since 1997 until the merger of IBP into a wholly owned subsidiary of the Company on September 28, 2001, and as President of IBP's Allied Group since 1995. Mr. Leatherby was appointed Senior Vice President, Finance and Treasurer in 1998 after serving as

Vice President and Treasurer since 1997 and Treasurer since 1994. Mr. Pless was elected Senior Vice President, Controller and Chief Accounting Officer in 2001 after serving as Vice President, Controller and Chief Accounting Officer since 2000. Prior to joining Tyson, Mr. Pless was Vice President, Controller and Chief Accounting Officer for TransMontaigne.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company currently has issued and outstanding two classes of capital stock, Class A Common Stock (the "Class A Stock") and Class B Common Stock (the "Class B Stock"). Information regarding the voting rights and dividend restrictions are set forth on page 36 of the Annual Report under the caption "Capital Stock," which information is incorporated herein by reference.

On October 31, 2001, there were approximately 37,700 holders of record of the Company's Class A Stock and 18 holders of record of the Company's Class B Stock, excluding holders in the security position listings held by nominees. The Class A Stock is traded on the New York Stock Exchange under the symbol "TSN." No public trading market currently exists for the Class B Stock. Information regarding the high and low closing prices of the Class A Stock is set forth on pages 57 and 60 of the Annual Report under the captions "Eleven-Year Financial Summary" and "Closing Price of Company's Common Stock," which information is incorporated herein by reference.

The Company has paid uninterrupted quarterly dividends on its common stock each year since 1977. The annual dividend rate for Class A Stock is \$0.16 per share and the annual dividend rate for Class B Stock is \$0.144 per share.

ITEM 6. SELECTED FINANCIAL DATA

See the information reflected under the caption "Eleven-Year Financial Summary" on page 57 of the Annual Report, which information is

incorporated herein by reference.

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

See the information reflected under the caption "Management's Discussion and Analysis" on pages 22 through 30 of the Annual Report, which information is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

See the information reflected under the caption "Market Risk" on pages 27 through 29 of the Annual Report, which information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 31 through 55 of the Annual Report under the caption "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors," which information is incorporated herein by reference. Other financial information is filed under Item 14 of Part IV of this report.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

See information set forth under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Pursuant to general instruction G(3) of the instructions to Annual Report on Form 10-K, certain information concerning the Company's executive officers is included under the caption "Executive Officers of the Company" in Part I of this Report. See the information set forth under the captions "Executive Compensation and Other Information" and "Report of Compensation Committee" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the information included under the captions "Principal Shareholders" and "Security Ownership of Management" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See the information included under the caption "Certain Transactions" in the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K

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

1. The following consolidated financial statements of the registrant included on pages 31 through 54 in the Company's Annual Report for the fiscal year ended September 29, 2001, and the Report of Independent Auditors on page 55 of such Annual Report are incorporated

herein by reference. Page references set forth in the index below are to page numbers in Exhibit 13 of this Form 10-K.

| | |
|---|--------------|
| Consolidated Statements of Income For the three years ended September 29, 2001 | Pages 384 |
| Consolidated Balance Sheets at September 29, 2001 and September 30, 2000 | 385 |
| Consolidated Statements of Shareholders' Equity for the three years ended September 29, 2001 | 386 |

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| Consolidated Statements of Cash Flows for the three years ended September 29, 2001 | 387 |
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| Notes to Consolidated Financial Statements | 388- 407 |
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|--------------------------------|-----|
| Report of Independent Auditors | 408 |
|--------------------------------|-----|

2. The following additional information for the years 2001, 2000 and 1999 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

| | |
|--------------------------------|----|
| Report of Independent Auditors | 31 |
|--------------------------------|----|

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|--|----|
| Schedule II Valuation and Qualifying Accounts for the three years ended September 29, 2001 | 32 |
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All other schedules are omitted because they are neither applicable nor required.

3. The exhibits filed with this report are listed in the Exhibit Index at the end of the Item 14.

(b) Reports on Form 8-K

Report on Form 8-K, dated August 4, 2001, with respect to the Company's acquisition of IBP, inc.

Report on Form 8-K/A, dated August 4, 2001, with respect to the Company's acquisition of IBP, inc.

Report on Form 8-K, dated September 4, 2001, with respect to the Company's intention to offer private placement of \$2.0 to \$2.5 billion of its Senior Notes under its existing indenture.

Report on Form 8-K, dated September 25, 2001, with respect to the Company's anticipated higher fourth quarter earnings.

Report on Form 8-K, dated September 27, 2001, with respect to the Company's intention to sell \$2.25 billion of its Senior Notes in a private placement.

EXHIBIT INDEX

| Exhibit No. | | Pages |
|-------------|--|-------|
| 2.1 | Agreement and Plan of Merger dated as of January 1, 2001 among the Company, IBP, inc. and Lasso Acquisition Corporation (previously filed as Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 3.1 | Restated Certificate of Incorporation of the Company (previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1998, Commission File No. 0-3400, and incorporated herein by reference). | |
| 3.2 | Second Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended January 1, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 4.1 | Form of Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee (the "Company Indenture") relating to the issuance of Debt Securities (previously filed as Exhibit 4 to Amendment No. 1 to Registration Statement on Form S-3, filed with the Commission on May 8, 1995, Registration No. 33-58177, and incorporated herein by reference). | |
| 4.2 | Form of 6.75% \$150 million Note due June 1, 2005 issued under the Company Indenture (previously filed as Exhibit 4(b) to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 1995, Commission File No. 0-3400, and incorporated herein by reference). | |
| 4.3 | Form of Fixed Rate Medium-Term Note issued under the Company Indenture (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference). | |
| 4.4 | Form of Floating Rate Medium-Term Note issued under the Company Indenture (previously filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference). | |
| 4.5 | Form of Calculation Agent Agreement relating to the Medium Term Notes issued under the Company Indenture (previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference). | |
| 4.6 | Amended and Restated Note Purchase Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement, together with the following documents (all purchasers and series issued under this agreement have been repaid except the Series G Notes with John Hancock Mutual Life Insurance Company): | |

(a) Form of Series G Note

(previously filed as Exhibit 4(b) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

- 4.7 Amendment Agreement, dated November 1, 1994, to Amended and Restated Note Purchase Agreements, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (John Hancock Mutual Life Insurance Company is only remaining Purchaser with notes outstanding) (previously filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 1994, Commission File No. 0-3400, and incorporated herein by reference).
- 4.8 Second Amendment Agreement, dated as of June 29, 1996, to Amended and Restated Note Purchase Agreements, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (John Hancock Mutual Life Insurance Company is only remaining Purchaser with notes outstanding) (previously filed as Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 1996, Commission File No. 0-3400, and incorporated herein by reference).
- 4.9 Third Amendment Agreement dated as of May 2, 2001, to Amended and Restated Note Purchase Agreements, dated June 30, 1993, by and between the Company and John Hancock Mutual Life Insurance Company (attached). 33-35
- 4.10 Form of 7.0% \$200 million Note due May 1, 2018 issued under the Company Indenture (previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 1998, Commission File No. 0-3400, and incorporated herein by reference).
- 4.11 Form of 7.0% \$40 million Note due May 1, 2018 issued under the Company Indenture (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 1998, Commission File No. 0-3400, and incorporated herein by reference).
- 4.12 Supplemental Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee, dated as of October 1, 2004, supplementing the Company Indenture and relating to the issuance of the Company's \$500 million 6.625% Notes due 2004, together with form of 6.625% Note (attached). 36-61
- 4.13 Supplemental Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee, dated as of October 2, 2001, supplementing the Company Indenture and relating to the issuance of the Company's \$750 million 7.250% Notes due 2006, together with form of 7.250% Note (attached). 62-91
- 4.14 Supplemental Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee, dated as of October 2, 2001, supplementing the Company Indenture and relating to the issuance of the Company's \$1 billion 8.250% Notes due 2011, together with form of 8.250% Note (attached). 92-118

- 4.15 Indenture, dated January 26, 1996, between IBP, inc. ("IBP") and The Bank of New York (the "IBP Indenture") (previously filed as Exhibit 4 to IBP's Registration Statement on Form S-3, filed with the Commission on November 20, 1995, Commission File No. 33-64459, and incorporated herein by reference).

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| 4.16 | Form of Senior Note issued under the IBP Indenture for the issuance of (a) \$100 million 6.125% Senior Notes due February 1, 2006, (b) \$100 million 7.125% Senior Notes due February 1, 2026 and (c) \$300 million 7.95% Senior Notes due February 1, 2010 (attached). | 119-124 |
| 4.17 | Form of \$125 million 7.45% Senior Note due June 1, 2007 issued under the IBP Indenture (attached). | 125-135 |
| 4.18 | First Supplemental Indenture, dated as of September 28, 2001, among the Company, Lasso Acquisition Corporation and The Bank of New York, pursuant to which the Company guaranteed the Notes issued under the IBP Indenture (attached). | 136-140 |
| 10.1 | 364 Day Credit Agreement dated as of September 24, 2001 by and among the Company, as Borrower, The Chase Manhattan Bank, as Administrative Agent, Merrill Lynch Capital Corporation, as Syndication Agent, Suntrust Bank, as Documentation Agent, Mizuho Financial Group and Rabobank International, as Co-Documentation Agents and certain lenders parties thereto (attached). | 141-224 |
| 10.2 | Five-Year Credit Agreement, dated as of September 24, 2001, by and among the Company, as Borrower, The Chase Manhattan Bank, as Administrative Agent, Merrill Lynch Capital Corporation, as Syndication Agent, Suntrust Bank, as Documentation Agent, Mizuho Financial Group and Rabobank International, as Co-Documentation Agents and certain lenders parties thereto (attached). | 225-304 |
| 10.3 | Issuing and Paying Agency Agreement dated as of January 12, 2001 between the Company and The Chase Manhattan Bank (previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.4 | Commercial Paper Dealer Agreement dated as of January 12, 2001 between the Company and Banc of America Securities LLC (previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.5 | Commercial Paper Dealer Agreement dated as of January 12, 2001 between the Company and Credit Suisse First Boston Corporation (previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.6 | Commercial Paper Dealer Agreement dated as of January 12, 2001, between the Company and Merrill Lynch Money Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith (previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |

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| 10.7 | Commercial Paper Dealer Agreement dated as of January 12, 2001, between the Company and SunTrust Equitable Securities Corporation (previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
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| 10.8 | Commercial Paper Dealer Agreement dated as of January 12, 2001, between the Company and J.P. Morgan Securities, Inc. (previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.9 | Commercial Paper Dealer Agreement dated as of January 12, 2001, between the Company and Chase Securities Inc. (previously filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2000, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.10 | Senior Advisor Agreement, dated October 19, 2001, by and between Don Tyson and the Company (attached). | 305-307 |
| 10.11 | Senior Advisor Agreement, dated October 1, 2001, by and between Robert L. Peterson and the Company (attached). | 308-312 |
| 10.12 | Employment Agreement, dated as of October 1, 2001, by and between John Tyson and the Company (attached). | 313-324 |
| 10.13 | Employment Agreement, dated as of September 28, 2001 by and between Richard Bond and the Company (attached). | 325-348 |
| 10.14 | Employment Agreement, dated as of October 1, 2001, by and between Greg Lee and the Company (attached). | 349-361 |
| 10.15 | Form of Employment Agreement used for all other Executive Officers of the Company, including named executive officers whose contracts are not specifically referenced above (attached). | 362-374 |
| 10.16 | Tyson Foods, Inc. Senior Executive Performance Bonus Plan adopted November 18, 1994 (previously filed as Exhibit 10(k) to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.17 | Tyson Foods, Inc. Restricted Stock Bonus Plan, effective August 21, 1989, as amended and restated on April 15, 1994; and Amendment to Restricted Stock Bonus Plan effective November 18, 1994 (previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.18 | Tyson Foods, Inc. Amended and Restated Employee Stock Purchase Plan, dated as of December 13, 1999 (previously filed as Exhibit 10.12 to the Company's Form 10-K for the fiscal year ended October 2, 1999, Commission File No. 0-3400, and incorporated herein by reference). | |

| | | |
|-------|---|--|
| 10.19 | Amended and Restated Executive Savings Plan of Tyson Foods, Inc. effective October 1, 1997, and First Amendment to the Amended and Restated Executive Savings Plan of Tyson Foods, Inc. effective December 31, 1998 (previously filed as exhibit 10.15 to the Company's Form 10-K for the fiscal year ended October 2, 1999, Commission File No. 0-3400, and incorporated herein by reference). | |
| 10.20 | Tyson Foods, Inc. Non-statutory Stock Option Plan of 1982, as amended and restated on November 18, 1994, (previously filed as Exhibit 99 to the Company's Registration Statement of Form S-8 filed with the Commission on January 30, | |

1995, Commission File No. 33-54716, and incorporated herein by reference).

- 10.21 Tyson Foods, Inc. 2000 Stock Incentive Plan dated August 11, 2000 (previously filed as exhibit 10.19 to the Company's Form 10-K for the fiscal year ended September 30, 2000, Commission File No. 0-3400, and incorporated herein by reference).
- 10.22 IBP 1987 Stock Option Plan (previously filed as Exhibit No. 28(a) to IBP's Registration Statement on Form S-8, dated January 5, 1988, File No. 33-19441 and incorporated herein by reference).
- 10.23 IPB Officer Long-Term Stock Plan (previously filed as Exhibit No. 10.5.3 to IBP's Annual Report on Form 10-K for the fiscal year ended December 25, 1993, File No. 1-6085 and incorporated herein by reference).
- 10.24 IBP Directors Stock Option Plan (previously filed as Exhibit No. 10.5.4 to IBP's Annual Report on Form 10-K for the fiscal year ended December 25, 1993, File No. 1-6085 and incorporated herein by reference).
- 10.25 IBP 1993 Stock Option Plan (previously filed as Exhibit No. 10.5.5 to IBP's Annual Report on Form 10-K for the fiscal year ended December 25, 1993, File No. 1-6085 and incorporated herein by reference).
- 10.26 1996 Officer Long-Term Stock Plan (previously filed as Exhibit No. 10.5.6 to IBP's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, File No. 1-6085 and incorporated herein by reference).
- 10.27 IBP 1996 Stock Option Plan (previously filed as Exhibit 10.5.7 to IBP's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, File No. 1-6085 and incorporated herein by reference).
- 10.28 Text of Retirement Income Plan of IBP, inc. (as amended and Restated Effective as of January 1, 1992), as amended (previously filed as Exhibit No. 10.28 to IBP's Annual Report on Form 10-K for the fiscal year ended December 26, 1992, File No. 1-6085 and incorporated herein by reference).
- 10.29 Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain of its executive officers (previously filed as Exhibit 10(t) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995, Commission File No. 0-3400, and incorporated herein by reference).
- 10.30 Form of IBP's Indemnification Agreement with officers and directors (previously filed as Exhibit No. 10.8 to IBP's Registration Statement on Form S-1, dated August 19, 1987, File No. 1-6085 and incorporated hereby by reference).

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| 13 | Pages 22 through 60 of the Annual Report to Shareholders for the fiscal year ended September 29, 2001. | 375-413 |
| 21 | Subsidiaries of the Company. | 414-419 |
| 23 | Consent of Independent Auditors. | 420 |

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SIGNATURES

Pursuant to requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TYSON FOODS, INC.

By: /s/ Steven Hankins December 21, 2001
Steven Hankins
Executive Vice President
and Chief Financial Officer

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

| | | |
|---|--|-------------------|
| <u>/s/ Barbara Allen</u> Barbara Allen | Director | December 21, 2001 |
| <u>/s/ Richard L. Bond</u> Richard L. Bond | Director, Co-Chief Operating Officer and Group President, Fresh Meats and Retail | December 21, 2001 |
| <u>/s/ Lloyd V. Hackley</u> Lloyd V. Hackley | Director | December 21, 2001 |
| <u>/s/ Steven Hankins</u> Steven Hankins | Executive Vice President and Chief Financial Officer | December 21, 2001 |
| <u>/s/ Gerald Johnston</u> Gerald Johnston | Director | December 21, 2001 |
| <u>/s/ David A. Jones</u> David A. Jones | Director | December 21, 2001 |
| <u>/s/ Jim Kever</u> Jim Kever | Director | December 21, 2001 |
| <u>/s/ Shelby D. Massey</u> Shelby D. Massey | Director | December 21, 2001 |
| <u>/s/ Robert L. Peterson</u> Robert L. Peterson | Director | December 21, 2001 |

| | | |
|---|---|-------------------|
| <u>/s/ Rodney S. Pless</u> Rodney S. Pless | Senior Vice President, Controller and Chief Accounting Officer | December 21, 2001 |
| <u>/s/ Jo Ann R. Smith</u> Jo Ann R. Smith | Director | December 21, 2001 |
| <u>/s/ Joe F. Starr</u> Joe F. Starr | Director | December 21, 2001 |
| <u>/s/ Leland E. Tollett</u> Leland E. Tollett | Director | December 21, 2001 |
| <u>/s/ Barbara A. Tyson</u> Barbara A. Tyson | Vice President and Director | December 21, 2001 |
| <u>/s/ Don Tyson</u> Don Tyson | Director | December 21, 2001 |

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| | | |
|---|---|-------------------|
| <u>/s/ John H. Tyson</u> John H. Tyson | Chairman of the Board of Directors and Chief Executive Officer | December 21, 2001 |
| <u>/s/ Donald E. Wray</u> Donald E. Wray | Director | December 21, 2001 |

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REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of September 29, 2001 and September 30, 2000, and for each of the three years in the period ended September 29, 2001, and have issued our report thereon dated November 12, 2001. Our audits also included the financial statement schedule listed in Item 14(a) in this annual report (Form 10-K). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Little Rock, Arkansas
November 12, 2001

/s/ERNST & YOUNG LLP
ERNST & YOUNG LLP

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FINANCIAL STATEMENT SCHEDULE

TYSON FOODS, INC.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

Three Years Ended September 29, 2001

dollars in millions

| Description | Balance at Beginning of Period | Charged to Costs and Expenses | Charged to Other Accounts | Additions (Deductions) | Balance at End of Period |
|---------------------------------|--------------------------------|-------------------------------|---------------------------|------------------------|--------------------------|
| Allowance for Doubtful Accounts | | | | | |
| 2001 | \$ 17 | \$ 2 | \$ 0 | \$ 8 (1) | \$ 27 |
| 2000 | \$ 22 | \$ 25(2) | \$ 0 | \$ (30)(2) | \$ 17 |
| 1999 | \$ 85 | \$ 16(3) | \$ 0 | \$ (79)(4) | \$ 22 |

(1) Includes \$14 million reserve due to IBP acquisition.

(2) Includes \$24 million reserve related to the January 31, 2000 bankruptcy filing by AmeriServe Food Distribution, Inc.

(3) Includes \$12 million reserve for international operations.

(4) Write off of receivables against reserve related to 1998 allowance.

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TYSON FOODS, INC.

2210 West Oaklawn Drive

Springdale, Arkansas 72762-6999

THIRD AMENDMENT AGREEMENT

As of May 2, 2001

To Each of the Holders Listed
in the Attached Schedule of Holders

Gentlemen:

Reference is made to the Amended and Restated Note Agreement, dated as of June 30, 1993, as amended by the separate Amendment Agreements dated as of November 1, 1994 and July 29, 1996 (the "Note Agreements"), between Tyson Foods, Inc., a Delaware corporation (the "Company"), and the respective institutional investors listed in the Purchaser Schedule and Schedule of Holders respectively attached thereto, which amended and restated the separate Note Agreements dated as of September 29, 1989, as amended, pursuant to which the Company issued Series E 10.33% Senior Secured Notes due September 29, 1999 in the original aggregate principal amount of \$135,000,000 (the "Series E Notes"), Series F 10.61% Senior Secured Notes due September 29, 2001 in the original aggregate principal amount of \$125,000,000 (the "Series F Notes") and Series G 10.84% Senior Secured Notes due September 29, 2006 in the original aggregate principal amount of \$50,000,000 (the "Series G Notes"). On or prior to the date hereof, 100% of the aggregate principal balance, plus accrued interest and Yield-Maintenance Premium, if applicable, on the Series E Notes and Series F Notes has been paid in full by the Company. As of the date hereof, an aggregate principal amount of \$50,000,000 of Series G Notes is outstanding. Capitalized terms used herein without definition have the meanings specified in the Note Agreements, as amended by this Third Amendment Agreement.

The Company agrees with you as follows:

1. Amendment of the Note Agreements. The Company and the holder of the Series G Notes (the "Holder") hereby agree to the amendment of the Note Agreement, and the same is hereby amended, as set forth in Exhibit A attached hereto.

2. Effectiveness. The provisions of this Third Amendment Agreement shall not become effective until completion of the execution and delivery of this Third Amendment Agreement by the Holder. Upon completion of the foregoing, this Third Amendment Agreement shall be considered effective as of the date hereof.

3. Ratification. The Note Agreement, amended as hereinabove set forth, is in all respects ratified and confirmed, and the terms and conditions thereof, amended as hereinabove set forth, shall be and remain in full force and effect.

4. **GOVERNING LAW. THIS THIRD AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE**

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GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK.

5. Counterparts. This Third Amendment Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Third Amendment Agreement to produce or account for more than one such counterpart.

TYSON FOODS, INC,

By: /s/ Dennis Leatherby
Title: Senior Vice President Finance
and Treasurer

The foregoing Third Amendment Agreement
is hereby accepted as of the date first above written.

JOHN HANCOCK MUTUAL LIFE INSURANCE
COMPANY

By: /s/ William h. Hasson
Title: Managing Director

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EXHIBIT A

AMENDED PROVISION

1. Each of Paragraphs 4A(ii) and 4F of the Note Agreement is hereby deleted in its entirety.
2. Paragraph 6A(3) of the Note Agreement is hereby amended to read, in its entirety, as follows:

6A(3). **Interest Coverage Ratio**. The Company shall not permit, at any time during any Measurement Period, the ratio of (i) EBIT plus rental expenses of the Company and its consolidated Subsidiaries to (ii) Interest Expense plus rental expense of the Company and its consolidated Subsidiaries to be less than 1.75 to 1; *provided, however*, that said ratio for Measurement Periods ending June 30, 2001 and September 29, 2001 shall be no less than 1.50 to 1. The Interest Coverage Ratio for all Measurement Periods subsequent to September 29, 2001 shall return to 1.75 to 1.

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6.625% NOTES DUE OCTOBER 1, 2004

SUPPLEMENTAL INDENTURE

between

TYSON FOODS, INC.

and

THE CHASE MANHATTAN BANK

Dated as of October 2, 2001

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6.625% NOTES DUE OCTOBER 1, 2004 SUPPLEMENTAL INDENTURE, dated as of October 2, 2001 (the "**Supplemental Indenture**"), between Tyson Foods, Inc., a Delaware corporation (the "**Company**"), and The Chase Manhattan Bank, as trustee (the "**Trustee**") under the Indenture, dated as of June 1, 1995, between the Company and the Trustee (the "**Indenture**").

WHEREAS, the Company executed and delivered the Indenture to the Trustee to provide, among other things, for the future issuance of the Company's unsecured Securities to be issued from time to time in one or more series as might be determined by the Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered as provided in the Indenture;

WHEREAS, Section 9.1 of the Indenture provides for various matters with respect to any series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 9.1(5) of the Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form or forms or terms of Securities of any series or of the coupons appertaining

to such Securities as provided by Section 2.3 of the Indenture;

WHEREAS, the Executive Committee of the Board of Directors of the Company has duly adopted resolutions authorizing the Company to execute and deliver this Supplemental Indenture;

WHEREAS, pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Securities to be known as its 6.625% Notes due October 1, 2004 (the " **Notes due October 1, 2004** "), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Indenture, and this Supplemental Indenture;

WHEREAS, the Company has requested that the Trustee execute and deliver this Supplemental Indenture, and all requirements necessary to make (i) this Supplemental Indenture a valid instrument in accordance with its terms, and (ii) the Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been performed, and the execution and delivery of this Supplemental Indenture has been duly authorized in all respects:

NOW THEREFORE, in consideration of the purchase and acceptance of the Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Notes and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee as follows:

ARTICLE 1

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Definitions

Section 1.01. *Definition of Terms*

Unless the context otherwise requires:

- (a) a term defined in the Indenture has the same meaning when used in this Supplemental Indenture unless the definition of such term is amended and supplemented pursuant to this Supplemental Indenture;
- (b) a term defined anywhere in this Supplemental Indenture has the same meaning throughout;
- (c) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (d) "or" is not exclusive;
- (e) words in the singular include the plural, and words in the plural include the singular;
- (f) "herein," "hereof" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;
- (g) unless otherwise stated, a reference to a Section or Article is to a Section or Article of this Supplemental Indenture;
- (h) headings are for convenience of reference only and do not affect interpretation;
- (i) the following terms have the meanings given to them in this Section 1.01(i) :

" **Additional Interest** " shall have the meaning set forth in Section 2.06(b) .

" **Company Order** " means a written order signed in the name of the Company by its Chairman, its Vice Chairman, its President or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

" **Exchange Offer** " means the exchange offer by the Company of Exchange Notes for Initial Notes pursuant to the Registration Rights Agreement.

" **Exchange Offer Registration Statement** " means a registration statement relating to an Exchange Offer on an

appropriate form and all amendments and supplements to such registration statement, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

" **Exchange Notes** " means the debt securities of the Company to be offered to Holders in exchange for Initial Notes pursuant to the Exchange Offer or otherwise pursuant to a Registration of Exchange Notes containing terms identical to the Notes for which they are exchanged (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Notes or, if no such interest has been paid, from the date of issuance of the Notes and (ii) the Exchange Notes will contain the alternative fourth paragraph appearing on the reverse of the Notes in the form recited below and will not contain terms with respect to transfer restrictions).

" **Global Note** " shall have the meaning set forth in Section 2.03(a) .

" **Initial Notes** " means the Notes issued under this Indenture which are not Exchange Notes.

" **Note** " or " **Notes** " means any Security or Securities, as the case may be, authenticated and delivered under this Supplemental Indenture. For all purposes of this Supplemental Indenture, the term "Notes" shall include the Initial Notes and any Exchange Notes to be issued and exchanged for any Initial Notes pursuant to the Registration Rights Agreement and this Indenture and, for purposes of this Supplemental Indenture, all Initial Notes and Exchange Notes shall vote together as one series of Notes under this Supplemental Indenture.

" **Notes due October 1, 2004** " shall have the meaning set forth in the recitals above.

" **Private Placement Legend** " means the legend initially set forth on the Notes in the form set forth in 2.04(a).

" **Quotation Agent** " shall have the meaning set forth in Section 3.01(b) .

" **Registration** " means a registered exchange offer for the Notes by the Company or other registration of the Notes under the Securities Act pursuant to and in accordance with the terms of the Registration Rights Agreement.

" **Registration Rights Agreement** " means the Registration Rights Agreement, dated as of October 2, 2001 among the Company and the Initial Purchasers and certain permitted assigns specified therein.

" **Registration Statement** " means the Registration Statement pursuant to and as defined in the Registration Rights Agreement.

" **Regulation S** " means Regulation S under the Securities Act.

" **Restricted Legend** " means the legend set forth in Section 2.04 hereof.

" **Rule 144A** " means Rule 144A under the Securities Act.

" **Stated Maturity Date** " has the meaning set forth in Section 2.02 .

ARTICLE 2

General Terms and Conditions of the Notes

Section 2.01. *Designation and Principal Amount*

There is hereby authorized a series of Securities designated the "Notes due October 1, 2004" initially offered in aggregate principal amount of \$500,000,000 which amount shall be as set forth in any written order of the Company for the authentication and delivery of Notes pursuant to Section 2.2 of the Indenture.

Section 2.02. *Maturity*

- (a) The Notes will mature on October 1, 2004 (the " **Stated Maturity Date** ").

Section 2.03. *Form; Denomination*

(a) Both (i) for Notes sold within the United States to "qualified institutional buyers" as defined in and pursuant to Rule 144A under the Securities Act and (ii) for Notes sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, the Notes shall be issued initially in the form of one or more permanent global Notes in registered form, substantially in the form herein below recited (each and collectively, the " **Global Note** "), deposited with the Trustee, as custodian for the Depository, duly executed by the Company and authenticated by the Trustee as herein provided; *provided* that Exchange Notes (i) contain the alternative fourth paragraph appearing on the reverse of the Notes in the form recited below and (ii) shall not contain terms with respect to transfer restrictions.

The aggregate principal amount of the Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository or its nominee, as hereinafter provided.

(b) The Notes shall be issuable in denominations provided for in the form of Note recited below. The Notes shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company executing the same may determine with the approval of the Trustee.

Section 2.04. *Restrictive Legends.* (a) Except as otherwise provided in paragraph (c), each Global Note shall bear the following legend on the face thereof:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933

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(THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I) TO TYSON FOODS, INC., (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

- (b) Each Global Note shall also bear the following legend on the face thereof:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR

PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(c)(i) If the Company determines (upon the advice of counsel and such other certifications and evidence as the Company may reasonably require) that any Note is eligible for resale pursuant to Rule 144(k) under the Securities Act (or a successor provision) and that the Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of such Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(ii) after an Initial Note is (x) sold pursuant to an effective registration statement under the Securities Act, pursuant to the Registration Rights Agreement or otherwise, or (y) exchanged for an Exchange Note,

the Company may instruct the Trustee to cancel such Note and issue to the Holder thereof (or to its transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear the Restricted Legend, and the Trustee will comply with such instruction.

Section 2.05. *Special Transfer Provisions.* Unless and until an Initial Note is exchanged for an Exchange Note in connection with an effective Registration pursuant to the Registration Rights Agreement, the following provisions shall apply:

(a) The registration of transfer or exchange of any Note (or a beneficial interest therein) that bears the Restricted Legend may only be made in compliance with the provisions of the Restricted Legend.

(b) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the registration of transfer or exchange of a Note (or a beneficial interest therein), and the Company will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

(c) By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on registrations of transfer of such Note set forth in this Supplemental Indenture and in the Private Placement Legend and agrees that it will register the transfer of such Note only as provided in this Supplemental Indenture. The Registrar shall not register a transfer of any Note unless such transfer complies with the restrictions on transfer of such Note set forth in this Supplemental Indenture.

In connection with any registration of transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such registration of transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; *provided* that the Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.7 of the Indenture or this Section 2.05. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Each Holder of a Note agrees to indemnify the Company and the Trustee against any liability that may result from the registration of transfer, exchange or assignment of such Holder's Note in violation of any provision of this Supplemental Indenture and/or applicable United States Federal or state securities law.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any registrations of transfer of any interest in any Note (including any transfers between or among members of, or participants in, the Depository or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) A Global Note may be transferred, in whole but not in part, only to another nominee of the Depository, or to a successor Depository selected or approved by the Company or to a nominee of such successor Depository.

(e) If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository or if at any time the Depository for such series shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and, subject to Article II of the Indenture, the Trustee, upon the written order of the Company, will authenticate and make available for delivery the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. In

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addition, the Company may at any time determine that the Notes shall no longer be represented by a Global Note. In such event the Company will execute, and subject to Section 2.7 of the Indenture, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. Upon the exchange of the Global Note for such Notes in definitive registered form without coupons, in authorized denominations, the Global Note shall be cancelled by the Trustee. Such Notes in definitive registered form issued in exchange for the Global Note shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Notes to the Depository for delivery to the Persons in whose names such Notes are so registered.

Section 2.06. *Interest.*

(a) Each Note will bear interest at the rate of 6.625% per annum (the "**Coupon Rate**") from the original date of issuance until the principal thereof becomes due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the Coupon Rate, compounded semi-annually, payable semi-annually in arrears on April 1 and October 1 of each year (each, an "**Interest Payment Date**") commencing on April 1, 2002, to the Person in whose name such Note or any predecessor Note is registered, at the close of business on the regular record date for such interest installment, which shall be the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

(b) In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, the Company shall pay additional interest (in addition to the interest otherwise due herein) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the event of a Registration Default under clause (iv) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall

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default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).

There shall also be payable in respect of the Note all Additional Interest that may have accrued on such Note for which the Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on such Note.

Redemption of The Notes

Section 3.01. *Optional Redemption by Company.* The Notes shall not be redeemable at the option of the Company before the Stated Maturity Date.

Section 3.02. *No Sinking Fund.* The Notes are not entitled to the benefit of any sinking fund.

ARTICLE 4

Covenants

Section 4.01. *Application of Certain Covenants to the Notes.* The provisions of Section 4.3 and 4.4 of the Indenture shall apply to the Notes, except that all references therein and in the definitions of "Exempted Debt" and "Restricted Subsidiary" to (i) "at the date of this Indenture" shall be deemed to mean "at the date the Notes are first issued", (ii) "hereafter" shall be deemed to mean "thereafter" and (iii) "date hereof" shall mean "date the Notes are first issued".

ARTICLE 5

Form of Note

Section 5.01. *Form of Note.*

The Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following forms:

(FORM OF FACE OF NOTE)

[IF THE NOTE IS TO BE A GLOBAL NOTE, INSERT -THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A

TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I) TO TYSON FOODS, INC., (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM

REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH

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SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

TYSON FOODS, INC.

6.625% NOTES DUE 2004

No. _____

CUSIP No. _____

TYSON FOODS, INC., a Delaware corporation (the "**Company**", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, at the office or agency of the Company in The City of New York, New York, the principal sum of \$_____ on October 1, 2004, in the coin or currency of the United States, and to pay interest, semi-annually on April 1 and October 1 of each year, commencing April 1, 2002, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Note, from the April 1 or October 1, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Note, or unless no interest has been paid or duly provided for on this Note, in which case from October 2, 2001, until payment of said principal sum has been made or duly provided for; *provided*, that payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as such address shall appear on the Security Register of the Company or by wire transfer as provided in the Indenture. Notwithstanding the foregoing, if the date hereof is after the 15th day of March or September, as the case may be, and before the following April 1 or October 1, this Note shall bear interest from such April 1 or October 1; *provided*, that if the Company shall default in the payment of interest due on such April 1 or October 1, then this Note shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on these Notes, from October 2, 2001. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture referred to on the reverse hereof, be paid to the person in whose name this Note is registered at the close of business on the March 15 or September 15, as the case may be, next preceding such April 1 or October 1, whether or not such day is a Business Day.

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee under the Indenture referred to on the reverse hereof.

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IN WITNESS WHEREOF, TYSON FOODS, INC. has caused this instrument to be signed manually or by facsimile by its duly authorized officers.

Dated: October 2, 2001

TYSON FOODS, INC

By: _____

Name:

Title:

By: _____

Name:

Title:

Attest:

By: _____

Name:

Title:

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

Dated: October 2, 2001

THE CHASE MANHATTAN BANK,
as Trustee

By: _____
Authorized Officer

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REVERSE OF NOTE

This Note is one of a duly authorized series of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter referred to as the "**Securities**"), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an Indenture dated as of June 1, 1995, duly executed and delivered by the Company to The Chase Manhattan Bank, as Trustee (the "**Trustee**"), as supplemented by the 6.625% Notes due 2004 Supplemental Indenture dated as of October 2, 2001, between the Company and the Trustee (the Indenture, as so supplemented, the "**Indenture**"), to which Indenture and all Indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any) may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as the 6.625% Notes due October 1, 2004 of the Company, initially limited in aggregate principal amount to \$500,000,000.

Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay interest on overdue principal and, to the extent lawful, on overdue installments of interest at the rate *per annum* borne by this Note. If a payment date is not a Business Day as defined in the Indenture at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

This Note shall not be redeemable at the option of the Company before the maturity date stated herein.

[In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, then the Company shall pay additional interest (in addition to the interest otherwise due hereon) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the

event of a Registration Default under clause (vi) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the

Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).]

[There shall also be payable in respect of this Note all Additional Interest that may have accrued on the Note for which this Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on this Note.]

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Notes may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions which provide that without prior notice to any Holders, the Company and the Trustee may amend the Indenture and the Securities of any series with the written consent of the Holders of a majority in principal amount of the outstanding Securities of all series affected by such supplemental indenture (all such series voting as one class), and the Holders of a majority in principal amount of the outstanding Securities of all series affected thereby (all such series voting as one class) by written notice to the Trustee may waive future compliance by the Company with any provision of the Indenture or the Securities of such series; *provided* that without the consent of each Holder of the Securities of each series affected thereby, an amendment or waiver, including a waiver of past defaults, may not: (i) extend the stated maturity of the principal of, or any sinking fund obligation or any installment of interest on, such Holder's Security, or reduce the principal amount thereof or the rate of interest thereon (including any amount in respect of original issue discount), or any premium payable with respect thereto, or adversely affect the rights of such Holder under any mandatory repurchase provision or any right of repurchase at the option of such Holder, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity or the amount thereof provable in bankruptcy, or change any place of payment where, or the currency in which, any Security of such series or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date or, in the case of mandatory repurchase, the date therefor); (ii) reduce the percentage in

principal amount of outstanding Securities of such series the consent of whose Holders is required for any such supplemental indenture, for any waiver of compliance with certain provisions of the Indenture or certain Defaults and their consequences provided for in the Indenture; (iii) waive a Default in the payment of principal of or interest on any Security of such series; (iv) cause any Security of such series to be subordinated in right of payment to any obligation of the Company; or (v) modify any of the provisions of the Indenture governing supplemental indentures with the consent of Securityholders except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security of any series affected thereby.

It is also provided in the Indenture that, subject to certain conditions, the Holders of at least a majority in principal amount of the outstanding Securities of the series affected (all such series voting as a single class), by notice to the Trustee, may waive an existing Default or Event of Default with respect to the Securities of such series and its consequences, except a Default in the payment of principal of or interest on any Security or in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each outstanding Security affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default with respect to the Securities of such series arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

The Indenture provides that a series of Securities may include one or more tranches (each a " **tranche** ") of Securities, including Securities issued in a periodic offering. The Securities of different tranches may have one or more different terms, including authentication dates and public offering prices, but all the Securities within each such tranche shall have identical

terms, including authentication date and public offering price. Notwithstanding any other provision of the Indenture, subject to certain exceptions, with respect to sections of the Indenture concerning the execution, authentication and terms of the Securities, redemption of the Securities, Events of Default of the Securities, defeasance of the Securities and amendment of the Indenture, if any series of Securities includes more than one tranche, all provisions of such sections applicable to any series of Securities shall be deemed equally applicable to each tranche of any series of Securities in the same manner as though originally designated a series unless otherwise provided with respect to such series or tranche pursuant to a board resolution or a supplemental indenture establishing such series or tranche.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note in the manner, at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

The Notes are issuable initially only in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000 at the office or agency of the Company in The City of New York, and in the manner

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and subject to the limitations provided in the Indenture, but without the payment of any service charge, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee and any authorized agent of the Company or the Trustee may deem and treat the registered Holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or the Trustee or any authorized agent of the Company or the Trustee), for the purpose of receiving payment of, or on account of, the principal hereof and premium, if any, and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any authorized agent of the Company or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present, or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE NOTES WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF.

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FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer (s) unto

Insert Taxpayer Identification No.

the within Note and all rights thereunder, hereby irrevocably constituting

and appointing _____ attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

By: _____

Date: _____

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of an effective Registration or (ii) two years (or such lesser period as may be provided in any amendment to Rule 144(k) under the Securities Act) after the later of the original issuance of this Note or the last date on which this Note was held by the Company or an Affiliate of the Company, the undersigned confirms that without utilizing any general solicitation or general advertising that this Note is being transferred in accordance with its terms:

[*Check One*]

(1) to the Company; or

(2) pursuant to an effective registration statement under the Securities Act of 1933; or

(3) in the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

(5) pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered holder thereof, *provided, however*, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

Signature Guarantee: _____ Signature

Signature must be guaranteed _____ Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____

NOTICE: To be executed by an executive officer

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

| Date of Exchange | Amount of decrease in Principal Amount of this Global Note | Amount of increase in Principal Amount of this Global Note | Principal Amount of this Global Note following such decrease or increase | Signature of authorized signatory of Trustee or Securities Custodian |
|------------------|--|--|--|--|
|------------------|--|--|--|--|

ARTICLE 6

Original Issue of Notes

Section 6.01. *Original Issue of Notes; Further Issuances*

(a) Notes in the initial aggregate principal amount of \$500,000,000 may, upon execution of this Supplemental Indenture, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon a Company Order, without any further action by the Company.

(b) The Company may, without notice to or the consent of the Holders of the Notes, issue additional notes of the same tenor as the Notes, so that such additional notes and the Notes shall form a single series. Any such Notes referred to in this Section 6.01(b) will be issued under a further supplemental indenture.

ARTICLE 7

MISCELLANEOUS

Section 7.01. *Ratification of Indenture*

The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 7.02. *Trustee Not Responsible for Recitals*

The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

Section 7.03. *Governing Law*

The laws of the State of New York shall govern this Supplemental Indenture and each Note.

Section 7.04. *Separability*

In case any provision in this Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.05. *Counterparts*

This Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed on the date or dates indicated in the acknowledgments and as of the day and year first above written.

TYSON FOODS, INC.

By: /s/ Dennis Leatherby

Name: Dennis Leatherby

Title: Senior Vice President, Finance and Treasurer

THE CHASE MANHATTAN BANK as Trustee

By: /s/ Joanne Adamis
Name: /s/ Joanne Adamis
Title: Vice President

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7.25% NOTES DUE OCTOBER 1, 2006

SUPPLEMENTAL INDENTURE

between

TYSON FOODS, INC.

and

THE CHASE MANHATTAN BANK

Dated as of October 2, 2001

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WHEREAS, the Company executed and delivered the Indenture to the Trustee to provide, among other things, for the future issuance of the Company's unsecured Securities to be issued from time to time in one or more series as might be determined by the Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered as provided in the Indenture;

WHEREAS, Section 9.1 of the Indenture provides for various matters with respect to any series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 9.1(5) of the Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form or forms or terms of Securities of any series or of the coupons appertaining to such Securities as provided by Section 2.3 of the Indenture;

WHEREAS, the Executive Committee of the Board of Directors of the Company has duly adopted resolutions authorizing the Company to execute and deliver this Supplemental Indenture;

WHEREAS, pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Securities to be known as its 7.25% Notes due October 1, 2006 (the " **Notes due October 1, 2006** "), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Indenture, and this Supplemental Indenture;

WHEREAS, the Company has requested that the Trustee execute and deliver this Supplemental Indenture, and all requirements necessary to make (i) this Supplemental Indenture a valid instrument in accordance with its terms, and (ii) the Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been performed, and the execution and delivery of this Supplemental Indenture has been duly authorized in all respects:

NOW THEREFORE, in consideration of the purchase and acceptance of the Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Notes and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee as follows:

ARTICLE 1

Definitions

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Section 1.01. *Definition of Terms.*

Unless the context otherwise requires:

- (a) a term defined in the Indenture has the same meaning when used in this Supplemental Indenture unless the definition of such term is amended and supplemented pursuant to this Supplemental Indenture;
- (b) a term defined anywhere in this Supplemental Indenture has the same meaning throughout;
- (c) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (d) "or" is not exclusive;
- (e) words in the singular include the plural, and words in the plural include the singular;
- (f) "herein," "hereof" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;
- (g) unless otherwise stated, a reference to a Section or Article is to a Section or Article of this Supplemental Indenture;
- (h) headings are for convenience of reference only and do not affect interpretation;

(i) the following terms have the meanings given to them in this Section 1.01(i) :

" **Additional Interest** " shall have the meaning set forth in Section 2.06(b) .

" **Adjusted Treasury Rate** " shall have the meaning set forth in Section 3.01(b) .

" **Business Day** " shall have the meaning set forth in Section 3.01(b) .

" **Company Order** " means a written order signed in the name of the Company by its Chairman, its Vice Chairman, its President or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

" **Company Order** " means a written order signed in the name of the Company by its Chairman, its Vice Chairman, its President or any Vice President, and by its Treasurer, an

Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

" **Comparable Treasury Issue** " shall have the meaning set forth in Section 3.01(b) .

" **Comparable Treasury Price** " shall have the meaning set forth in Section 3.01(b) .

" **Exchange Offer** " means the exchange offer by the Company of Exchange Notes for Initial Notes pursuant to the Registration Rights Agreement.

" **Exchange Offer Registration Statement** " means a registration statement relating to an Exchange Offer on an appropriate form and all amendments and supplements to such registration statement, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

" **Exchange Notes** " means the debt securities of the Company to be offered to Holders in exchange for Initial Notes pursuant to the Exchange Offer or otherwise pursuant to a Registration of Exchange Notes containing terms identical to the Notes for which they are exchanged (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Notes or, if no such interest has been paid, from the date of issuance of the Notes and (ii) the Exchange Notes will contain the alternative sixth paragraph appearing on the reverse of the Notes in the form recited below and will not contain terms with respect to transfer restrictions).

" **Global Note** " shall have the meaning set forth in Section 2.03(a) .

" **Initial Notes** " means the Notes issued under this Indenture which are not Exchange Notes.

" **Note** " or " **Notes** " means any Security or Securities, as the case may be, authenticated and delivered under this Supplemental Indenture. For all purposes of this Supplemental Indenture, the term "Notes" shall include the Initial Notes and any Exchange Notes to be issued and exchanged for any Initial Notes pursuant to the Registration Rights Agreement and this Indenture and, for purposes of this Supplemental Indenture, all Initial Notes and Exchange Notes shall vote together as one series of Notes under this Supplemental Indenture.

" **Notes due October 1, 2006** " shall have the meaning set forth in the recitals above.

" **Private Placement Legend** " means the legend initially set forth on the Notes in the form set forth in 2.04 (a).

" **Quotation Agent** " shall have the meaning set forth in Section 3.01(b) .

" **Reference Treasury Dealer** " shall have the meaning set forth in Section 3.01(b) .

" **Reference Treasury Dealer Quotations** " shall have the meaning set forth in Section 3.01(b) .

" **Registration** " means a registered exchange offer for the Notes by the Company or other registration of the Notes under the Securities Act pursuant to and in accordance with the terms of the Registration Rights Agreement.

" **Registration Rights Agreement** " means the Registration Rights Agreement, dated as of October 2, 2001 among the Company and the Initial Purchasers and certain permitted assigns specified therein.

" **Registration Statement** " means the Registration Statement pursuant to and as defined in the Registration Rights Agreement.

" **Regulation S** " means Regulation S under the Securities Act.

" **Remaining Life** " shall have the meaning set forth in Section 3.01(b) .

" **Restricted Legend** " means the legend set forth in Section 2.04 hereof.

" **Rule 144A** " means Rule 144A under the Securities Act.

" **Stated Maturity Date** " has the meaning set forth in Section 2.02 .

ARTICLE 2

General Terms and Conditions of the Notes

Section 2.01. *Designation and Principal Amount*

There is hereby authorized a series of Securities designated the "Notes due October 1, 2006" initially offered in aggregate principal amount of \$750,000,000 which amount shall be as set forth in any written order of the Company for the authentication and delivery of Notes pursuant to Section 2.2 of the Indenture.

Section 2.02. *Maturity*

- (a) The Notes will mature on October 1, 2006 (the " **Stated Maturity Date** ").

Section 2.03. *Form; Denomination*

(a) Both (i) for Notes sold within the United States to "qualified institutional buyers" as defined in and pursuant to Rule 144A under the Securities Act and (ii) for Notes sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, the Notes shall be issued initially in the form of one or more permanent global Notes in registered form, substantially in the form herein below

recited (each and collectively, the " **Global Note** "), deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as herein provided; *provided* that Exchange Notes (i) contain the alternative sixth paragraph appearing on the reverse of the Notes in the form recited below and (ii) shall not contain terms with respect to transfer restrictions.

The aggregate principal amount of the Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

(b) The Notes shall be issuable in denominations provided for in the form of Note recited below. The Notes shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company

executing the same may determine with the approval of the Trustee.

Section 2.04. *Restrictive Legends* () Except as otherwise provided in paragraph (c), each Global Note shall bear the following legend on the face thereof:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I) TO TYSON FOODS, INC., (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN

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EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

(b) Each Global Note shall also bear the following legend on the face thereof:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(c) (i) If the Company determines (upon the advice of counsel and such other certifications and evidence as the Company may reasonably require) that any Note is eligible for resale pursuant to Rule 144(k) under the Securities Act (or a successor provision) and that the Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of such Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(ii) after an Initial Note is (x) sold pursuant to an effective registration statement under the Securities Act, pursuant to the Registration Rights Agreement or otherwise, or (y) exchanged for an Exchange Note,

the Company may instruct the Trustee to cancel such Note and issue to the Holder thereof (or to its

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transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear the Restricted Legend, and the Trustee will comply with such instruction.

Section 2.05. *Special Transfer Provisions.* Unless and until an Initial Note is exchanged for an Exchange Note in connection with an effective Registration pursuant to the Registration Rights Agreement, the following provisions shall apply:

(a) The registration of transfer or exchange of any Note (or a beneficial interest therein) that bears the Restricted Legend may only be made in compliance with the provisions of the Restricted Legend.

(b) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the registration of transfer or exchange of a Note (or a beneficial interest therein), and the Company will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

(c) By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on registrations of transfer of such Note set forth in this Supplemental Indenture and in the Private Placement Legend and agrees that it will register the transfer of such Note only as provided in this Supplemental Indenture. The Registrar shall not register a transfer of any Note unless such transfer complies with the restrictions on transfer of such Note set forth in this Supplemental Indenture. In connection with any registration of transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such registration of transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; *provided* that the Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.7 of the Indenture or this Section 2.05. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Each Holder of a Note agrees to indemnify the Company and the Trustee against any liability that may result from the registration of transfer, exchange or assignment of such Holder's Note in violation of any provision of this Supplemental Indenture and/or applicable United States Federal or state securities law.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any registrations of transfer of any interest in any Note (including any transfers between or among members

of, or participants in, the Depository or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) A Global Note may be transferred, in whole but not in part, only to another nominee of the Depository, or to a successor Depository selected or approved by the Company or to a nominee of such successor Depository.

(e) If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository or if at any time the Depository for such series shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and, subject to Article II of the Indenture, the Trustee, upon the written order of the Company, will authenticate and make available for delivery the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. In addition, the Company may at any time determine that the Notes shall no longer be represented by a Global Note. In such event the Company will execute, and subject to Section 2.7 of the Indenture, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. Upon the exchange of the Global Note for such Notes in definitive registered form without coupons, in authorized denominations, the Global Note shall be cancelled by the Trustee. Such Notes in definitive registered form issued in exchange for the Global Note shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Notes to the Depository for delivery to the Persons in whose names such Notes are so registered.

(a) Each Note will bear interest at the rate of 7.25% per annum (the "**Coupon Rate**") from the original date of issuance until the principal thereof becomes due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the Coupon Rate, compounded semi-annually, payable semi-annually in arrears on April 1 and October 1 of each year (each, an "**Interest Payment Date**") commencing on April 1, 2002, to the Person in whose name such Note or any predecessor Note is registered, at the close of business on the regular

record date for such interest installment, which shall be the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

(b) In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, the Company shall pay additional interest (in addition to the interest otherwise due herein) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the event of a Registration Default under clause (iv) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).

There shall also be payable in respect of the Note all Additional Interest that may have accrued on such Note for which the Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on such Note.

ARTICLE 3

Redemption of The Notes

Section 3.01. *Optional Redemption by Company*

(a) Subject to the provisions of Section 3.01(b) and to the provisions of Article III of the Indenture, except as otherwise may be specified in this Supplemental Indenture, the Company shall have the right to redeem the Notes, in whole or in part, at any time or from time to time, at a redemption price (the "**Optional Redemption Price**") equal to the greater of:

(i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; or

(ii) the sum of the remaining scheduled payments of principal of and interest on the Notes being redeemed (exclusive of interest accrued as of the Redemption Date) discounted to its present value as of the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, as determined by the Quotation Agent, plus 50 basis points plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

Any redemption pursuant to the preceding paragraph will be made upon not less than 30 nor more than 60 days' prior notice before the Redemption Date to each Holder of the Notes, at the Optional Redemption Price. If the Notes are only partially redeemed pursuant to this Section 3.01(a), the Notes will be redeemed pro rata or by lot or by any other method utilized by the

Trustee; *provided*, that if at the time of redemption the Notes are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of such Notes held by each Holder of Notes to be redeemed. The Optional Redemption Price shall be paid prior to 12:00 noon, New York time, on the date of such redemption or at such earlier time as the Company determines provided that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

(b) The following terms have the meanings given to them in this Section 3.01(b) .

" **Adjusted Treasury Rate** " means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage amount) equal to the Comparable Treasury Price for such Redemption Date. The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the Redemption Date.

" **Business Day** " means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which commercial banks are open for business in New York, New York.

" **Comparable Treasury Issue** " means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (" **Remaining Life** ") of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial

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practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

" **Comparable Treasury Price** " means, with respect to any Redemption Date, (A) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations.

" **Quotation Agent** " means the Reference Treasury Dealer appointed by the Company.

" **Redemption Date** " means the date fixed for the redemption of any Notes pursuant to this Section 3.01 .

" **Reference Treasury Dealer** " means (i) each of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and their successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Company, *provided, however*, that if the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer and (ii) any other Primary Treasury Dealer selected by the Company

" **Reference Treasury Dealer Quotations** " means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Section 3.02. *No Sinking Fund*

The Notes are not entitled to the benefit of any sinking fund.

ARTICLE 4

Covenants

Section 4.01. *Application of Certain Covenants to the Notes.* The provisions of Section 4.3 and 4.4 of the Indenture shall apply to the Notes, except that all references therein and in the definitions of "Exempted Debt" and "Restricted Subsidiary" to (i) "at the date of this Indenture" shall be deemed to mean "at the date the Notes are first issued", (ii) "hereafter" shall be deemed to mean "thereafter" and (iii) "date hereof" shall mean "date the Notes are first issued".

ARTICLE 5

Form of Note

The Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following forms:

(FORM OF FACE OF NOTE)

[IF THE NOTE IS TO BE A GLOBAL NOTE, INSERT - THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I)

TO TYSON FOODS, INC., (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

No. _____

CUSIP No. _____

TYSON FOODS, INC., a Delaware corporation (the " **Company** ", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, at the office or agency of the Company in The City of New York, New York, the principal sum of \$_____ Dollars on October 1, 2006, in the coin or currency of the United States, and to pay interest, semi-annually on April 1 and October 1 of each year, commencing April 1, 2002, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Note, from the April 1 or the October 1, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Note, or unless no interest has been paid or duly provided for on this Note, in which case from October 2, 2001, until payment of said principal sum has been made or duly provided for; *provided* , that payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as such address shall appear on the Security Register of the Company or by wire transfer as provided in the Indenture. Notwithstanding the foregoing, if the date hereof is after the 15th day of March or September, as the case may be, and before the following April 1 or October 1, this Note shall bear interest from such April 1 or October 1; *provided* , that if the Company shall default in the payment of interest due on such April 1 or October 1, then this Note

shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on these Notes, from October 2, 2001. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture referred to on the reverse hereof, be paid to the person in whose name this Note is registered at the close of business on the March 15 or September 15, as the case may be, next preceding such April 1 or October 1, whether or not such day is a Business Day.

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, TYSON FOODS, INC. has caused this instrument to be signed manually or by facsimile by its duly authorized officers.

Dated: October 2, 2001

TYSON FOODS, INC

By: _____

Name:

Title:

By: _____

Name:

Title:

Attest:

By: _____

Name:

Title:

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

Dated: October 2, 2001

THE CHASE MANHATTAN BANK,
as Trustee

By: _____
Authorized Officer

(FORM OF REVERSE OF NOTE)

This Note is one of a duly authorized series of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter referred to as the "**Securities**"), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an Indenture dated as of June 1, 1995, duly executed and delivered by the Company to The Chase Manhattan Bank, as Trustee (the "**Trustee**"), as supplemented by the 7.25% Notes due October 1, 2006 Supplemental Indenture dated as of October 2, 2001, between the Company and the Trustee (the Indenture, as so supplemented, the "**Indenture**"), to which Indenture and all Indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any) may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as the 7.25% Notes due October 1, 2006 of the Company, initially limited in aggregate principal amount to \$750,000,000.

Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay interest on overdue principal and, to the extent lawful, on overdue installments of interest at the rate *per annum* borne by this Note. If a payment date is not a Business Day as defined in the Indenture at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

The Company shall have the right to redeem this Note at the option of the Company, without premium or penalty, in whole or in part (an "**Optional Redemption**"), at a redemption price (the "**Optional Redemption Price**") equal to the greater of:

- (i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; or
- (ii) the sum of the remaining scheduled payments of principal of and interest on the Notes being redeemed (exclusive of interest accrued as of the Redemption Date) discounted to its present value as of the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, as determined by the Quotation Agent, plus 50 basis points plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

Any redemption pursuant to the preceding paragraph will be made upon not less than 30 nor more than 60 days prior notice before the Redemption Date to the Holders, at the Optional Redemption Price. If the Notes are only partially redeemed by the Company pursuant to an Optional Redemption, the Notes will be

redeemed pro rata or by lot or by any other method utilized by the Trustee; *provided* that if at the time of redemption the Notes are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of such Notes held by each Holder of Notes to be redeemed.

In the event of redemption of this Note in part only, a new Note or Notes of this series for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

[In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, then the Company shall pay additional interest (in addition to the interest otherwise due hereon) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the event of a Registration Default under clause (vi) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).]

[There shall also be payable in respect of this Note all Additional Interest that may have accrued on the Note for which this Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on this Note.]

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Notes may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions which provide that without prior notice to any Holders, the Company and the Trustee may amend the Indenture and the Securities of any series with the written consent of the Holders of a majority in principal amount of the outstanding Securities of all series affected by such supplemental indenture (all such series voting as one class), and the Holders of a majority in principal amount of the outstanding Securities of all series affected thereby (all such series voting as one class) by written notice to the Trustee may waive future compliance by the Company with any provision of the Indenture or the Securities of such series; *provided* that without the consent of each Holder of the Securities of each series affected thereby, an amendment or waiver, including a waiver of past defaults, may not: (i) extend the stated maturity of the principal of, or any sinking fund obligation or any installment of interest on, such Holder's Security, or reduce the principal amount thereof or the rate of interest thereon (including any amount in respect of original issue discount), or any premium payable with respect thereto, or adversely affect the rights of such Holder under any mandatory repurchase provision or any right of repurchase at the option of such Holder, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity or the amount thereof provable in bankruptcy, or change any place of payment where, or the currency in which, any Security of such series or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date or, in the case of mandatory repurchase, the date therefor); (ii) reduce the percentage in principal amount of outstanding Securities of such series the consent of whose Holders is required for any such supplemental indenture, for any waiver of compliance with certain provisions of the Indenture or certain Defaults and their consequences provided for in the Indenture; (iii) waive a Default in the payment of principal of or interest on any Security of such series; (iv) cause any Security of such series to be subordinated in right of payment to any obligation of the Company; or (v) modify any of the provisions of the Indenture governing supplemental indentures with the consent of Securityholders except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of

the Holder of each outstanding Security of any series affected thereby.

It is also provided in the Indenture that, subject to certain conditions, the Holders of at least a majority in principal amount of the outstanding Securities of the series affected (all such series voting as a single class), by notice to the Trustee, may waive an existing Default or Event of Default with respect to the Securities of such series and its consequences, except a Default in the payment of principal of or interest on any Security or in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each outstanding Security affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default with respect to the Securities of such series arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

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The Indenture provides that a series of Securities may include one or more tranches (each a " **tranche** ") of Securities, including Securities issued in a periodic offering. The Securities of different tranches may have one or more different terms, including authentication dates and public offering prices, but all the Securities within each such tranche shall have identical terms, including authentication date and public offering price. Notwithstanding any other provision of the Indenture, subject to certain exceptions, with respect to sections of the Indenture concerning the execution, authentication and terms of the Securities, redemption of the Securities, Events of Default of the Securities, defeasance of the Securities and amendment of the Indenture, if any series of Securities includes more than one tranche, all provisions of such sections applicable to any series of Securities shall be deemed equally applicable to each tranche of any series of Securities in the same manner as though originally designated a series unless otherwise provided with respect to such series or tranche pursuant to a board resolution or a supplemental indenture establishing such series or tranche.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note in the manner, at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

The Notes are issuable initially only in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000 at the office or agency of the Company in The City of New York, and in the manner and subject to the limitations provided in the Indenture, but without the payment of any service charge, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee and any authorized agent of the Company or the Trustee may deem and treat the registered Holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or the Trustee or any authorized agent of the Company or the Trustee), for the purpose of receiving payment of, or on account of, the principal hereof and premium, if any, and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any authorized agent of the Company or the Trustee shall be affected by any notice to the contrary.

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No recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present, or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE NOTES WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF.

1. To be included in Initial Notes not Exchange Notes.
2. To be included in Exchange Notes.

[FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

Please print or typewrite name and address including zip code of assignee

the within Note and all rights thereunder, hereby irrevocably constituting

and appointing _____ attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

By: _____

Date: _____

[THE FOLLOWING PROVISION TO BE INCLUDED

ON ALL NOTES OTHER THAN EXCHANGE NOTES]

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of an effective Registration or (ii) two years (or such lesser period as may be provided in any amendment to Rule 144 (k) under the Securities Act) after the later of the original issuance of this Note or the last date on which this Note was held by the Company or an Affiliate of the Company, the undersigned confirms that without utilizing any general solicitation or general advertising that this Note is being transferred in accordance with its terms:

[Check One]

(1) _ to the Company; or

(2) _ pursuant to an effective registration statement under the Securities Act of 1933; or

(3) in the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(4) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

(5) pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

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Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered holder thereof, *provided, however*, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

| | |
|------------------------------|-----------|
| | Signature |
| Signature Guarantee: | |
| | Signature |
| Signature must be guaranteed | |

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

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TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____

NOTICE: To be executed by an executive officer

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

| Date of Exchange | Amount of decrease in Principal Amount of this Global Note | Amount of increase in Principal Amount of this Global Note | Principal Amount of this Global Note following such decrease or increase | Signature of authorized signatory of Trustee or Securities Custodian |
|------------------|--|--|--|--|
| | | | | |

ARTICLE 6

Original Issue of Notes

Section 6.01. *Original Issue of Notes; Further Issuances*

(a) Notes in the initial aggregate principal amount of \$750,000,000 may, upon execution of this Supplemental Indenture, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon a Company Order, without any further action by the Company.

(b) The Company may, without notice to or the consent of the Holders of the Notes, issue additional notes of the same tenor as the Notes, so that such additional notes and the Notes shall form a single series. Any such Notes referred to in this Section 6.01(b) will be issued under a further supplemental indenture.

ARTICLE 7

miscellaneous

Section 7.01. *Ratification of Indenture*

The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 7.02. *Trustee Not Responsible for Recitals*

The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

Section 7.03. *Governing Law*

The laws of the State of New York shall govern this Supplemental Indenture and each Note.

Section 7.04. *Separability*

In case any provision in this Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.05. *Counterparts*

This Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed on the date or dates indicated in the acknowledgments and as of the day and year first above written.

TYSON FOODS, INC.

By: /s/ Dennis Leatherby

Name: Dennis Leatherby

Title: Senior Vice President, Finance and Treasurer

THE CHASE MANHATTAN BANK as Trustee

By: /s/ Joanne Adamis

Name: /s/ Joanne Adamis

Title: Vice President

8.25% NOTES DUE OCTOBER 1, 2011

SUPPLEMENTAL INDENTURE

between

TYSON FOODS, INC.

and

THE CHASE MANHATTAN BANK

Dated as of October 2, 2001

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8.25% NOTES DUE OCTOBER 1, 2011 SUPPLEMENTAL INDENTURE, dated as of October 2, 2001 (the "**Supplemental Indenture**"), between Tyson Foods, Inc., a Delaware corporation (the "**Company**"), and The Chase Manhattan Bank, as trustee (the "**Trustee**") under the Indenture, dated as of June 1, 1995, between the Company and the Trustee (the "**Indenture**").

WHEREAS, the Company executed and delivered the Indenture to the Trustee to provide, among other things, for the future issuance of the Company's unsecured Securities to be issued from time to time in one or more series as might be determined by the Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered as provided in the Indenture;

WHEREAS, Section 9.1 of the Indenture provides for various matters with respect to any series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 9.1(5) of the Indenture provides for the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form or forms or terms of Securities of any series or of the coupons appertaining to such Securities as provided by Section 2.3 of the Indenture;

WHEREAS, the Executive Committee of the Board of Directors of the Company has duly adopted resolutions authorizing the Company to execute and deliver this Supplemental Indenture;

WHEREAS, pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Securities to be known as its 8.25% Notes due October 1, 2011 (the "**Notes due October 1, 2011**"), the form and substance of such Notes and the terms, provisions and conditions thereof to be set forth as provided in the Indenture, and this Supplemental Indenture;

WHEREAS, the Company has requested that the Trustee execute and deliver this Supplemental Indenture, and all requirements necessary to make (i) this Supplemental Indenture a valid instrument in accordance with its terms, and (ii) the Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been performed, and the execution and delivery of this Supplemental Indenture has been duly authorized in all respects:

NOW THEREFORE, in consideration of the purchase and acceptance of the Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Notes and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee as follows:

ARTICLE 1

Definitions

Section 1.01. *Definition of Terms*

Unless the context otherwise requires:

(a) a term defined in the Indenture has the same meaning when used in this Supplemental Indenture unless the definition of such term is amended and supplemented pursuant to this Supplemental Indenture;

- (b) a term defined anywhere in this Supplemental Indenture has the same meaning throughout;
- (c) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (d) "or" is not exclusive;
- (e) words in the singular include the plural, and words in the plural include the singular;
- (f) "herein," "hereof" and other words of similar import refer to this Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;
- (g) unless otherwise stated, a reference to a Section or Article is to a Section or Article of this Supplemental Indenture;

- (h) headings are for convenience of reference only and do not affect interpretation;
- (i) the following terms have the meanings given to them in this Section 1.01(i) :

" **Additional Interest** " shall have the meaning set forth in Section 2.06(b) .

" **Adjusted Treasury Rate** " shall have the meaning set forth in Section 3.01(b) .

" **Business Day** " shall have the meaning set forth in Section 3.01(b) .

" **Company Order** " means a written order signed in the name of the Company by its Chairman, its Vice Chairman, its President or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

" **Company Order** " means a written order signed in the name of the Company by its Chairman, its Vice Chairman, its President or any Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

" **Comparable Treasury Issue** " shall have the meaning set forth in Section 3.01(b) .

" **Comparable Treasury Price** " shall have the meaning set forth in Section 3.01(b) .

" **Exchange Offer** " means the exchange offer by the Company of Exchange Notes for Initial Notes pursuant to the Registration Rights Agreement.

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" **Exchange Offer Registration Statement** " means a registration statement relating to an Exchange Offer on an appropriate form and all amendments and supplements to such registration statement, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

" **Exchange Notes** " means the debt securities of the Company to be offered to Holders in exchange for Initial Notes pursuant to the Exchange Offer or otherwise pursuant to a Registration of Exchange Notes containing terms identical to the Notes for which they are exchanged (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Notes or, if no such interest has been paid, from the date of issuance of the Notes and (ii) the Exchange Notes will contain the alternative sixth paragraph appearing on the reverse of the Notes in the form recited below and will not contain terms with respect to transfer restrictions).

" **Global Note** " shall have the meaning set forth in Section 2.03(a) .

" **Initial Notes** " means the Notes issued under this Indenture which are not Exchange Notes.

" **Note** " or " **Notes** " means any Security or Securities, as the case may be, authenticated and delivered under this Supplemental Indenture. For all purposes of this Supplemental Indenture, the term "Notes" shall include the Initial Notes and any Exchange Notes to be issued and exchanged for any Initial Notes pursuant to the

Registration Rights Agreement and this Indenture and, for purposes of this Supplemental Indenture, all Initial Notes and Exchange Notes shall vote together as one series of Notes under this Supplemental Indenture.

" **Notes due October 1, 2011** " shall have the meaning set forth in the recitals above.

" **Private Placement Legend** " means the legend initially set forth on the Notes in the form set forth in 2.04(a).

" **Quotation Agent** " shall have the meaning set forth in Section 3.01(b) .

" **Reference Treasury Dealer** " shall have the meaning set forth in Section 3.01(b) .

" **Reference Treasury Dealer Quotations** " shall have the meaning set forth in Section 3.01(b) .

" **Registration** " means a registered exchange offer for the Notes by the Company or other registration of the Notes under the Securities Act pursuant to and in accordance with the terms of the Registration Rights Agreement.

" **Registration Rights Agreement** " means the Registration Rights Agreement, dated as of October 2, 2001 among the Company and the Initial Purchasers and certain permitted assigns specified therein.

" **Registration Statement** " means the Registration Statement pursuant to and as defined in the Registration Rights Agreement.

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" **Regulation S** " means Regulation S under the Securities Act.

" **Remaining Life** " shall have the meaning set forth in Section 3.01(b) .

" **Restricted Legend** " means the legend set forth in Section 2.04 hereof.

" **Rule 144A** " means Rule 144A under the Securities Act.

" **Stated Maturity Date** " has the meaning set forth in Section 2.02 .

ARTICLE 2

General Terms and Conditions of the Notes

Section 2.01. *Designation and Principal Amount*

There is hereby authorized a series of Securities designated the "Notes due October 1, 2011" initially offered in aggregate principal amount of \$1,000,000,000 which amount shall be as set forth in any written order of the Company for the authentication and delivery of Notes pursuant to Section 2.2 of the Indenture.

Section 2.02 *Maturity*

- (a) The Notes will mature on October 1, 2011 (the " **Stated Maturity Date** ").

Section 2.03. *Form; Denomination*

(a) Both (i) for Notes sold within the United States to "qualified institutional buyers" as defined in and pursuant to Rule 144A under the Securities Act and (ii) for Notes sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, the Notes shall be issued initially in the form of one or more permanent global Notes in registered form, substantially in the form herein below recited (each and collectively, the " **Global Note** "), deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as herein provided; *provided* that Exchange Notes (i) contain the alternative sixth paragraph appearing on the reverse of the Notes in the form recited below and (ii) shall not

contain terms with respect to transfer restrictions.

The aggregate principal amount of the Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

(b) The Notes shall be issuable in denominations provided for in the form of Note recited below. The Notes shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company executing the same may determine with the approval of the Trustee.

Section 2.04. *Restrictive Legends.* (a) Except as otherwise provided in paragraph (c), each Global Note shall bear the following legend on the face thereof:

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THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I) TO TYSON FOODS, INC., (II) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

(b) Each Global Note shall also bear the following legend on the face thereof:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR

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OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL

(c)(i) If the Company determines (upon the advice of counsel and such other certifications and evidence as the Company may reasonably require) that any Note is eligible for resale pursuant to Rule 144(k) under the Securities Act (or a successor provision) and that the Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of such Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(ii) after an Initial Note is (x) sold pursuant to an effective registration statement under the Securities Act, pursuant to the Registration Rights Agreement or otherwise, or (y) exchanged for an Exchange Note,

the Company may instruct the Trustee to cancel such Note and issue to the Holder thereof (or to its transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear the Restricted Legend, and the Trustee will comply with such instruction.

Section 2.05. *Special Transfer Provisions.* Unless and until an Initial Note is exchanged for an Exchange Note in connection with an effective Registration pursuant to the Registration Rights Agreement, the following provisions shall apply:

(a) The registration of transfer or exchange of any Note (or a beneficial interest therein) that bears the Restricted Legend may only be made in compliance with the provisions of the Restricted Legend.

(b) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the registration of transfer or exchange of a Note (or a beneficial interest therein), and the Company will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

(c) By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on registrations of transfer of such Note set forth in this Supplemental Indenture and in the Private Placement Legend and agrees that it will register the transfer of such Note only as provided in this Supplemental Indenture. The Registrar shall not register a transfer of any Note unless such transfer complies with the restrictions on transfer of such Note set forth in this Supplemental Indenture. In connection with any registration of transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such registration of transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; *provided* that the Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.7 of the Indenture or this Section 2.05. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

Each Holder of a Note agrees to indemnify the Company and the Trustee against any liability that may result from the registration of transfer, exchange or assignment of such Holder's Note in violation of any provision of this Supplemental Indenture and/or applicable United States Federal or state securities law.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any registrations of transfer of any interest in any Note (including any transfers between or among members of, or participants in, the Depositary or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(d) A Global Note may be transferred, in whole but not in part, only to another nominee of the Depositary, or to a successor Depositary selected or approved by the Company or to a nominee of such successor Depositary.

(e) If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository or if at any time the Depository for such series shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the Company will execute, and, subject to Article II of the Indenture, the Trustee, upon the written order of the Company, will authenticate and make available for delivery the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. In addition, the Company may at any time determine that the Notes shall no longer be represented by a Global Note. In such event the Company will execute, and subject to Section 2.7 of the Indenture, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver the Notes in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Note in exchange for the Global Note. Upon the exchange of the Global Note for such Notes in definitive registered form without coupons, in authorized denominations, the Global Note shall be cancelled by the Trustee. Such Notes in definitive registered form issued in exchange for the Global Note shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Notes to the Depository for delivery to the Persons in whose names such Notes are so registered.

Section 2.06. *Interest.*

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(a) Each Note will bear interest at the rate of 8.25% per annum (the "**Coupon Rate**") from the original date of issuance until the principal thereof becomes due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the Coupon Rate, compounded semi-annually, payable semi-annually in arrears on April 1 and October 1 of each year (each, an "**Interest Payment Date**") commencing on April 1, 2002, to the Person in whose name such Note or any predecessor Note is registered, at the close of business on the regular record date for such interest installment, which shall be the close of business on the March 15 or September 15 (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date.

(b) In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, the Company shall pay additional interest (in addition to the interest otherwise due herein) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the event of a Registration Default under clause (iv) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).

There shall also be payable in respect of the Note all Additional Interest that may have accrued on such Note for which the Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on such Note.

ARTICLE 3

Redemption of The Notes

Section 3.01. *Optional Redemption by Company.*

(a) Subject to the provisions of Section 3.01(b) and to the provisions of Article III of the Indenture, except as otherwise may be specified in this Supplemental Indenture, the

Company shall have the right to redeem the Notes, in whole or in part, at any time or from time to time, at a redemption price (the "**Optional Redemption Price**") equal to the greater of:

- (i) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; or
- (ii) the sum of the remaining scheduled payments of principal of and interest on the Notes being redeemed (exclusive of interest accrued as of the Redemption Date) discounted to its present value as of the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, as determined by the Quotation Agent, plus 50 basis points plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

Any redemption pursuant to the preceding paragraph will be made upon not less than 30 nor more than 60 days' prior notice before the Redemption Date to each Holder of the Notes, at the Optional Redemption Price. If the Notes are only partially redeemed pursuant to this Section 3.01(a), the Notes will be redeemed pro rata or by lot or by any other method utilized by the Trustee; *provided*, that if at the time of redemption the Notes are registered as a Global Note, the Depository shall determine, in accordance with its procedures, the principal amount of such Notes held by each Holder of Notes to be redeemed. The Optional Redemption Price shall be paid prior to 12:00 noon, New York time, on the date of such redemption or at such earlier time as the Company determines provided that the Company shall deposit with the Trustee an amount sufficient to pay the Optional Redemption Price by 10:00 a.m., New York time, on the date such Optional Redemption Price is to be paid.

(b) The following terms have the meanings given to them in this Section 3.01(b).

" **Adjusted Treasury Rate** " means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage amount) equal to the Comparable Treasury Price for such Redemption Date. The Adjusted Treasury Rate shall be calculated on the third Business Day preceding the Redemption Date.

" **Business Day** " means any calendar day that is not a Saturday, Sunday or legal holiday in New York, New York and on which commercial banks are open for business in New York, New York.

" **Comparable Treasury Issue** " means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term (" **Remaining Life** ") of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

" **Comparable Treasury Price** " means, with respect to any Redemption Date, () the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or () if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations.

" **Quotation Agent** " means the Reference Treasury Dealer appointed by the Company.

" **Redemption Date** " means the date fixed for the redemption of any Notes pursuant to this Section 3.01.

" **Reference Treasury Dealer** " means (i) each of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and their successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Company, *provided, however*, that if the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer and (ii) any

other Primary Treasury Dealer selected by the Company

" **Reference Treasury Dealer Quotations** " means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by the Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Section 3.02. *No Sinking Fund.*

The Notes are not entitled to the benefit of any sinking fund.

ARTICLE 4

Covenants

Section 4.01. *Application of Certain Covenants to the Notes.* The provisions of Section 4.3 and 4.4 of the Indenture shall apply to the Notes, except that all references therein and in the definitions of "Exempted Debt" and "Restricted Subsidiary" to (i) "at the date of this Indenture" shall be deemed to mean "at the date the Notes are first issued", (ii) "hereafter" shall be deemed to mean "thereafter" and (iii) "date hereof" shall mean "date the Notes are first issued".

ARTICLE 5

Form of Note

Section 5.01. *Form of Note.*

The Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following forms:

(FORM OF FACE OF NOTE)

[IF THE NOTE IS TO BE A GLOBAL NOTE, INSERT - THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS NOTE IS EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE

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ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH

PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF TYSON FOODS, INC. THAT (A) THIS SECURITY MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED, ONLY (I) TO TYSON FOODS, INC., (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (II) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

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No. _____

CUSIP No. _____

TYSON FOODS, INC.

8.25% NOTES DUE OCTOBER 1, 2011

TYSON FOODS, INC., a Delaware corporation (the "**Company**", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, at the office or agency of the Company in The City of New York, New York, the principal sum of \$ _____ Dollars on October 1, 2011, in the coin or currency of the United States, and to pay interest, semi-annually on April 1 and October 1 of each year, commencing April 1, 2002, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Note, from the April 1 or the October 1, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Note, or unless no interest has been paid or duly provided for on this Note, in which case from October 2, 2001, until payment of said principal sum has been made or duly provided for; *provided*, that payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as such address shall appear on the Security Register of the Company or by wire transfer as provided in the Indenture. Notwithstanding the foregoing, if the date hereof is after the 15th day of March or September, as the case may be, and before the following April 1 or October 1, this Note shall bear interest from such April 1 or October 1; *provided*, that if the Company shall default in the payment of interest due on such April 1 or October 1, then this Note shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on these Notes, from October 2, 2001. The interest so payable on any April 1 or October 1 will, subject to certain exceptions provided in the Indenture referred to on the reverse hereof, be paid to the person in whose name this Note is registered at the close of business on the March 15 or September 15, as the case may be, next preceding such April 1 or October 1, whether or not such day is a Business Day.

Reference is made to the further provisions of this Note set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee under the Indenture referred to on the reverse hereof.

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IN WITNESS WHEREOF, TYSON FOODS, INC. has caused this instrument to be signed manually or by

facsimile by its duly authorized officers.

Dated: October 2, 2001

TYSON FOODS, INC

By: _____

Name:

Title:

By: _____

Name:

Title:

Attest:

By: _____

Name:

Title:

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

Dated: October 2, 2001

THE CHASE MANHATTAN BANK,
as Trustee

By: _____

Authorized Officer

(FORM OF REVERSE OF NOTE)

This Note is one of a duly authorized series of debentures, notes, bonds or other evidences of indebtedness of the Company (hereinafter referred to as the " **Securities** "), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an Indenture dated as of June 1, 1995, duly executed and delivered by the Company to The Chase Manhattan Bank, as Trustee (the " **Trustee** "), as supplemented by the 8.25% Notes due October 1, 2011 Supplemental Indenture dated as of October 2, 2001, between the Company and the Trustee (the Indenture, as so supplemented, the " **Indenture** "), to which Indenture and all Indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities. The Securities may be

issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any) may be subject to different sinking, purchase or analogous funds (if any) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as the 8.25% Notes due October 1, 2011 of the Company, initially limited in aggregate principal amount to \$1,000,000,000.

Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company shall pay interest on overdue principal and, to the extent lawful, on overdue installments of interest at the rate *per annum* borne by this Note. If a payment date is not a Business Day as defined in the Indenture at a place of payment, payment may be made at that place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

The Company shall have the right to redeem this Note at the option of the Company, without premium or penalty, in whole or in part (an "**Optional Redemption**"), at a redemption price (the "**Optional Redemption Price**") equal to the greater of:

- (a) 100% of the principal amount plus accrued and unpaid interest to the Redemption Date; or
- (b) the sum of the remaining scheduled payments of principal of and interest on the Notes being redeemed (exclusive of interest accrued as of the Redemption Date) discounted to its present value as of the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, as determined by the Quotation Agent, plus 50 basis points plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

Any redemption pursuant to the preceding paragraph will be made upon not less than 30 nor more than 60 days prior notice before the Redemption Date to the Holders, at the Optional Redemption Price. If the Notes are only partially redeemed by the Company pursuant to an Optional Redemption, the Notes will be redeemed pro rata or by lot or by any other method utilized by the Trustee; *provided* that if at the time of redemption the Notes are

the principal amount of such Notes held by each Holder of Notes to be redeemed.

In the event of redemption of this Note in part only, a new Note or Notes of this series for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

[In the event that a Registration Default (as defined in the Registration Rights Agreement) occurs, then the Company shall pay additional interest (in addition to the interest otherwise due hereon) ("**Additional Interest**") to the Holder during the first 90-day period immediately following the occurrence of any such Registration Default in an amount equal to 0.25% per annum (regardless of the number of Registration Defaults) from and including the date on which any such Registration Default shall occur (subject to the terms of the Registration Rights Agreement) to but excluding the date on which all such Registration Defaults have been cured. The amount of interest will increase by an additional 0.25% per annum for each subsequent 90-day period until such Registration Default is cured, up to a maximum amount of Additional Interest of 0.50% per annum. In the event of a Registration Default under clause (vi) of Section 2(c) of the Registration Rights Agreement, Additional Interest shall accrue on the Notes affected thereby over and above the interest rate due on such Notes only if the aggregate number of days in any 12-month period for which the Exchange Offer Registration Statement (as defined in the Registration Rights Agreement) or the Resale Registration Statement (as defined in the Registration Rights Agreement) shall not be available exceeds 60 days in the aggregate (whether or not consecutive), and in such case, from and including the next day following the 60th such day to the date such Registration Default is cured. The Company shall pay amounts due in respect of Additional Interest on each Interest Payment Date (or, if the Company shall default in the payment of interest on any Interest Payment Date, on the date such interest is otherwise paid as provided in the Indenture).]

[There shall also be payable in respect of this Note all Additional Interest that may have accrued on the Note for which this Note was exchanged (as defined in such Note) pursuant to the Exchange Offer, such Additional Interest to be calculated in accordance with the terms of such Note and payable at the same time and in the same manner as periodic interest on this Note.]2

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Notes may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions which provide that without prior notice to any Holders, the Company and the Trustee may amend the Indenture and the Securities of any series with the written consent of the Holders of a majority in principal amount of the outstanding Securities of all series affected by such supplemental indenture (all such series voting as one class), and the Holders of a majority in principal amount of the outstanding Securities of all

series affected thereby (all such series voting as one class) by written notice to the Trustee may waive future compliance by the Company with any provision of the Indenture or the Securities of such series; *provided* that without the consent of each Holder of the Securities of each series affected thereby, an amendment or waiver, including a waiver of past defaults, may not: (i) extend the stated maturity of the principal of, or any sinking fund obligation or any installment of interest on, such Holder's Security, or reduce the principal amount thereof or the rate of interest thereon (including any amount in respect of original issue discount), or any premium payable with respect thereto, or adversely affect the rights of such Holder under any mandatory repurchase provision or any right of repurchase at the option of such Holder, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity or the amount thereof provable in bankruptcy, or change any place of payment where, or the currency in which, any Security of such series or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date or, in the case of mandatory repurchase, the date therefor); (ii) reduce the percentage in principal amount of outstanding Securities of such series the consent of whose Holders is required for any such supplemental indenture, for any waiver of compliance with certain provisions of the Indenture or certain Defaults and their consequences provided for in the Indenture; (iii) waive a Default in the payment of principal of or interest on any Security of such series; (iv) cause any Security of such series to be subordinated in right of payment to any obligation of the Company; or (v) modify any of the provisions of the Indenture governing supplemental indentures with the consent of Securityholders except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security of any series affected thereby.

It is also provided in the Indenture that, subject to certain conditions, the Holders of at least a majority in principal amount of the outstanding Securities of the series affected (all such series voting as a single class), by notice to the Trustee, may waive an existing Default or Event of Default with respect to the Securities of such series and its consequences, except a Default in the payment of principal of or interest on any Security or in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each outstanding Security affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default with respect to the Securities of such series arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

The Indenture provides that a series of Securities may include one or more tranches (each a " **tranche** ") of Securities, including Securities issued in a periodic offering. The Securities of different tranches may have one or more different terms, including authentication dates and public offering prices, but all the Securities within each such tranche shall have identical terms, including authentication date and public offering price. Notwithstanding any other provision of the Indenture, subject to certain exceptions, with respect to sections of the Indenture concerning the execution, authentication and terms of the Securities, redemption of the Securities, Events of Default of the Securities, defeasance of the Securities and amendment of the Indenture, if any series of Securities includes more than one tranche, all provisions of such sections applicable to any series of Securities shall be deemed equally applicable to each tranche of any series of Securities in the same manner as though originally designated a series

or a supplemental indenture establishing such series or tranche.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note in the manner, at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

The Notes are issuable initially only in registered form without coupons in denominations of \$1,000 and any multiple of \$1,000 at the office or agency of the Company in The City of New York, and in the manner and subject to the limitations provided in the Indenture, but without the payment of any service charge, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee and any authorized agent of the Company or the Trustee may deem and treat the registered Holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or the Trustee or any authorized agent of the Company or the Trustee), for the purpose of receiving payment of, or on account of, the principal hereof and premium, if any, and, subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Company nor the Trustee nor any authorized agent of the Company or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present, or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE NOTES WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF.

1. To be included in Initial Notes not Exchange Notes.
2. To be included in Exchange Notes.

[FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

Please print or typewrite name and address including zip code of assignee

the within Note and all rights thereunder, hereby irrevocably constituting

and appointing _____ attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

By: _____

Date: _____

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[THE FOLLOWING PROVISION TO BE INCLUDED

ON ALL NOTES OTHER THAN EXCHANGE NOTES]

In connection with any transfer of this Note occurring prior to the date which is the earlier of (i) the date of an effective Registration or (ii) two years (or such lesser period as may be provided in any amendment to Rule 144 (k) under the Securities Act) after the later of the original issuance of this Note or the last date on which this Note was held by the Company or an Affiliate of the Company, the undersigned confirms that without utilizing any general solicitation or general advertising that this Note is being transferred in accordance with its terms:

[*Check One*]

- (1) to the Company; or
- (2) pursuant to an effective registration statement under the Securities Act of 1933; or
- (3) in the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (4) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or
- (5) pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

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Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered holder thereof, *provided, however*, that if box (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration

requirements of the Securities Act of 1933.

Signature Guarantee:

Signature

Signature must be guaranteed

Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

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TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____

NOTICE: To be executed by an executive officer

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[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

| Date of Exchange | Amount of decrease in Principal Amount of this Global Note | Amount of increase in Principal Amount of this Global Note | Principal Amount of this Global Note following such decrease or increase | Signature of authorized signatory of Trustee or Securities Custodian |
|------------------|--|--|--|--|
|------------------|--|--|--|--|

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Section 6.01. *Original Issue of Notes; Further Issuances*

(a) Notes in the initial aggregate principal amount of \$1,000,000,000 may, upon execution of this Supplemental Indenture, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon a Company Order, without any further action by the Company.

(b) The Company may, without notice to or the consent of the Holders of the Notes, issue additional notes of the same tenor as the Notes, so that such additional notes and the Notes shall form a single series. Any such Notes referred to in this Section 6.01(b) will be issued under a further supplemental indenture.

ARTICLE 7

miscellaneous

Section 7.01. *Ratification of Indenture*

The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 7.02. *Trustee Not Responsible for Recitals*

The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

Section 7.03. *Governing Law*

The laws of the State of New York shall govern this Supplemental Indenture and each Note.

Section 7.04. *Separability*

In case any provision in this Supplemental Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7.05. *Counterparts*

This Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed on the date or dates indicated in the acknowledgments and as of the day and year first above written.

TYSON FOODS, INC.

By: /s/ Dennis Leatherby

Name: Dennis Leatherby

Title: Senior Vice President, Finance and Treasurer

THE CHASE MANHATTAN BANK as Trustee

By: /s/ Joanne Adamis

Name: /s/ Joanne Adamis

Title: Vice President

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THIS SECURITY MAY NOT BE TRANSFERRED TO, OR REGISTERED OR EXCHANGED FOR SECURITIES REGISTERED IN THE NAME OF, ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to IBP, inc. or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IBP, inc

_____ % Senior Note due _____

\$ _____

CUSIP No. _____
Registration No. R-1

IBP, inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to Cede & Co., as Nominee of DTC, or registered assigns, the principal sum of \$ _____ on _____ and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on February 1 and August 1 in each year, commencing August 1, ____, at the rate of ____% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the January 15 or July 15 (whether or not a Business Day) next preceding such Interest Payment Date.

Except as otherwise provided in the indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the indenture.

Payment of the principal of (and premium, if any) and any interest on this Security will be made at the Corporate Trust Office of the Trustee in the City of New York, the State of New York, or at such other office or agency as the

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Company may designate for that purpose, in such currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company, payment of interest may be made by United States

Dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by such Person with a bank in The City of New York (so long as the company has received proper transfer instructions in writing).

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized signatory, this Security shall not be entitled to any benefit under the indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____

IBP, inc.

By: _____

Attest: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

THE BANK OF NEW YORK
As Trustee

By: _____

Authorized Officer

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[Reverse]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of January 26, 1996 (herein called the "Indenture"), between the Company and The Bank of New York as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$_____.

The Securities of this series constitute unsubordinated and unsecured obligations of the Company, ranking pari passu in right of payment

with all other unsubordinated and unsecured indebtedness of the Company. The Securities of this series are not redeemable prior to maturity and are not subject to any sinking fund.

The Indenture contains certain covenants, including, but not limited to, covenants limiting: (i) the creation of liens securing indebtedness and (ii) sale and leaseback transactions.

The Indenture contains provisions of defeasance of the Indebtedness represented by this Security or of certain restrictive covenants governing the Indebtedness represented by this Security upon compliance by the Company with certain conditions set forth therein.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Outstanding Securities of each series to be affected. The Indenture also permits certain amendments that are described in the Indenture to be made without the notice or consent of any of the Holders of the Outstanding Securities. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Outstanding Securities of each series, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of

not less than 25% in principal amount of the outstanding Securities of this series shall have made a written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a direction inconsistent with such request and shall have failed to institute such proceeding within 30 days; provided, however, that such limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal of (and premium, if any) or any interest on this Security on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and any interest on this Security at the times, place and rate, and in the currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and any interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder hereof or his attorney, duly authorized in writing, and thereupon one or more new Securities of this series of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

If at any time the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Securities of this series or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and a successor Depository for the Securities of this series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, the provisions of this paragraph shall no longer be applicable to the Securities of this series and the Company will execute and the Trustee will authenticate and deliver Securities of this series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the global Security representing the Securities in this series in exchange for such global Security. In addition, the Company may at any time determine that the Securities of this series shall no longer be represented by a global Security and that the provisions of this paragraph shall no longer apply to the Securities of this series. In such event, the Company will execute and the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver Securities of this series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the global Security representing the Securities of this series in exchange for such global Security. Upon the exchange of the global Securities for securities of this series in definitive registered form without coupons, and authorized denominations, the

global Security shall be cancelled by the Trustee. Such Securities of this series in definitive registered form issued in exchange for the global Security pursuant to the provisions of the Officers' Certificate shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities of this series to the Persons in whose name such Securities of this series are so registered, but without any liability on the part of the Company or the Trustee for the accuracy of the Depository's instructions. Except to the extent otherwise provided herein, the provisions of Section 3.5 of the Indenture shall apply to an exchange of a global Security contemplated by this paragraph.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary. Notwithstanding the foregoing, payment of principal of and any premium and interest on any Security of this series in permanent global form should be made to the Depository or a nominee of the Depository.

All capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR, REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN EXCHANGE FOR THIS CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO. THIS GLOBAL NOTE MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A NOTE REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE CIRCUMSTANCES SET FORTH IN SECTIONS 305 AND 306 OF THE INDENTURE, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 305 AND 306 OF THE INDENTURE. BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTIONS 305 AND 306 OF THE INDENTURE.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE ISSUER OR THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE

SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OR RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REQUIREMENTS UNDER THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE ISSUER AND THE COMPANY PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (C) (IF THE TRANSFEROR IS THE REGISTERED HOLDER OF THIS NOTE), (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (ii) PURSUANT TO CLAUSE (E), TO REQUIRE THAT THE TRANSFEROR DELIVER TO THE ISSUER, THE COMPANY AND THE TRUSTEE A LETTER FROM THE TRANSFEREE SUBSTANTIALLY IN THE FORM OF ANNEX A TO THE OFFERING MEMORANDUM DATED MAY 29, 1997. SUCH HOLDER FURTHER AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THE NOTES EVIDENCED HEREBY, THE HOLDER HEREOF MUST CHECK THE APPROPRIATE BOX SET FORTH HEREIN RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THE APPROPRIATE CERTIFICATE TO THE TRUSTEE, THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF ALSO AGREES, REPRESENTS AND WARRANTS THAT EITHER (i) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYMENT RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR (ii) THE ACQUISITION AND HOLDING OF THIS NOTE BY IT IS NOT PROHIBITED BY EITHER SECTION 406 OF ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR IS EXEMPT FROM ANY SUCH PROHIBITION.

IBP FINANCE COMPANY OF CANADA

7.45% Senior Note due 2007

guaranteed by

IBP, inc.

Number R-1

U.S. \$125,000,000

CUSIP NO.: 44923N AA 9

IBP Finance Company of Canada (herein called the "Issuer," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the initial principal amount specified in Schedule A hereto on June 1, 2007, and to pay interest thereon from the date

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hereof or from the most recent interest Payment Date to which interest has been paid or duly provided for, semi-annually on June 1 and December 1 of each year (commencing December 1, 1997), at the rate of 7.45% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such indenture, be paid to the Person in whose name this Senior Note (or one or more Predecessor Senior Notes) is registered at the close of business on the Record Date for such interest, which shall be the May 15 or November 15 (whether or not a Business Day), as the case may be, preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Record Date and may either be paid to the Person in whose name this Senior Note (or one or more Predecessor Senior Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Senior Notes not *less* than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Senior Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of (and premium, if any) and interest on this Senior Note will be made at the office or agency of the Issuer maintained for that purpose in the Borough of Manhattan, The City of New York in dollars; *provided, however*, that at the option of the Issuer, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Register.

Payment of the principal of (and premium, if any), interest, Additional Amounts on, and other amounts payable in respect of, this Senior Note is guaranteed by the Company as provided in such Indenture.

Reference is hereby made to the further provisions of this Senior Note set forth hereinafter, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to hereinafter by manual signature, this Senior Note, including the Guaranty by the Company, shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, each of the Issuer and the Company has caused this instrument to be duly executed.

Dated: June 3, 1997

IBP FINANCE COMPANY OF CANADA,
as Issuer

By: /s/ Larry Shipley
Title:

IBP, inc., as Guarantor

By: /s/ Larry Shipley
Title:

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TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 7.45% Senior Notes due 2007 issued under the Indenture referred to in this Senior Note.

First Trust National Association,
as Trustee

By: /s/ GM Carroll
Authorized Signatory

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1. This Senior Note is one of a duly authorized issue of securities of the Issuer designated as its "7.45% Senior Notes due 2007" (herein called the "Senior Notes") limited in aggregate principal amount to One Hundred Twenty Five Million United States dollars (U.S.\$125,000,000), issued and to be issued in a single series under an indenture, dated as of June 1, 1997 (as amended or supplemented from time to time, the "Indenture"), among the Issuer, IBP, inc. (the "Company"), as guarantor, and First Trust National Association, as trustee (the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Company, the Trustee and each of the Holders and of the terms upon which the Senior Notes are, and are to be, authenticated and delivered. All terms used in this Senior Note which are not defined herein shall have the meanings assigned to them in the Indenture.

2. Interest on this Senior Note will be computed on the basis of a 360-day year of twelve, 30-day months. Each payment of interest in respect of an Interest Payment Date will include interest accrued through the day before such Interest Payment Date. If an Interest Payment Date falls on a day that is not a Business Day, the interest payment to be made on such Interest Payment Date will be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date, and no additional interest will accrue as a result of such delayed payment. If any payment of principal of (and premium, if any) or installment of interest on this Senior Note is not paid when due then, to the extent that payment of such interest shall be legally enforceable, interest upon such overdue principal (and premium, if

any) and installment of interest, shall be paid at the rate set forth on the face of this Senior Note. The Issuer shall pay the Holders such Additional Amounts as may be payable under Section 1007 of the Indenture.

3. The Indenture contains provisions for (i) defeasance of certain of the obligations of the Issuer and the Company (including covenants) under the Indenture and (ii) satisfaction and discharge of the Indenture upon compliance by the Issuer and the Company with certain conditions set forth therein, which provisions apply to this Senior Note.

4. Except as provided in the next paragraph, the Notes will not be redeemable at the option of the Issuer.

If at any time the Issuer becomes or (if it were then to make a payment in respect of any Note) would become obligated to pay Additional Amounts under Section 1007 of the Indenture, the Issuer may, at its option, redeem such Senior Note at 100% of its principal amount, together with accrued interest and any Additional Amounts thereon to the date of redemption, at any time after the Issue Date and in any case not earlier than the date immediately preceding the first date on which the Issuer becomes or (if it were then to make a payment in respect of any Senior Note) would become obligated to pay such Additional Amounts. If the Issuer elects so to redeem any Senior Note, the Issuer must certify to the Trustee that it has made or will be required to make such a payment of Additional Amounts.

5. The Indenture imposes certain limitations on the ability of the Company and its

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Significant Subsidiaries to, among other things, create or suffer to exist certain Liens. The Indenture imposes limitations on the ability of the Issuer and the Company to merge or consolidate with any other Person or sell, assign, transfer or lease all or substantially all of its properties or assets. All such covenants and limitations are subject to a number of important qualifications and exceptions. The Issuer and the Company must report periodically to the Trustee on compliance with the covenants in the Indenture.

6. The payment of principal, interest, Additional Amounts and other amounts payable in respect of the Senior Notes is unconditionally guaranteed by the Company in accordance with Article Eleven of the Indenture. The Indenture permits the Company, at its option at any time, to assume all of the Issuer's rights and obligations under the Indenture, the Senior Notes and related documents in accordance with the terms of a supplemental Indenture, in which event the Issuer will be released from such rights and obligations.

7. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the Company and the rights of the Holders to be affected under the Indenture at any time by the Issuer and the Company and the Trustee with the consent of the Holders representing at least a majority in principal amount of the Senior Notes at the time Outstanding. The Indenture also contains provisions permitting the Holders of at least a majority in principal amount of the Senior Notes at the time Outstanding, on behalf of the Holders of all Senior Notes, to waive compliance by the Issuer and the Company with certain provisions of the Indenture and certain defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Senior Note shall bind such Holder and all future Holders of this Senior Note and of any Senior Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Senior Note.

8. No reference herein to the Indenture and no provision of this Senior Note or of the Indenture shall alter or impair the obligations of the Issuer or the Company, which are absolute and unconditional, to pay (in the case of the Company as provided in the Guaranty) the principal of (and premium, if any), interest and Additional Amounts on this Senior Note at the times, place and rate, and in the coin or currency, herein prescribed.

9. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Senior Note is registrable in the Register, upon surrender of this Senior Note for registration of transfer at the office or agency of the Issuer in any place where the principal of (and premium, if any) and interest on this Senior Note are payable, duly

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endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by the Holder hereof or such Holder's attorney duly authorized in writing, and thereupon one or more new Senior Notes, of authorized denominations and for the same Stated Maturity and aggregate principal amount, will be issued to the designated transferee or transferees.

10. The Senior Notes are issuable only in registered form without coupons in denominations of five hundred thousand dollars (\$500,000) or, if this Senior Note is a Global Note, one thousand (\$1,000), and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Senior Notes are exchangeable for a like aggregate principal amount of Senior Notes of a different authorized denomination, as requested by the Holder surrendering the same. No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge

payable in connection therewith.

11. Prior to due presentment of this Senior Note for registration of transfer, the Issuer, the Company, the Trustee and any agent of the Issuer, the Company or the Trustee may treat the Person in whose name this Senior Note is registered as the owner hereof for all purposes, whether or not this Senior Note be overdue, and neither the Issuer, the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

12. All payments on the Senior Notes will be made in United States Dollars.

13. A director, officer, employee or stockholder, as such, of the Issuer or the Company shall not have any liability for any obligations of the Issuer or the Company under this Senior Note, the Guaranty or the Indenture, or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder, by accepting a Senior Note, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Senior Note and the Guaranty.

14. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures ("CUSIP"), the Issuer or the Company has caused CUSIP numbers to be printed on the Senior Notes as a convenience to the Holders of the Senior Notes. No representation is made as to the correctness or accuracy of such numbers as printed on the Senior Notes and reliance may be placed only on the other identification numbers printed hereon.

15. At any time when the Company is not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, upon request of a Holder of a Senior Note or of a beneficial owner of an interest in a Global Note, the Issuer and the Company will promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder or beneficial owner, or to a prospective purchaser of a Senior Note or a beneficial interest in a Global Note designated by such holder or beneficial owner of such interest, in order to permit compliance by such Holder or beneficial owner with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

ASSIGNMENT FORM

To assign this Senior Note, fill in the form below: (I) or (we) assign and transfer this Senior Note to

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Senior Note on the books of the Company. The agent may substitute another to act for him or her.

Dated: _____

Your Signature: _____
(Sign exactly as your name appears on
the other side of this Senior Note)

Signature Guaranty: _____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

MANNER OF TRANSFER (YOU MUST CHECK A BOX)

- To IBP Finance Company of Canada
- To IBP, inc.
- Inside the United States to a "qualified institutional buyer" in compliance with Rule 144A under the Securities Act
- Inside the United States in the form of certificated notes only to an "Institutional Accredited investor" (*contact Trustee for form of letter which must be delivered*)
- Outside the United States in compliance with Rule 904 of Regulation S under the Securities Act
- Pursuant to Rule 144 under the Securities Act
- Other transaction (*contact Trustee for form of opinion which must be delivered*)

Schedule A

SCHEDULE OF ADJUSTMENTS

| Date adjustment made | Principal amount increase | Principal amount decrease | Principal amount following adjustment | Notation made on behalf of the Security Registrar |
|----------------------|---------------------------|---------------------------|---------------------------------------|---|
| 6/3/97 | 124,000,000 | | 124,000,000 | /s/ GM Carroll |

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture") dated as of September 28, 2001 among IBP, inc., a Delaware corporation ("IBP"), Tyson Foods, Inc., a Delaware corporation ("Tyson"), Lasso Acquisition Corporation, a wholly owned subsidiary of Tyson ("Purchaser"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

WHEREAS, IBP has executed and delivered to the Trustee an Indenture (the "Indenture"), dated as of January 26, 1996, providing for the issuance from time to time of unsecured Securities to be issued in one or more series;

WHEREAS, pursuant to an Agreement and Plan of Merger, dated as of January 1, 2001, among Tyson, Purchaser and IBP, as modified by the Stipulation and Order dated June 27, 2001 (the "Stipulation") (as so modified the "Merger Agreement"), at the Effective Time (as defined in the Merger Agreement) IBP will be merged (the "Merger") into Purchaser, with Purchaser surviving the Merger and changing its name to IBP, inc.;

WHEREAS, the Merger will comply with the provisions of Section 8.1 of the Indenture;

WHEREAS, Section 9.1 of the Indenture permits IBP and the Trustee to amend the Indenture without prior notice to or consent of any Holder for the purposes of (i) evidencing the succession of another Person to IBP and the assumption by such successor of the covenants of IBP in the Indenture and in the Securities, and (ii) making any other provisions with respect to matters or questions under the Indenture, provided that such action shall not adversely affect the interest of the Holders of the Securities of any series or any related coupons in any material respect;

WHEREAS, IBP proposes in and by this First Supplemental Indenture to supplement and amend the Indenture in certain respects as it applies to the Securities issued thereunder;

WHEREAS, as of the Effective Time of the Merger, Purchaser, as the surviving corporation in the Merger, desires to expressly assume the due and punctual payment of the principal of and any premium and interest (including all additional Amounts, if any, payable pursuant to Section 10.4) on all the Securities and the performance of every covenant of the Indenture on the part of IBP to be performed or observed;

WHEREAS, as of the Effective Time of the Merger, Tyson desires to unconditionally and irrevocably guarantee the full and punctual payment of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of Purchaser, as the surviving corporation in the Merger, under the Indenture and the Securities, and the full and punctual performance within applicable grace periods of all other obligations of Purchaser, as the surviving corporation in the Merger, under the Indenture; and

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WHEREAS, Purchaser, IBP and Tyson have requested that the Trustee execute and deliver this First Supplemental Indenture and all requirements necessary to make the assumption and guarantee provided for herein the valid obligations of Purchaser and Tyson, respectively.

NOW THEREFORE, Purchaser, IBP, Tyson and the Trustee hereby agree that the following Sections of this First Supplemental Indenture supplement the Indenture with respect to Securities issued thereunder:

Section 1. Definitions. Capitalized terms used herein and not defined herein have the meanings ascribed to such terms in the Indenture.

Section 2. The Assumption by Purchaser. As of the Effective Time of the Merger, Purchaser, as the surviving corporation in the Merger, expressly assumes the due and punctual payment of the principal of and any premium and interest (including all additional Amounts, if any, payable pursuant to Section 10.4 of the Indenture) on all the Securities and the performance of every covenant of the Indenture on the part of IBP to be performed or observed.

Section 3. The Guarantee by Tyson. As of the Effective Time of the Merger, Tyson irrevocably and unconditionally guarantees (the "Guarantee"), to each Holder of Securities and to the Trustee and its successors and assigns, the due and punctual payment of the principal of and any premium and interest (including all additional Amounts, if any, payable pursuant to Section 10.4 of the Indenture) on all the Securities and the performance of every covenant of the Indenture on the part of Purchaser, as the surviving corporation in the Merger, to be performed or observed. As of the Effective Time of the Merger, Tyson further agrees that the Guarantee constitutes a guarantee of payment, performance and compliance and not merely of collection. The obligation of Tyson to make any payment hereunder may be satisfied by causing Purchaser, as the surviving corporation in the Merger, to make such payment.

Section 4. Reports to Holders . Section 7.3 of the Indenture is amended and restated in its entirety as follows:

Tyson Foods, Inc., a Delaware corporation ("Tyson"), shall:

(1) file with the Trustee, within 15 days after Tyson is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which Tyson may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if Tyson is not required to file information, documents or reports pursuant to either of such Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

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(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports required to be filed with respect to compliance by Tyson with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit to all Holders, in the manner and to the extent provided in TIA Section 313(c), within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by Tyson pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

Delivery of such information, documents and reports to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Tyson's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 5. Termination of IBP Reports. The provisions of this First Supplemental Indenture are intended to, and shall have the effect of, terminating any obligation of Purchaser, as the surviving corporation in the Merger, arising under the Indenture to (i) prepare such reports, information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and the rules and regulations promulgated thereunder, (ii) prepare, on an annual basis, complete audited consolidated financial statements containing the information that otherwise would be required to be in annual financial statements filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder, (iii) cause a copy of any such reports to be filed with the Trustee and mailed directly to each of the Holders of the Securities, and (iv) file a copy of all such aforementioned information and reports with the SEC and make such information available to securities analysts and prospective investors upon request.

Section 6. Concerning the Trustee . The Trustee accepts the provisions of this First Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture as amended by this First Supplemental Indenture.

Section 7. Indenture Confirmed . This First Supplemental Indenture shall be construed as supplemental to the Indenture and shall form a part of it, and the Indenture is hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

Section 8. Governing Law . This First Supplemental Indenture shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State without reference to principles of conflicts of laws.

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Section 9. Counterparts. This First Supplemental Indenture may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

Section 10. Headings . The headings of this First Supplemental Indenture are for reference only and shall not limit or otherwise affect the meaning hereof.

Section 11. Separability. In case any one or more of the provisions contained in this First Supplemental Indenture or in the Securities shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this First Supplemental Indenture or of the Securities, but this First Supplemental Indenture and the Securities shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 12. Benefits of Indenture . Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders, any benefit of any legal or equitable right, remedy or claim under this First Supplemental Indenture.

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IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed by their respective authorized officers as of the date first written above.

IBP, inc.

By: /s/ Sheila Hagen

Name: Sheila Hagen

Title: Exec. Vice President and General Counsel

TYSON FOODS, INC.

By: /s/ Dennis Leatherby

Name: Dennis Leatherby

Title: Senior Vice President, Finance and Treasurer

LASSO ACQUISITION CORPORATION

By: /s/ Dennis Leatherby

Name: Dennis Leatherby

Title: Treasurer

THE BANK OF NEW YORK, AS TRUSTEE

By: /s/ Van K. Brown

Name: Van K. Brown

Title: Vice President

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364-DAY CREDIT AGREEMENT

dated as of September 24, 2001

among

TYSON FOODS, INC.,

as Borrower

THE LENDERS PARTY HERETO

THE CHASE MANHATTAN BANK,

as Administrative Agent

MERRILL LYNCH CAPITAL CORPORATION,

as Syndication Agent

SUNTRUST BANK,

as Documentation Agent

and

MIZUHO FINANCIAL GROUP,

RABOBANK INTERNATIONAL,

as Co-Documentation Agents

J.P. MORGAN SECURITIES INC.

MERRILL LYNCH & CO.,

as Co-Lead Arrangers and Joint Bookrunners

[6701-196]

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364-DAY CREDIT AGREEMENT dated as of September 24, 2001, among TYSON FOODS, INC., a Delaware corporation (the "*Borrower*"), the banks which are or may, from time to time hereafter, become parties hereto (the "*Lenders*"), THE CHASE MANHATTAN BANK, as Administrative Agent (the "*Administrative Agent*"), MERRILL LYNCH CAPITAL CORPORATION, as Syndication Agent (the "*Syndication Agent*"), and SUNTRUST BANK, as Documentation Agent (the "*Documentation Agent*") and MIZUHO FINANCIAL GROUP and RABOBANK INTERNATIONAL, as Co-Documentation Agents (the "*Co-Documentation Agents*").

The parties hereto agree as follows:

ARTICLE I

Definitions and Accounting Terms

SECTION 1.01. *Certain Defined Terms.* As used in this Agreement and in any Schedules and Exhibits to this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"*Absolute Rate*" means a fixed annual rate, expressed as a percentage.

"*Absolute Rate Bid Loan*" means any Bid Loan that bears interest determined with reference to an Absolute Rate.

" *Acquisition* " means the acquisition of IBP for an aggregate purchase price, together with the assumption and refinancing of Indebtedness, of approximately \$4,441,000,000, subject to adjustment based on the market price of the Borrower's common stock, of which \$1,608,380,640 was paid in cash (the balance of the purchase price to be paid with shares of the Borrower's Class A common stock) and \$983,332,724.32 was the cash amount required to refinance the IBP Credit Agreement and certain other Indebtedness of IBP.

" *Administrative Agent* " means The Chase Manhattan Bank, in its capacity as administrative agent for the Lenders, together with any successor thereto in such capacity.

" *Administrative Agent's Fee Letter* " means the fee letter dated July 27, 2001, between the Borrower and the Administrative Agent.

" *Administrative Agent's Payment Office* " means the address for payments set forth on the signature pages hereof in relation to the Administrative Agent or such other address as the Administrative Agent may from time to time specify in accordance with Section 10.01.

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" *Administrative Questionnaire* " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" *Affiliate* " means, with respect to any Person, any Subsidiary of such Person and any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person, and includes, if such Person is a corporation, each Person who is the beneficial owner of 5% or more of such corporation's outstanding common stock. For purposes of this definition, "control" means the possession of the power to direct or cause the direction of management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

" *Agreement* " means this Credit Agreement, as from time to time amended, modified or supplemented.

" *Aggregate Commitments* " means the aggregate amount of the Commitments of all the Lenders as in effect from time to time.

" *Assignee* " has the meaning specified in Section 10.08(b).

" *Assignment and Acceptance* " means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.08), and accepted by the Administrative Agent, in the form of Exhibit 10.08 or any other form approved by the Administrative Agent and the Borrower.

" *Bid Borrowing* " means an extension of credit hereunder consisting of one or more Bid Loans made to the Borrower on the same day by one or more Lenders.

" *Bid Loan* " means a Loan made by a Lender to the Borrower pursuant to Section 2.03 and may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

" *Borrower* " has the meaning specified in the preamble.

" *Borrowing* " means a Committed Borrowing or a Bid Borrowing.

" *Bridge Facility* " means the senior unsecured bridge credit facility of the Borrower in an aggregate principal amount of \$2,500,000,000, established under the credit agreement dated as of August 3, 2001, among the Borrower, the lenders party thereto, The Chase Manhattan Bank, as administrative agent, Merrill Lynch Capital Corporation, as syndication agent, and SunTrust Bank, as documentation agent.

" *Business Day* " means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close and, if the applicable Business Day relates to any Eurodollar Loan, means such a day on which dealings are carried on in the London interbank market.

" *CERCLA* " has the meaning specified in the definition of Environmental Law.

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" *COBRA* " has the meaning specified in Section 4.16(k).

" *Code* " means the Internal Revenue Code of 1986 (or any successor(s) thereto), as amended from time to time.

" *Commitment* " means, for each Lender, as the context may require (a) the amount in dollars set forth in Schedule 1.01 (a) opposite the name of such Lender under the heading "Commitment" or as otherwise set forth in any Assignment and Acceptance, as such amount may be reduced pursuant to Section 2.06 or as a result of one or more assignments pursuant to Section 10.08 or (b) the obligation of such Lender to extend credit to the Borrower hereunder in the amount specified in the immediately preceding clause (a). The initial aggregate amount of the Lenders' Commitments is \$500,000,000.

" *Committed Borrowing* " means an extension of credit hereunder consisting of Committed Loans made, continued or converted on the same day by the Lenders ratably according to their Percentage Shares and, in the case of Eurodollar Loans, having the same Interest Periods.

" *Committed Loan* " means an extension of credit by a Lender to the Borrower pursuant to Section 2.01 and may be a Eurodollar Loan or a Reference Rate Loan.

" *Competitive Bid* " means an offer by a Lender to make a Bid Loan in accordance with Section 2.04(b).

" *Competitive Bid Request* " has the meaning specified in Section 2.04(a).

" *Consolidated EBITDA* " means, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) extraordinary losses for such period, (v) nonrecurring merger-related charges incurred by IBP during the fiscal quarter ending September 30, 2001 not to exceed \$45,000,000 and (vi) noncash charges to the extent solely attributable to unrealized losses under SFAS 133 (provided that any cash payment made with respect to any such noncash charge shall be subtracted in computing Consolidated EBITDA during the period in which such cash payment is made) and minus (b) without duplication and to the extent included in determining such Net Income, the sum of (i) any extraordinary gains for such period and (ii) noncash gains to the extent solely attributable to unrealized gains under SFAS 133 (provided that any cash received with respect to any such noncash gain shall be added in computing Consolidated EBITDA during the period in which such cash is received), all determined on a consolidated basis in accordance with GAAP; provided that for the purposes of determining the ratios set forth in Sections 7.13 and 7.14, Consolidated EBITDA in respect of any period of time prior to the date that IBP becomes a Subsidiary of the Borrower shall be deemed to equal the combined historical Consolidated EBITDA of the Borrower and IBP for such period; provided further that for the purposes of determining the ratio set forth in Section 7.13, if the Borrower or any of its consolidated Subsidiaries has made any Material Acquisition or Material Disposition during the period of four consecutive fiscal quarters ended on the date on which the most recent

fiscal quarter ended, Consolidated EBITDA for the relevant period for testing compliance shall be calculated after giving pro forma effect thereto as if such Material Acquisition or Material Disposition had occurred on the first day of the relevant period for testing compliance. As used in this definition, "Material Acquisition" means any acquisition or series of related acquisitions of property that (a) constitutes all or substantially all of the Stock or all or substantially all of the assets of any Person or comprises all or substantially all of any operating unit of a business and (b) involves consideration in excess of \$100,000,000; and "Material Disposition" means any sale, transfer, lease or other disposition or series of related sales, transfers, leases or other dispositions of property that (x) constitutes all or substantially all of the Stock or all or substantially all of the assets of any Subsidiary of the Borrower or involves assets comprising all or substantially all of any operating unit of a business of the Borrower or any of its Subsidiaries and (y) yields gross proceeds to the Borrower or any of its Subsidiaries in excess of \$100,000,000.

" *Consolidated Interest Expense* " means, for any period, the interest expense (including imputed interest expense in respect of capital lease obligations) of the Borrower and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that, until such time as IBP shall have been a Subsidiary of the Borrower for 365 days, for the purposes of determining the ratios set forth in Sections 7.13 and 7.14, Consolidated Interest Expense at any date (the "Calculation Date") shall be calculated on an annualized basis, and shall be equal to (A) the amount of interest expense (including imputed interest expense in respect of capital lease obligations) of the Borrower and its consolidated Subsidiaries for the period from the date that IBP becomes a Subsidiary of the Borrower to the Calculation Date, multiplied by (B) a fraction, the numerator of which is equal to 365 and the denominator of

which is equal to the number of days in such period.

" *Consolidated Net Income* " means, for any period, the consolidated net income (or loss) of the Borrower and its consolidated Subsidiaries for such period (taken as a single accounting period) determined in conformity with GAAP, excluding (to the extent otherwise included therein) any gains or losses, together with any related provision for taxes, realized upon any sale of assets other than in the ordinary course of business; provided, however, that there shall be excluded therefrom the net income (or loss) of any Person accrued prior to the earlier of the date such Person becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or such Person's assets are acquired by the Borrower or any of its Subsidiaries; provided further however that for purposes of the definition of Consolidated Net Income Available for Restricted Payments, Consolidated Net Income shall be calculated as if IBP and its consolidated Subsidiaries were consolidated Subsidiaries of the Borrower on and after January 1, 2001.

" *Consolidated Net Income Available for Restricted Payments* " means an amount equal to (i) the sum of \$100,000,000 plus 80% (or minus 100% in case of consolidated net loss) of Consolidated Net Income for the period (taken as one accounting period) commencing January 1, 2001 and terminating on the fiscal quarter of the Borrower immediately preceding the date of any proposed Restricted Payment, less (ii) the sum of (A) the aggregate amount of all dividends (other than dividends payable solely in Stock of the Borrower) and other distributions paid or declared by the Borrower (for all periods on or after January 1, 2001) or IBP (for the period from January 1, 2001 through the effective date of the Merger and excluding dividends or other distributions made to the Borrower) on any class of its Stock and (B) the excess (if any) of the aggregate amount expended, directly or indirectly, by the Borrower (for all periods on or after January 1, 2001) or by IBP (for the period from January 1, 2001 through the effective date of the Merger) for the redemption, purchase or other acquisition of any shares of its Stock, over the aggregate net amount of any cash or cash equivalents received by the Borrower (for all periods on or after January 1, 2001) or IBP (for the period from January 1, 2001 through the effective date of the Merger) as consideration for the sale of any shares of its Stock.

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" *Contractual Obligation* " means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

" *Controlled Group* " means, with respect to any Person, all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) which are under common control with such Person and which, together with such Person, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

" *Debt Rating* " means the actual or implied rating as most recently assigned to the Index Debt or the Short-Term Index Debt by Moody's or S&P, as the case may be.

" *Default* " means any event or condition which, with the giving of notice or the lapse of time, or both, would become an Event of Default.

" *Effective Date* " means the date on which all conditions precedent set forth in Section 5.01 are satisfied (or waived in accordance with Section 10.02).

" *Environmental Claim* " means any claim, however asserted, by any Governmental Authority or other Person alleging potential liability for violation of any Environmental Law or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability for damages, punitive damages, cleanup costs, removal costs, remedial costs, response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon (a) the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent, sudden or non-sudden, accidental or non-accidental placement, spill, leaks, discharges, emissions or releases) of any Hazardous Material at, in or from property, whether or not owned by the Borrower or any of its Subsidiaries, or (b) any other circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

" *Environmental Law* " means the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. ' 9601 et seq.) ("CERCLA"), the Hazardous Material Transportation Act (49 U.S.C. ' 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. ' 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. ' 1251 et seq.), the Clean Air Act (42 U.S.C. ' 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. ' 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. ' 651 et seq.) ("OSHA"), as

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such laws have been or hereafter may be amended, modified or supplemented, and any and all analogous future federal, or present or future state or local, statutes and the regulations promulgated pursuant thereunder.

" *ERISA* " means the Employee Retirement Income Security Act of 1974, as amended from time to time and all regulations promulgated thereunder.

" *ERISA Event* " means, with respect to any Person, (a) a Reportable Event (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under regulations issued under Section 4043 of ERISA); (b) the withdrawal of such Person or any member of its Controlled Group from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA; (d) the institution of proceedings to terminate a Plan by the PBGC; (e) the failure to make required contributions which would result in the imposition of a Lien under Section 412 of the Code or Section 302 of ERISA; and (f) any other event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or the imposition of any liability under Title IV of ERISA other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

" *Eurocurrency Liabilities* " has the meaning assigned to that term in Regulation D of the Federal Reserve Board, as in effect from time to time.

" *Eurodollar Loan* " means any Committed Loan that bears interest at a rate determined with reference to LIBOR.

" *Eurodollar Reserve Percentage* " means, with respect to any Interest Period for any Eurodollar Loan made by any Lender, the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

" *Event of Default* " has the meaning specified in Section 8.01.

" *Excess Margin Stock* " means that portion, if any, of the Margin Stock owned by the Borrower and its Subsidiaries that must be excluded from the restrictions imposed by Section 7.01 and Section 7.07 in order for the value (determined in accordance with Regulation U) of the Margin Stock subject to such Sections to account for less than 25% of the aggregate value (as so determined) of all assets subject to such Sections.

" *Existing Credit Agreement* " means the Fourth Amended and Restated Credit Agreement dated as of May 26, 1995, as amended, among the Borrower and the banks and agents party thereto.

" *Federal Funds Rate* " means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

" *Federal Reserve Board* " means the Board of Governors of the Federal Reserve System.

" *Five-Year Credit Agreement* " means the Five-Year Credit Agreement dated as of September 24, 2001, among the Borrower, the banks from time to time party thereto, The Chase Manhattan Bank, as administrative agent, Merrill Lynch Capital Corporation, as syndication agent, and SunTrust Bank, as documentation agent and Mizuho Financial Group and Rabobank International, as co-documentation agents.

" *Form W-8BEN* " has the meaning specified in Section 3.05(f)(i)(B).

" *Form W-8ECI* " has the meaning specified in Section 3.05(f)(i)(A).

" *GAAP* " means accounting principles generally accepted in the United States of America as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination.

" *Governmental Authority* " means any nation or government, any state or other political subdivision thereof and any central bank (or similar monetary or regulatory authority) thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

" *Guarantee Agreement* " means the Guarantee Agreement, substantially in the form of Exhibit 1.01, made by IBP for the benefit of the Administrative Agent and the Lenders.

" *Hazardous Materials* " means all those substances which are regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, waste, solid waste, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

" *Hedging Agreement* " means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

" *IBP* " means IBP, inc., a Delaware corporation.

" *IBP Credit Agreement* " means the \$950,000,000 Nine-Month Credit Agreement dated as of December 20, 2000, among IBP, the banks party thereto, Bank of America, N.A., as Syndication Agent, and U.S. Bank National Association, as Administrative Agent, as amended.

" *Indebtedness* " of any Person means, without duplication, (a) all indebtedness for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured); (b) all obligations evidenced by notes, bonds, debentures or similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations under leases which have been or should be, in accordance with GAAP, recorded as capital leases; (e) all net obligations with respect to Hedging Agreements; (f) all direct or indirect guaranties in respect of any obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clause (a), (b), (c), (d) or (e) above; and (g) all Indebtedness referred to in clause (a), (b), (c), (d) or (e) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; provided, however, that if any Indebtedness of any type referred to above is supported by another type of Indebtedness referred to above, such Indebtedness shall not be considered more than once for the purposes of this definition.

" *Indebtedness for Borrowed Money* " means the sum of all Indebtedness of the Borrower and its consolidated Subsidiaries of the type referred to in paragraphs (a), (b) and (d) of the definition of Indebtedness plus all obligations of the Borrower and its consolidated Subsidiaries under the Receivables Facility.

" *Indemnified Party* " has the meaning specified in Section 10.05(a).

" *Indentures* " means the indentures, including supplements and/or board resolutions establishing series of debt thereunder, and note agreements of the Borrower and IBP and their Subsidiaries listed on Schedule 1.01(b).

" *Index Debt* " means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

" *Insolvency Proceeding* " means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other similar arrangement in respect of the creditors of any Person generally or any substantial portion of the creditors of such Person;

" *Interest Payment Date* " means (a) with respect to any Eurodollar Loan or Bid Loan, the last day of each Interest Period applicable to such Eurodollar Loan or Bid Loan and (i) with respect to any Interest Period of six months duration for any Eurodollar Loan, the date which falls three months after the beginning of such Interest Period, and (ii) with respect to any Bid Loan, such intervening date prior to the maturity thereof as may be agreed between the Borrower and the applicable Lender and (b) with respect to any Reference Rate Loan, the last day of each calendar quarter.

" *Interest Period* " means,

(a) with respect to any Eurodollar Loan, the period commencing on the Business Day such Eurodollar Loan is disbursed or on the date on which a Reference Rate Loan is converted into a Eurodollar Loan and ending on the date 14 days or one, two, three or six months thereafter, in its Notice of Borrowing or Notice of Conversion/Continuation; and

(b) with respect to any Bid Loan, the period specified by the Borrower in the relevant Competitive Bid Request;

provided, however , that:

(i) in the case of the continuation of a Eurodollar Loan pursuant to Section 2.11(b), the Interest Period applicable after the continuation of such Loan shall commence on the last day of the preceding Interest Period;

(ii) if any Interest Period applicable to a Eurodollar Loan would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(iii) any Interest Period applicable to a Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iv) no Interest Period for any Loan shall extend beyond the Maturity Date.

" *IRS* " means the Internal Revenue Service of the United States of America.

" *Lender* " has the meaning specified in the preamble and includes each Lender listed on the signature pages hereof and each Person which becomes a Lender pursuant to Section 10.08.

" *Lender Affiliate* " means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

" *Lending Office* " means, with respect to any Lender, the office or offices of such Lender as specified in such Lender's Administrative Questionnaire delivered to the Administrative Agent.

" *Level I Status* " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB+ (or the equivalent) or higher by S&P and Baa1 (or the equivalent) or higher by Moody's and (b) the Debt Rating for the Short-Term Index

Debt is rated A2 or higher by Moody's and P2 or higher by S&P.

" *Level II Status* " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB (or the equivalent) by S&P and Baa2 (or the equivalent) by Moody's and (b) the Debt Rating for the Short-Term Index Debt is rated A2 or higher by Moody's and P2 or higher by S&P.

" *Level III Status* " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB- (or the equivalent) by S&P and Baa3 (or the equivalent) by Moody's or (b) (i) the Debt Rating for the Short-Term Index Debt is rated lower than A2 by Moody's or lower than P2 by S&P and (ii) neither Level IV Status nor Level V Status exists.

" *Level IV Status* " exists at any date if, at such date the Debt Rating for the Index Debt is BB+ (or the equivalent) by S&P and Ba1 (or the equivalent) by Moody's.

" *Level V Status* " exists at any date if, at such date the Debt Rating for the Index Debt is BB (or the equivalent) or lower by S&P or Ba2 (or the equivalent) or lower by Moody's.

" *Leverage Ratio* " means, at any date of determination, the ratio of (a) Indebtedness for Borrowed Money at such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters for which financial statements have most recently been delivered under Section 6.09(a) or (b).

" *LIBOR* " means, with respect to any Eurodollar Loan or LIBOR Bid Loan for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity

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comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBOR" with respect to such Eurodollar Loan or LIBOR Bid Loan for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

" *LIBOR Bid Loan* " means any Bid Loan that bears interest at a rate determined with reference to LIBOR.

" *LIBOR Bid Margin* " has the meaning specified in Section 2.04(b)(ii)(B).

" *Lien* " means any lien, charge, security interest or encumbrance or any other type of preferential arrangement (including liens or retained security titles of conditional vendors and capitalized leases but excluding any right of set-off).

" *Loan* " means an extension of credit by a Lender pursuant to Article II and may be a Committed Loan or a Bid Loan.

" *Loan Documents* " means this Agreement, the Guarantee Agreement, any promissory notes delivered pursuant to this Agreement, the Notices of Borrowing, the Notices of Conversion/Continuation and the Competitive Bid Requests.

" *Majority Lenders* " means at any time (i) Lenders holding more than 50% of the Commitments or (ii) after the Commitments expire or terminate or the Loans become due and payable pursuant to Article VIII or for purposes of declaring the Loans to be due and payable pursuant to Article VIII, Lenders holding more than 50% of the outstanding Loans, including outstanding Bid Loans.

" *Margin Stock* " shall have the meaning given such term under Regulation U.

" *Material Adverse Effect* " means (a) an adverse change in, or an adverse effect upon, the financial condition, business, prospects or properties of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) any material adverse change in the rights or remedies of the Lenders under the Loan Documents or the ability of the Borrower to perform its obligations under any of the Loan Documents; or (c) any material adverse change in the legality, validity or enforceability of any Loan Document.

" *Maturity Date* " means the first anniversary of the Termination Date.

" *Merger* " means the merger of IBP with and into Merger Co. in accordance with the Merger Agreement.

" *Merger Agreement* " means the Agreement and Plan of Merger dated as of January 1, 2001, among IBP, the Borrower and Merger Co., as modified by the Stipulation and Order dated June 27, 2001, with no changes therefrom adverse to the Lenders.

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" *Merger Co.* " means Lasso Acquisition Corporation, a Delaware corporation and a wholly-owned Subsidiary of the Borrower.

" *Moody's* " means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

" *Multitemployer Plan* " means, with respect to any Person, at any time, a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which such Person or any member of its Controlled Group is making, or is obligated to make contributions or has made, or been obligated to make, contributions.

" *Net Worth* " means, with respect to any Person, at any date of determination, shareholders' equity as determined in accordance with GAAP.

" *Notice of Borrowing* " has the meaning specified in Section 2.02(a).

" *Notice of Conversion/Continuation* " has the meaning specified in Section 2.11(b).

" *Obligations* " means all Loans, other Indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to any Lender, the Administrative Agent, any Affiliate of any of the foregoing or any Indemnified Party, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, arising under this Agreement or under any other Loan Document, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term "Obligations" includes all interest, charges, expenses, fees, attorneys' fees and disbursements (including the allocated cost of in-house counsel) and any other sum chargeable to the Borrower under this Agreement or any other Loan Document.

" *OSHA* " has the meaning specified in the definition of Environmental Laws.

" *Other Taxes* " has the meaning specified in Section 3.05(b).

" *Participant* " has the meaning specified in Section 10.08(e).

" *PBGC* " means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

" *Percentage Share* " means, as to any Lender, at any time, such Lender's percentage share of the Aggregate Commitments, as set forth opposite such Lender's name in Schedule 1.01(a) under the heading "Percentage Share" or set forth in any Assignment and Acceptance delivered pursuant to Section 10.08, as such percentage may be modified from time to time in connection with any assignment of the Commitment of such Lender in accordance with the terms hereof.

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" *Permitted Disposition* " means, any disposition (except as otherwise permitted under Section 7.07) made by the Borrower or any of its Subsidiaries of any of its assets if the net income for the most recently completed four fiscal quarter period for which financial statements have been delivered pursuant to Section 6.09(a) or (b) derived from the assets subject to such disposition together with the net income for such period derived from all other assets sold or otherwise disposed of during or after such period does not exceed 10% of Consolidated Net Income (calculated as if the Merger had occurred as of the Effective Date) for such period.

" *Permitted Investments* " means:

(a) securities issued or fully guaranteed or insured by the United States Government or any agency thereof and backed by the full faith and credit of the United States of America having maturities of not more than one year from the date of acquisition;

(b) certificates of deposit, time deposits, Eurodollar time deposits, overnight bank deposits, repurchase agreements, reverse repurchase agreements or bankers' acceptances, having in each case a tenor of not more than one year issued by any Lender, or by any United States commercial bank or any branch or agency of a non-United States bank licensed to conduct business in the United States of America having a combined capital and surplus of not less than \$500,000,000 whose short term securities are rated at least A-1 by S&P and P-1 by Moody's;

(c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's and in either case having a tenor of not more than 270 days; and

(d) money-market funds invested in short-term securities rated at least as provided in clause (b) above.

" *Permitted Lien Basket* " means 10% of Total Capitalization.

" *Permitted Liens* " has the meaning specified in Section 7.01.

" *Person* " means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

" *Plan* " means, with respect to the Borrower or any member of its Controlled Group, at any time, an employee pension benefit plan as defined in Section 3(2) of ERISA (including a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is maintained for the employees of such Person or any member of its Controlled Group.

" *Priority Debt* " means (a) any Indebtedness secured by a Lien (including in connection with capital leases or other financing leases) encumbering any asset of the Borrower or any of its Subsidiaries, (b) any Indebtedness of any Subsidiary of the Borrower (other than Indebtedness of IBP under the Guarantee Agreement, Indebtedness of IBP owed to the Borrower and Indebtedness (in an amount not to

exceed the amount of the guarantee of the Obligations under the Guarantee Agreement) of IBP), (c) any receivables purchase transaction involving receivables of the Borrower or any of its Subsidiaries or any other securitization of assets of the Borrower or any of its Subsidiaries and (d) any sale-leaseback transaction involving assets of the Borrower or any of its Subsidiaries.

" *Receivables Bridge Facility* " means the senior unsecured bridge credit facility of the Borrower in an aggregate principal amount of \$350,000,000, established under the credit agreement dated as of August 3, 2001, among the Borrower, the lenders party thereto and The Chase Manhattan Bank, as administrative agent.

" *Receivables Facility* " means an accounts receivable securitization established by the Borrower in an aggregate principal amount of up to \$750,000,000.

" *Reference Rate* " means the higher of (a) the Federal Funds Rate plus 1/2% and (b) the rate of interest (the "Prime Rate") publicly announced from time to time by the Administrative Agent, as its prime rate in effect at its principal office in New York City. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

" *Reference Rate Loan* " means any Committed Loan that bears interest at a rate determined with reference to the Reference Rate.

" *Register* " has the meaning specified in Section 10.08(c).

" *Regulation U* " shall mean Regulation U of the Board of Governors of the Federal Reserve System of the United States

of America as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" *Reportable Event* " means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder.

" *Replacement Lender* " has the meaning specified in Section 3.13(b).

" *Requirement of Law* " means, with respect to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation (including Environmental Laws and ERISA) or order, decree or other determination of an arbitrator or a court or other Governmental Authority applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

" *Responsible Officer* " means, with respect to any Person, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or the Secretary of such Person.

" *Restricted Payment* " means any dividend (other than dividends payable solely in Stock of the Borrower and dividends paid by any wholly-owned Subsidiary of the Borrower to the Borrower or any other wholly-owned Subsidiary of the Borrower) or any other distribution with respect to any Stock of the Borrower or any of its Subsidiaries, whether now or hereafter outstanding, or any payment on account of the

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purchase, acquisition, redemption or other retirement, directly or indirectly, of any shares of such Stock (other than the purchase of Stock in the ordinary course in connection with employee benefit plans of the Borrower or its Subsidiaries, including employee stock purchase plans and stock option plans).

" *Short-Term Index Debt* " means senior, unsecured short-term Indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

" *S&P* " means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

" *Solvent* " means, with respect to any Person, that the fair value of the assets of such Person (both at fair valuation and at present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person as of such date and that, as of such date, such Person is able to pay all liabilities of such Person as such liabilities mature and such Person does not have unreasonably small capital with which to carry on its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

" *Stock* " means all shares, options, interests, participations or other equivalents (regardless of how designated) of or in a corporation or other entity, whether voting or non-voting, of any class and includes, common stock, preferred stock or warrants or options for any of the foregoing.

" *Subsidiary* " means, with respect to any Person, any corporation more than 50% of whose stock having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation is at the time owned by such Person, directly or indirectly through one or more Subsidiaries. At all times on and after the date of the Acquisition, IBP and its Subsidiaries will constitute Subsidiaries of the Borrower.

" *Taxes* " has the meaning specified in Section 3.05(a).

" *Tender Offer* " means the Offer (as defined in the Merger Agreement) of the Borrower and Merger Co. to acquire 50.1% of the issued and outstanding shares of IBP common stock.

" *Termination Date* " means September 23, 2002.

" *Total Capitalization* " means, at any date, the sum of (a) the aggregate amount of Indebtedness for Borrowed Money and (b) Net Worth of the Borrower and its consolidated Subsidiaries.

" *Transactions* " means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof, the Acquisition, the Merger and the assumption and refinancing of Indebtedness and the other transactions contemplated by the Borrower to be effected in connection

" *Tyson Limited Partnership* " means that certain Delaware limited partnership of the same name of which Mr. Don Tyson is the Managing General Partner.

SECTION 1.02. *Computation of Time Periods.* In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.02. *Accounting Matters.* Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. IBP and its Subsidiaries will be deemed to be consolidated Subsidiaries of the Borrower at all times on and after the date of the Acquisition.

SECTION 1.04. *Certain Terms.* The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole, including the Exhibits and Schedules hereto, as the same may from time to time be amended, supplemented, amended and restated or otherwise modified and not to any particular Article, Section, paragraph or clause in this Agreement. The word "includes" and "including" when used herein is not intended to be exclusive and means "includes, without limitation" and "including, without limitation." References herein to an Article, Section, paragraph or clause shall refer to the appropriate Article, Section, paragraph or clause in this Agreement.

ARTICLE II

Amounts and Terms of the Loans

SECTION 2.01 *Amounts and Terms of Commitments.* Each Lender severally agrees, on the terms and subject to the conditions hereinafter set forth, to make Committed Loans to the Borrower (each such Loan, a "Committed Loan") from time to time on any Business Day during the period from the Effective Date to the Termination Date, in an aggregate principal amount not to exceed at any time outstanding such Lender's Commitment; provided, however, that after giving effect to any Borrowing of Committed Loans, (a) the aggregate principal amount of all outstanding Committed Loans plus (b) the aggregate principal amount of all outstanding Bid Loans shall not exceed the Aggregate Commitments. Within the limits of each Lender's Commitment, the Borrower may on and prior to the Termination Date borrow under this Section 2.01, prepay pursuant to Section 2.07 and reborrow pursuant to this Section 2.01. Loans repaid or prepaid after the Termination Date may not be reborrowed.

SECTION 2.02 *Procedure for Committed Borrowing.*

(a) Each Committed Borrowing shall be made upon the irrevocable notice of the Borrower, received by the Administrative Agent not later than 12:00 noon (New York City time) (i) three Business Days prior to the date of the proposed Borrowing, in the case of Eurodollar Loans; and (ii) one Business Day prior to the date of the proposed Borrowing, in the case of Reference Rate Loans; provided, however, that in case of a Committed Borrowing of Reference Rate Loans after the cancellation of a Bid Borrowing pursuant to Section 2.04(c)(i), the Borrower may give such notice to the Administrative Agent not later than 11:00 a.m. (New York City time) on the date of such Committed Borrowing. Each such notice of a Committed Borrowing (a "Notice of Borrowing") shall be in writing (including by facsimile confirmed immediately by telephone), in substantially the form of Exhibit 2.02 specifying:

(i) the requested borrowing date, which shall be a Business Day;

(ii) the aggregate amount of the Borrowing, which (A) shall not exceed the unused portion of the Aggregate Commitments and (B) shall be a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) whether the Borrowing is to be comprised of Eurodollar Loans or Reference Rate Loans; and

(iv) if the Borrowing is to be comprised of Eurodollar Loans, the duration of the initial Interest Period applicable to such Loans. If the Notice of Borrowing shall fail to specify the duration of the initial Interest Period for any Borrowing comprised of Eurodollar Loans, such Interest Period shall be three months.

(b) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender thereof and of the amount of such Lender's Percentage Share of such Borrowing.

(c) Each Lender shall make the amount of its Percentage Share of the Committed Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Payment Office by 12:00 noon (New York City time) on the borrowing date requested by the Borrower in funds immediately available to the Administrative Agent. Unless any applicable condition specified in Article V has not been satisfied, the Administrative Agent will make the funds so received from the Lenders promptly available to the Borrower by crediting the account of the Borrower on the books of the Administrative Agent (or such other account as shall have been specified by the Borrower) with the aggregate amount made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

(d) After giving effect to any Committed Borrowing, there shall not be more than twelve different Interest Periods in effect in respect of all Committed Loans together.

SECTION 2.03. *Bid Borrowings.* In addition to Committed Borrowings pursuant to Section 2.01, each Lender severally agrees that the Borrower may, as set forth in Section 2.04, from time to time on any Business Day during the period from the Effective Date to the Termination Date, request the Lenders to submit offers to make Bid Loans to the Borrower; provided, however, that the Lenders may, but shall have no obligation to, submit such offers and the Borrower may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall the sum of (a) the aggregate principal amount of all outstanding Bid Loans made by all Lenders plus (b) the aggregate principal amount of all outstanding Committed Loans exceed the Aggregate Commitments.

SECTION 2.04. *Procedure for Bid Borrowings.*

(a) The Borrower may request a Bid Borrowing hereunder by delivering to the Administrative Agent and each Lender by facsimile not later than 12:00 noon (New York City time) (i) three Business Days prior to the date of the proposed Borrowing, in the case of LIBOR Bid Loans; and (ii) one Business Day prior to the date of the proposed Borrowing, in the case of Absolute Rate Bid Loans, a solicitation for Bid Loans (a "Competitive Bid Request"), in substantially the form of Exhibit 2.04(a), specifying:

(i) the requested borrowing date, which shall be a Business Day;

(ii) the aggregate amount of the Borrowing, which shall be a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) whether the Bid Loans requested are LIBOR Bid Loans or Absolute Rate Bid Loans;

(iv) the duration of the Interest Period applicable to such Bid Loans, which shall be not less than five days and not more than 183 days and which shall not extend beyond the Termination Date; and

(v) any other terms to be applicable to such Bid Loans.

(b) (i) Each Lender may, in response to a Competitive Bid Request, in its discretion, irrevocably submit to the Borrower a Competitive Bid containing an offer or offers to make one or more Bid Loans. Each Competitive Bid must be

submitted to the Borrower by facsimile before 10:00 a.m. (New York City time) (i) two Business Days prior to the proposed date of Borrowing, in the case of a request for LIBOR Bid Loans and (ii) on the proposed date of Borrowing, in the case of a request for Absolute Rate Bid Loans.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit 2.04(b), specifying:

(A) the minimum amount of each Bid Loan for which such Competitive Bid is being made, which shall be \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and the maximum amount thereof, which may not exceed the principal amount of Bid Loans for which Competitive Bids were requested (but which may exceed such Lender's Commitment);

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(B) the rate or rates of interest per annum offered for each Bid Loan, which, in the case of a LIBOR Bid Loan, shall be expressed as a percentage (rounded to the nearest 1/100%) to be added to or subtracted from the applicable LIBOR (the "LIBOR Bid Margin");

(C) the applicable Interest Period for each Bid Loan offered by it; and

(D) the identity and the applicable Lending Office of the quoting Lender.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit 2.04(b) or does not specify all of the information required by clause (ii) above;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Competitive Bid Request; or

(D) arrives after the time set forth in clause (i) above.

(c) Not later than 11:00 a.m. (New York City time) (i) two Business Days prior to the proposed date of Borrowing, in the case of LIBOR Bid Loans and (ii) on the date of such Bid Borrowing, in the case of Absolute Rate Loans, the Borrower shall either

(i) cancel such Borrowing by giving the Administrative Agent and the Lenders notice thereof (which notice may be given by telephone, confirmed by facsimile); or

(ii) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (b) above, in its sole discretion, by giving notice (which notice may be given by telephone, confirmed by facsimile) (A) to such Lender or Lenders of the amount of each Bid Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by such Lender for such Bid Loan pursuant to paragraph (b) above) to be made by each such Lender as part of such Bid Borrowing, and reject any remaining offers made by the Lenders and give notice to that effect, and (B) to the Administrative Agent of the date of such Borrowing and the aggregate amount thereof (which may not exceed the applicable amount set forth in the related Competitive Bid Request); provided, however, that acceptance by the Borrower of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates within each Interest Period; and, provided, further, that if offers are made by two or more Lenders with the same LIBOR Bid Margins or Absolute Rates for a greater aggregate principal amount than the amount for which such offers are accepted for the related Interest Rate Period, the principal amount of Bid Loans accepted shall be allocated by the Borrower among such Lenders as nearly as possible (in multiples not less than \$1,000,000) in proportion to the aggregate principal amount of such offers;

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provided, however, that in the event the Borrower does not, before the time stated above, either cancel the proposed Bid

Borrowing pursuant to clause (i) above or accept one or more of the offers pursuant to clause (ii) above, such Bid Borrowing shall be deemed cancelled and provided further, that in the event the Borrower accepts one or more of the offers pursuant to clause (ii) above but does not expressly reject or accept the remaining offers, such remaining offers shall be deemed rejected.

(d) (i) If the Borrower accepts one or more of the offers to make Bid Loans made by any Lender or Lenders pursuant to paragraph (c)(ii) above, each such Lender shall, subject to the satisfaction of the conditions precedent specified in Section 5.02, before 12:00 noon (New York City time) on the date of the Bid Borrowing, make available to the Borrower at such Lender's Lending Office such Lender's portion of such Bid Borrowing in same day funds.

(ii) Promptly after accepting a Bid Loan offer on the date of each Bid Borrowing, the Borrower shall notify the Administrative Agent of (1) the aggregate amount of Bid Loans made in connection with such Bid Borrowing (which amount may not exceed the amount requested pursuant to Section 2.04(a)(ii)), (2) each date on which any Bid Loan shall mature, (3) the principal amount of Bid Loans which shall mature on each such date, (4) the highest and the lowest Competitive Bid submitted by the Lenders in connection with each Competitive Bid Request, and (5) the highest and the lowest Competitive Bid accepted by the Borrower.

(e) Upon being notified by the Borrower of the amount of, and the applicable Interest Period for, any LIBOR Bid Loan, the Administrative Agent shall determine LIBOR (as provided in the definition of LIBOR) and give prompt notice to the Borrower and the relevant Lender or Lenders thereof.

SECTION 2.05. *Evidence of Indebtedness.*

(a) Each Lender, with respect to amounts payable to it hereunder, and the Administrative Agent, with respect to all amounts payable hereunder, shall maintain on its books in accordance with its usual practice, loan accounts, setting forth each Committed Loan, and, in the case of each Lender having made a Bid Loan, each such Bid Loan, the applicable interest rate and the amounts of principal, interest and other sums paid and payable by the Borrower from time to time hereunder with respect thereto; provided, however, that the failure by any Lender to record any such amount on its books shall not affect the obligations of the Borrower with respect thereto. In the case of any dispute, action or proceeding relating to any amount payable hereunder, the entries in each such account shall be conclusive evidence of such amount absent manifest error.

(b) Notwithstanding the foregoing, if any Lender shall so request for purposes of Section 10.08(g), the obligation to repay the Committed Loans shall also be evidenced by a promissory note in the form of Exhibit 2.05(b).

(c) The obligation to repay any Bid Loan shall also, if so requested by the Lender making such Bid Loan, be evidenced by a promissory note in the form of Exhibit 2.05(c).

SECTION 2.06. *Termination and Reduction of the Commitments.*

(a) Unless previously terminated, the Commitments shall terminate on the Termination Date.

(b) The Borrower may, at any time and from time to time, upon not less than three Business Days' prior notice to the Administrative Agent, terminate the Aggregate Commitments or permanently reduce the Aggregate Commitments by an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided, however, that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayment of Loans made on the effective date thereof, the then outstanding principal amount of Committed Loans and Bid Loans would exceed the Aggregate Commitments then in effect and, provided, further, that once reduced in accordance with this Section 2.06, the Aggregate Commitments may not be increased. Any reduction of the Aggregate Commitments shall be applied to each Lender's Commitment in accordance with such Lender's Percentage Share.

SECTION 2.07. *Optional Prepayments.*

(a) Subject to Section 3.10, the Borrower may upon notice to the Administrative Agent, stating the proposed date and aggregate principal amount of the prepayment, received by the Administrative Agent not later than 12:00 noon (New York City time) (i) not less than three Business Days prior to the proposed date of prepayment, in the case of a prepayment of Eurodollar Loans and (ii) not less than one Business Day prior to the proposed date of prepayment, in the case

of a prepayment of Reference Rate Loans, prepay ratably among the Lenders, the outstanding principal amount of any Committed Loans in whole or in part, together (other than in the case of a prepayment of a Reference Rate Loan prior to the earlier of the Maturity Date and the date of termination of the Commitments hereunder, other than pursuant solely to the occurrence of the Termination Date) with accrued interest to the date of such prepayment on the principal amount prepaid. Each such partial prepayment shall be in an aggregate principal amount of not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided, however, that if the aggregate amount of Eurodollar Loans comprised in the same Borrowing shall be reduced as a result of any optional prepayment to an amount less than \$5,000,000, the Eurodollar Loans comprised in such Borrowing shall automatically convert into Reference Rate Loans at the end of the then current Interest Period. If any notice of prepayment is given, the principal amount stated therein, together (other than in the case of a prepayment of a Reference Rate Loan prior to the earlier of the Maturity Date and the date of termination of the Commitments hereunder, other than pursuant solely to the occurrence of the Termination Date) with accrued interest to the date of prepayment, shall be due and payable on the date specified in such notice.

(b) The Borrower may not voluntarily prepay any Bid Loan prior to the maturity date thereof.

SECTION 2.08. *Repayment* .

(a) The Committed Loans. The outstanding principal amount of all Committed Loans shall be repaid on the Termination Date; provided that if the Borrower so elects and no Event of Default has occurred and is continuing, the outstanding principal amount of all Committed Loans shall be repaid on the Maturity Date.

(b) The Bid Loans. Each Bid Loan shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable thereto; provided, however, that the outstanding principal amount of all Bid Loans shall be repaid on the Termination Date.

SECTION 2.09. *Interest*.

(a) Subject to Section 2.10, each Committed Loan shall bear interest, at the option of the Borrower (i) with respect to Reference Rate Loans, at a rate per annum equal to the sum of the Reference Rate plus the applicable margin set forth below or (ii) with respect to Eurodollar Loans, at a rate per annum equal to the sum of LIBOR plus the applicable margin set forth below:

| | <i><u>Applicable Margin</u></i> | |
|---------------------------|-------------------------------------|---------------------------------|
| <i><u>Debt Rating</u></i> | <i><u>Reference Rate Margin</u></i> | <i><u>Eurodollar Margin</u></i> |
| Level I Status | 0.000% | 0.650% |
| Level II Status | 0.000% | 0.875% |
| Level III Status | 0.325% | 1.325% |
| Level IV Status | 0.475% | 1.475% |
| Level V Status | 0.875% | 1.875% |

(b) For purposes of Section 2.09(a), (i) if either Moody's or S&P shall not have in effect a Debt Rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Index Debt of Level V Status; (ii) if either Moody's or S&P shall not have in effect a Debt Rating for Short-Term Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Short-Term Index Debt of Level III Status,

provided that if Level IV Status or Level V Status shall exist, the applicable margin shall be based on Level IV Status or Level V Status, as applicable; (iii) if the Debt Ratings for Index Debt established or deemed to have been established by Moody's and S&P shall fall within different Levels, the applicable margin shall be based on the lower of the two Debt Ratings unless one of the two Debt Ratings is of Level I Status, in which case the applicable margin shall be determined by reference to Level I Status; and (iv) if the Debt Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by S&P or Moody's. Any change in the applicable margin due to a change in the applicable Debt Rating shall be effective on the effective date of such change in the Debt Rating and shall apply to all Committed Loans that are outstanding at any time during the period commencing on the effective date of such change in the Debt Rating and ending on the date immediately preceding the effective date of the next such change in the Debt Rating which results in a change in the applicable margin. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this Section and the relevant definitions to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the applicable margin shall be determined by reference to the Debt Rating most recently in effect prior to such change or cessation.

(c) Accrued and unpaid interest in respect of each Committed Loan shall be paid on each Interest Payment Date, on the earlier of the Maturity Date and the date of termination, other than pursuant solely to the occurrence of the Termination Date, of the Commitments hereunder, on the date of any prepayment or repayment (other than a prepayment or repayment of Reference Rate Loans) of Committed Loans.

(d) The Borrower shall pay to each Lender which had made a Bid Loan interest on the unpaid principal amount of such Bid Loan from the date when made until paid in full, on each Interest Payment Date and on the earlier of the Termination Date and the date of termination of the Commitments hereunder, at a rate per annum equal to LIBOR plus (or minus) the LIBOR Bid Margin, or the Absolute Rate, as the case may be, as specified by such Lender in its Competitive Bid pursuant to Section 2.04(b)(ii).

SECTION 2.10. *Default Interest.* Notwithstanding the provisions of Section 2.09, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to Reference Rate Loans as provided in paragraph (a)(i) of Section 2.09.

SECTION 2.11. *Continuation and Conversion Elections for Committed Borrowings.*

(a) The Borrower may upon irrevocable written notice to the Administrative Agent in accordance with paragraph (b) below:

(i) elect to convert, on any Business Day, any Reference Rate Loans (or any part thereof in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof) into Eurodollar Loans;

(ii) elect to convert, on any Business Day, any Eurodollar Loans (or any part thereof in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof) into Reference Rate Loans; or

(iii) elect to continue, on the expiration date of any Interest Period, any Eurodollar Loans maturing on such Interest Payment Date;

provided, however, that if on the expiration date of any Interest Period the aggregate amount of outstanding Eurodollar Loans comprised in the same Committed Borrowing shall have been reduced as a result of the conversion of part thereof to an amount less than \$5,000,000, the remaining Eurodollar Loans comprised in such Borrowing shall automatically convert into Reference Rate Loans on such date and on and after such date the right of the Borrower to continue such Loans as Eurodollar Loans shall terminate.

(b) The Borrower shall deliver a notice of conversion or continuation (a "Notice of Conversion/Continuation"), in substantially the form of Exhibit 2.11, to the Administrative Agent not later than 12:00 noon (New York City time) (i) three Business Days prior to the proposed date of conversion or continuation, if the Committed Loans or any portion thereof are to be converted into or

continued as Eurodollar Loans; and (ii) one Business Day prior to the proposed date of conversion, if the Committed Loans or any portion thereof are to be converted into Reference Rate Loans.

Each such Notice of Conversion/Continuation shall be by facsimile confirmed immediately by telephone specifying therein:

- (i) the proposed date of conversion or continuation;
- (ii) the aggregate amount of Committed Loans to be converted or continued;
- (iii) the nature of the proposed conversion or continuation; and
- (iv) the duration of the requested Interest Period.

(c) If, upon the expiration of any Interest Period applicable to Eurodollar Loans, the Borrower shall have failed to select a new Interest Period to be applicable to such Eurodollar Loans, or if an Event of Default shall then have occurred and be continuing, the Borrower shall be deemed to have elected to convert such Eurodollar Loans into Reference Rate Loans effective as of the expiration date of such current Interest Period.

(d) Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender thereof or, if no timely notice is provided, the Administrative Agent shall promptly notify each Lender of the details of any automatic conversion. All conversions and continuations shall be made pro rata among the Lenders based on the respective outstanding principal amounts of the Loans with respect to which such notice was given held by each Lender.

(e) After giving effect to any conversion or continuation of any Committed Loans, there shall not be more than twelve different Interest Periods in effect in respect of all Committed Loans together.

ARTICLE III

Fees; Payments; Taxes; Changes in Circumstances

SECTION 3.01. *Fees.*

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee equal to the percentage per annum set forth below times such Lender's Commitment (regardless of utilization) or, after the Termination Date, times the aggregate daily outstanding amount of such Lender's Loans:

| <i>Debt Rating</i> | <i>Facility Fee</i> |
|--------------------|---------------------|
| Level I Status | 0.100% |
| Level II Status | 0.125% |
| Level III Status | 0.175% |
| Level IV Status | 0.275% |
| Level V Status | 0.375% |

(ii) For purposes of this Section 3.01(a), (i) if either Moody's or S&P shall not have in effect a Debt Rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Index Debt of Level V Status; (ii) if either Moody's or S&P shall not have in effect a Debt Rating for Short-Term Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Short-Term Index Debt of Level III Status, provided that if Level IV Status or Level V Status shall exist, the applicable margin shall be based on Level IV Status or Level V Status, as applicable; (iii) if the Debt Ratings for Index Debt established or deemed to have been established by Moody's and S&P shall fall within different Levels, the facility fee shall be based on the lower of the two Debt Ratings unless one of the two Debt Ratings is of Level I Status, in which case the facility fee shall be determined by reference to Level I Status; and (iv) if the Debt Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by S&P or Moody's. Any change in the facility fee due to a change in the applicable Debt Rating shall be effective on the effective date of such change in the Debt Rating. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this Section and the relevant definitions to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the facility fee shall be determined by reference to the Debt Rating most recently in effect prior to such change or cessation.

(iii) The facility fee shall accrue from the Effective Date to the Maturity Date and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing in the calendar quarter ending on September 30, 2001 and on the Maturity Date, provided that if any Loans shall be outstanding after the Maturity Date, then the facility fee shall continue to accrue on the daily outstanding amount of such Loans from and including the Maturity Date to but excluding the date on which such Loans are repaid in full, and such facility fee shall be payable on demand.

(b) The Borrower agrees to pay to the Administrative Agent, for the Administrative Agent's own account, fees in the amounts and at the times set forth in the Administrative Agent's Fee Letter.

SECTION 3.02. *Computation of Fees and Interest.*

(a) All computations of interest payable in respect of Reference Rate Loans shall be made on the basis of a year of 365 days or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest under this Agreement shall be made on the basis of a year of 360 days and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

SECTION 3.03. *Payments by the Borrower.*

(a) All payments (including prepayments) to be made by the Borrower hereunder shall be made without set-off or counterclaim and shall, except as expressly provided herein, be made to the Administrative Agent for the ratable account of the Lenders at the Administrative Agent's Payment Office, in dollars and in immediately available funds, not later than 12:00 noon New York City time on the date specified herein; provided, however, that unless otherwise specified herein, each payment in respect of a Bid Loan shall be made directly to the relevant Lender to the Lending Office of such Lender. The Administrative Agent will promptly after receiving any payment of principal, interest, fees and other amounts from the Borrower distribute to each Lender its Percentage Share (or other applicable share as expressly provided herein) of such payment for the account of its respective Lending Office. Any payment which is received by the Administrative Agent after 12:00 noon (New York City time) shall be deemed to have been received on the immediately succeeding Business Day.

(b) Whenever any payment of a Committed Loan (and unless otherwise stated in the relevant Competitive Bid Request, a Bid Loan) shall be stated to be due on a day other than a Business Day, such payment shall be made

on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest and fees, as the case may be; provided, however, that if such extension would cause any payment of principal of or interest on Eurodollar Loans to be made in the next calendar month, such payment shall be made on the immediately preceding Business Day.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent, on demand, the excess of the amount distributed to such Lender over the amount, if any, paid by the Borrower, together with interest thereon at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for each day from the date such amount is distributed to such Lender to the date such Lender repays such amount to the Administrative Agent.

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SECTION 3.04. *Payments by the Lenders to the Administrative Agent.*

(a) Unless the Administrative Agent shall have received notice from a Lender on the Effective Date, or, with respect to each Committed Borrowing after the Effective Date, at least one Business Day prior to the date of such Borrowing that such Lender will not make available to the Administrative Agent for the account of the Borrower the amount of such Lender's Percentage Share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of such Borrowing and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made such full amount available to the Administrative Agent and the Administrative Agent in such circumstances makes available to the Borrower such amount, such Lender shall, within two Business Days following the date of such Borrowing, make such amount available to the Administrative Agent, together with interest at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation for and determined as of each day during such period. If such amount is so made available, such payment to the Administrative Agent shall constitute such Lender's Committed Loan on the date of the Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent within two Business Days following the date of such Borrowing, the Administrative Agent shall notify the Borrower of such failure to fund and, on the third Business Day following the date of such Borrowing, the Borrower shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing. Nothing contained in this Section 3.04(a) shall relieve any Lender which has failed to make available its Percentage Share of any Committed Borrowing hereunder from its obligation to do so in accordance with the terms hereof.

(b) The failure of any Lender to make any Committed Loan on the date of any Committed Borrowing shall not relieve any other Lender of its obligation hereunder to make a Loan on the date of such Borrowing pursuant to the provisions contained herein, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Committed Borrowing.

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SECTION 3.05. *Taxes.*

(a) Subject to Section 3.05(g), any and all payments by or on account of any obligation of the Borrower to each Lender or the Administrative Agent under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with

respect thereto, excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes, franchise taxes or branch profit taxes) as are imposed on or measured by such Lender's or the Administrative Agent's, as the case may be, net income by the jurisdiction under the laws of which such Lender or the Administrative Agent, as the case may be, is organized or maintains a Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes, intangible taxes, mortgage recording taxes or any other sales, excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Subject to Section 3.05(g), the Borrower shall indemnify and hold harmless each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.05) paid by such Lender or the Administrative Agent, as the case may be, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date such Lender or the Administrative Agent, as the case may be, makes written demand therefor.

(d) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, then, subject to Section 3.05(g),

(i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.05) such Lender or the Administrative Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made;

(ii) the Borrower shall make such deductions; and

(iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(e) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing such payment, or other evidence of such payment satisfactory to the Administrative Agent.

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(f) Each Lender which is a foreign Person (i.e., a Person other than a United States Person for United States Federal income tax purposes) hereby agrees that:

(i) it shall no later than on the Effective Date (or, in the case of a Lender which becomes a party hereto pursuant to Section 10.08 after the Effective Date, the date upon which such Lender becomes a party hereto) deliver to the Administrative Agent (two originals) and to the Borrower (one original):

(A) if any Lending Office is located in the United States of America, accurate and complete signed copies of IRS Form W-8ECI or any successor thereto ("Form W-8ECI"), and/or

(B) if any Lending Office is located outside the United States of America, accurate and complete signed copies of IRS Form W-8BEN or any successor thereto ("Form W-8BEN"),

in each case indicating, where eligible, that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such Lending Office or Lending Offices under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time such Lender changes its Lending Office or Lending Offices or selects an additional Lending Office it shall, at the same time, but only to the extent the forms previously delivered by it hereunder are no longer effective, deliver to the Administrative Agent (two originals) and to the Borrower (one original), in replacement for the forms previously delivered by

it hereunder:

(A) if such changed or additional Lending Office is located in the United States of America, accurate and complete signed originals of Form W-8ECI; or

(B) otherwise, accurate and complete signed originals of Form W-8BEN,

in each case indicating, where eligible, that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such changed or additional Lending Office under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, upon the expiration of the most recent Form W-8ECI or Form W-8BEN previously delivered by such Lender or upon such Form becoming inaccurate, incomplete or obsolete in any respect (in each case, other than as a result of any event mentioned in clause (ii) above), deliver to the Administrative Agent (two originals) and to the Borrower (one original) accurate and complete signed copies of Form W-8ECI or Form W-8BEN in replacement for the forms previously delivered by such Lender;

(iv) it shall, promptly upon the request of the Administrative Agent or the Borrower, deliver to the Administrative Agent and the Borrower, such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Lender's tax status for withholding purposes;

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(v) if such Lender claims exemption from withholding tax under a United States tax treaty by providing a Form W-8BEN and such Lender sells or grants a participation of all or part of its rights under this Agreement, it shall notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner under this Agreement. To the extent of this percentage amount, the Administrative Agent shall treat such Lender's Form W-8BEN as no longer in compliance with this Section 3.05(f). In the event a Lender claiming exemption from United States withholding tax by filing Form W-8ECI with the Administrative Agent, sells or grants a participation in its rights under this Agreement, such Lender agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code; and

(vi) if the IRS or any authority of the United States of America or other jurisdiction asserts a claim that the Administrative Agent or the Borrower did not properly withhold tax from amounts paid to or for the account of any Lender (but only to the extent such claim arises because the appropriate form was not delivered, was not properly executed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from withholding tax ineffective or because of such Lender's sale of a participating interest in a Loan), such Lender shall indemnify the Administrative Agent and/or the Borrower, as applicable, fully for all amounts paid, directly or indirectly, by the Administrative Agent and/or the Borrower, as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent or the Borrower under this Section 3.05(f), together with all costs, expenses and attorneys' fees (including the allocated cost of in-house counsel).

Without limiting or restricting any Lender's right to increased amounts under Section 3.05(d) from the Borrower subject to satisfaction of such Lender's obligations under the provisions of this Section 3.05(f), if such Lender is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by clause (i) above are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to the Lender not providing such forms or other documentation, an amount equivalent to the applicable withholding tax. In addition, the Administrative Agent may also withhold against periodic payments other than interest payments to the extent United States withholding tax is not eliminated by obtaining Form W-8ECI or Form W-8BEN.

(g) The Borrower shall not be required to pay any additional amounts in respect of United States Federal income tax pursuant to Section 3.05(d) to any Lender that is a foreign Person for the account of any Lending Office of such Lender:

(i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Lender to comply with its obligations under Section 3.05(f) in respect of such Lending Office;

(ii) if such Lender shall have delivered to the Administrative Agent and the Borrower a Form W-8ECI in respect of such Lending Office pursuant to Sections 3.05(f)(i)(A), 3.05(f)(ii)(A) or 3.05(f)(iii) and such Lender shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Borrower hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8ECI; or

(iii) if such Lender shall have delivered to the Administrative Agent and the Borrower a Form W-8BEN in respect of such Lending Office pursuant to Sections 3.05(f)(i)(B), 3.05(f)(ii)(B) or 3.05(f)(iii) and such Lender shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Borrower hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8BEN.

(h) Any and all present or future Taxes, Other Taxes and related liabilities (including penalties, interest, additions to tax and expenses) which are not paid by the Borrower pursuant to and as required by this Section 3.05 shall be paid by the Lender which received the principal, interest or fees in respect of which such Taxes, Other Taxes or related liabilities are payable. Any and all present or future Taxes or Other Taxes which are required by law to be deducted or withheld from or in respect of any sum payable hereunder to any Lender and which are not paid by the Borrower pursuant to and as required by this Section 3.05 will be deducted or withheld by the Administrative Agent without any increase in the sum payable as provided in Section 3.05(d). Each Lender agrees to indemnify the Administrative Agent and hold the Administrative Agent harmless for the full amount of any and all present or future Taxes, Other Taxes and related liabilities (including penalties, interest, additions to tax and expenses, and any Taxes or Other Taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this Section 3.05(h)) which are imposed on or with respect to principal, interest or fees payable to such Lender hereunder and which are not paid by the Borrower pursuant to this Section 3.05, whether or not such Taxes, Other Taxes or related liabilities were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Administrative Agent makes written demand therefor.

SECTION 3.06. *Sharing of Payments, Etc.* If other than as provided in Section 3.05, 3.08, 3.09, 3.10 or 3.11, any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any

Committed Loan made by it and, after acceleration of all Obligations pursuant to Section 8.02(b), in respect of any Obligation owing to it (including with respect to any Bid Loan), in the case of the Committed Loan, in excess of its Percentage Share of payments on account of the Committed Loans obtained by all the Lenders and, after acceleration, in excess of its pro rata share of all Obligations, such Lender shall forthwith (a) notify the Administrative Agent of such fact and (b) purchase from the other Lenders such participations in the Committed Loans made by them or, after acceleration, in all Obligations owing to them, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lenders according to their respective Percentage Shares or, after acceleration, their pro rata shares of all Obligations then owing to them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase shall to the extent of such recovery be rescinded and each other Lender shall repay to the purchasing Lender the purchase price thereto together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to the provisions of this Section 3.06 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such

participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error), of participations purchased pursuant to this Section 3.06 and will in each case notify the Lenders following any such purchases .

SECTION 3.07. *Inability to Determine Rates.* If with respect to any Interest Period for Eurodollar Loans, the Administrative Agent shall determine, or Majority Lenders shall notify the Administrative Agent, that LIBOR for such Interest Period will not adequately and fairly reflect the cost to Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period (after giving effect to any event giving rise to additional interest on such Loans pursuant to Section 3.11), the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon the obligations of the Lenders to make or continue Committed Loans as Eurodollar Loans or to convert Committed Loans into Eurodollar Loans at the end of the then current Interest Period shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke its Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such notice, the Lenders shall make, convert or continue the Committed Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Reference Rate Loans instead of Eurodollar Loans.

SECTION 3.08. *Increased Costs.* If any Lender shall determine that, due to either (a) the introduction of any Requirement of Law or any change (other than any change by way of imposition of or increase in reserve requirements included in the Eurodollar Reserve Percentage) in or in the interpretation thereof or (b) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining any Committed Loan, the Borrower shall be liable for, and shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender, additional amounts sufficient to compensate such Lender for such increased costs .

SECTION 3.09. *Capital Adequacy.* If any Lender shall have determined that the compliance with any Requirement of Law regarding capital adequacy, or any change therein or in the interpretation or application thereof or compliance by such Lender (or its Lending Office) or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or other Governmental Authority, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and such Lender (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased as a consequence of such Lender's Commitment, loans or obligations under this Agreement with respect to any Committed Borrowing then from time to time, upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall be liable for, and shall pay to the Administrative Agent for the account of such Lender, as specified by such Lender, additional amounts sufficient to compensate such Lender for such increase.

SECTION 3.10. *Funding Losses.* The Borrower agrees to reimburse each Lender and to hold each Lender harmless from any loss, cost or expense which such Lender may sustain or incur as a consequence of:

- (a) any failure of the Borrower to borrow, continue or convert a Eurodollar Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;
- (b) any prepayment or payment of a Eurodollar Loan on a day which is not the last day of the Interest Period with respect thereto;
- (c) any failure of the Borrower to make any prepayment after the Borrower has given a notice in accordance with Section 2.07; or
- (d) the conversion of any Eurodollar Loan to a Reference Rate Loan on a day that is not the last day of the respective Interest Period pursuant to Section 2.11;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Eurodollar Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained.

SECTION 3.11. *Additional Interest on Eurodollar Loans.* The Borrower shall pay to each Lender, at the request

of such Lender (but not more frequently than once in each calendar quarter), as long as such Lender shall be required under regulations of the Federal Reserve Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender from the date such Eurodollar Loan is made until such principal amount is paid in full, at a rate per annum equal at all times to the remainder obtained by subtracting (a) LIBOR for the Interest

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Period for such Eurodollar Loan from (b) the rate obtained by dividing such LIBOR by a percentage equal to 100% minus the Eurodollar Reserve Percentage of such Lender for such Interest Period, payable on each date interest in respect of such Eurodollar Loan is payable. Notwithstanding the provisions of the previous sentence, the Borrower shall not be obligated to pay to any Lender any additional interest in respect of Eurodollar Loans made by such Lender for any period commencing more than three months prior to the date on which such Lender notifies the Borrower by delivering a certificate from a financial officer of such Lender, that such Lender is required to maintain reserves with respect to Eurocurrency Liabilities.

SECTION 3.12. *Certificates of Lenders.* Any Lender claiming reimbursement or compensation pursuant to Section 3.05, 3.08, 3.09, 3.10 and/or 3.11 shall deliver to the Borrower (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the basis for computing the amount payable to such Lender hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of manifest error. Unless otherwise specifically provided herein, the Borrower shall pay to any Lender claiming compensation or reimbursement from the Borrower pursuant to Section 3.08, 3.09, 3.10 or 3.11, the amount requested by such Lender no later than five Business Days after such demand.

SECTION 3.13. *Change of Lending Office; Replacement Lender.*

(a) Each Lender agrees that upon the occurrence of any event giving rise to the operation of Section 3.05(c) or (d) or Section 3.08 with respect to such Lender, it will if so requested by the Borrower, use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Lending Office for any Loans affected by such event with the object of avoiding the consequence of the event giving rise to the operation of such Section; provided, however, that such designation would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. Nothing in this Section 3.13 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Section 3.05(c) or (d) or Section 3.08.

(b) In the event the Borrower becomes obligated to pay additional amounts to any Lender pursuant to Sections 3.05(c) or (d) or 3.08 as a result of any condition described in any such Section, then, unless such Lender has theretofore taken steps to remove or cure, and has removed or cured, the conditions creating the cause for such obligation to pay such additional amounts, the Borrower may designate another Lender which is reasonably acceptable to the Administrative Agent (such Lender being herein called a "Replacement Lender") to purchase the Committed Loans of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender for a purchase price equal to the outstanding principal amount of the Committed Loans payable to such Lender plus any accrued but unpaid interest on such Loans and accrued but unpaid fees in respect of such Lender's Commitment and any other amounts payable to such Lender under this Agreement, and to assume all the obligations of such Lender hereunder (except for such rights as survive repayment of the Loans), and, upon such purchase, such Lender shall no longer be a party hereto or have any rights hereunder (except those related to any Bid Loans of such Lender which remain outstanding and those that survive full payment hereunder) and shall be relieved from all obligations to the Borrower hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

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ARTICLE IV

Representations and Warranties

The Borrower represents and warrants to the Administrative Agent and each Lender that:

SECTION 4.01. *Corporate Existence; Compliance with Law.* The Borrower and each of its Subsidiaries:

- (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;
- (b) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify has no reasonable likelihood of having a Material Adverse Effect;
- (c) has all requisite corporate power and authority to own, pledge, mortgage, hold under lease and operate its properties, and to conduct its business as now or currently proposed to be conducted;
- (d) is in compliance with its certificate of incorporation and by-laws; and
- (e) is in compliance with all other Requirements of Law except such non-compliance as has no reasonable likelihood of having a Material Adverse Effect.

SECTION 4.02. *Corporate Authorization; No Contravention; Governmental Authorization.* The execution, delivery and performance by the Borrower of the Loan Documents, the borrowing of the Loans, the Acquisition, the Merger and the other Transactions:

- (a) are within the corporate powers of the Borrower;
- (b) have been duly authorized by all necessary corporate action, including the consent of shareholders where required except, in the case solely of the Acquisition and the Merger, for such actions described on Schedule 4.02(b);
- (c) do not and will not:
 - (i) contravene the certificate of incorporation or by-laws of the Borrower;
 - (ii) violate any other Requirement of Law (including the Securities Exchange Act of 1934, Regulations T, U and X of the Federal Reserve Board or any order or decree of any court or other Governmental Authority);
 - (iii) conflict with or result in the breach of, or constitute a default under, any Contractual Obligation binding on or affecting the Borrower or any of its properties, other than (in the case of any Contractual Obligation other than any Indenture) any such breach or default that has no reasonable likelihood of having a Material Adverse Effect, or any order, injunction, writ or decree of any Governmental Authority to which the Borrower or any of its properties is subject; or

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- (iv) result in the creation or imposition of any Lien upon any of the property of the Borrower; and
 - (d) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or any other Person other than those which have been duly obtained, made or given.

SECTION 4.03. *Enforceable Obligations.* This Agreement and the other Loan Documents have been duly executed and delivered by the Borrower. This Agreement and each other Loan Document are legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally.

SECTION 4.04. *Taxes.* The Borrower and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes and assessments payable by them, to the extent the same have become due and payable and before they have become delinquent, except those which are currently being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP, provided the non-payment thereof has no reasonable likelihood of having a Material Adverse Effect. The Borrower does not know of any proposed material tax assessment against the Borrower or any of its Subsidiaries and in the opinion of the Borrower, all potential tax liabilities are

adequately provided for on the books of the Borrower and its Subsidiaries. The statute of limitations for assessment or collection of Federal income tax has expired for all Federal income tax returns filed by the Borrower for all tax years up to and including the tax year ended in March 1992.

SECTION 4.05. *Financial Matters* .

(a) The consolidated balance sheet of the Borrower and its Subsidiaries as of the last day of the fiscal year of the Borrower ended on September 30, 2000, and as of the last day of the fiscal quarters of the Borrower ended on December 31, 2000, March 31, 2001 and June 30, 2001, and the related consolidated statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries for such fiscal year and quarters, with, in the case of said fiscal year, reports thereon by Ernst & Young LLP:

(i) are complete, accurate and fairly present the financial condition of the Borrower and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby;

(ii) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as set forth in the notes thereto; and

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(iii) other than as disclosed in Schedule 4.05(a), show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and long-term leases.

(b) The consolidated balance sheet of IBP and its Subsidiaries as of the last day of the fiscal year of IBP ended on December 30, 2000, and as of the last day of the fiscal quarter of IBP ended on June 30, 2001, and the related consolidated statements of earnings, changes in stockholders' equity and comprehensive income, and of cash flows of IBP and its Subsidiaries for such fiscal year and quarter, with, in the case of said fiscal year, reports thereon by PriceWaterhouseCoopers LLP:

(i) are complete, accurate and fairly present the financial condition of IBP and its Subsidiaries as of the respective dates thereof and for the periods covered thereby;

(ii) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as set forth in the notes thereto; and

(iii) other than as disclosed in Schedule 4.05(b), show all material indebtedness and other liabilities, direct or contingent, of IBP and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and long-term leases.

(c) The Borrower has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of March 31, 2001, prepared giving effect to the Transactions as if the Transactions had occurred on such date and included in the model delivered by the Borrower to the Lenders prior to the date hereof. Such pro forma consolidated balance sheet (i) has been prepared in good faith based on assumptions believed by the Borrower to be reasonable, (ii) is based on the best information available to the Borrower after due inquiry, (iii) accurately reflects all adjustments necessary to give effect to the Transactions and (iv) presents fairly, in all material respects, the pro forma financial position of the Borrower and its consolidated Subsidiaries as of March 31, 2001, as if the Transactions had occurred on such date.

(d) Since September 30, 2000, with respect to the Borrower and its Subsidiaries (other than IBP and its Subsidiaries), and December 30, 2000, with respect to IBP and its Subsidiaries, there has been no Material Adverse Effect and no development which has any reasonable likelihood of having a Material Adverse Effect.

(e) The Borrower is, and the Borrower and its Subsidiaries are, on a consolidated basis, Solvent.

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SECTION 4.06. *Litigation*. There are no actions, suits, proceedings, claims or disputes pending, or to the best

knowledge of the Borrower, threatened, against the Borrower or any of its Subsidiaries before any court or other Governmental Authority or any arbitrator that have a reasonable likelihood of having a Material Adverse Effect. All pending actions or proceedings affecting the Borrower or any of its Subsidiaries as of the date hereof and involving claims in excess of \$10,000,000 are described in Schedule 4.06.

SECTION 4.07. *Subsidiaries.*

- (a) A complete and correct list of all Subsidiaries of the Borrower after giving effect to the transactions to occur on the Effective Date, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its incorporation and the percentage of shares of each class outstanding owned by the Borrower and each other Subsidiary of the Borrower is set forth in Schedule 4.07(a).
- (b) All of the outstanding shares of each of the Subsidiaries listed on Schedule 4.07(a) have been validly issued, are fully paid and non-assessable and (other than the shares of IBP to be acquired by the Borrower pursuant to the Merger) are owned by the Borrower or another Subsidiary of the Borrower, free and clear of any Lien.
- (c) The Borrower has no obligation to capitalize any of its Subsidiaries.
- (d) A complete and correct list of all joint ventures in which the Borrower or any of its Subsidiaries is a partner is set forth in Schedule 4.07(d).

SECTION 4.08. *Liens*. There are no Liens of any nature whatsoever on any properties of the Borrower or any of its Subsidiaries other than Permitted Liens.

SECTION 4.09. *No Burdensome Restrictions; No Defaults.*

- (a) Neither the Borrower nor any of its Subsidiaries is a party to or bound by any Contractual Obligation, or subject to any charter or corporate restriction or any Requirement of Law, which has any reasonable likelihood of having a Material Adverse Effect.
- (b) Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, has a reasonable likelihood of having a Material Adverse Effect.
- (c) No Default or Event of Default exists or would result from the incurring of any Obligations by the Borrower or any of its Subsidiaries.

SECTION 4.10. *Investment Company Act; Public Utility Holding Company Act.* Neither the Borrower nor any of its Subsidiaries is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. The making of the Loans by the Lenders and the application of the proceeds and repayment thereof by the Borrower and the consummation of the transactions contemplated by the Loan Documents will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. Neither the Borrower nor any of its Subsidiaries is a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 4.11. *Use of Proceeds; Margin Regulations.* No part of the proceeds of any Loan will be used, and no Loan will otherwise be, in violation of Regulation T, U or X of the Federal Reserve Board.

SECTION 4.12. *Assets.*

- (a) The Borrower and each of its Subsidiaries has good record and marketable title to all real property necessary or used in the ordinary conduct of its business, except for Permitted Liens and such defects in title as have no reasonable likelihood, individually or in the aggregate, of having a Material Adverse Effect.
- (b) The Borrower and each of its Subsidiaries owns or licenses or otherwise has the right to use all material licenses, permits, patents, trademarks, service marks, trade names, copyrights, franchises, authorizations and other intellectual property rights that are necessary for the operation of its business, without infringement of or conflict with the rights of

any other Person with respect thereto, except for such infringements or conflicts as have no reasonable likelihood of having a Material Adverse Effect. No material slogan or other advertising device, product, process, method or other material now employed, or now contemplated to be employed, by the Borrower or any of its Subsidiaries infringes upon or conflicts with any rights owned by any other Person except for such infringements or conflicts as have no reasonable likelihood, individually or in the aggregate, of having a Material Adverse Effect.

SECTION 4.13. *Labor Matters.* There are no strikes or other labor disputes pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries which have any reasonable likelihood of having a Material Adverse Effect. Except as disclosed in Schedule 4.13, no significant unfair labor practice complaint is pending or, to the knowledge of the Borrower, threatened, against the Borrower or any of its Subsidiaries before any Governmental Authority.

SECTION 4.14. *Environmental Matters.* Except as disclosed in Schedule 4.14:

- (a) the on-going operations of the Borrower and each of its Subsidiaries comply in all respects with all Environmental Laws except such non-compliance as has no reasonable likelihood of having a Material Adverse Effect;
- (b) the Borrower and each of its Subsidiaries have obtained all environmental, health and safety permits necessary or required for its operations, all such permits are in good standing, and the Borrower and each of its Subsidiaries is in compliance with all material terms and conditions of such permits;
- (c) none of the Borrower, any of its Subsidiaries or any of their present property or operations (or past property or operations) is subject to any outstanding written order from or agreement with any Governmental Authority nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Claim or Hazardous Material which, in each case, has any reasonable likelihood of having a Material Adverse Effect;

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(d) there are no conditions or circumstances associated with any property of the Borrower or any of its Subsidiaries formerly owned and operated by the Borrower or any of its Subsidiaries or any of their predecessors or with the former operations, including off-site disposal practices, of the Borrower or its Subsidiaries or their predecessors which may give rise to Environmental Claims which in the aggregate have any reasonable likelihood of having a Material Adverse Effect; and

(e) there are no conditions or circumstances which may give rise to any Environmental Claim arising from the operations of the Borrower or its Subsidiaries, including Environmental Claims associated with any operations of the Borrower or its Subsidiaries, which have any reasonable likelihood of having a Material Adverse Effect. In addition, (i) neither the Borrower nor any of its Subsidiaries has any underground storage tanks (A) that are not properly permitted under applicable Environmental Laws or (B) that to the best of the Borrower's knowledge, are leaking or dispose of Hazardous Materials off-site and (ii) the Borrower and each of its Subsidiaries has notified all of its employees of the existence, if any, of any health hazard arising from the conditions of their employment and have met all notification requirements under Title III of CERCLA and under OSHA and all other Environmental Laws.

SECTION 4.15. *Completeness.* None of the representations or warranties of the Borrower contained herein or in any other Loan Document or in any certificate or written statement furnished by or on behalf of the Borrower pursuant to the provisions of this Agreement or any other Loan Document contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Lenders which may have a Material Adverse Effect.

SECTION 4.16. *ERISA.*

- (a) Neither the Borrower nor any member of its Controlled Group contributes to any Plan other than those set forth in Schedule 4.16.
- (b) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and any other applicable Federal or state law and rules and regulations promulgated thereunder. With respect to each Plan (other than a Multiemployer Plan) all material reports required under ERISA or any other applicable law or regulation to be filed with the relevant Governmental Authority, the failure of which to file could reasonably result in liability of the Borrower or any member of its Controlled Group in excess of \$500,000 have been duly filed and all such reports are true and correct in all material respects as of the date given.

(c) Except as set forth in Schedule 4.16, no Plan has been terminated nor has any accumulated funding deficiency (as defined in Section 412(a) of the Code) been incurred (without regard to any waiver granted under Section 412 of the Code) nor has any funding waiver from the IRS been received or requested.

(d) Neither the Borrower nor any member of its Controlled Group has failed to make any contribution or pay any amount due or owing as required by Section 412 of the Code or Section 302 of ERISA or the terms of any such Plan prior to the due date (including permissible extensions thereof) under Section 412 of the Code and Section 302 of ERISA.

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(e) There has been no ERISA Event or any event requiring disclosure under Section 4041(c)(3)(C), 4068(f), 4063(a) or 4043(b) of ERISA with respect to any Plan or trust of the Borrower or any member of its Controlled Group.

(f) Except as set forth in Schedule 4.16, the value of the assets of each Plan (other than a Multiemployer Plan) equaled or exceeded the present value of the benefit liabilities, as defined in Title IV of ERISA, of each such Plan as of the most recent valuation date using Plan actuarial assumptions at such date.

(g) There are no pending claims, lawsuits or actions (other than routine claims for benefits in the ordinary course) asserted or instituted against, and neither the Borrower nor any member of its Controlled Group has knowledge of any threatened litigation or claims against, (i) the assets of any Plan or trust or against any fiduciary of a Plan with respect to the operation of such Plan which has any reasonable likelihood of having a Material Adverse Effect or (ii) the assets of any employee welfare benefit plan maintained by the Borrower or any member of its Controlled Group within the meaning of Section 3(1) of ERISA or against any fiduciary thereof with respect to the operation of any such Plan which has any reasonable likelihood of having a Material Adverse Effect.

(h) Neither the Borrower nor any member of its Controlled Group has engaged in any prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, in connection with any Plan.

(i) Neither the Borrower nor any member of its Controlled Group (i) has incurred or reasonably expects to incur (A) any liability under Title IV of ERISA (other than premiums due under Section 4007 of ERISA to the PBGC) or (B) any withdrawal liability (and no event has occurred which with the giving of notice under Section 4219 of ERISA would result in such liability) under Section 4201 of ERISA as a result of a complete or partial withdrawal (within the meaning of Section 4203 or 4205 of ERISA) from a Multiemployer Plan or (C) any liability under Section 4062 of ERISA to the PBGC or to a trustee appointed under Section 4042 of ERISA, or (ii) has withdrawn from any Multiemployer Plan.

(j) Neither the Borrower nor any member of its Controlled Group nor any organization to which the Borrower or any member of its Controlled Group is a successor or parent corporation within the meaning of Section 4069(b) of ERISA has engaged in a transaction within the meaning of Section 4069 of ERISA.

(k) Except as set forth in Schedule 4.16, neither the Borrower nor any member of its Controlled Group maintains or has established any welfare benefit plan within the meaning of Section 3(1) of ERISA which provides for (i) continuing benefits or coverage for any participant or any beneficiary of any participant after such participant's termination of employment except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and the regulations thereunder, and at the expense of the participant or the beneficiary of the participant, or (ii) retiree medical liabilities. The Borrower and each member of its Controlled Group which maintains a

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welfare benefit plan within the meaning of Section 3(1) of ERISA has complied with any applicable notice and continuation requirements of COBRA and the regulations thereunder, except where the failure to so comply could not result in the loss of a tax deduction or imposition of a tax or other penalty on the Borrower or any member of its Controlled Group.

SECTION 4.17. *Insurance.* The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar business and owning similar properties in localities where the Borrower and its Subsidiaries operate.

SECTION 4.18. *IBP Subsidiaries.* Other than IBP Finance Company of Canada, no Subsidiary of IBP on the

date of this Agreement is an obligor or guarantor in respect of any material Indebtedness for borrowed money.

ARTICLE V

Conditions Precedent

SECTION 5.01. *Conditions Precedent to Effectiveness.* The obligation of each Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) *Credit Agreement and Notes* . The Administrative Agent shall have received (i) counterparts of this Agreement executed by the Borrower, the Administrative Agent and each of the Lenders and of any promissory notes requested by the Lenders pursuant to Section 2.05 executed by the Borrower, or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of signed counterparts) that such parties have signed such counterparts.

(b) *Board Resolutions; Approvals; Incumbency Certificates* . The Administrative Agent shall have received (i) copies of the resolutions of the Board of Directors of the Borrower approving and authorizing the execution, delivery and performance by the Borrower of this Agreement and of each of the other Loan Documents to be delivered hereunder by it, and authorizing the borrowing of the Loans and the other Transactions, certified as of the Effective Date by the Secretary or an Assistant Secretary of the Borrower; and (ii) a certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to execute and deliver this Agreement and all other Loan Documents to be delivered hereunder by it.

(c) *Articles of Incorporation; By-laws and Good Standing* . The Administrative Agent shall have received each of the following documents: (i) the articles or certificate of incorporation of the Borrower as in effect on the Effective Date, certified by the Secretary of State of Delaware as of a recent date and by the Secretary or Assistant Secretary of the Borrower as of the Effective Date and the by-laws of the Borrower and IBP as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the Borrower as of the Effective Date; and (ii) good standing certificates as of a recent date for the Borrower from the Secretaries of State of such states as the Administrative Agent may request.

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(d) *Legal Opinion*. The Administrative Agent shall have received a favorable opinion, dated the Effective Date and addressed to the Administrative Agent and the Lenders of Corporate Counsel of the Borrower and its Subsidiaries to substantially the effect set forth on Exhibit 5.01 and as to such other matters as any Lender through the Administrative Agent may reasonably request (and the Borrower hereby instructs such counsel to deliver such opinion);

(e) *Certificate* . The Administrative Agent shall have received a certificate signed by a Responsible Officer of the Borrower, (accompanied, if applicable, by a supporting certificate signed by a Responsible Officer of IBP) dated as of the Effective Date, stating that:

(i) the representations and warranties contained in Article IV are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the initial Borrowing hereunder; and

(iii) there has not occurred or become known since September 30, 2000, any condition or change that has affected or could reasonably be expected to affect materially and adversely the business, assets, liabilities, financial condition or material agreements of the Borrower and its Subsidiaries, including IBP and its Subsidiaries, taken as a whole.

(f) *Other Documents* . The Administrative Agent shall have received such other approvals, opinions or documents as the Administrative Agent or any Lender may request.

(g) *Fees, Costs and Expenses* . The Borrower shall have paid all costs and expenses referred to in Section 10.04 (including legal fees and expenses and the allocated cost of in-house counsel) for which the Borrower has been invoiced prior to the Effective Date.

(h) *IBP Guarantee* . The Administrative Agent shall have received (i) a counterpart of the Guarantee Agreement executed by IBP or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed counterpart) that IBP has signed such counterpart, together with (A) a favorable opinion, dated

the date of the Guarantee Agreement and addressed to the Administrative Agent and the Lenders of counsel to IBP, to substantially the effect set forth on Exhibit 5.01 and as to such other matters as any Lender through the Administrative Agent may reasonably request, (B) such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of IBP, and the authorization of the Transactions to which IBP is party and (C) the supporting certificate referenced to in paragraph (e) above.

(i) *Receivables Facility* . Each of the Bridge Facility and the Receivables Facility (or the Receivables Bridge Facility) shall be in full force and effect.

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(j) *Termination of Existing Credit Agreement* . The Existing Credit Agreement shall have been or shall simultaneously be terminated and the principal of and interest accrued on all loans outstanding thereunder and all fees accrued thereunder shall have been or shall simultaneously be paid in full.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., New York City time, on October 15, 2001 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 5.02. *Conditions Precedent to All Borrowings*. The obligation of each Lender to make any Loan on or after the Effective Date shall be subject to the further conditions precedent that:

(a) *Notice of Borrowing* . In the case of a Committed Borrowing, the Administrative Agent shall have received a Notice of Borrowing as required by Section 2.02.

(b) *Continuation of Representations and Warranties* . The representations and warranties contained in Article IV and in each other Loan Document shall be true and correct on and as of the date of borrowing with the same effect as if made on and as of such date (except for representations and warranties expressly relating to an earlier date, in which case they shall be true and correct as of such earlier date).

(c) *No Existing Default* . No Default or Event of Default shall exist and be continuing or shall result from the Loan being made on such date.

(d) *Other Assurances* . The Administrative Agent shall have received such other approvals, opinions or documents as any Lender through the Administrative Agent may reasonably request related to the Transactions.

Each Notice of Borrowing and Competitive Bid Request submitted by the Borrower hereunder shall constitute a representation and warranty by the Borrower hereunder, as of the date of each such notice, application or request and as of the date of each Borrowing relating thereto, that the conditions in this Section 5.02 are satisfied.

ARTICLE VI

Affirmative Covenants

The Borrower covenants and agrees that as long as any Lender shall have any Commitment hereunder or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Lenders waive compliance in writing:

SECTION 6.01. *Compliance with Laws, Etc.* The Borrower shall comply, and cause each of its Subsidiaries to comply, with all applicable Requirements of Law, except such as may be contested in good faith by appropriate proceedings and which has no reasonable likelihood of having a Material Adverse Effect.

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SECTION 6.02. *Use of Proceeds*. The Borrower shall use the proceeds of any Loan hereunder made on or after

the Effective Date for working capital and other general corporate purposes (including capital expenditures and acquisitions and to support the issuance of commercial paper); provided, however, in each case such use of proceeds shall not be in contravention of any Requirement of Law and shall be consistent with the representations and warranties contained herein; provided, further, that the proceeds of any Loans hereunder may not be used to finance the purchase or other acquisition of Stock in any Person if such purchase or acquisition is opposed by the board of directors of such Person.

SECTION 6.03. *Payment of Obligations, Etc.* The Borrower shall pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all lawful claims and all taxes, assessments and governmental charges or levies unless the same are being contested in good faith by appropriate proceedings and adequate reserves therefor have been established on the books of the Borrower or one of its Subsidiaries in accordance with GAAP, provided all such non-payments, individually or in the aggregate, have no reasonable likelihood of having a Material Adverse Effect.

SECTION 6.04. *Insurance.* The Borrower shall maintain, and cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

SECTION 6.05. *Preservation of Corporate Existence, Etc.* The Borrower shall preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as permitted under Sections 7.05 and 7.07.

SECTION 6.06. *Access.* The Borrower shall permit, and cause each of its Subsidiaries to permit, representatives of the Administrative Agent or any Lender to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their directors, officers and independent public accountants and authorize those accountants to disclose to such Person any and all financial statements and other information of any kind, including copies of any management letter or the substance of any oral information that such accountants may have with respect to the business, financial and other affairs of the Borrower or any of its Subsidiaries, all at the expense of the Borrower and at such times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists, the Administrative Agent or any Lender may visit and inspect, at the expense of the Borrower, its records and properties at any time during business hours and without advance notice.

SECTION 6.07. *Keeping of Books.* The Borrower shall maintain, and cause each of its Subsidiaries to maintain, proper books of record and account, in which full and correct entries shall be made of all financial transactions and matters involving the assets and business of the Borrower and each of its Subsidiaries in accordance with GAAP .

SECTION 6.08. *Maintenance of Properties.* The Borrower shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, renewals, replacements and improvements so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 6.08 shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation and the maintenance of any of its properties if such discontinuance is, in the opinion of the Borrower, desirable in the conduct of its business and has no reasonable likelihood of having a Material Adverse Effect.

SECTION 6.09. *Financial Statements.* The Borrower shall furnish to each Lender with a copy to the Administrative Agent, in form and details satisfactory to the Lenders and the Administrative Agent:

(a) as soon as available, but not later than 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for such quarter and for the period commencing at the end of the previous fiscal year and ending on the last day of such quarter, which statements shall be certified by the Chief Financial Officer of the Borrower as being complete and correct and fairly presenting, in accordance with GAAP, the financial position and results of operation of the Borrower and its Subsidiaries;

(b) as soon as available, but not later than 90 days after the end of each fiscal year of the Borrower, a copy of the audited

consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal year, which statements shall be certified without qualification as to the scope of the audit by a nationally recognized independent public accounting firm and be accompanied by (i) a certificate of such accounting firm stating that such accounting firm has obtained no knowledge that a Default or an Event of Default has occurred and is continuing, or if such accounting firm has obtained such knowledge that a Default or an Event of Default has occurred and is continuing, a statement as to the nature thereof and (ii) copies of any letters to the management of the Borrower from such accounting firm; and

(c) at the same time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of the Chief Financial Officer of the Borrower (i) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and the action which the Borrower proposes to take with respect thereto) and (ii) commencing with the financial statements for December 31, 2001, a compliance certificate, in substantially the form of Exhibit

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6.09, setting forth in reasonable detail the computations necessary to determine whether the Borrower was in compliance with the financial covenants set forth in Section 7.13 and 7.14, in each case reconciling any differences between the numbers used in such calculations and those used in the preparation of such financial statements.

SECTION 6.10. *Reporting Requirements.* The Borrower shall furnish to the Administrative Agent (and the Administrative Agent shall (other than in the case of clause (d) and, other than to the requesting Lender, clause (f) below) promptly furnish to the Lenders):

(a) promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or other Governmental Authority affecting the Borrower or any of its Subsidiaries which, individually or in the aggregate, has any reasonable likelihood of having a Material Adverse Effect;

(b) promptly but not later than three Business Days after the Borrower becomes aware of the existence of (i) any Default or Event of Default, (ii) any breach or non-performance of, or any default under, any Contractual Obligation to which the Borrower or any of its Subsidiaries is a party which has any reasonable likelihood of having a Material Adverse Effect, or (iii) any Material Adverse Effect or any event or other development which has a reasonable likelihood of having a Material Adverse Effect, notice specifying the nature of such Default, Event of Default, breach, non-performance, default, Material Adverse Effect, event or development, including the anticipated effect thereof;

(c) promptly after the sending or filing thereof, copies of all reports which the Borrower or any of its Subsidiaries sends to its security holders generally, and copies of all reports and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(d) promptly after the creation or acquisition thereof, the name and jurisdiction of incorporation of each new Subsidiary of the Borrower;

(e) promptly, but not later than five Business Days after the Borrower becomes aware of any change by Moody's or S&P in its Debt Rating, notice of such change; and

(f) such other information respecting the business, prospects, properties, operations or the condition, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 6.11. *Notices Regarding ERISA.* Without limiting the generality of the notice provisions contained in Section 6.10, the Borrower shall furnish to the Administrative Agent:

(a) promptly and in any event (i) within 30 days after the Borrower or any member of its Controlled Group knows or has reason to know that any ERISA Event described in clause (a) of the definition of ERISA Event or any event described in Section 4063(a) of ERISA with respect to any Plan, and (ii) within ten days after the Borrower or any member of its Controlled Group knows or has reason to know that any other ERISA Event with respect to any Plan has occurred or a request for a minimum funding waiver under Section 412 of the Code with respect to

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any Plan has been made, a statement of the Chief Financial Officer of the Borrower describing such ERISA Event and the action, if any, which the Borrower or such member of its Controlled Group proposes to take with respect thereto together with a copy of the notice of such ERISA Event or other event, if required by the applicable regulations under ERISA, given to the PBGC;

(b) promptly and in any event within five Business Days after receipt thereof by the Borrower or any member of its Controlled Group from the PBGC, copies of each notice received by the Borrower or any such member of its Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(c) promptly and in any event within ten Business Days after receipt thereof, a copy of any correspondence the Borrower or any member of its Controlled Group receives from the Plan Sponsor (as defined by Section 4001(a)(10) of ERISA) of any Multiemployer Plan concerning potential withdrawal liability of the Borrower or any member of its Controlled Group pursuant to Section 4219 or 4202 of ERISA, and a statement from the Chief Financial Officer of the Borrower or such member of its Controlled Group setting forth details as to the events giving rise to such potential withdrawal liability and the action which the Borrower or such member of its Controlled Group proposes to take with respect thereto;

(d) notification within 30 days of any material increase in the benefits under any existing Plan which is not a Multiemployer Plan, or the establishment of any new Plans, or the commencement of contributions to any Plan to which the Borrower or any member of its Controlled Group was not previously contributing;

(e) notification within five Business Days after the Borrower or any member of its Controlled Group knows or has reason to know that the Borrower or any such member of its Controlled Group has or intends to file a notice of intent to terminate any Plan under a distress termination within the meaning of Section 4041(c) of ERISA and a copy of such notice; and

(f) promptly after receipt of written notice of commencement thereof, notice of any action, suit and proceeding before any Governmental Authority affecting the Borrower or any member of its Controlled Group with respect to any Plan, except those which, in the aggregate, if adversely determined, could not have a Material Adverse Effect.

SECTION 6.12. *Employee Plans.*

(a) With respect to Plans other than a Multiemployer Plan, for each Plan intended to be qualified under Section 401(a) of the Code which is hereafter adopted or maintained by the Borrower or by any member of its Controlled Group, the Borrower shall or shall cause any such member of its Controlled Group to (i) seek and receive determination letters from the IRS to the effect that such Plan is qualified within the meaning of Section 401(a) of the Code; (ii) from and after the adoption of any such Plan, cause such Plan to be qualified within the meaning of Section 401(a) of the Code and to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code; (iii) make all required contributions by the due date (including permissible extensions) under Section 412 of the Code and Section 302 of ERISA; and (iv) not take any action which could reasonably be expected to cause such Plan not to be qualified within the meaning of Section 401(a) of the Code or not to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code.

(b) With respect to each Multiemployer Plan, the Borrower and each member of its Controlled Group will make any contributions required by such Multiemployer Plan.

SECTION 6.13. *Environmental Compliance; Notice.* The Borrower shall, and cause each of its Subsidiaries to:

(a) use and operate all of its facilities and properties in substantial compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, license and other authorizations relating to environmental matters in effect and remain in substantial compliance therewith, and handle all Hazardous Materials in substantial compliance with all applicable Environmental Laws;

(b) promptly upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, evaluate such claims, complaints, notices and inquiries and

forward copies of (i) all such claims, complaints, notices and inquiries which individually have any reasonable likelihood of having a Material Adverse Effect and (ii) all such claims, complaints, notices and inquiries, arising from a single occurrence which together have any reasonable likelihood of having a Material Adverse Effect, and endeavor to promptly resolve all such actions and proceedings relating to compliance with Environmental Laws; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this Section 6.13.

SECTION 6.14. *Acquisition and Merger Agreement*. The Borrower will use its best efforts to complete the Acquisition and consummate the Merger as soon as practicable and will not amend or waive without the approval of the Administrative Agent any material term or condition of the Merger Agreement or any other documentation related to the Acquisition delivered to the Administrative Agent or the Lenders prior to the date of this Agreement.

ARTICLE VII

Negative Covenants

The Borrower hereby covenants and agrees that so as long as any Lender shall have any Commitment hereunder or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Lenders shall waive compliance in writing:

SECTION 7.01. *Limitations on Liens*. The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired, other than (subject to the final sentence of this Section 7.01) the following ("Permitted Liens"):

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(a) any Lien existing on the property of the Borrower or any of its Subsidiaries on the Effective Date and set forth in Schedule 7.01 and any extension, renewal and replacement of any such Lien; provided any such extension, renewal or replacement Lien is limited to the property or assets covered by the Lien extended, renewed or replaced and does not secure any Indebtedness in addition to that secured immediately prior to such extension, renewal and replacement;

(b) any Lien created pursuant to any Loan Document;

(c) Liens imposed by law, such as materialmen's, mechanics', warehousemen's, carriers', lessors' or vendors' Liens incurred by the Borrower or any of its Subsidiaries in the ordinary course of business which secure its payment obligations to any Person, provided (i) neither the Borrower nor any of its Subsidiaries is in default with respect to any payment obligation to such Person or the Borrower or the applicable Subsidiary is in good faith and by appropriate proceedings diligently contesting such obligation for which adequate reserves shall have been set aside on its books and (ii) such Liens have no reasonable likelihood of having, individually or in the aggregate, a Material Adverse Effect;

(d) Liens for taxes, assessments or governmental charges or levies either not yet due and payable or to the extent that non-payment thereof shall be permitted by Section 6.03;

(e) Liens on the property of the Borrower or any of its Subsidiaries incurred, or pledges and deposits made, in the ordinary course of business in connection with worker's compensation, unemployment insurance, old-age pensions and other social security benefits, other than in respect of employee plans subject to ERISA;

(f) Liens on the property of the Borrower or any of its Subsidiaries securing (i) the performance of bids, tenders, statutory obligations, leases and contracts (other than for the repayment of borrowed money), (ii) obligations on surety and appeal bonds not exceeding in the aggregate \$5,000,000 and (iii) other obligations of like nature incurred as an incident to and in the ordinary course of business, provided all such Liens in the aggregate have no reasonable likelihood (even if enforced) of having a Material Adverse Effect;

(g) zoning restrictions, easements, licenses, reservations, restrictions on the use of real property or minor irregularities incident thereto which do not impair the value of any parcel of property material to the operation of the business of the Borrower and its Subsidiaries taken as a whole or the value of such property for the purpose of such business;

(h) (i) purchase money liens or purchase money security interests (including in connection with capital leases) upon or in any property acquired or held by the Borrower or any of its Subsidiaries in the ordinary course of business to secure the

purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition) which Liens do not extend to any other property and do not secure Indebtedness exceeding the purchase price of such property;

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(ii) Liens (including in connection with capital leases) securing Indebtedness of the Borrower or any of its Subsidiaries incurred to finance all or some of the cost of construction of property (or to refinance Indebtedness so incurred upon completion of such construction) which Liens do not extend to any other property except to the unimproved real property upon which such construction will occur; provided the Indebtedness secured by such Liens is not incurred more than 90 days after the later of the completion of construction or the commencement of full operation of such property;

(iii) Liens on property in favor of any Governmental Authority to secure partial, progress, advance or other payments, or performance of any other obligations, pursuant to any contract or statute or to secure any Indebtedness of the Borrower or any of its Subsidiaries incurred for the purpose of financing all or any part of the purchase price or the cost of construction of property subject to Liens (including in connection with capital leases) securing Indebtedness of the pollution control or industrial or other revenue bond type and which Liens do not extend to any other property; and

(iv) in addition to Liens permitted under clauses (i) and (ii) above, Liens in connection with capital leases entered into by the Borrower or any of its Subsidiaries in connection with sale-leaseback transactions.

provided, however, that the aggregate amount of Indebtedness secured by all Liens referred to in clauses (i), (ii), (iii) and (iv) of this paragraph (h) at any time outstanding, together with the Indebtedness secured by Liens permitted pursuant to paragraphs (i) and (l) below (and any extensions, renewals and refinancings of such Indebtedness) shall not, subject to the second proviso of paragraph (i) below, at any time exceed the Permitted Lien Basket;

(i) Liens on assets of any corporation existing at the time such corporation becomes a Subsidiary of the Borrower or merges into or consolidates with the Borrower or any of its Subsidiaries, if such Liens (A) do not extend to any other property, (B) do not secure Indebtedness exceeding the fair market value of such property at the time such corporation becomes a Subsidiary of the Borrower or at the time of such merger or consolidation, and (C) were not created in contemplation of such corporation becoming a Subsidiary of the Borrower or of such merger or consolidation; provided, however, that the aggregate amount of Indebtedness secured by Liens referred to in this paragraph (i), together with the Indebtedness secured by Liens permitted pursuant to paragraph (h) above and paragraph (l) below (and any extensions, renewals and refinancings of such Indebtedness) shall not at any time exceed the Permitted Lien Basket; provided, further, however, that notwithstanding the foregoing limitation, the Borrower may incur, and permit its Subsidiaries to incur, Indebtedness secured by Liens referred to in this paragraph (i) which, when aggregated with the Indebtedness secured by Liens permitted pursuant to paragraph (h) above and paragraph (l) below, exceed the Permitted Lien Basket if, and only if, (x) such Indebtedness remains outstanding for a period of less than six months from

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the date on which such Indebtedness first exceeded the Permitted Lien Basket or (y) such Liens are released within six months;

(j) Liens in respect of the Receivables Facility and Liens in respect of accounts sold by the Borrower and its Subsidiaries pursuant to a receivables purchase transaction permitted by Section 7.07(f);

(k) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (h), (i) or (j) of Article VIII;

(l) Liens securing other Indebtedness of the Borrower or any of its Subsidiaries not expressly permitted by paragraphs (a) through (k); provided, however, that the aggregate amount of Indebtedness secured by Liens permitted pursuant to paragraphs (h) and (i) above and pursuant to this paragraph (l) (and any extensions, renewals and refinancings of such Indebtedness) shall not, subject to the second proviso of paragraph (i) above, at any time exceed the Permitted Lien Basket; and

(m) any Lien on Excess Margin Stock.

Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.02. *Limitation on Indebtedness* . The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Indebtedness except (subject to the final sentence of this Section 7.02):

- (a) the Loans and any other Indebtedness under this Agreement or any other Loan Document;
- (b) Indebtedness existing on the Effective Date and set forth in Schedule 7.02, and any extension, renewal, refunding and refinancing thereof, provided that after giving effect to such extension, renewal, refunding or refinancing, (A) the principal amount thereof is not increased, (B) neither the tenor nor the remaining average life thereof is reduced and (C) the interest rate thereon is not increased; provided, however, that the industrial revenue bonds identified by an asterisk in Schedule 7.02 may be refinanced at an interest rate higher than the rate in effect immediately prior to such refinancing;

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- (c) Indebtedness of the Borrower to any of its Subsidiaries, of any wholly-owned Subsidiary of the Borrower to the Borrower or of any wholly-owned Subsidiary of the Borrower to another Subsidiary of the Borrower;
 - (d) surety bonds and appeal bonds required in the ordinary course of business or in connection with the enforcement of rights or claims of the Borrower or its Subsidiaries or in connection with judgments that do not result in a Default or an Event of Default;
 - (e) trade debt (including Indebtedness for the purchase of farm products from contract growers and other similar suppliers but excluding Indebtedness for Borrowed Money) incurred by the Borrower or any of its Subsidiaries in the ordinary course of business in a manner and to an extent consistent with their past practices and necessary or desirable for the prudent operation of its businesses;
 - (f) Indebtedness secured by Liens permitted pursuant to Section 7.01 subject to the limitations contained therein;
 - (g) Indebtedness incurred in connection with the issuance of commercial paper;
 - (h) Indebtedness under Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business; and
 - (i) other present and future unsecured Indebtedness provided at the time of, and immediately after giving effect to, the incurrence of such Indebtedness, no condition or event shall exist which constitutes an Event of Default.

Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.03. *Sale-Leaseback Transactions* . The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any obligation, for the payment of rent or otherwise, in connection with a sale-leaseback transaction, except (subject to the final sentence of this Section 7.03 and subject to the limitations set forth in Section 7.01(h)) capital leases entered into by the Borrower or any of its Subsidiaries after the Effective Date in connection with sale-leaseback transactions; provided (i)

immediately prior to giving effect to such lease, the property subject to such lease was sold by the Borrower or any such Subsidiary to the lessor pursuant to a transaction permitted under Section 7.07 and (ii) no Event of Default exists or would occur as a result of such sale and subsequent lease.

Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.04. *Restricted Payments* . The Borrower shall not, and shall not permit any of its Subsidiaries to, declare, pay or authorize any Restricted Payment if (a) any such Restricted Payment is not paid out of Consolidated Net Income Available for Restricted Payments, (b) at the time of, and immediately after, the making of any such Restricted Payment (or the declaration of any dividend except a stock dividend) a Default or Event of Default has occurred and is continuing or (c) the making of any such Restricted Payment would cause the Leverage Ratio to exceed the percentage pursuant to Section 7.13 which the Borrower will be required to maintain as of the end of the fiscal quarter during which such Restricted Payment is to be made.

SECTION 7.05. *Mergers, Etc* . The Borrower shall not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or, except as permitted pursuant to Section 7.06, acquire all or substantially all of the Stock of any Person, or acquire all or substantially all of the assets of any Person (other than live inventory) or enter into any joint venture or partnership with, any Person, or permit any of its Subsidiaries to do so; provided, however, that:

- (a) the Borrower may merge with a wholly-owned Subsidiary of the Borrower so long as (i) the Borrower is the surviving corporation and (ii) at the time of, and immediately after giving effect to, such merger, no condition or event shall exist which constitutes an Event of Default;
- (b) any wholly-owned direct or indirect Subsidiary of the Borrower may merge with or into any other wholly-owned direct or indirect Subsidiary of the Borrower or acquire Stock of any other wholly-owned direct or indirect Subsidiary of the Borrower;
- (c) the Borrower or any Subsidiary of the Borrower may acquire all or substantially all of the Stock or all or substantially all of the assets of any Person, provided (i) at the time of, and immediately after giving effect to such acquisition, no condition or event shall exist which constitutes an Event of Default, (ii) the Borrower shall be in pro forma compliance with the financial covenants set forth in Sections 7.13 and 7.14, assuming

such acquisition occurred on the first day of the four fiscal quarter period most recently ended, (iii) until such time as the commitments under each of the Bridge Facility and the Receivables Bridge Facility shall have been terminated, and all outstanding loans thereunder shall have been repaid in full (the "*Bridge Termination Date*"), the Borrower shall have obtained, and delivered to the Administrative Agent, written confirmations from S&P and Moody's that, immediately after giving effect to such acquisition, (x) the Borrower will maintain ratings of its Index Debt of at least BBB by S&P and Baa3 by Moody's, (y) neither of such ratings is under review for possible downgrade and (z) the Borrower has not been placed on credit watch with negative implications by either such rating agency and (iv) after the Bridge Termination Date and prior to October 2, 2004, with respect to any such acquisition involving consideration in excess of \$300,000,000, the Borrower shall either (A) have obtained, and delivered to the Administrative Agent, a written confirmation from either S&P or Moody's that, immediately after giving effect to such acquisition, (x) the Borrower will maintain a rating of its Index Debt of at least BBB- by S&P or Baa3 by Moody's, as the case may be, (y) such rating is not under review for possible downgrade and (z) the Borrower has not been placed on credit watch with negative implications by such rating agency or (B) have delivered to the Administrative Agent a certificate of the Chief Financial Officer of the Borrower certifying that on a pro forma basis, giving effect to such acquisition (but without giving effect to any projected cost savings related thereto) as if the acquisition had occurred as of the first day of the four consecutive

fiscal quarter period of the Borrower most recently ended, the Leverage Ratio of the Borrower is 3.50:1.00 or lower, which certificate shall set forth in reasonable detail satisfactory to the Administrative Agent the computations necessary to determine such Leverage Ratio; and

(d) the Borrower or any Subsidiary of the Borrower may merge with any other corporation permitted to be acquired pursuant to paragraph (c) above, provided (i) at the time of, and immediately after giving effect to, such merger, no condition or event shall exist which constitutes an Event of Default and (ii) and after such merger, the surviving corporation is the Borrower or a Subsidiary of the Borrower, respectively.

SECTION 7.06. *Investments in Other Persons* . The Borrower shall not make, or permit any of its Subsidiaries to make, any loan or advance to any Person (other than accounts receivable created in the ordinary course of business); or, except as permitted under Section 7.04 or 7.05, purchase or otherwise acquire, or permit any of its Subsidiaries to purchase or otherwise acquire, any Stock or other equity interest or Indebtedness of any Person, or make, or permit any of its Subsidiaries to make, any capital contribution to, or otherwise invest in, any Person, except:

(a) Permitted Investments;

(b) investments existing on the date hereof in any Person;

(c) loans, advances, credit support, or other investments in any Person or Persons, in amounts which do not exceed in the aggregate at any time outstanding 5% of the consolidated total assets of the Borrower and its Subsidiaries as at the last day of the most recently ended fiscal quarter of the Borrower;

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(d) the acquisition by the Borrower or any of its wholly-owned Subsidiaries of Stock of a Subsidiary of the Borrower;

(e) intercompany Indebtedness permitted pursuant to Section 7.02(d); and

(f) loans or advances made by the Borrower or any of its Subsidiaries to employees of the Borrower or any of its Subsidiaries not to exceed an aggregate of \$5,000,000.

SECTION 7.07. *Assets* . The Borrower shall not sell, assign, transfer or otherwise dispose of any of its assets, or permit any of its Subsidiaries to sell, assign, transfer or otherwise dispose of any of its assets, except:

(a) the sale or disposition of inventory and farm products in the ordinary course of business;

(b) the sale or disposition in the ordinary course of business of any assets which have become obsolete or surplus to the business of the Borrower or any of its Subsidiaries, or has no remaining useful life, in each case as reasonably determined in good faith by the Borrower or such Subsidiary, as the case may be;

(c) the periodic sales to third parties of live inventory and related products and services under grow out contracts;

(d) Permitted Dispositions;

(e) the sale or disposition of Permitted Investments;

(f) the sale of accounts or other receivables by the Borrower and its Subsidiaries in connection with the Receivables Facility or to a special purpose bankruptcy remote Subsidiary or a third party for not less than the fair value thereof, without recourse (other than to any such special purpose Subsidiary), in connection with a receivables purchase transaction; and

(g) the sale or disposition of Excess Margin Stock for not less than the fair value thereof.

SECTION 7.08. *Change in Nature of Business* . The Borrower shall not, and shall not permit any of its Subsidiaries to, engage to any substantial extent in any business other than the production, marketing and distribution of food products and any related food or agricultural products, processes or business.

SECTION 7.09. *Transactions with Affiliates, Etc* . The Borrower shall not:

(a) enter into or be a party to, or permit any of its Subsidiaries to enter into or be a party to, any transaction with any Affiliate of the Borrower or any such Subsidiary except (i) as otherwise expressly permitted herein or (ii) in the ordinary course of business, to the extent consistent with past practices, so long as any such transaction individually and in the aggregate with other such transactions has no reasonable likelihood of having a Material Adverse Effect; or

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(b) enter into, or permit any of its Subsidiaries to enter into, any agreement that prohibits, limits or restricts any repayment of loans or advances or other distributions to the Borrower by any of its respective Subsidiaries, or that restricts any such Subsidiary's ability to declare or make any dividend payment or other distribution on account of any shares of any class of its capital stock or on its ability to acquire or make a payment in respect thereof; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 7.09 (but shall apply to any extension, renewal, amendment or modification that expands the scope of any such restriction or condition) and (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder.

SECTION 7.10. *Margin Regulations* .

(a) The Borrower shall not use the proceeds of any Loan in violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, (other than in connection with the Acquisition) purchase or otherwise acquire Margin Stock if, after giving effect to any such purchase or acquisition, Margin Stock owned by the Borrower and its Subsidiaries would represent more than 25% of the assets of the Borrower and its Subsidiaries on a consolidated basis (valued in accordance with Regulation U).

SECTION 7.11. *Compliance with ERISA* . The Borrower shall not, directly or indirectly, permit any member of the Controlled Group of the Borrower to, directly or indirectly:

(a) terminate any Plan so as to result in any material liability (in the opinion of the Majority Lenders exercised reasonably) to the Borrower or any member of its Controlled Group;

(b) permit to exist any ERISA Event, or any other event or condition which presents the risk of a material liability (in the opinion of the Majority Lenders exercised reasonably) of the Borrower or any member of its Controlled Group;

(c) make a complete or partial withdrawal (within the meaning of Section 4201 of ERISA) from any Multiemployer Plan so as to result in any material liability (in the opinion of the Majority Lenders exercised reasonably) to the Borrower or any member of its Controlled Group;

(d) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder except in the ordinary course of business consistent with past practice which has any reasonable likelihood of resulting in material liability to the Borrower or any member of its Controlled Group; or

(e) permit the present value of all benefit liabilities, as defined in Title IV of ERISA, under each Plan of the Borrower or any member of its Controlled Group (using each Plan's actuarial assumptions upon termination of such Plan) to materially (in the opinion of the Majority Lenders exercised reasonably) exceed the fair market value of Plan assets allocable to such benefits all determined as of the most recent valuation date for each such Plan.

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SECTION 7.12. *Speculative Transactions* . The Borrower shall not engage or permit any of its Subsidiaries to engage in any transaction involving commodity options or futures contracts other than in the ordinary course of business consistent with past transactions.

SECTION 7.13. *Leverage Ratio* . The Borrower shall not permit the Leverage Ratio at any time during any of the periods set forth below to exceed the ratio set forth opposite such period:

| <u>Period</u> | <u>Ratio</u> |
|--|--------------|
| December 29, 2001 through March 29, 2002 | 5.25:1.00 |
| March 30, 2002 through June 28, 2002 | 4.95:1.00 |
| June 29, 2002 through September 27, 2002 | 4.75:1.00 |
| September 28, 2002 through December 27, 2002 | 4.50:1.00 |
| December 28, 2002 through March 28, 2003 | 4.25:1.00 |
| March 29, 2003 through September 26, 2003 | 4.00:1.00 |
| September 27, 2003 through October 1, 2004 | 3.75:1.00 |
| October 2, 2004 through September 30, 2005 | 3.50:1.00 |
| October 1, 2005 and thereafter | 3.00:1.00 |

SECTION 7.14. *Interest Expense Coverage Ratio* . The Borrower shall not permit the ratio of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense, in each case for the period of four consecutive fiscal quarters ending during any period set forth below to be less than the ratio set forth opposite such period:

| <u>Period</u> | <u>Ratio</u> |
|--|--------------|
| December 29, 2001 | 2.50:1.00 |
| December 30, 2001 through March 30, 2002 | 2.75:1.00 |
| March 31, 2002 through June 28, 2003 | 3.00:1.00 |
| June 29, 2003 through June 26, 2004 | 3.25:1.00 |
| June 27, 2004 and thereafter | 3.50:1.00 |

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ARTICLE VIII

Events of Default

SECTION 8.01. *Events of Default* . The term "Event of Default" shall mean any of the events set forth in this Section 8.01.

- (a) *Non-Payment*. The Borrower shall (i) fail to pay when and as required to be paid herein, any amount of principal of any Loan; or (ii) fail to pay within three Business Days after the same shall become due and payable, any amount of interest on any Loan or any fee or other amount payable hereunder or under any other Loan Document or any other Obligation;
- (b) *Representations and Warranties*. Any representation or warranty made by the Borrower in this Agreement or in any other Loan Document, or which is contained in any certificate, document or financial or other statement delivered at any time under or in connection with this Agreement or any other Loan Document shall prove to have been incorrect or untrue in any material respect when made or deemed made;
- (c) *Specific Defaults*. The Borrower shall fail to perform or observe any term, covenant or agreement contained in Article VII or Section 6.02, 6.05 (with respect to the Borrower's existence), or 6.10(b);
- (d) *Other Defaults*. The Borrower shall fail to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such Default shall continue unremedied for a period of 30 days after the date upon which written notice thereof shall have been given to the Borrower by the Administrative Agent;
- (e) *Default under Other Agreements*. Any default shall occur under the Five-Year Credit Agreement, the Bridge Facility, the Receivables Facility, the Receivables Bridge Facility or under any other Indebtedness of the Borrower (other than any default under any agreement to which the Borrower and one or more Lenders are party to the extent such default results from the transfer or pledge of Excess Margin Stock) or any of its Subsidiaries having an aggregate outstanding principal amount of \$10,000,000 or more or under one or more Hedging Agreements of the Borrower or any of its Subsidiaries resulting in aggregate net obligations of \$10,000,000 or more and such default shall:
 - (i) consist of the failure to pay any Indebtedness when due (whether at scheduled maturity, by required prepayment, acceleration, demand or otherwise) after giving effect to any applicable grace or notice

period; or

(ii) result in, or continue unremedied for a period of time sufficient to permit, the acceleration of such Indebtedness or the early termination of such Hedging Agreement;

(f) *Bankruptcy or Insolvency.* The Borrower or any of its Subsidiaries shall:

(i) cease to be Solvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due;

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(ii) commence an Insolvency Proceeding;

(iii) voluntarily cease to conduct its business in the ordinary course; or

(iv) take any action to effectuate or authorize any of the foregoing;

(g) *Involuntary Proceedings.*

(i) An involuntary Insolvency Proceeding shall be commenced against the Borrower or any of its Subsidiaries or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the Borrower's, or any of its Subsidiaries' properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy;

(ii) the Borrower or any of its Subsidiaries shall admit in writing the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-United States law) against the Borrower or such Subsidiary is ordered in any Insolvency Proceeding; or

(iii) the Borrower or any of its Subsidiaries shall acquiesce in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business;

(h) *Judgments.* One or more judgments for the payment of money in an aggregate amount in excess of \$10,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(i) *ERISA.* With respect to any Plan:

(i) the Borrower, any member of its Controlled Group or any other party-in-interest or disqualified Person shall engage in transactions which in the aggregate have a reasonable likelihood of resulting in a direct or indirect liability to the Borrower or any member of its Controlled Group in excess of \$10,000,000 under Section 409 or 502 of ERISA or Section 4975 of the Code;

(ii) the Borrower or any member of its Controlled Group shall incur any accumulated funding deficiency, as defined in Section 412 of the Code, in the aggregate in excess of \$10,000,000, or request a funding waiver from the IRS for contributions in the aggregate in excess of \$10,000,000;

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(iii) the Borrower or any member of its Controlled Group shall incur any withdrawal liability in the aggregate in excess of \$10,000,000 as a result of a complete or partial withdrawal from a Multiemployer Plan within the meaning of Section 4203 or 4205 of ERISA;

(iv) the Borrower or any member of its Controlled Group shall fail to make a required contribution by the due date (including any permissible extensions) under Section 412 of the Code or Section 302 of ERISA which would result in the imposition of a Lien under Section 412 of the Code or Section 302 of ERISA;

(v) the Borrower, any member of its Controlled Group or any Plan sponsor shall notify the PBGC of an intent to terminate in a distressed termination, or the PBGC shall institute proceedings to terminate, a Plan;

(vi) a Reportable Event shall occur with respect to a Plan, and within 15 days after the reporting of such Reportable Event to the Majority Lenders, the Majority Lenders shall have notified the Borrower in writing that (A) they have made a determination that, on the basis of such Reportable Event, there are reasonable grounds for the termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan and (B) as a result thereof a Default or an Event of Default shall occur hereunder;

(vii) a trustee shall be appointed by a court of competent jurisdiction to administer any Plan or the assets thereof;

(viii) the benefits of any Plan shall be increased (other than in the ordinary course of business consistent with past practice), or the Borrower or any member of its Controlled Group shall begin to maintain, or begin to contribute to, any Plan, without the prior written consent of the Majority Lenders; or

(ix) any ERISA Event with respect to a Plan shall have occurred, and 30 days thereafter (A) such ERISA Event shall not have been corrected and (B) the then present value of such Plan's benefit liabilities, as defined in Title IV of ERISA, shall exceed the then current value of assets accumulated in such Plan;

provided, however, that the events listed in clauses (v)-(ix) of this paragraph (i) shall constitute Events of Default only if, as of the date thereof or any subsequent date, the maximum amount of liability the Borrower or any member of its Controlled Group could incur in the aggregate under Section 4062, 4063, 4064, 4219 or 4243 of ERISA or any other provision of law with respect to all such Plans, computed by the actuary of the Plan taking into account any applicable rules and regulations of the PBGC at such time, and based on the actuarial assumptions used by the Plan, resulting from or otherwise associated with such event exceeds \$10,000,000;

(j) Change in Control. Mr. Don Tyson, the Tyson Limited Partnership and "members of the same family" of Mr. Don Tyson as defined in Section 447(e) of the Code shall cease to have at least 51% of the total combined voting power of the outstanding Stock of the Borrower; or

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(k) Guarantee Agreement. At any time after the delivery of the Guarantee Agreement, the Guarantee Agreement shall not for any reason be, or shall be asserted by the Borrower or IBP not to be, in full force and effect and enforceable against IBP in all material respects in accordance with its terms.

SECTION 8.02. *Remedies* . If any Event of Default shall have occurred and be continuing, the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders:

(a) declare the Commitment of each Lender to be terminated, whereupon such Commitment shall forthwith be terminated; and/or

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon and all other Obligations payable hereunder or under any other Loan Document to be immediately due and payable, whereupon the Loans, all such interest and all such Obligations shall become and be forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

provided, however, that upon the occurrence of any event specified in Section 8.01(f) or (g) with respect to the Borrower, the Commitment of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest accrued thereon and all other Obligations shall automatically become due and payable without further action of the Administrative Agent or any Lender.

SECTION 8.03. *Rights Not Exclusive* . The rights provided for in this Agreement and the other Loan Documents

are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

The Administrative Agent

SECTION 9.01. *Appointment* . Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement or any other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

SECTION 9.02. *Delegation of Duties* . The Administrative Agent may execute any of its duties under this Agreement and any other Loan Document by or through employees, agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters

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pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

SECTION 9.03. *Liabilities of Agents* .

(a) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document (except for its own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document 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 any other Loan Document or for the value of any collateral or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of its Subsidiaries.

(b) Each party to this Agreement acknowledges that none of the Syndication Agent, the Documentation Agent or any of the Co-Documentation Agents shall have any duties, responsibilities, obligations or authority under this Agreement or any other Loan Document in such capacity.

SECTION 9.04. *Reliance by Administrative Agent* .

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or facsimile 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 (including counsel to the Borrower), 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 or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders 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, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request from or the consent of the Majority Lenders and such request or consent and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans or any portion thereof.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Effective Date specifying its objection thereto and either such objection shall not have been withdrawn by notice to the Administrative Agent to that effect or such Lender shall not have made available to the Administrative Agent such Lender's Percentage Share of such Borrowing.

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SECTION 9.05. *Notice of Default* . The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to payment defaults, unless the Administrative Agent shall have received notice from a Lender or the Borrower referring to this Agreement, describing such Default or 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 Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Majority Lenders in accordance with Article VIII; provided however, that unless and until the Administrative Agent shall have received any such request from the Majority Lenders, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders .

SECTION 9.06. *Credit Decision* . Each Lender expressly acknowledges that neither the Administrative Agent nor any of its Affiliates 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 Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, 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. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigations as it deems necessary to inform itself as to the business, prospects, properties, operations or condition, financial or otherwise, and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, properties, operations or condition, financial or otherwise, and creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 9.07. *Indemnification* . To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under Section 10.04 or 10.05, each Lender severally agrees to pay to the Administrative Agent, such Lender's

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respective Percentage Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed cost or expense or indemnified claim, action, proceeding, suit, damage, loss, liability or related cost or expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

SECTION 9.08. *Administrative Agent in Individual Capacity* . The Chase Manhattan Bank and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and its Subsidiaries as though The Chase Manhattan Bank were not the Administrative Agent hereunder. With respect to its Loans, The Chase Manhattan Bank shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include The Chase Manhattan Bank in its individual capacity.

SECTION 9.09. *Successor Administrative Agent* . The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent which shall be a commercial bank organized or

chartered under the laws of the United States of America or of any State thereof and having combined capital and surplus of at least \$500,000,000. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the notice of resignation of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, with the consent of the Borrower, which shall not be unreasonably withheld, appoint a successor Administrative Agent which shall be a commercial bank organized or chartered under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

ARTICLE X

Miscellaneous

SECTION 10.01. *Notices, Etc* . All notices, requests and other communications provided to any party under this Agreement shall, unless otherwise expressly specified herein, be in writing (including by facsimile) and mailed by overnight delivery, transmitted by facsimile or delivered: if to the Borrower, to its address specified on the signature pages hereof; if to any Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire; and if to the Administrative Agent, to its address specified on the signature pages hereof; or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written

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notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent; provided, that notices and other communications required under Article V or VI hereof by the Borrower or the Administrative Agent to the Lenders may be transmitted via electronic transmission. All such notices and communications shall be effective, if transmitted by facsimile, when transmitted by facsimile and confirmed by telephone or facsimile, or, if mailed by overnight delivery or delivered, upon delivery, except that notices and communications to the Administrative Agent pursuant to Article II or IX shall not be effective until received by the Administrative Agent.

SECTION 10.02. *Amendments, Etc* . No amendment or waiver of any provision of this Agreement or of any other Loan Document, and no consent to any departure by the Borrower herefrom or therefrom, shall in any event be effective unless the same shall be in writing, acknowledged by the Administrative Agent and signed or consented to by the Majority Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall do any of the following:

- (a) increase the Commitment of any Lender (other than by assignment) or subject any Lender to any additional monetary obligation without the written consent of such Lender;
- (b) reduce the principal of, or interest on, any Committed Loan or any fees payable hereunder without the written consent of each Lender affected thereby;
- (c) extend the Termination Date or the Maturity Date or any date fixed for any payment of interest on, the Committed Loans or any fees payable hereunder without the written consent of each Lender affected thereby;
- (d) change Section 2.06(b) in a manner that would alter the pro rata treatment of Lenders required thereby or change Section 3.06 in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender;
- (e) release IBP from its obligations under the Guarantee Agreement, without the written consent of each Lender;
- (f) change the percentage of the Commitments or the percentage of the aggregate unpaid principal amount of the Loans which shall be required for the Lenders or any of them to take any action hereunder without the written consent of each Lender; or

(g) amend this Section 10.02 without the written consent of each Lender.

SECTION 10.03. *No Waiver; Remedies* . No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law .

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SECTION 10.04. *Costs and Expenses* . The Borrower agrees to pay on demand:

(a) all costs and expenses incurred by the Administrative Agent, the Syndication Agent or the Documentation Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement or any other Loan Document or any other document to be delivered hereunder or thereunder or in connection with the transactions contemplated hereby or thereby, or with respect to advising the Administrative Agent as to its rights and responsibilities under the Loan Documents, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent or the Documentation Agent (including the allocated cost of in-house counsel);

(b) all costs and expenses incurred by the Administrative Agent or any Lender in connection with the enforcement or preservation of any rights under this Agreement or any other Loan Document or in connection with any restructuring or "work-out" (whether through negotiations, legal proceedings or otherwise), including the reasonable fees, charges and disbursements of counsel for the Administrative Agent or such Lender (including the allocated cost of in-house counsel); and

(c) all costs and expenses of the Administrative Agent incurred in connection with due diligence, transportation, use of computers, duplication, appraisals, surveys, audits, insurance, consultants and search reports and all filing and recording fees and title insurance premiums.

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SECTION 10.05. *Indemnity* .

(a) The Borrower agrees to indemnify, defend, reimburse and hold harmless the Administrative Agent, the Syndication Agent, the Documentation Agent, each Co-Documentation Agent, each Lender and each of their Affiliates, and each of their respective directors, officers, employees, agents and advisors (each, an "Indemnified Party") from and against all claims, actions, proceedings, suits, damages, losses, liabilities, costs and expenses, including the reasonable fees, charges and disbursements of counsel (including the allocated cost of in-house counsel) which may be incurred by or asserted against any Indemnified Party in connection with, or arising out of, or relating to (i) any transaction or proposed transaction (whether or not consummated) financed or to be financed, in whole or in part, directly or indirectly, with the proceeds of any Borrowing or otherwise contemplated in this Agreement; (ii) the entering into and performance of this Agreement and any other Loan Document by the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender or any action or omission of the Borrower in connection therewith; or (iii) any investigation, litigation, suit, action or proceeding (regardless of whether an Indemnified Party is a party thereto) which relates to any of the foregoing or to any Environmental Claim, unless and to the extent such claim, action, proceeding, suit, damage, loss, liability, cost or expense was solely attributable to such Indemnified Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) The Administrative Agent, the Syndication Agent, the Documentation Agent, each Co-Documentation Agent and each Lender agree that in the event that any investigation, litigation, suit, action or proceeding is asserted or threatened in writing or instituted against it or any other Indemnified Party, or any remedial, removal or response action is requested of it or any other Indemnified Party, for which the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender may desire indemnity or defense hereunder, the Administrative Agent, the Syndication Agent, the Documentation Agent, such Co-Documentation Agent or such Lender shall promptly notify the Borrower in writing.

(c) The Borrower at the request of the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender shall have the obligation to defend against such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action, and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Co-Documentation Agents, in any event, may participate in the defense thereof with legal counsel of the Administrative Agent's choice. In the event that the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender requests the Borrower to defend against such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action, the Borrower shall promptly do so and the Administrative Agent, the Syndication Agent, the Documentation Agent, the affected Co-Documentation Agent or the affected Lender shall have the right to have legal counsel of its choice participate in such defense. No action taken by legal counsel chosen by the Administrative Agent or any Lender in defending against any such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action shall vitiate or in any way impair the Borrower's obligations and duties hereunder to indemnify and hold harmless any Indemnified Party.

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SECTION 10.06. *Right of Set-off* . Upon the occurrence and during the continuation of any Event of Default, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the Obligations, whether or not such Lender shall have made any demand under this Agreement. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 10.06 are in addition to any other rights and remedies (including other rights of set-off) which such Lender may have.

SECTION 10.07. *Binding Effect* . The provisions of this Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein without the prior written consent of all the Lenders.

SECTION 10.08. *Assignments, Participations, Etc* .

(a) Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Affiliates of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or a Lender Affiliate, each of the Borrower and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iii) shall not apply to rights in respect of outstanding Bid Loans, (iv) the Assignee and the Assignor in respect of each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (f) or (g) of Section 8.01 has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to

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the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment

and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.05, 3.08, 3.09, 3.10, 3.11 and 10.05)(but only to the extent such Lender notifies the Borrower of any claim under such Section within 90 days after it obtains knowledge thereof). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (each a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 10.02 that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.05 (other than 3.05(f)), 3.06, 3.08, 3.09 and

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3.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.06 as though it were a Lender, provided such Participant agrees to be subject to Section 3.06 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 3.05, 3.08, 3.09 or 3.10 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.05 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.05(f) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

SECTION 10.09. *Confidentiality* . Each Lender agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all non-public information provided to it by the Borrower or by the Administrative Agent on the Borrower's behalf in connection with this Agreement or any other Loan Document and agrees and undertakes that neither it nor any of its Affiliates shall use any such information for any purpose or in any manner other than pursuant to the terms contemplated by this Agreement. Any Lender may disclose such information (a) at the request of any bank regulatory authority or in connection with an examination of such Lender by any such authority; (b) pursuant to subpoena or other court process; (c) when required to do so in accordance with the provisions of any applicable law; (d) at the express direction of any agency of any State of

the United States of America or of any other jurisdiction in which such Lender conducts its business; and (e) to such Lender's affiliates, independent auditors, counsel and other professional advisors. Notwithstanding the foregoing, the Borrower authorizes each Lender to disclose to any Participant or Assignee and any prospective Participant and Assignee such financial and other information in such Lender's possession concerning the Borrower or its Subsidiaries which has been delivered to the Lenders pursuant to this Agreement or any other Loan Document or which has been delivered to the Lenders by the Borrower in connection with the Lenders' credit evaluation of the Borrower prior to entering into this Agreement; provided, however, that such Participant or Assignee or prospective Participant or Assignee agrees in writing to such Lender to keep such information confidential to the same extent required of the Lenders hereunder.

SECTION 10.10. *Survival* . The obligations of the Borrower under Sections 3.05, 3.08, 3.09, 3.10, 3.11, 10.04 and 10.05, and the obligations of the Lenders under Sections 3.05(h) and 9.07, shall in each case survive repayment or purchase of the Loans or any termination of this Agreement and the Commitments. The representations and warranties made by the Borrower in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each other Loan Document.

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SECTION 10.11. *Headings* . The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof or thereof.

SECTION 10.12. *Governing Law and Jurisdiction* .

(a) **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK;** and

(b) **ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER HEREBY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS* , WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO.**

SECTION 10.13. *Execution in Counterparts* . This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 10.14 *Entire Agreement* . **THIS AGREEMENT EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE BORROWER, THE LENDERS AND THE ADMINISTRATIVE AGENT, AND SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS OF SUCH PERSONS RELATING TO THE SUBJECT MATTER HEREOF EXCEPT FOR THE FEE LETTER AND ANY PRIOR ARRANGEMENTS MADE WITH RESPECT TO THE PAYMENT BY THE BORROWER OF (OR ANY INDEMNIFICATION FOR) ANY FEES, COSTS OR EXPENSES PAYABLE TO OR INCURRED (OR TO BE INCURRED) BY OR ON BEHALF OF THE ADMINISTRATIVE AGENT OR THE LENDERS.**

SECTION 10.15. *Waiver of Jury Trial*. **THE ADMINISTRATIVE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE**

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ADMINISTRATIVE AGENT, THE LENDERS OR THE BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND THE LENDERS TO ENTER INTO THIS AGREEMENT.

SECTION 10.16. *Severability.* Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction .

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TYSON FOODS, INC.,
by
/s/ Dennis Leatherby
Name: Dennis Leatherby
Title: Senior Vice President, Finance and
Treasurer

Address for notices:
2210 West Oaklawn Drive
Springdale, Arkansas 72762
Attention: Les R. Baledge
Facsimile No.: (501) 290-6776

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THE CHASE MANHATTAN BANK,
individually and as Administrative Agent,

by
/s/ Gary L. Spevack
Name: Gary L. Spevack
Title: Vice President

Address for notices:
Loan and Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York NY 10081
Attention: Eleanor Fiore
Facsimile No.: (212) 552-7490

Address for payments:
ABA # 021000021
Attention: Eleanor Fiore
Chase Plaza, 8th Floor
New York, NY 10081
Credit to Account number: 323219551
Reference: Tyson Foods, Inc.

With a copy to:
The Chase Manhattan Bank
270 Park Avenue
New York NY 10017
Attention of.: Marian Schulman
Facsimile No.: 212-270-1063

MERRILL LYNCH CAPITAL
CORPORATION,
individually and as Syndication Agent,

by
/s/ D. Kevin Imlay
Name: D. Kevin Imlay
Title: Senior Lending Officer

SUNTRUST BANK, individually and as
Documentation Agent,

by
/s/ Gregory L. Cannon
Name: Gregory L. Cannon
Title: Director

SIGNATURE PAGE to the 364-DAY
CREDIT AGREEMENT among TYSON
FOODS, INC., the banks parties hereto, THE
CHASE MANHATTAN BANK, as
Administrative Agent, MERRILL LYNCH
CAPITAL CORPORATION, as Syndication
Agent, and SUNTRUST BANK, as
Documentation Agent, and MIZUHO
FINANCIAL GROUP and RABOBANK
INTERNATIONAL, as Co-Documentation
Agents.

Name of Institution:
Merrill Lynch Bank USA
By: /s/ D. Kevin Imlay
Name: D. Kevin Imlay
Title: Senior Lending Officer

Name of Institution:
The Dai-Ichi Kangyo Bank, Ltd., Mieuhoo
Financial Group
By: /s/ Bertram H. Tang

Name: Bertram H. Tang
Title: Vice President & GP Leader

Name of Institution:
The Fuji Bank, Limited
By: /s/ Jacques Azagury
Name: Jacques Azagury
Title: Senior Vice President & Manager

Name of Institution:
Cooperatieve Centrale Raiffeisen-
Boerenleenbank B.A. "Rabobank
International" New York Branch
By: /s/ Richard J. Beard
Name: Richard J. Beard
Title: Vice President

Name of Institution:
Scotiabanc Inc.
By: /s/ William E. Zarrett
Name: William E. Zarrett
Title: Managing Director

Name of Institution:
Farm Credit Bank of Wichita
By: /s/ Patrick Zeka
Name: Patrick Zeka
Title: A.V.P.

Name of Institution:
Sumitomo Mitsui Banking Corp.
By: /s/ Eric Seeley
Name: Eric Seeley
Title: Vice President

Name of Institution:
Wachovia Bank, N.A.
By: /s/ Karin E. Reel
Name: Karin E. Reel
Title: Vice President

Name of Institution:
Banca Nazionale Del Lavoro S.P.A.
New York Branch

By: /s/ Frederic W. Hall
Name: Frederic W. Hall
Title: Vice President
By: /s/ Leonardo Valentini
Name: Leonardo Valentini
Title: First Vice President

Name of Institution:
Bank of Communications, New York Branch

By: /s/ De Cai Li
Name: De Cai Li
Title: General Manager
Name of Institution:
The Bank of Tokyo-Mitsubishi, Ltd.
By: /s/ John M. Mearns
Name: John M. Mearns
Title: VP & Manager

Name of Institution:
ING (U.S.) Capital LLC
By: /s/ Bill Redmond
Name: William B. Redmond
Title: Vice President

Name of Institution:
Bank Hapoalim, BM
By: /s/ James P. Surless
Name: James P. Surless
Title: Vice President

Name of Institution:
Commercebank, N.A.
By: /s/ Teresa Tundidor-Gonzalez
Name: Teresa Tundidor-Gonzalez
Title: Vice President

Name of Institution:
Hua Nan Commercial Bank, Ltd.
New York Agency
By: /s/ Chang, Yun-Peng
Name: Chang, Yun-Peng
Title: S.V.P. & General Manager

Name of Institution:
E.Sun Commercial Bank, Ltd.,

3: EXECUTION COPY

FIVE-YEAR CREDIT AGREEMENT

dated as of September 24, 2001

among

TYSON FOODS, INC.,

as Borrower

THE LENDERS PARTY HERETO

THE CHASE MANHATTAN BANK,

as Administrative Agent

MERRILL LYNCH CAPITAL CORPORATION,

as Syndication Agent

SUNTRUST BANK,

as Documentation Agent

and

MIZUHO FINANCIAL GROUP,

RABOBANK INTERNATIONAL,

as Co-Documentation Agents

J.P. MORGAN SECURITIES INC.

MERRILL LYNCH & CO.,

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FIVE-YEAR CREDIT AGREEMENT dated as of September 24, 2001, among TYSON FOODS, INC., a Delaware corporation (the "Borrower"), the banks which are or may, from time to time hereafter, become parties hereto (the "Lenders"), THE CHASE MANHATTAN BANK, as Administrative Agent (the "Administrative Agent"), MERRILL LYNCH CAPITAL CORPORATION, as Syndication Agent (the "Syndication Agent"), and SUNTRUST BANK, as Documentation Agent (the "Documentation Agent") and MIZUHO FINANCIAL GROUP and RABOBANK INTERNATIONAL, as Co-Documentation Agents (the "Co-Documentation Agents").

The parties hereto agree as follows:

ARTICLE I

Definitions and Accounting Terms

SECTION 1.01. Certain Defined Terms. As used in this Agreement and in any Schedules and Exhibits to this

Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

" Absolute Rate " means a fixed annual rate, expressed as a percentage.

" Absolute Rate Bid Loan " means any Bid Loan that bears interest determined with reference to an Absolute Rate.

" Acquisition " means the acquisition of IBP for an aggregate purchase price, together with the assumption and refinancing of Indebtedness, of approximately \$4,441,000,000, subject to adjustment based on the market price of the Borrower's common stock, of which \$1,608,380,640 was paid in cash (the balance of the purchase price to be paid with shares of the Borrower's Class A common stock) and \$983,332,724.32 was the cash amount required to refinance the IBP Credit Agreement and certain other Indebtedness of IBP.

" Administrative Agent " means The Chase Manhattan Bank, in its capacity as administrative agent for the Lenders, together with any successor thereto in such capacity.

" Administrative Agent's Fee Letter " means the fee letter dated July 27, 2001, between the Borrower and the Administrative Agent.

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" Administrative Agent's Payment Office " means the address for payments set forth on the signature pages hereof in relation to the Administrative Agent or such other address as the Administrative Agent may from time to time specify in accordance with Section 10.01.

" Administrative Questionnaire " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" Affiliate " means, with respect to any Person, any Subsidiary of such Person and any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person, and includes, if such Person is a corporation, each Person who is the beneficial owner of 5% or more of such corporation's outstanding common stock. For purposes of this definition, "control" means the possession of the power to direct or cause the direction of management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

" Agreement " means this Credit Agreement, as from time to time amended, modified or supplemented.

" Aggregate Commitments " means the aggregate amount of the Commitments of all the Lenders as in effect from time to time.

" Assignee " has the meaning specified in Section 10.08(b).

" Assignment and Acceptance " means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.08), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower.

" Bid Borrowing " means an extension of credit hereunder consisting of one or more Bid Loans made to the Borrower on the same day by one or more Lenders.

" Bid Loan " means a Loan made by a Lender to the Borrower pursuant to Section 2.03 and may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

" Borrower " has the meaning specified in the preamble.

" Borrowing " means a Committed Borrowing or a Bid Borrowing.

" Bridge Facility " means the senior unsecured bridge credit facility of the Borrower in an aggregate principal amount of \$2,500,000,000, established under the credit agreement dated as of August 3, 2001, among the Borrower, the lenders party thereto, The Chase Manhattan Bank, as administrative agent, Merrill Lynch Capital Corporation, as syndication agent, and SunTrust Bank, as documentation agent.

" Business Day " means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close and, if the applicable Business Day relates to any Eurodollar Loan, means such a day on which dealings are carried on in the London interbank market.

" CERCLA " has the meaning specified in the definition of Environmental Law.

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" COBRA " has the meaning specified in Section 4.16(k).

" Code " means the Internal Revenue Code of 1986 (or any successor(s) thereto), as amended from time to time.

" Commitment " means, for each Lender, as the context may require (a) the amount in dollars set forth in Schedule 1.01 (a) opposite the name of such Lender under the heading "Commitment" or as otherwise set forth in any Assignment and Acceptance, as such amount may be reduced pursuant to Section 2.06 or as a result of one or more assignments pursuant to Section 10.08 or (b) the obligation of such Lender to extend credit to the Borrower hereunder in the amount specified in the immediately preceding clause (a). The initial aggregate amount of the Lenders' Commitments is \$500,000,000.

" Committed Borrowing " means an extension of credit hereunder consisting of Committed Loans made, continued or converted on the same day by the Lenders ratably according to their Percentage Shares and, in the case of Eurodollar Loans, having the same Interest Periods.

" Committed Loan " means an extension of credit by a Lender to the Borrower pursuant to Section 2.01 and may be a Eurodollar Loan or a Reference Rate Loan.

" Competitive Bid " means an offer by a Lender to make a Bid Loan in accordance with Section 2.04(b).

" Competitive Bid Request " has the meaning specified in Section 2.04(a).

" Consolidated EBITDA " means, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) extraordinary losses for such period, (v) nonrecurring merger-related charges incurred by IBP during the fiscal quarter ending September 30, 2001 not to exceed \$45,000,000 and (vi) non-cash charges to the extent solely attributable to unrealized losses under SFAS 133 (provided that any cash payment made with respect to any such noncash charge shall be subtracted in computing Consolidated EBITDA during the period in which such cash payment is made) and minus (b) without duplication and to the extent included in determining such Net Income, the sum of (i) any extraordinary gains for such period and (ii) noncash gains to the extent solely attributable to unrealized gains under SFAS 133 (provided that any cash received with respect to any such noncash gain shall be added in computing Consolidated EBITDA during the period in which such cash is received), all determined on a consolidated basis in accordance with GAAP; provided that for the purposes of determining the ratios set forth in Sections 7.13 and 7.14, Consolidated EBITDA in respect of any period of time prior to the date that IBP becomes a Subsidiary of the Borrower shall be deemed to equal the combined historical Consolidated EBITDA of the Borrower and IBP for such period; provided further that for the purposes of determining the ratio set forth in Section 7.13, if the Borrower or any of its consolidated Subsidiaries has made any Material Acquisition or Material Disposition during the period of four consecutive fiscal quarters ended on the date on which the most recent fiscal quarter ended, Consolidated EBITDA for the relevant period for testing compliance shall be calculated after giving pro forma effect thereto as if such Material Acquisition or Material Disposition had occurred on the first day of the relevant period for testing compliance. As used in this definition, "Material Acquisition" means any acquisition or series of related acquisitions of property that (a) constitutes all or substantially all of the Stock or all or substantially all of the assets of any Person or comprises all or substantially all of any operating unit of a business and (b) involves consideration in excess of \$100,000,000; and "Material Disposition" means any sale, transfer, lease or other

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disposition or series of related sales, transfers, leases or other dispositions of property that (x) constitutes all or substantially all of the Stock or all or substantially all of the assets of any Subsidiary of the Borrower or involves assets comprising all or substantially all of any operating unit of a business of the Borrower or any of its Subsidiaries and (y) yields gross proceeds to the Borrower or any of its Subsidiaries in excess of \$100,000,000.

" Consolidated Interest Expense " means, for any period, the interest expense (including imputed interest expense in respect of capital lease obligations) of the Borrower and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that, until such time as IBP shall have been a Subsidiary of the Borrower for 365 days, for the purposes of determining the ratios set forth in Sections 7.13 and 7.14, Consolidated Interest Expense at any date (the "Calculation Date") shall be calculated on an annualized basis, and shall be equal to (A) the amount of interest expense (including imputed interest expense in respect of capital lease obligations) of the Borrower and its consolidated Subsidiaries for the period from the date that IBP becomes a Subsidiary of the Borrower to the Calculation Date, multiplied by (B) a fraction, the numerator of which is equal to 365 and the denominator of which is equal to the number of days in such period.

" Consolidated Net Income " means, for any period, the consolidated net income (or loss) of the Borrower and its consolidated Subsidiaries for such period (taken as a single accounting period) determined in conformity with GAAP, excluding (to the extent otherwise included therein) any gains or losses, together with any related provision for taxes, realized upon any sale of assets other than in the ordinary course of business; provided, however, that there shall be excluded therefrom the net income (or loss) of any Person accrued prior to the earlier of the date such Person becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries or such Person's assets are acquired by the Borrower or any of its Subsidiaries; provided further however that for purposes of the definition of Consolidated Net Income Available for Restricted Payments, Consolidated Net Income shall be calculated as if IBP and its consolidated Subsidiaries were consolidated Subsidiaries of the Borrower on and after January 1, 2001.

" Consolidated Net Income Available for Restricted Payments " means an amount equal to (i) the sum of \$100,000,000 plus 80% (or minus 100% in case of consolidated net loss) of Consolidated Net Income for the period (taken as one accounting period) commencing January 1, 2001 and terminating on the fiscal quarter of the Borrower immediately preceding the date of any proposed Restricted Payment, less (ii) the sum of (A) the aggregate amount of all dividends (other than dividends payable solely in Stock of the Borrower) and other distributions paid or declared by the Borrower (for all periods on or after January 1, 2001) or IBP (for the period from January 1, 2001 through the effective date of the Merger and excluding dividends or other distributions made to the Borrower) on any class of its Stock and (B) the excess (if any) of the aggregate amount expended, directly or indirectly, by the Borrower (for all periods on or after January 1, 2001) or by IBP (for the period from January 1, 2001 through the effective date of the Merger) for the redemption, purchase or other acquisition of any shares of its Stock, over the

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aggregate net amount of any cash or cash equivalents received by the Borrower (for all periods on or after January 1, 2001) or IBP (for the period from January 1, 2001 through the effective date of the Merger) as consideration for the sale of any shares of its Stock.

" Contractual Obligation " means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

" Controlled Group " means, with respect to any Person, all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) which are under common control with such Person and which, together with such Person, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

" Debt Rating " means the actual or implied rating as most recently assigned to the Index Debt or the Short-Term Index Debt by Moody's or S&P, as the case may be.

" Default " means any event or condition which, with the giving of notice or the lapse of time, or both, would become an Event of Default.

" Effective Date " means the date on which all conditions precedent set forth in Section 5.01 are satisfied (or waived in accordance with Section 10.02).

" Environmental Claim " means any claim, however asserted, by any Governmental Authority or other Person alleging potential liability for violation of any Environmental Law or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability for damages, punitive damages, cleanup costs, removal costs, remedial costs, response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon (a) the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent, sudden or non-sudden, accidental or non-accidental placement, spill, leaks, discharges, emissions or releases) of any Hazardous Material at, in or from property, whether or not owned by the Borrower or any of its Subsidiaries, or (b) any other

circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

" Environmental Law " means the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. ' 9601 et seq.) ("CERCLA"), the Hazardous Material Transportation Act (49 U.S.C. ' 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. ' 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. ' 1251 et seq.), the Clean Air Act (42 U.S.C. ' 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. ' 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. ' 651 et seq.) ("OSHA"), as such laws have been or hereafter may be amended, modified or supplemented, and any and all analogous future federal, or present or future state or local, statutes and the regulations promulgated pursuant thereunder.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended from time to time and all regulations promulgated thereunder.

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" ERISA Event " means, with respect to any Person, (a) a Reportable Event (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under regulations issued under Section 4043 of ERISA); (b) the withdrawal of such Person or any member of its Controlled Group from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA; (d) the institution of proceedings to terminate a Plan by the PBGC; (e) the failure to make required contributions which would result in the imposition of a Lien under Section 412 of the Code or Section 302 of ERISA; and (f) any other event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or the imposition of any liability under Title IV of ERISA other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

" Eurocurrency Liabilities " has the meaning assigned to that term in Regulation D of the Federal Reserve Board, as in effect from time to time.

" Eurodollar Loan " means any Committed Loan that bears interest at a rate determined with reference to LIBOR.

" Eurodollar Reserve Percentage " means, with respect to any Interest Period for any Eurodollar Loan made by any Lender, the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

" Event of Default " has the meaning specified in Section 8.01.

" Excess Margin Stock " means that portion, if any, of the Margin Stock owned by the Borrower and its Subsidiaries that must be excluded from the restrictions imposed by Section 7.01 and Section 7.07 in order for the value (determined in accordance with Regulation U) of the Margin Stock subject to such Sections to account for less than 25% of the aggregate value (as so determined) of all assets subject to such Sections.

" Existing Credit Agreement " means the Fourth Amended and Restated Credit Agreement dated as of May 26, 1995, as amended, among the Borrower and the banks and agents party thereto.

" Federal Funds Rate " means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

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" Federal Reserve Board " means the Board of Governors of the Federal Reserve System.

" Form W-8BEN " has the meaning specified in Section 3.05(f)(i)(B).

" Form W-8ECI " has the meaning specified in Section 3.05(f)(i)(A).

" GAAP " means accounting principles generally accepted in the United States of America as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof and any central bank (or similar monetary or regulatory authority) thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

" Guarantee Agreement " means the Guarantee Agreement, substantially in the form of Exhibit 1.01, made by IBP for the benefit of the Administrative Agent and the Lenders.

" Hazardous Materials " means all those substances which are regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, waste, solid waste, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

" Hedging Agreement " means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

" IBP " means IBP, inc., a Delaware corporation.

" IBP Credit Agreement " means the \$950,000,000 Nine-Month Credit Agreement dated as of December 20, 2000, among IBP, the banks party thereto, Bank of America, N.A., as Syndication Agent, and U.S. Bank National Association, as Administrative Agent, as amended.

" Indebtedness " of any Person means, without duplication, (a) all indebtedness for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured); (b) all obligations evidenced by notes, bonds, debentures or similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (d) all obligations under leases which have been or should be, in accordance with GAAP, recorded as capital leases; (e) all net obligations with respect to Hedging Agreements; (f) all direct or indirect guaranties in respect of any obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in

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clause (a), (b), (c), (d) or (e) above; and (g) all Indebtedness referred to in clause (a), (b), (c), (d) or (e) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; provided, however, that if any Indebtedness of any type referred to above is supported by another type of Indebtedness referred to above, such Indebtedness shall not be considered more than once for the purposes of this definition.

" Indebtedness for Borrowed Money " means the sum of all Indebtedness of the Borrower and its consolidated Subsidiaries of the type referred to in paragraphs (a), (b) and (d) of the definition of Indebtedness plus all obligations of the Borrower and its consolidated Subsidiaries under the Receivables Facility.

" Indemnified Party " has the meaning specified in Section 10.05(a).

" Indentures " means the indentures, including supplements and/or board resolutions establishing series of debt thereunder, and note agreements of the Borrower and IBP and their Subsidiaries listed on Schedule 1.01(b).

" Index Debt " means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not

guaranteed by any other Person or subject to any other credit enhancement.

" Insolvency Proceeding " means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other similar arrangement in respect of the creditors of any Person generally or any substantial portion of the creditors of such Person; in each case undertaken under United States Federal or State law or foreign law.

" Interest Payment Date " means (a) with respect to any Eurodollar Loan or Bid Loan, the last day of each Interest Period applicable to such Eurodollar Loan or Bid Loan and (i) with respect to any Interest Period of six months duration for any Eurodollar Loan, the date which falls three months after the beginning of such Interest Period, and (ii) with respect to any Bid Loan, such intervening date prior to the maturity thereof as may be agreed between the Borrower and the applicable Lender and (b) with respect to any Reference Rate Loan, the last day of each calendar quarter.

" Interest Period " means,

- A. with respect to any Eurodollar Loan, the period commencing on the Business Day such Eurodollar Loan is disbursed or on the date on which a Reference Rate Loan is converted into a Eurodollar Loan and ending on the date 14 days or one, two, three or six months thereafter, in its Notice of Borrowing or Notice of Conversion/Continuation; and
- B. with respect to any Bid Loan, the period specified by the Borrower in the relevant Competitive Bid Request;

provided, however, that:

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- I. in the case of the continuation of a Eurodollar Loan pursuant to Section 2.11(b), the Interest Period applicable after the continuation of such Loan shall commence on the last day of the preceding Interest Period;
 - II. if any Interest Period applicable to a Eurodollar Loan would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;
 - III. any Interest Period applicable to a Eurodollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and
 - IV. no Interest Period for any Loan shall extend beyond the Maturity Date.

"IRS" means the Internal Revenue Service of the United States of America.

" Lender " has the meaning specified in the preamble and includes each Lender listed on the signature pages hereof and each Person which becomes a Lender pursuant to Section 10.08.

" Lender Affiliate " means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

" Lending Office " means, with respect to any Lender, the office or offices of such Lender as specified in such Lender's Administrative Questionnaire delivered to the Administrative Agent.

" Level I Status " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB+ (or the equivalent) or higher by S&P and Baa1 (or the equivalent) or higher by Moody's and (b) the Debt Rating for the Short-Term Index Debt is rated A2 or higher by Moody's and P2 or higher by S&P.

" Level II Status " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB (or the equivalent) by S&P and Baa2 (or the equivalent) by Moody's and (b) the Debt Rating for the Short-Term Index Debt is rated A2 or higher by Moody's and P2 or higher by S&P.

" Level III Status " exists at any date if, at such date (a) the Debt Rating for the Index Debt is BBB- (or the equivalent) by S&P and Baa3 (or the equivalent) by Moody's or (b) (i) the Debt Rating for the Short-Term Index Debt is rated lower

than A2 by Moody's or lower than P2 by S&P and (ii) neither Level IV Status nor Level V Status exists.

" Level IV Status " exists at any date if, at such date the Debt Rating for the Index Debt is BB+ (or the equivalent) by S&P and Ba1 (or the equivalent) by Moody's.

" Level V Status " exists at any date if, at such date the Debt Rating for the Index Debt is BB (or the equivalent) or lower by S&P or Ba2 (or the equivalent) or lower by Moody's.

" Leverage Ratio " means, at any date of determination, the ratio of (a) Indebtedness for Borrowed Money at such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters for which financial statements have most recently been delivered under Section 6.09(a) or (b).

" LIBOR " means, with respect to any Eurodollar Loan or LIBOR Bid Loan for any Interest Period, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBOR" with respect to such Eurodollar Loan or LIBOR Bid Loan for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

" LIBOR Bid Loan " means any Bid Loan that bears interest at a rate determined with reference to LIBOR.

" LIBOR Bid Margin " has the meaning specified in Section 2.04(b)(ii)(B).

" Lien " means any lien, charge, security interest or encumbrance or any other type of preferential arrangement (including liens or retained security titles of conditional vendors and capitalized leases but excluding any right of set-off).

" Loan " means an extension of credit by a Lender pursuant to Article II and may be a Committed Loan or a Bid Loan.

" Loan Documents " means this Agreement, the Guarantee Agreement, any promissory notes delivered pursuant to this Agreement, the Notices of Borrowing, the Notices of Conversion/Continuation and the Competitive Bid Requests.

" Majority Lenders " means at any time (i) Lenders holding more than 50% of the Commitments or (ii) after the Commitments expire or terminate or the Loans become due and payable pursuant to Article VIII or for purposes of declaring the Loans to be due and payable pursuant to Article VIII, Lenders holding more than 50% of the outstanding Loans, including outstanding Bid Loans.

" Margin Stock " shall have the meaning given such term under Regulation U.

" Material Adverse Effect " means (a) an adverse change in, or an adverse effect upon, the financial condition, business, prospects or properties of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) any material adverse change in the rights or remedies of the Lenders under the Loan Documents or the ability of the Borrower to perform its obligations under any of the Loan Documents; or (c) any material adverse change in the legality, validity or enforceability of any Loan Document.

" Maturity Date " means September 24, 2006.

" Merger " means the merger of IBP with and into Merger Co. in accordance with the Merger Agreement.

" Merger Agreement " means the Agreement and Plan of Merger dated as of January 1, 2001, among IBP, the Borrower and Merger Co., as modified by the Stipulation and Order dated June 27, 2001, with no changes therefrom adverse to the Lenders.

" Merger Co. " means Lasso Acquisition Corporation, a Delaware corporation and a wholly-owned Subsidiary of the Borrower.

" Moody's " means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

" Multiemployer Plan " means, with respect to any Person, at any time, a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which such Person or any member of its Controlled Group is making, or is obligated to make contributions or has made, or been obligated to make, contributions.

" Net Worth " means, with respect to any Person, at any date of determination, shareholders' equity as determined in accordance with GAAP.

" Notice of Borrowing " has the meaning specified in Section 2.02(a).

" Notice of Conversion/Continuation " has the meaning specified in Section 2.11(b).

" Obligations " means all Loans, other Indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower to any Lender, the Administrative Agent, any Affiliate of any of the foregoing or any Indemnified Party, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, arising under this Agreement or under any other Loan Document, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term "Obligations" includes all interest, charges, expenses, fees, attorneys' fees and disbursements (including the allocated cost of in-house counsel) and any other sum chargeable to the Borrower under this Agreement or any other Loan Document.

" OSHA " has the meaning specified in the definition of Environmental Laws.

" Other Taxes " has the meaning specified in Section 3.05(b).

" Participant " has the meaning specified in Section 10.08(e).

" PBGC " means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

" Percentage Share " means, as to any Lender, at any time, such Lender's percentage share of the Aggregate Commitments, as set forth opposite such Lender's name in Schedule 1.01(a) under the heading "Percentage Share" or set forth in any Assignment and Acceptance delivered pursuant to Section 10.08, as such percentage may be modified from time to time in connection with any

assignment of the Commitment of such Lender in accordance with the terms hereof.

" Permitted Disposition " means, any disposition (except as otherwise permitted under Section 7.07) made by the Borrower or any of its Subsidiaries of any of its assets if the net income for the most recently completed four fiscal quarter period for which financial statements have been delivered pursuant to Section 6.09(a) or (b) derived from the assets subject to such disposition together with the net income for such period derived from all other assets sold or otherwise disposed of during or after such period does not exceed 10% of Consolidated Net Income (calculated as if the Merger had occurred as of the Effective Date) for such period.

" Permitted Investments " means:

(a) securities issued or fully guaranteed or insured by the United States Government or any agency thereof and backed by the full faith and credit of the United States of America having maturities of not more than one year from the date of acquisition;

(b) certificates of deposit, time deposits, Eurodollar time deposits, overnight bank deposits, repurchase agreements, reverse repurchase agreements or bankers' acceptances, having in each case a tenor of not more than one year issued by any Lender, or by any United States commercial bank or any branch or agency of a non-United States bank licensed to conduct business in the United States of America having a combined capital and surplus of not less than \$500,000,000 whose short term securities are rated at least A-1 by S&P and P-1 by Moody's;

(c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's and in either case having a tenor of not more than 270 days; and

(d) money-market funds invested in short-term securities rated at least as provided in clause (b) above.

" Permitted Lien Basket " means 10% of Total Capitalization.

" Permitted Liens " has the meaning specified in Section 7.01.

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

" Plan " means, with respect to the Borrower or any member of its Controlled Group, at any time, an employee pension benefit plan as defined in Section 3(2) of ERISA (including a Multiemployer Plan) that is covered by Title IV of ERISA or

subject to the minimum funding standards under Section 412 of the Code and is maintained for the employees of such Person or any member of its Controlled Group.

" Priority Debt " means (a) any Indebtedness secured by a Lien (including in connection with capital leases or other financing leases) encumbering any asset of the Borrower or any of its Subsidiaries, (b) any Indebtedness of any Subsidiary of the Borrower (other than Indebtedness of IBP under the Guarantee Agreement, Indebtedness of IBP owed to the Borrower and Indebtedness (in an amount not to exceed the amount of the guarantee of the Obligations under the Guarantee Agreement) of IBP), (c) any receivables purchase transaction involving receivables of the Borrower or any of its Subsidiaries or any other securitization of assets of the Borrower or any of its Subsidiaries and (d) any sale-leaseback transaction involving assets of the Borrower or any of its Subsidiaries.

" Receivables Bridge Facility " means the senior unsecured bridge credit facility of the Borrower in an aggregate principal amount of \$350,000,000, established under the credit agreement dated as of August 3, 2001, among the Borrower, the lenders party thereto and The Chase Manhattan Bank, as administrative agent.

" Receivables Facility " means an accounts receivable securitization established by the Borrower in an aggregate principal amount of up to \$750,000,000.

" Reference Rate " means the higher of (a) the Federal Funds Rate plus 1/2% and (b) the rate of interest (the "Prime Rate") publicly announced from time to time by the Administrative Agent, as its prime rate in effect at its principal office in New York City. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

" Reference Rate Loan " means any Committed Loan that bears interest at a rate determined with reference to the Reference Rate.

" Register " has the meaning specified in Section 10.08(c).

" Regulation U " shall mean Regulation U of the Board of Governors of the Federal Reserve System of the United States of America as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Reportable Event " means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder.

" Replacement Lender " has the meaning specified in Section 3.13(b).

" Requirement of Law " means, with respect to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation (including Environmental Laws and ERISA) or order, decree or other determination of an arbitrator or a court or other Governmental Authority applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

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" Responsible Officer " means, with respect to any Person, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or the Secretary of such Person.

" Restricted Payment " means any dividend (other than dividends payable solely in Stock of the Borrower and dividends paid by any wholly-owned Subsidiary of the Borrower to the Borrower or any other wholly-owned Subsidiary of the Borrower) or any other distribution with respect to any Stock of the Borrower or any of its Subsidiaries, whether now or hereafter outstanding, or any payment on account of the purchase, acquisition, redemption or other retirement, directly or indirectly, of any shares of such Stock (other than the purchase of Stock in the ordinary course in connection with employee benefit plans of the Borrower or its Subsidiaries, including employee stock purchase plans and stock option plans).

" Short-Term Index Debt " means senior, unsecured short-term Indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

" S&P " means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

" Solvent " means, with respect to any Person, that the fair value of the assets of such Person (both at fair valuation and at present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person as of such date and that, as of such date, such Person is able to pay all liabilities of such Person as such liabilities mature and such Person does not have unreasonably small capital with which to carry on its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

" Stock " means all shares, options, interests, participations or other equivalents (regardless of how designated) of or in a corporation or other entity, whether voting or non-voting, of any class and includes, common stock, preferred stock or warrants or options for any of the foregoing.

" Subsidiary " means, with respect to any Person, any corporation more than 50% of whose stock having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation is at the time owned by such Person, directly or indirectly through one or more Subsidiaries. At all times on and after the date of the Acquisition, IBP and its Subsidiaries will constitute Subsidiaries of the Borrower.

" Taxes " has the meaning specified in Section 3.05(a).

" Tender Offer " means the Offer (as defined in the Merger Agreement) of the Borrower and Merger Co. to acquire 50.1% of the issued and outstanding shares of IBP common stock.

" 364-Day Credit Agreement " means the 364-Day Credit Agreement dated as of September 24, 2001, among the Borrower, the banks from time to time party thereto, The Chase Manhattan Bank, as administrative agent, Merrill Lynch

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Capital Corporation, as syndication agent, and SunTrust Bank, as documentation agent and Mizuho Financial Group and Rabobank International, as co-documentation agents.

" Total Capitalization " means, at any date, the sum of (a) the aggregate amount of Indebtedness for Borrowed Money and (b) Net Worth of the Borrower and its consolidated Subsidiaries.

" Transactions " means the execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof, the Acquisition, the Merger and the assumption and refinancing of Indebtedness and the other transactions contemplated by the Borrower to be effected in connection therewith.

" Tyson Limited Partnership " means that certain Delaware limited partnership of the same name of which Mr. Don Tyson is the Managing General Partner.

SECTION 1.02. Computation of Time Periods. In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Matters. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Majority Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. IBP and its Subsidiaries will be deemed to be consolidated Subsidiaries of the Borrower at all times on and after the date of the Acquisition.

SECTION 1.04. Certain Terms. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole, including the Exhibits and Schedules hereto, as the same may from time to time be amended, supplemented, amended and restated or otherwise modified and not to any particular Article, Section, paragraph or clause in this Agreement. The word "includes" and "including" when used herein is not intended to be exclusive and means "includes, without limitation" and "including, without limitation." References herein to an Article, Section, paragraph or clause shall refer to the appropriate Article, Section, paragraph or clause in this Agreement.

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ARTICLE II

Amounts and Terms of the Loans

SECTION 2.01. Amounts and Terms of Commitments. Each Lender severally agrees, on the terms and subject to the conditions hereinafter set forth, to make Committed Loans to the Borrower (each such Loan, a "Committed Loan") from time to time on any Business Day during the period from the Effective Date to the Maturity Date, in an aggregate principal amount not to exceed at any time outstanding such Lender's Commitment; provided, however, that after giving effect to any Borrowing of Committed Loans, (a) the aggregate principal amount of all outstanding Committed Loans plus (b) the aggregate principal amount of all outstanding Bid Loans shall not exceed the Aggregate Commitments. Within the limits of each Lender's Commitment, the Borrower may on and prior to the Maturity Date borrow under this Section 2.01, prepay pursuant to Section 2.07 and reborrow pursuant to this Section 2.01.

SECTION 2.02. Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon the irrevocable notice of the Borrower, received by the Administrative Agent not later than 12:00 noon (New York City time) (i) three Business Days prior to the date of the proposed Borrowing, in the case of Eurodollar Loans; and (ii) one Business Day prior to the date of the proposed Borrowing, in the case of Reference Rate Loans; provided, however, that in case of a Committed Borrowing of Reference Rate Loans after the cancellation of a Bid Borrowing pursuant to Section 2.04(c)(i), the Borrower may give such notice to the Administrative Agent not later than 11:00 a.m. (New York City time) on the date of such Committed Borrowing. Each such notice of a Committed Borrowing (a "Notice of Borrowing") shall be in writing (including by facsimile confirmed immediately by telephone), in substantially the form of Exhibit 2.02 specifying:

(i) the requested borrowing date, which shall be a Business Day;

(ii) the aggregate amount of the Borrowing, which (A) shall not exceed the unused portion of the Aggregate Commitments and (B) shall be a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) whether the Borrowing is to be comprised of Eurodollar Loans or Reference Rate Loans; and

(iv) if the Borrowing is to be comprised of Eurodollar Loans, the duration of the initial Interest Period applicable to such Loans. If the Notice of Borrowing shall fail to specify the duration of the initial Interest Period for any Borrowing comprised of Eurodollar Loans, such Interest Period shall be three months.

(b) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender thereof and of the amount of such Lender's Percentage Share of such Borrowing.

(c) Each Lender shall make the amount of its Percentage Share of the Committed Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Payment Office by 12:00 noon (New York City time) on the borrowing date requested by the Borrower in funds immediately available to the Administrative Agent. Unless any applicable condition specified in Article V has not been satisfied, the Administrative Agent will make the funds so received from the Lenders promptly available to the Borrower by crediting the

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account of the Borrower on the books of the Administrative Agent (or such other account as shall have been specified by the Borrower) with the aggregate amount made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

(d) After giving effect to any Committed Borrowing, there shall not be more than twelve different Interest Periods in effect in respect of all Committed Loans together.

SECTION 2.03. Bid Borrowings. In addition to Committed Borrowings pursuant to Section 2.01, each Lender severally agrees that the Borrower may, as set forth in Section 2.04, from time to time on any Business Day during the period from the Effective Date to the Maturity Date, request the Lenders to submit offers to make Bid Loans to the Borrower; provided, however, that the Lenders may, but shall have no obligation to, submit such

offers and the Borrower may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall the sum of (a) the aggregate principal amount of all outstanding Bid Loans made by all Lenders plus (b) the aggregate principal amount of all outstanding Committed Loans exceed the Aggregate Commitments.

SECTION 2.04. Procedure for Bid Borrowings.

(a) The Borrower may request a Bid Borrowing hereunder by delivering to the Administrative Agent and each Lender by facsimile not later than 12:00 noon (New York City time) (i) three Business Days prior to the date of the proposed Borrowing, in the case of LIBOR Bid Loans; and (ii) one Business Day prior to the date of the proposed Borrowing, in the case of Absolute Rate Bid Loans, a solicitation for Bid Loans (a "Competitive Bid Request"), in substantially the form of Exhibit 2.04(a), specifying:

(i) the requested borrowing date, which shall be a Business Day;

(ii) the aggregate amount of the Borrowing, which shall be a minimum amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) whether the Bid Loans requested are LIBOR Bid Loans or Absolute Rate Bid Loans;

(iv) the duration of the Interest Period applicable to such Bid Loans, which shall be not less than five days and not more than 183 days and which shall not extend beyond the Maturity Date; and

(v) any other terms to be applicable to such Bid Loans.

(b) (i) Each Lender may, in response to a Competitive Bid Request, in its discretion, irrevocably submit to the Borrower a Competitive Bid containing an offer or offers to make one or more Bid Loans. Each Competitive Bid must be submitted to the Borrower by facsimile before 10:00 a.m. (New York City time) (i) two Business Days prior to the proposed date of Borrowing, in the case of a request for LIBOR Bid Loans and (ii) on the proposed date of Borrowing, in the case of a request for Absolute Rate Bid Loans.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit 2.04(b), specifying:

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(A) the minimum amount of each Bid Loan for which such Competitive Bid is being made, which shall be \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof, and the maximum amount thereof, which may not exceed the principal amount of Bid Loans for which Competitive Bids were requested (but which may exceed such Lender's Commitment);

(B) the rate or rates of interest per annum offered for each Bid Loan, which, in the case of a LIBOR Bid Loan, shall be expressed as a percentage (rounded to the nearest 1/100%) to be added to or subtracted from the applicable LIBOR (the "LIBOR Bid Margin");

(C) the applicable Interest Period for each Bid Loan offered by it; and

(D) the identity and the applicable Lending Office of the quoting Lender.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit 2.04(b) or does not specify all of the information required by clause (ii) above;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Competitive Bid Request; or

(D) arrives after the time set forth in clause (i) above.

(c) Not later than 11:00 a.m. (New York City time) (i) two Business Days prior to the proposed date of Borrowing, in the

case of LIBOR Bid Loans and (ii) on the date of such Bid Borrowing, in the case of Absolute Rate Loans, the Borrower shall either

(i) cancel such Borrowing by giving the Administrative Agent and the Lenders notice thereof (which notice may be given by telephone, confirmed by facsimile); or

(ii) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (b) above, in its sole discretion, by giving notice (which notice may be given by telephone, confirmed by facsimile) (A) to such Lender or Lenders of the amount of each Bid Loan (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by such Lender for such Bid Loan pursuant to paragraph (b) above) to be made by each such Lender as part of such Bid Borrowing, and reject any remaining offers made by the Lenders and give notice to that effect, and (B) to the Administrative Agent of the date of such Borrowing and the aggregate amount thereof (which may not exceed the applicable amount set forth in the related Competitive Bid Request); provided, however, that acceptance by the Borrower of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates within each Interest Period; and, provided, further, that if offers are made by two or more Lenders with the same LIBOR Bid Margins or Absolute Rates for a greater aggregate principal amount than the amount for which such offers are accepted for the related Interest Rate Period, the principal amount of Bid Loans accepted shall be allocated by the Borrower among such Lenders as nearly as possible (in multiples not less than \$1,000,000) in proportion to the aggregate principal amount of such offers;

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provided, however, that in the event the Borrower does not, before the time stated above, either cancel the proposed Bid Borrowing pursuant to clause (i) above or accept one or more of the offers pursuant to clause (ii) above, such Bid Borrowing shall be deemed cancelled and provided further, that in the event the Borrower accepts one or more of the offers pursuant to clause (ii) above but does not expressly reject or accept the remaining offers, such remaining offers shall be deemed rejected.

(i) If the Borrower accepts one or more of the offers to make Bid Loans made by any Lender or Lenders pursuant to paragraph (c)(ii) above, each such Lender shall, subject to the satisfaction of the conditions precedent specified in Section 5.02, before 12:00 noon (New York City time) on the date of the Bid Borrowing, make available to the Borrower at such Lender's Lending Office such Lender's portion of such Bid Borrowing in same day funds.

(ii) Promptly after accepting a Bid Loan offer on the date of each Bid Borrowing, the Borrower shall notify the Administrative Agent of (1) the aggregate amount of Bid Loans made in connection with such Bid Borrowing (which amount may not exceed the amount requested pursuant to Section 2.04(a)(ii)), (2) each date on which any Bid Loan shall mature, (3) the principal amount of Bid Loans which shall mature on each such date, (4) the highest and the lowest Competitive Bid submitted by the Lenders in connection with each Competitive Bid Request, and (5) the highest and the lowest Competitive Bid accepted by the Borrower.

(e) Upon being notified by the Borrower of the amount of, and the applicable Interest Period for, any LIBOR Bid Loan, the Administrative Agent shall determine LIBOR (as provided in the definition of LIBOR) and give prompt notice to the Borrower and the relevant Lender or Lenders thereof.

SECTION 2.05. Evidence of Indebtedness.

(a) Each Lender, with respect to amounts payable to it hereunder, and the Administrative Agent, with respect to all amounts payable hereunder, shall maintain on its books in accordance with its usual practice, loan accounts, setting forth each Committed Loan, and, in the case of each Lender having made a Bid Loan, each such Bid Loan, the applicable interest rate and the amounts of principal, interest and other sums paid and payable by the Borrower from time to time hereunder with respect thereto; provided, however, that the failure by any Lender to record any such amount on its books shall not affect the obligations of the Borrower with respect thereto. In the case of any dispute, action or proceeding relating to any amount payable hereunder, the entries in each such account shall be conclusive evidence of such amount absent manifest error.

(b) Notwithstanding the foregoing, if any Lender shall so request for purposes of Section 10.08(g), the obligation to repay the Committed Loans shall also be evidenced by a promissory note in the form of Exhibit 2.05(b).

(c) The obligation to repay any Bid Loan shall also, if so requested by the Lender making such Bid Loan, be evidenced by a promissory note in the form of Exhibit 2.05(c).

SECTION 2.06. Termination and Reduction of the Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may, at any time and from time to time, upon not less than three Business Days' prior notice to the Administrative Agent, terminate the Aggregate Commitments or permanently reduce the Aggregate Commitments by an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided, however, that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayment of Loans made on the effective date thereof, the then outstanding principal amount of Committed Loans and Bid Loans would exceed the Aggregate Commitments then in effect and, provided, further, that once reduced in accordance with this Section 2.06, the Aggregate Commitments may not be increased. Any reduction of the Aggregate Commitments shall be applied to each Lender's Commitment in accordance with such Lender's Percentage Share.

SECTION 2.07. Optional Prepayments.

(a) Subject to Section 3.10, the Borrower may upon notice to the Administrative Agent, stating the proposed date and aggregate principal amount of the prepayment, received by the Administrative Agent not later than 12:00 noon (New York City time) (i) not less than three Business Days prior to the proposed date of prepayment, in the case of a prepayment of Eurodollar Loans and (ii) not less than one Business Day prior to the proposed date of prepayment, in the case of a prepayment of Reference Rate Loans, prepay ratably among the Lenders, the outstanding principal amount of any Committed Loans in whole or in part, together (other than in the case of a prepayment of a Reference Rate Loan prior to the earlier of the Maturity Date and the date of termination of the Commitments hereunder) with accrued interest to the date of such prepayment on the principal amount prepaid. Each such partial prepayment shall be in an aggregate principal amount of not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof; provided, however, that if the aggregate amount of Eurodollar Loans comprised in the same Borrowing shall be reduced as a result of any optional prepayment to an amount less than \$5,000,000, the Eurodollar Loans comprised in such Borrowing shall automatically convert into Reference Rate Loans at the end of the then current Interest Period. If any notice of prepayment is given, the principal amount stated therein, together (other than in the case of a prepayment of a Reference Rate Loan prior to the earlier of the Maturity Date and the date of termination of the Commitments hereunder) with accrued interest to the date of prepayment, shall be due and payable on the date specified in such notice.

(b) The Borrower may not voluntarily prepay any Bid Loan prior to the maturity date thereof.

SECTION 2.08. Repayment.

(a) The Committed Loans. The outstanding principal amount of all Committed Loans shall be repaid on the Maturity Date.

(b) *The Bid Loans* . Each Bid Loan shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable thereto; provided, however, that the outstanding principal amount of all Bid Loans shall be repaid on the Maturity Date.

SECTION 2.09. Interest.

(a) Subject to Section 2.10, each Committed Loan shall bear interest, at the option of the Borrower (i) with respect to Reference Rate Loans,

to Eurodollar Loans, at a rate per annum equal to the sum of LIBOR plus the applicable margin set forth below:

| <i>Debt Rating</i> | <i>Applicable Margin</i> | |
|---------------------------|-------------------------------------|---------------------------------|
| | <i>Reference Rate Margin</i> | <i>Eurodollar Margin</i> |
| Level I Status | 0.000% | 0.625% |
| Level II Status | 0.000% | 0.850% |
| Level III Status | 0.300% | 1.300% |
| Level IV Status | 0.400% | 1.400% |
| Level V Status | 0.750% | 1.750% |

(b) For purposes of Section 2.09(a), (i) if either Moody's or S&P shall not have in effect a Debt Rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Index Debt of Level V Status; (ii) if either Moody's or S&P shall not have in effect a Debt Rating for Short-Term Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Short-Term Index Debt of Level III Status, provided that if Level IV Status or Level V Status shall exist, the applicable margin shall be based on Level IV Status or Level V Status, as applicable; (iii) if the Debt Ratings for Index Debt established or deemed to have been established by Moody's and S&P shall fall within different Levels, the applicable margin shall be based on the lower of the two Debt Ratings unless one of the two Debt Ratings is of Level I Status, in which case the applicable margin shall be determined by reference to Level I Status; and (iv) if the Debt Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by S&P or Moody's. Any change in the applicable margin due to a change in the applicable Debt Rating shall be effective on the effective date of such change in the Debt Rating and shall apply to all Committed Loans that are outstanding at any time during the period commencing on the effective date of such change in the Debt Rating and ending on the date immediately preceding the effective date of the next such change in the Debt Rating which results in a change in the applicable margin. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this Section and the relevant definitions to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the applicable margin shall be determined by reference to the Debt Rating most recently in effect prior to such change or cessation.

(c) Accrued and unpaid interest in respect of each Committed Loan shall be paid on each Interest Payment Date, on the earlier of the Maturity Date and the date of termination of the Commitments hereunder, on the date of any prepayment or repayment (other than a prepayment or repayment of Reference Rate Loans) of Committed Loans.

(d) The Borrower shall pay to each Lender which had made a Bid Loan interest on the unpaid principal amount of such Bid Loan from the date when made until paid in full, on each Interest Payment Date and on the earlier of the Maturity Date and the date of termination of the Commitments hereunder, at a rate per annum equal to LIBOR plus (or minus) the LIBOR Bid Margin, or the Absolute Rate, as the case may be, as specified by such Lender in its Competitive Bid pursuant to Section 2.04(b)(ii).

SECTION 2.10. Default Interest. Notwithstanding the provisions of Section 2.09, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to Reference Rate Loans as provided in paragraph (a)(i) of Section 2.09.

SECTION 2.11. Continuation and Conversion Elections for Committed Borrowings.

(a) The Borrower may upon irrevocable written notice to the Administrative Agent in accordance with paragraph (b) below:

(i) elect to convert, on any Business Day, any Reference Rate Loans (or any part thereof in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof) into Eurodollar Loans;

(ii) elect to convert, on any Business Day, any Eurodollar Loans (or any part thereof in an aggregate amount not less than \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof) into Reference Rate Loans; or

(iii) elect to continue, on the expiration date of any Interest Period, any Eurodollar Loans maturing on such Interest Payment Date;

provided, however, that if on the expiration date of any Interest Period the aggregate amount of outstanding Eurodollar Loans comprised in the same Committed Borrowing shall have been reduced as a result of the conversion of part thereof to an amount less than \$5,000,000, the remaining Eurodollar Loans comprised in such Borrowing shall automatically convert into Reference Rate Loans on such date and on and after such date the right of the Borrower to continue such Loans as Eurodollar Loans shall terminate.

(b) The Borrower shall deliver a notice of conversion or continuation (a "Notice of Conversion/Continuation"), in substantially the form of Exhibit 2.11, to the Administrative Agent not later than 12:00 noon (New York City time) (i) three Business Days prior to the proposed date of conversion or continuation, if the Committed Loans or any portion thereof are to be converted into or continued as Eurodollar Loans; and (ii) one Business Day prior to the proposed date of conversion, if the Committed Loans or any portion thereof are to be converted into Reference Rate Loans.

Each such Notice of Conversion/Continuation shall be by facsimile confirmed immediately by telephone specifying therein:

(i) the proposed date of conversion or continuation;

(ii) the aggregate amount of Committed Loans to be converted or continued;

(iii) the nature of the proposed conversion or continuation; and

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(iv) the duration of the requested Interest Period.

(c) If, upon the expiration of any Interest Period applicable to Eurodollar Loans, the Borrower shall have failed to select a new Interest Period to be applicable to such Eurodollar Loans, or if an Event of Default shall then have occurred and be continuing, the Borrower shall be deemed to have elected to convert such Eurodollar Loans into Reference Rate Loans effective as of the expiration date of such current Interest Period.

(d) Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender thereof or, if no timely notice is provided, the Administrative Agent shall promptly notify each Lender of the details of any automatic conversion. All conversions and continuations shall be made pro rata among the Lenders based on the respective outstanding principal amounts of the Loans with respect to which such notice was given held by each Lender.

(e) After giving effect to any conversion or continuation of any Committed Loans, there shall not be more than twelve different Interest Periods in effect in respect of all Committed Loans together.

ARTICLE III

Fees; Payments; Taxes; Changes in Circumstances

SECTION 3.01. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee equal to the percentage per annum set forth below times such Lender's Commitment (regardless of utilization) or, after the Maturity Date, times the aggregate daily outstanding amount of such Lender's Loans:

Debt Rating

Facility Fee

| | |
|------------------|--------|
| Level I Status | 0.125% |
| Level II Status | 0.150% |
| Level III Status | 0.200% |
| Level IV Status | 0.350% |
| Level V Status | 0.500% |

(i) For purposes of this Section 3.01(a), (i) if either Moody's or S&P shall not have in effect a Debt Rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Index Debt of Level V Status; (ii) if either Moody's or S&P shall not have in effect a Debt Rating for Short-Term Index Debt (other than by reason of the circumstances referred to in the last sentence of this paragraph), then such rating agency shall be deemed to have established a Debt Rating for Short-Term Index Debt of Level III Status, provided that if Level IV Status or Level V Status shall exist, the applicable margin shall be

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based on Level IV Status or Level V Status, as applicable; (iii) if the Debt Ratings for Index Debt established or deemed to have been established by Moody's and S&P shall fall within different Levels, the facility fee shall be based on the lower of the two Debt Ratings unless one of the two Debt Ratings is of Level I Status, in which case the facility fee shall be determined by reference to Level I Status; and (iv) if the Debt Ratings established or deemed to have been established by Moody's and S&P shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first publicly announced by S&P or Moody's. Any change in the facility fee due to a change in the applicable Debt Rating shall be effective on the effective date of such change in the Debt Rating. If the rating system of Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Borrower and the Lenders shall negotiate in good faith to amend this Section and the relevant definitions to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the facility fee shall be determined by reference to the Debt Rating most recently in effect prior to such change or cessation.

(ii) The facility fee shall accrue from the Effective Date to the Maturity Date and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing in the calendar quarter ending on September 30, 2001 and on the Maturity Date, provided that if any Loans shall be outstanding after the Maturity Date, then the facility fee shall continue to accrue on the daily outstanding amount of such Loans from and including the Maturity Date to but excluding the date on which such Loans are repaid in full, and such facility fee shall be payable on demand.

(b) The Borrower agrees to pay to the Administrative Agent, for the Administrative Agent's own account, fees in the amounts and at the times set forth in the Administrative Agent's Fee Letter.

SECTION 3.02. Computation of Fees and Interest.

(a) All computations of interest payable in respect of Reference Rate Loans shall be made on the basis of a year of 365 days or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest under this Agreement shall be made on the basis of a year of 360 days and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

SECTION 3.03. Payments by the Borrower.

(a) All payments (including prepayments) to be made by the Borrower hereunder shall be made without set-off or counterclaim and shall, except as expressly provided herein, be made to the Administrative Agent for the ratable account of the Lenders at the Administrative Agent's Payment Office, in dollars and in immediately available funds, not later than 12:00 noon New York City time on the date specified herein; provided, however, that unless otherwise specified herein, each payment in respect of a Bid Loan shall be made directly to the

relevant Lender to the Lending Office of such Lender. The Administrative Agent will promptly after receiving any payment of principal, interest, fees and other amounts from the Borrower distribute to each Lender its Percentage Share (or other applicable share as expressly provided herein) of such payment for the account of its respective Lending Office. Any payment which is received by the Administrative Agent after 12:00 noon (New York City time) shall be deemed to have been received on the immediately succeeding Business Day.

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(b) Whenever any payment of a Committed Loan (and unless otherwise stated in the relevant Competitive Bid Request, a Bid Loan) shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest and fees, as the case may be; provided, however, that if such extension would cause any payment of principal of or interest on Eurodollar Loans to be made in the next calendar month, such payment shall be made on the immediately preceding Business Day.

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent, on demand, the excess of the amount distributed to such Lender over the amount, if any, paid by the Borrower, together with interest thereon at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for each day from the date such amount is distributed to such Lender to the date such Lender repays such amount to the Administrative Agent.

SECTION 3.04. Payments by the Lenders to the Administrative Agent.

(a) Unless the Administrative Agent shall have received notice from a Lender on the Effective Date, or, with respect to each Committed Borrowing after the Effective Date, at least one Business Day prior to the date of such Borrowing that such Lender will not make available to the Administrative Agent for the account of the Borrower the amount of such Lender's Percentage Share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the date of such Borrowing and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made such full amount available to the Administrative Agent and the Administrative Agent in such circumstances makes available to the Borrower such amount, such Lender shall, within two Business Days following the date of such Borrowing, make such amount available to the Administrative Agent, together with interest at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation for and determined as of each day during such period. If such amount is so made available, such payment to the Administrative Agent shall constitute such Lender's Committed Loan on the date of the Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent within two Business Days following the date of such Borrowing, the Administrative Agent shall notify the Borrower of such failure to fund and, on the third Business Day following the date of such Borrowing, the Borrower shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing. Nothing contained in this Section 3.04(a) shall relieve any Lender which has failed to make available its Percentage Share of any Committed Borrowing hereunder from its obligation to do so in accordance with the terms hereof.

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(b) The failure of any Lender to make any Committed Loan on the date of any Committed Borrowing shall not relieve any other Lender of its obligation hereunder to make a Loan on the date of such Borrowing pursuant to the provisions contained herein, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Committed Borrowing.

SECTION 3.05. Taxes.

(a) Subject to Section 3.05(g), any and all payments by or on account of any obligation of the Borrower to each Lender or the Administrative Agent under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes, franchise taxes or branch profit taxes) as are imposed on or measured by such Lender's or the Administrative Agent's, as the case may be, net income by the jurisdiction under the laws of which such Lender or the Administrative Agent, as the case may be, is organized or maintains a Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes, intangible taxes, mortgage recording taxes or any other sales, excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Subject to Section 3.05(g), the Borrower shall indemnify and hold harmless each Lender and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.05) paid by such Lender or the Administrative Agent, as the case may be, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date such Lender or the Administrative Agent, as the case may be, makes written demand therefor.

(d) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, then, subject to Section 3.05(g),

(i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.05) such Lender or the Administrative Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made;

(ii) the Borrower shall make such deductions; and

(iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

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(e) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing such payment, or other evidence of such payment satisfactory to the Administrative Agent.

(f) Each Lender which is a foreign Person (i.e., a Person other than a United States Person for United States Federal income tax purposes) hereby agrees that:

(i) it shall no later than on the Effective Date (or, in the case of a Lender which becomes a party hereto pursuant to Section 10.08 after the Effective Date, the date upon which such Lender becomes a party hereto) deliver to the Administrative Agent (two originals) and to the Borrower (one original):

(A) if any Lending Office is located in the United States of America, accurate and complete signed copies of IRS Form W-8ECI or any successor thereto ("Form W-8ECI"), and/or

(B) if any Lending Office is located outside the United States of America, accurate and complete signed copies of IRS Form W-8BEN or any successor thereto ("Form W-8BEN"),

in each case indicating, where eligible, that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such Lending Office or Lending Offices under this Agreement free from withholding of United States Federal income tax;

(i) if at any time such Lender changes its Lending Office or Lending Offices or selects an additional Lending Office it shall, at the same time, but only to the extent the forms previously

delivered by it hereunder are no longer effective, deliver to the Administrative Agent (two originals) and to the Borrower (one original), in replacement for the forms previously delivered by it hereunder:

(A) if such changed or additional Lending Office is located in the United States of America, accurate and complete signed originals of Form W-8ECI; or

(B) otherwise, accurate and complete signed originals of Form W-8BEN,

in each case indicating, where eligible, that such Lender is on the date of delivery thereof entitled to receive payments of principal, interest and fees for the account of such changed or additional Lending Office under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, upon the expiration of the most recent Form W-8ECI or Form W-8BEN previously delivered by such Lender or upon such Form becoming inaccurate, incomplete or obsolete in any respect (in each case, other than as a result of any event mentioned in clause (ii) above), deliver to the Administrative Agent (two originals) and to the Borrower (one original) accurate and complete signed copies of Form W-8ECI or Form W-8BEN in replacement for the forms previously delivered by such Lender;

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(iv) it shall, promptly upon the request of the Administrative Agent or the Borrower, deliver to the Administrative Agent and the Borrower, such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Lender's tax status for withholding purposes;

(v) if such Lender claims exemption from withholding tax under a United States tax treaty by providing a Form W-8BEN and such Lender sells or grants a participation of all or part of its rights under this Agreement, it shall notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner under this Agreement. To the extent of this percentage amount, the Administrative Agent shall treat such Lender's Form W-8BEN as no longer in compliance with this Section 3.05(f). In the event a Lender claiming exemption from United States withholding tax by filing Form W-8ECI with the Administrative Agent, sells or grants a participation in its rights under this Agreement, such Lender agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code; and

(vi) if the IRS or any authority of the United States of America or other jurisdiction asserts a claim that the Administrative Agent or the Borrower did not properly withhold tax from amounts paid to or for the account of any Lender (but only to the extent such claim arises because the appropriate form was not delivered, was not properly executed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from withholding tax ineffective or because of such Lender's sale of a participating interest in a Loan), such Lender shall indemnify the Administrative Agent and/or the Borrower, as applicable, fully for all amounts paid, directly or indirectly, by the Administrative Agent and/or the Borrower, as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent or the Borrower under this Section 3.05(f), together with all costs, expenses and attorneys' fees (including the allocated cost of in-house counsel).

Without limiting or restricting any Lender's right to increased amounts under Section 3.05(d) from the Borrower subject to satisfaction of such Lender's obligations under the provisions of this Section 3.05(f), if such Lender is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by clause (i) above are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to the Lender not providing such forms or other documentation, an amount equivalent to the applicable withholding tax. In addition, the Administrative Agent may also withhold against periodic payments other than interest payments to the extent United States withholding tax is not eliminated by obtaining Form W-8ECI or Form W-8BEN.

(g) The Borrower shall not be required to pay any additional amounts in respect of United States Federal income

tax pursuant to Section 3.05(d) to any Lender that is a foreign Person for the account of any Lending Office of such Lender:

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(i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Lender to comply with its obligations under Section 3.05(f) in respect of such Lending Office;

(ii) if such Lender shall have delivered to the Administrative Agent and the Borrower a Form W-8ECI in respect of such Lending Office pursuant to Sections 3.05(f)(i)(A), 3.05(f)(ii)(A) or 3.05(f)(iii) and such Lender shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Borrower hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8ECI; or

(iii) if such Lender shall have delivered to the Administrative Agent and the Borrower a Form W-8BEN in respect of such Lending Office pursuant to Sections 3.05(f)(i)(B), 3.05(f)(ii)(B) or 3.05(f)(iii) and such Lender shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Borrower hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8BEN.

(h) Any and all present or future Taxes, Other Taxes and related liabilities (including penalties, interest, additions to tax and expenses) which are not paid by the Borrower pursuant to and as required by this Section 3.05 shall be paid by the Lender which received the principal, interest or fees in respect of which such Taxes, Other Taxes or related liabilities are payable. Any and all present or future Taxes or Other Taxes which are required by law to be deducted or withheld from or in respect of any sum payable hereunder to any Lender and which are not paid by the Borrower pursuant to and as required by this Section 3.05 will be deducted or withheld by the Administrative Agent without any increase in the sum payable as provided in Section 3.05(d). Each Lender agrees to indemnify the Administrative Agent and hold the Administrative Agent harmless for the full amount of any and all present or future Taxes, Other Taxes and related liabilities (including penalties, interest, additions to tax and expenses, and any Taxes or Other Taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this Section 3.05(h)) which are imposed on or with respect to principal, interest or fees payable to such Lender hereunder and which are not paid by the Borrower pursuant to this Section 3.05, whether or not such Taxes, Other Taxes or related liabilities were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Administrative Agent makes written demand therefor.

SECTION 3.06. Sharing of Payments, Etc. If other than as provided in Section 3.05, 3.08, 3.09, 3.10 or 3.11, any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Committed Loan made by it and, after acceleration of all Obligations pursuant to Section 8.02(b), in respect of any Obligation owing to it (including with respect to any Bid Loan), in the case of the Committed Loan, in excess of its Percentage Share of payments on account

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of the Committed Loans obtained by all the Lenders and, after acceleration, in excess of its pro rata share of all Obligations, such Lender shall forthwith (a) notify the Administrative Agent of such fact and (b) purchase from the other Lenders such participations in the Committed Loans made by them or, after acceleration, in all Obligations owing to them, as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of the other Lenders according to their respective Percentage Shares or, after acceleration, their pro rata shares of all Obligations then owing to them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase shall to the extent of such recovery be rescinded and each other Lender shall repay to the purchasing Lender the purchase price thereto together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any

interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to the provisions of this Section 3.06 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error), of participations purchased pursuant to this Section 3.06 and will in each case notify the Lenders following any such purchases.

SECTION 3.07. Inability to Determine Rates. If with respect to any Interest Period for Eurodollar Loans, the Administrative Agent shall determine, or Majority Lenders shall notify the Administrative Agent, that LIBOR for such Interest Period will not adequately and fairly reflect the cost to Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period (after giving effect to any event giving rise to additional interest on such Loans pursuant to Section 3.11), the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon the obligations of the Lenders to make or continue Committed Loans as Eurodollar Loans or to convert Committed Loans into Eurodollar Loans at the end of the then current Interest Period shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke its Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such notice, the Lenders shall make, convert or continue the Committed Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Reference Rate Loans instead of Eurodollar Loans.

SECTION 3.08. Increased Costs. If any Lender shall determine that, due to either (a) the introduction of any Requirement of Law or any change (other than any change by way of imposition of or increase in reserve requirements included in the Eurodollar Reserve Percentage) in or in the interpretation thereof or (b) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining any Committed Loan, the Borrower shall be liable for, and shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender, additional amounts sufficient to compensate such Lender for such increased costs.

SECTION 3.09. Capital Adequacy. If any Lender shall have determined that the compliance with any Requirement of Law regarding capital adequacy, or any change therein or in the interpretation or application thereof or compliance by such Lender (or its Lending

Office) or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or other Governmental Authority, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and such Lender (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased as a consequence of such Lender's Commitment, loans or obligations under this Agreement with respect to any Committed Borrowing then from time to time, upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall be liable for, and shall pay to the Administrative Agent for the account of such Lender, as specified by such Lender, additional amounts sufficient to compensate such Lender for such increase.

SECTION 3.10. Funding Losses. The Borrower agrees to reimburse each Lender and to hold each Lender harmless from any loss, cost or expense which such Lender may sustain or incur as a consequence of:

- (a) any failure of the Borrower to borrow, continue or convert a Eurodollar Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;
- (b) any prepayment or payment of a Eurodollar Loan on a day which is not the last day of the Interest Period with respect thereto;
- (c) any failure of the Borrower to make any prepayment after the Borrower has given a notice in accordance with Section 2.07; or
- (d) the conversion of any Eurodollar Loan to a Reference Rate Loan on a day that is not the last day of the respective Interest Period pursuant to Section 2.11;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Eurodollar Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained.

SECTION 3.11. Additional Interest on Eurodollar Loans. The Borrower shall pay to each Lender, at the request of such Lender (but not more frequently than once in each calendar quarter), as long as such Lender shall be required under regulations of the Federal Reserve Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender from the date such Eurodollar Loan is made until such principal amount is paid in full, at a rate per annum equal at all times to the remainder obtained by subtracting (a) LIBOR for the Interest Period for such Eurodollar Loan from (b) the rate obtained by dividing such LIBOR by a percentage equal to 100% minus the Eurodollar Reserve Percentage of such Lender for such Interest Period, payable on each date interest in respect of such Eurodollar Loan is payable. Notwithstanding the provisions of the previous sentence, the Borrower shall not be obligated to pay to any Lender any additional interest in respect of Eurodollar Loans made by such Lender for any period commencing more than three months prior to the date on which such Lender notifies the Borrower by delivering a certificate from a financial officer of such Lender, that such Lender is required to maintain reserves with respect to Eurocurrency Liabilities.

SECTION 3.12. Certificates of Lenders. Any Lender claiming reimbursement or compensation pursuant to Section 3.05, 3.08, 3.09, 3.10 and/or 3.11 shall deliver to the Borrower (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the basis for computing the amount payable to such Lender hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of manifest error. Unless otherwise specifically provided herein, the Borrower shall pay to any Lender claiming compensation or reimbursement from the Borrower pursuant to Section 3.08, 3.09, 3.10 or 3.11, the amount requested by such Lender no later than five Business Days after such demand.

SECTION 3.13. Change of Lending Office; Replacement Lender.

(a) Each Lender agrees that upon the occurrence of any event giving rise to the operation of Section 3.05(c) or (d) or Section 3.08 with respect to such Lender, it will if so requested by the Borrower, use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Lending Office for any Loans affected by such event with the object of avoiding the consequence of the event giving rise to the operation of such Section; provided, however, that such designation would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. Nothing in this Section 3.13 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Section 3.05(c) or (d) or Section 3.08.

(b) In the event the Borrower becomes obligated to pay additional amounts to any Lender pursuant to Sections 3.05(c) or (d) or 3.08 as a result of any condition described in any such Section, then, unless such Lender has theretofore taken steps to remove or cure, and has removed or cured, the conditions creating the cause for such obligation to pay such additional amounts, the Borrower may designate another Lender which is reasonably acceptable to the Administrative Agent (such Lender being herein called a "Replacement Lender") to purchase the Committed Loans of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender for a purchase price equal to the outstanding principal amount of the Committed Loans payable to such Lender plus any accrued but unpaid interest on such Loans and accrued but unpaid fees in respect of such Lender's Commitment and any other amounts payable to such Lender under this Agreement, and to assume all the obligations of such Lender hereunder (except for such rights as survive repayment of the Loans), and, upon such purchase, such Lender shall no longer be a party hereto or have any rights hereunder (except those related to any Bid Loans of such Lender

which remain outstanding and those that survive full payment hereunder) and shall be relieved from all obligations to the Borrower hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

ARTICLE IV

Representations and Warranties

The Borrower represents and warrants to the Administrative Agent and each Lender that:

SECTION 4.01. Corporate Existence; Compliance with Law. The Borrower and each of its Subsidiaries:

- (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;
- (b) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except where the failure to so qualify has no reasonable likelihood of having a Material Adverse Effect;
- (c) has all requisite corporate power and authority to own, pledge, mortgage, hold under lease and operate its properties, and to conduct its business as now or currently proposed to be conducted;
- (d) is in compliance with its certificate of incorporation and by-laws; and
- (e) is in compliance with all other Requirements of Law except such non-compliance as has no reasonable likelihood of having a Material Adverse Effect.

SECTION 4.01. Corporate Authorization; No Contravention; Governmental Authorization. The execution, delivery and performance by the Borrower of the Loan Documents, the borrowing of the Loans, the Acquisition, the Merger and the other Transactions:

- (a) are within the corporate powers of the Borrower;
- (b) have been duly authorized by all necessary corporate action, including the consent of shareholders where required except, in the case solely of the Acquisition and the Merger, for such actions described on Schedule 4.02(b);
- (c) do not and will not:
 - (i) contravene the certificate of incorporation or by-laws of the Borrower;
 - (ii) violate any other Requirement of Law (including the Securities Exchange Act of 1934, Regulations T, U and X of the Federal Reserve Board or any order or decree of any court or other Governmental Authority);
 - (iii) conflict with or result in the breach of, or constitute a default under, any Contractual Obligation binding on or affecting the Borrower or any of its properties, other than (in the case of any Contractual Obligation other than any Indenture) any such breach or default that has no reasonable likelihood of having a Material Adverse Effect, or any order, injunction, writ or decree of any Governmental Authority to which the Borrower or any of its properties is subject; or
 - (iv) result in the creation or imposition of any Lien upon any of the property of the Borrower; and
- (d) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or any other Person other than those which have been duly obtained, made or given.

SECTION 4.03. Enforceable Obligations. This Agreement and the other Loan Documents have been duly executed and delivered by the Borrower. This Agreement and each other Loan Document are legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally.

SECTION 4.04. Taxes. The Borrower and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes and assessments payable by them, to the extent the same have become due and payable and before they have become delinquent, except those which are currently being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP, provided the non-payment thereof has no reasonable likelihood of having a Material Adverse Effect. The Borrower does not know of any proposed material tax assessment against the Borrower or any of its Subsidiaries and in the opinion of the Borrower, all potential tax liabilities are adequately provided for on the books of the Borrower and its Subsidiaries. The statute of limitations for assessment or collection of Federal income tax has expired for all Federal income tax returns filed by the Borrower for all tax years up to and including the tax year ended in March 1992.

SECTION 4.05. Financial Matters.

(a) The consolidated balance sheet of the Borrower and its Subsidiaries as of the last day of the fiscal year of the Borrower ended on September 30, 2000, and as of the last day of the fiscal quarters of the Borrower ended on December 31, 2000, March 31, 2001 and June 30, 2001, and the related consolidated statements of income, shareholders' equity and cash flows of the Borrower and its Subsidiaries for such fiscal year and quarters, with, in the case of said fiscal year, reports thereon by Ernst & Young LLP:

(i) are complete, accurate and fairly present the financial condition of the Borrower and its Subsidiaries as of the respective dates thereof and for the respective periods covered thereby;

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(ii) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as set forth in the notes thereto; and

(iii) other than as disclosed in Schedule 4.05(a), show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and long-term leases.

(b) The consolidated balance sheet of IBP and its Subsidiaries as of the last day of the fiscal year of IBP ended on December 30, 2000, and as of the last day of the fiscal quarter of IBP ended on June 30, 2001, and the related consolidated statements of earnings, changes in stockholders' equity and comprehensive income, and of cash flows of IBP and its Subsidiaries for such fiscal year and quarter, with, in the case of said fiscal year, reports thereon by PriceWaterhouseCoopers LLP:

(i) are complete, accurate and fairly present the financial condition of IBP and its Subsidiaries as of the respective dates thereof and for the periods covered thereby;

(ii) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as set forth in the notes thereto; and

(iii) other than as disclosed in Schedule 4.05(b), show all material indebtedness and other liabilities, direct or contingent, of IBP and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and long-term leases.

(c) The Borrower has heretofore furnished to the Lenders its pro forma consolidated balance sheet as of March 31, 2001, prepared giving effect to the Transactions as if the Transactions had occurred on such date and included in the model delivered by the Borrower to the Lenders prior to the date hereof. Such pro forma consolidated balance sheet (i) has been prepared in good faith based on assumptions believed by the Borrower to be reasonable, (ii) is based on the best information available to the Borrower after due inquiry, (iii) accurately reflects all adjustments necessary to give effect to the Transactions and (iv) presents fairly, in all material respects, the pro forma financial position of the Borrower and its consolidated Subsidiaries as of March 31, 2001, as if the Transactions had occurred on such date.

(d) Since September 30, 2000, with respect to the Borrower and its Subsidiaries (other than IBP and its Subsidiaries), and December 30, 2000, with respect to IBP and its Subsidiaries, there has been no Material Adverse Effect and no development which has any reasonable likelihood of having a Material Adverse Effect.

(e) The Borrower is, and the Borrower and its Subsidiaries are, on a consolidated basis, Solvent.

SECTION 4.06. Litigation.

(a) There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened, against the Borrower or any of its Subsidiaries before any court or other Governmental Authority or any arbitrator that have a reasonable likelihood of having a Material Adverse Effect. All pending actions or proceedings

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affecting the Borrower or any of its Subsidiaries as of the date hereof and involving claims in excess of \$10,000,000 are described in Schedule 4.06.

SECTION 4.07. Subsidiaries.

(a) A complete and correct list of all Subsidiaries of the Borrower after giving effect to the transactions to occur on the Effective Date, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its incorporation and the percentage of shares of each class outstanding owned by the Borrower and each other Subsidiary of the Borrower is set forth in Schedule 4.07(a).

(b) All of the outstanding shares of each of the Subsidiaries listed on Schedule 4.07(a) have been validly issued, are fully paid and non-assessable and (other than the shares of IBP to be acquired by the Borrower pursuant to the Merger) are owned by the Borrower or another Subsidiary of the Borrower, free and clear of any Lien.

(c) The Borrower has no obligation to capitalize any of its Subsidiaries.

(d) A complete and correct list of all joint ventures in which the Borrower or any of its Subsidiaries is a partner is set forth in Schedule 4.07(d).

SECTION 4.08. Liens. There are no Liens of any nature whatsoever on any properties of the Borrower or any of its Subsidiaries other than Permitted Liens.

SECTION 4.09. No Burdensome Restrictions; No Defaults.

(a) Neither the Borrower nor any of its Subsidiaries is a party to or bound by any Contractual Obligation, or subject to any charter or corporate restriction or any Requirement of Law, which has any reasonable likelihood of having a Material Adverse Effect.

(b) Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, has a reasonable likelihood of having a Material Adverse Effect.

(c) No Default or Event of Default exists or would result from the incurring of any Obligations by the Borrower or any of its Subsidiaries.

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SECTION 4.10. Investment Company Act; Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. The making of the Loans by the Lenders and the application of the proceeds and repayment thereof by the Borrower and the consummation of the transactions contemplated by the Loan Documents will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder. Neither the Borrower nor any of its Subsidiaries is a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 4.11. Use of Proceeds; Margin Regulations. No part of the proceeds of any Loan will be used, and no Loan will otherwise be, in violation of Regulation T, U or X of the Federal Reserve Board.

SECTION 4.12. Assets.

(a) The Borrower and each of its Subsidiaries has good record and marketable title to all real property necessary or used in the ordinary conduct of its business, except for Permitted Liens and such defects in title as have no reasonable likelihood, individually or in the aggregate, of having a Material Adverse Effect.

(b) The Borrower and each of its Subsidiaries owns or licenses or otherwise has the right to use all material licenses, permits, patents, trademarks, service marks, trade names, copyrights, franchises, authorizations and other intellectual property rights that are necessary for the operation of its business, without infringement of or conflict with the rights of any other Person with respect thereto, except for such infringements or conflicts as have no reasonable likelihood of having a Material Adverse Effect. No material slogan or other advertising device, product, process, method or other material now employed, or now contemplated to be employed, by the Borrower or any of its Subsidiaries infringes upon or conflicts with any rights owned by any other Person except for such infringements or conflicts as have no reasonable likelihood, individually or in the aggregate, of having a Material Adverse Effect.

SECTION 4.13. Labor Matters. There are no strikes or other labor disputes pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries which have any reasonable likelihood of having a Material Adverse Effect. Except as disclosed in Schedule 4.13, no significant unfair labor practice complaint is pending or, to the knowledge of the Borrower, threatened, against the Borrower or any of its Subsidiaries before any Governmental Authority.

SECTION 4.14. Environmental Matters. Except as disclosed in Schedule 4.14:

(a) the on-going operations of the Borrower and each of its Subsidiaries comply in all respects with all Environmental Laws except such non-compliance as has no reasonable likelihood of having a Material Adverse Effect;

(b) the Borrower and each of its Subsidiaries have obtained all environmental, health and safety permits necessary or required for its operations, all such permits are in good standing, and the Borrower and each of its Subsidiaries is in compliance with all material terms and conditions of such permits;

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(c) none of the Borrower, any of its Subsidiaries or any of their present property or operations (or past property or operations) is subject to any outstanding written order from or agreement with any Governmental Authority nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Claim or Hazardous Material which, in each case, has any reasonable likelihood of having a Material Adverse Effect;

(d) there are no conditions or circumstances associated with any property of the Borrower or any of its Subsidiaries formerly owned and operated by the Borrower or any of its Subsidiaries or any of their predecessors or with the former operations, including off-site disposal practices, of the Borrower or its Subsidiaries or their predecessors which may give rise to Environmental Claims which in the aggregate have any reasonable likelihood of having a Material Adverse Effect; and

(e) there are no conditions or circumstances which may give rise to any Environmental Claim arising from the operations of the Borrower or its Subsidiaries, including Environmental Claims associated with any operations of the Borrower or its Subsidiaries, which have any reasonable likelihood of having a Material Adverse Effect. In addition, (i) neither the Borrower nor any of its Subsidiaries has any underground storage tanks (A) that are not properly permitted under applicable Environmental Laws or (B) that to the best of the Borrower's knowledge, are leaking or dispose of Hazardous Materials off-site and (ii) the Borrower and each of its Subsidiaries has notified all of its employees of the existence, if any, of any health hazard arising from the conditions of their employment and have met all notification requirements under Title III of CERCLA and under OSHA and all other Environmental Laws.

SECTION 4.15. Completeness. None of the representations or warranties of the Borrower contained herein or in any other Loan Document or in any certificate or written statement furnished by or on behalf of the Borrower pursuant to the provisions of this Agreement or any other Loan Document contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Lenders which may have a Material Adverse Effect.

SECTION 4.16. ERISA.

(a) Neither the Borrower nor any member of its Controlled Group contributes to any Plan other than those set forth in Schedule 4.16.

(b) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and any other applicable Federal or state law and rules and regulations promulgated thereunder. With respect to each Plan (other than a Multiemployer Plan) all material reports required under ERISA or any other applicable law or regulation to be filed with the relevant Governmental Authority, the failure of which to file could reasonably result in liability of the Borrower or any member of its Controlled Group in excess of \$500,000 have been duly filed and all such reports are true and correct in all material respects as of the date given.

(c) Except as set forth in Schedule 4.16, no Plan has been terminated nor has any accumulated funding deficiency (as defined in Section 412(a) of the Code) been incurred (without regard to any waiver granted under Section 412 of the Code) nor has any funding waiver from the IRS been received or requested.

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(d) Neither the Borrower nor any member of its Controlled Group has failed to make any contribution or pay any amount due or owing as required by Section 412 of the Code or Section 302 of ERISA or the terms of any such Plan prior to the due date (including permissible extensions thereof) under Section 412 of the Code and Section 302 of ERISA.

(e) There has been no ERISA Event or any event requiring disclosure under Section 4041(c)(3)(C), 4068(f), 4063(a) or 4043(b) of ERISA with respect to any Plan or trust of the Borrower or any member of its Controlled Group.

(f) Except as set forth in Schedule 4.16, the value of the assets of each Plan (other than a Multiemployer Plan) equalled or exceeded the present value of the benefit liabilities, as defined in Title IV of ERISA, of each such Plan as of the most recent valuation date using Plan actuarial assumptions at such date.

(g) There are no pending claims, lawsuits or actions (other than routine claims for benefits in the ordinary course) asserted or instituted against, and neither the Borrower nor any member of its Controlled Group has knowledge of any threatened litigation or claims against, (i) the assets of any Plan or trust or against any fiduciary of a Plan with respect to the operation of such Plan which has any reasonable likelihood of having a Material Adverse Effect or (ii) the assets of any employee welfare benefit plan maintained by the Borrower or any member of its Controlled Group within the meaning of Section 3(1) of ERISA or against any fiduciary thereof with respect to the operation of any such Plan which has any reasonable likelihood of having a Material Adverse Effect.

(h) Neither the Borrower nor any member of its Controlled Group has engaged in any prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, in connection with any Plan.

(i) Neither the Borrower nor any member of its Controlled Group (i) has incurred or reasonably expects to incur (A) any liability under Title IV of ERISA (other than premiums due under Section 4007 of ERISA to the PBGC) or (B) any withdrawal liability (and no event has occurred which with the giving of notice under Section 4219 of ERISA would result in such liability) under Section 4201 of ERISA as a result of a complete or partial withdrawal (within the meaning of Section 4203 or 4205 of ERISA) from a Multiemployer Plan or (C) any liability under Section 4062 of ERISA to the PBGC or to a trustee appointed under Section 4042 of ERISA, or (ii) has withdrawn from any Multiemployer Plan.

(j) Neither the Borrower nor any member of its Controlled Group nor any organization to which the Borrower or any member of its Controlled Group is a successor or parent corporation within the meaning of Section 4069(b) of ERISA has engaged in a transaction within the meaning of Section 4069 of ERISA.

(k) Except as set forth in Schedule 4.16, neither the Borrower nor any member of its Controlled Group maintains or has established any welfare benefit plan within the meaning of Section 3(1) of ERISA which provides for (i) continuing benefits or coverage for any participant or any beneficiary of any participant after such participant's termination of employment except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and the regulations thereunder, and at the expense of the participant or the beneficiary of the participant, or (ii) retiree medical liabilities. The Borrower and each member of its Controlled Group which maintains a

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welfare benefit plan within the meaning of Section 3(1) of ERISA has complied with any applicable notice and

continuation requirements of COBRA and the regulations thereunder, except where the failure to so comply could not result in the loss of a tax deduction or imposition of a tax or other penalty on the Borrower or any member of its Controlled Group.

SECTION 4.17. Insurance. The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar business and owning similar properties in localities where the Borrower and its Subsidiaries operate.

SECTION 4.18. IBP Subsidiaries. Other than IBP Finance Company of Canada, no Subsidiary of IBP on the date of this Agreement is an obligor or guarantor in respect of any material Indebtedness for borrowed money.

ARTICLE V

Conditions Precedent

SECTION 5.01. Conditions Precedent to Effectiveness. The obligation of each Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) Credit Agreement and Notes. The Administrative Agent shall have received (i) counterparts of this Agreement executed by the Borrower, the Administrative Agent and each of the Lenders and of any promissory notes requested by the Lenders pursuant to Section 2.05 executed by the Borrower, or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of signed counterparts) that such parties have signed such counterparts.

(b) Board Resolutions; Approvals; Incumbency Certificates. The Administrative Agent shall have received (i) copies of the resolutions of the Board of Directors of the Borrower approving and authorizing the execution, delivery and performance by the Borrower of this Agreement and of each of the other Loan Documents to be delivered hereunder by it, and authorizing the borrowing of the Loans and the other Transactions, certified as of the Effective Date by the Secretary or an Assistant Secretary of the Borrower; and (ii) a certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to execute and deliver this Agreement and all other Loan Documents to be delivered hereunder by it.

(c) Articles of Incorporation; By-laws and Good Standing. The Administrative Agent shall have received each of the following documents: (i) the articles or certificate of incorporation of the Borrower as in effect on the Effective Date, certified by the Secretary of State of Delaware as of a recent date and by the Secretary or Assistant Secretary of the Borrower as of the Effective Date and the by-laws of the Borrower and IBP as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the Borrower as of the Effective Date; and (ii) good standing certificates as of a recent date for the Borrower from the Secretaries of State of such states as the Administrative Agent may request.

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(d) Legal Opinion. The Administrative Agent shall have received a favorable opinion, dated the Effective Date and addressed to the Administrative Agent and the Lenders of Corporate Counsel of the Borrower and its Subsidiaries to substantially the effect set forth on Exhibit 5.01 and as to such other matters as any Lender through the Administrative Agent may reasonably request (and the Borrower hereby instructs such counsel to deliver such opinion);

(e) Certificate. The Administrative Agent shall have received a certificate signed by a Responsible Officer of the Borrower, (accompanied, if applicable, by a supporting certificate signed by a Responsible Officer of IBP) dated as of the Effective Date, stating that:

(i) the representations and warranties contained in Article IV are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the initial Borrowing hereunder; and

(iii) there has not occurred or become known since September 30, 2000, any condition or change that has affected or could reasonably be expected to affect materially and adversely the business, assets, liabilities, financial condition or material agreements of the Borrower and its Subsidiaries, including IBP and its Subsidiaries, taken as a whole.

(f) Other Documents. The Administrative Agent shall have received such other approvals, opinions or documents as the Administrative Agent or any Lender may request.

(g) Fees, Costs and Expenses. The Borrower shall have paid all costs and expenses referred to in Section 10.04 (including legal fees and expenses and the allocated cost of in-house counsel) for which the Borrower has been invoiced prior to the Effective Date.

(h) IBP Guarantee. The Administrative Agent shall have received (i) a counterpart of the Guarantee Agreement executed by IBP or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed counterpart) that IBP has signed such counterpart, together with (A) a favorable opinion, dated the date of the Guarantee Agreement and addressed to the Administrative Agent and the Lenders of counsel to IBP, to substantially the effect set forth on Exhibit 5.01 and as to such other matters as any Lender through the Administrative Agent may reasonably request, (B) such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of IBP, and the authorization of the Transactions to which IBP is party and (C) the supporting certificate referenced to in paragraph (e) above.

(i) Receivables Facility. Each of the Bridge Facility and the Receivables Facility (or the Receivables Bridge Facility) shall be in full force and effect.

(j) Termination of Existing Credit Agreement. The Existing Credit Agreement shall have been or shall simultaneously be terminated and the principal of and interest accrued on all loans outstanding thereunder and all fees accrued thereunder shall have been or shall simultaneously be paid in full.

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The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., New York City time, on October 15, 2001 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 5.02. Conditions Precedent to All Borrowings. The obligation of each Lender to make any Loan on or after the Effective Date shall be subject to the further conditions precedent that:

(a) Notice of Borrowing. In the case of a Committed Borrowing, the Administrative Agent shall have received a Notice of Borrowing as required by Section 2.02.

(b) Continuation of Representations and Warranties. The representations and warranties contained in Article IV and in each other Loan Document shall be true and correct on and as of the date of borrowing with the same effect as if made on and as of such date (except for representations and warranties expressly relating to an earlier date, in which case they shall be true and correct as of such earlier date).

(c) No Existing Default. No Default or Event of Default shall exist and be continuing or shall result from the Loan being made on such date.

(d) Other Assurances. The Administrative Agent shall have received such other approvals, opinions or documents as any Lender through the Administrative Agent may reasonably request related to the Transactions.

Each Notice of Borrowing and Competitive Bid Request submitted by the Borrower hereunder shall constitute a representation and warranty by the Borrower hereunder, as of the date of each such notice, application or request and as of the date of each Borrowing relating thereto, that the conditions in this Section 5.02 are satisfied.

ARTICLE VI

Affirmative Covenants

The Borrower covenants and agrees that as long as any Lender shall have any Commitment hereunder or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Lenders waive compliance in writing:

SECTION 6.01. Compliance with Laws, Etc. The Borrower shall comply, and cause each of its Subsidiaries to comply, with all applicable Requirements of Law, except such as may be contested in good faith by appropriate proceedings and which has no reasonable likelihood of having a Material Adverse Effect.

SECTION 6.02. Use of Proceeds. The Borrower shall use the proceeds of any Loan hereunder made on or after the Effective Date for working capital and other general corporate purposes (including capital expenditures and acquisitions and to support the issuance of

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commercial paper); provided, however, in each case such use of proceeds shall not be in contravention of any Requirement of Law and shall be consistent with the representations and warranties contained herein; provided, further, that the proceeds of any Loans hereunder may not be used to finance the purchase or other acquisition of Stock in any Person if such purchase or acquisition is opposed by the board of directors of such Person.

SECTION 6.03. Payment of Obligations, Etc. The Borrower shall pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all lawful claims and all taxes, assessments and governmental charges or levies unless the same are being contested in good faith by appropriate proceedings and adequate reserves therefor have been established on the books of the Borrower or one of its Subsidiaries in accordance with GAAP, provided all such non-payments, individually or in the aggregate, have no reasonable likelihood of having a Material Adverse Effect.

SECTION 6.04. Insurance. The Borrower shall maintain, and cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

SECTION 6.05. Preservation of Corporate Existence, Etc. The Borrower shall preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as permitted under Sections 7.05 and 7.07.

SECTION 6.06. Access. The Borrower shall permit, and cause each of its Subsidiaries to permit, representatives of the Administrative Agent or any Lender to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their directors, officers and independent public accountants and authorize those accountants to disclose to such Person any and all financial statements and other information of any kind, including copies of any management letter or the substance of any oral information that such accountants may have with respect to the business, financial and other affairs of the Borrower or any of its Subsidiaries, all at the expense of the Borrower and at such times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists, the Administrative Agent or any Lender may visit and inspect, at the expense of the Borrower, its records and properties at any time during business hours and without advance notice.

SECTION 6.07. Keeping of Books. The Borrower shall maintain, and cause each of its Subsidiaries to maintain, proper books of record and account, in which full and correct entries shall be made of all financial transactions and matters involving the assets and business of the Borrower and each of its Subsidiaries in accordance with GAAP.

SECTION 6.08. Maintenance of Properties. The Borrower shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, renewals, replacements and improvements so that the business carried on in connection therewith may be

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properly and advantageously conducted at all times; provided, however, that nothing in this Section 6.08 shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation and the maintenance of any of its properties if such discontinuance is, in the opinion of the Borrower, desirable in the conduct of its business and has no reasonable likelihood of having a Material Adverse Effect.

SECTION 6.09. Financial Statements. The Borrower shall furnish to each Lender with a copy to the Administrative Agent, in form and details satisfactory to the Lenders and the Administrative Agent:

(a) as soon as available, but not later than 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for such quarter and for the period commencing at the end of the previous fiscal year and ending on the last day of such quarter, which statements shall be certified by the Chief Financial Officer of the Borrower as being complete and correct and fairly presenting, in accordance with GAAP, the financial position and results of operation of the Borrower and its Subsidiaries;

(b) as soon as available, but not later than 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal year, which statements shall be certified without qualification as to the scope of the audit by a nationally recognized independent public accounting firm and be accompanied by (i) a certificate of such accounting firm stating that such accounting firm has obtained no knowledge that a Default or an Event of Default has occurred and is continuing, or if such accounting firm has obtained such knowledge that a Default or an Event of Default has occurred and is continuing, a statement as to the nature thereof and (ii) copies of any letters to the management of the Borrower from such accounting firm; and

(c) at the same time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of the Chief Financial Officer of the Borrower (i) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and the action which the Borrower proposes to take with respect thereto) and (ii) commencing with the financial statements for December 31, 2001, a compliance certificate, in substantially the form of Exhibit 6.09, setting forth in reasonable detail the computations necessary to determine whether the Borrower was in compliance with the financial covenants set forth in Section 7.13 and 7.14, in each case reconciling any differences between the numbers used in such calculations and those used in the preparation of such financial statements.

SECTION 6.10. Reporting Requirements. The Borrower shall furnish to the Administrative Agent (and the Administrative Agent shall (other than in the case of clause (d) and, other than to the requesting Lender, clause (f) below) promptly furnish to the Lenders):

(a) promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or other Governmental Authority affecting the Borrower or any of its Subsidiaries which, individually or in the aggregate, has any reasonable likelihood of having a Material Adverse Effect;

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(b) promptly but not later than three Business Days after the Borrower becomes aware of the existence of (i) any Default or Event of Default, (ii) any breach or non-performance of, or any default under, any Contractual Obligation to which the Borrower or any of its Subsidiaries is a party which has any reasonable likelihood of having a Material Adverse Effect, or (iii) any Material Adverse Effect or any event or other development which has a reasonable likelihood of having a Material Adverse Effect, notice specifying the nature of such Default, Event of Default, breach, non-performance, default, Material Adverse Effect, event or development, including the anticipated effect thereof;

(c) promptly after the sending or filing thereof, copies of all reports which the Borrower or any of its Subsidiaries sends to its security holders generally, and copies of all reports and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(d) promptly after the creation or acquisition thereof, the name and jurisdiction of incorporation of each new Subsidiary of the Borrower;

(e) promptly, but not later than five Business Days after the Borrower becomes aware of any change by Moody's or S&P in its Debt Rating, notice of such change; and

(f) such other information respecting the business, prospects, properties, operations or the condition, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

SECTION 6.11. Notices Regarding ERISA. Without limiting the generality of the notice provisions contained

in Section 6.10, the Borrower shall furnish to the Administrative Agent:

(a) promptly and in any event (i) within 30 days after the Borrower or any member of its Controlled Group knows or has reason to know that any ERISA Event described in clause (a) of the definition of ERISA Event or any event described in Section 4063(a) of ERISA with respect to any Plan, and (ii) within ten days after the Borrower or any member of its Controlled Group knows or has reason to know that any other ERISA Event with respect to any Plan has occurred or a request for a minimum funding waiver under Section 412 of the Code with respect to any Plan has been made, a statement of the Chief Financial Officer of the Borrower describing such ERISA Event and the action, if any, which the Borrower or such member of its Controlled Group proposes to take with respect thereto together with a copy of the notice of such ERISA Event or other event, if required by the applicable regulations under ERISA, given to the PBGC;

(b) promptly and in any event within five Business Days after receipt thereof by the Borrower or any member of its Controlled Group from the PBGC, copies of each notice received by the Borrower or any such member of its Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

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(c) promptly and in any event within ten Business Days after receipt thereof, a copy of any correspondence the Borrower or any member of its Controlled Group receives from the Plan Sponsor (as defined by Section 4001(a)(10) of ERISA) of any Multiemployer Plan concerning potential withdrawal liability of the Borrower or any member of its Controlled Group pursuant to Section 4219 or 4202 of ERISA, and a statement from the Chief Financial Officer of the Borrower or such member of its Controlled Group setting forth details as to the events giving rise to such potential withdrawal liability and the action which the Borrower or such member of its Controlled Group proposes to take with respect thereto;

(d) notification within 30 days of any material increase in the benefits under any existing Plan which is not a Multiemployer Plan, or the establishment of any new Plans, or the commencement of contributions to any Plan to which the Borrower or any member of its Controlled Group was not previously contributing;

(e) notification within five Business Days after the Borrower or any member of its Controlled Group knows or has reason to know that the Borrower or any such member of its Controlled Group has or intends to file a notice of intent to terminate any Plan under a distress termination within the meaning of Section 4041(c) of ERISA and a copy of such notice; and

(f) promptly after receipt of written notice of commencement thereof, notice of any action, suit and proceeding before any Governmental Authority affecting the Borrower or any member of its Controlled Group with respect to any Plan, except those which, in the aggregate, if adversely determined, could not have a Material Adverse Effect.

SECTION 6.12. Employee Plans.

(a) With respect to Plans other than a Multiemployer Plan, for each Plan intended to be qualified under Section 401(a) of the Code which is hereafter adopted or maintained by the Borrower or by any member of its Controlled Group, the Borrower shall or shall cause any such member of its Controlled Group to (i) seek and receive determination letters from the IRS to the effect that such Plan is qualified within the meaning of Section 401(a) of the Code; (ii) from and after the adoption of any such Plan, cause such Plan to be qualified within the meaning of Section 401(a) of the Code and to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code; (iii) make all required contributions by the due date (including permissible extensions) under Section 412 of the Code and Section 302 of ERISA; and (iv) not take any action which could reasonably be expected to cause such Plan not to be qualified within the meaning of Section 401(a) of the Code or not to be administered in all material respects in accordance with the requirements of ERISA and Section 401(a) of the Code.

(b) With respect to each Multiemployer Plan, the Borrower and each member of its Controlled Group will make any contributions required by such Multiemployer Plan.

SECTION 6.13. Environmental Compliance; Notice. The Borrower shall, and cause each of its Subsidiaries to:

(a) use and operate all of its facilities and properties in substantial compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, license and other authorizations relating to environmental matters in effect and remain in substantial compliance therewith, and handle all Hazardous Materials in substantial compliance with all applicable Environmental Laws;

(b) promptly upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, evaluate such claims, complaints, notices and inquiries and forward copies of (i) all such claims, complaints, notices and inquiries which individually have any reasonable likelihood of having a Material Adverse Effect and (ii) all such claims, complaints, notices and inquiries, arising from a single occurrence which together have any reasonable likelihood of having a Material Adverse Effect, and endeavor to promptly resolve all such actions and proceedings relating to compliance with Environmental Laws; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this Section 6.13.

SECTION 6.14. Acquisition and Merger Agreement. The Borrower will use its best efforts to complete the Acquisition and consummate the Merger as soon as practicable and will not amend or waive without the approval of the Administrative Agent any material term or condition of the Merger Agreement or any other documentation related to the Acquisition delivered to the Administrative Agent or the Lenders prior to the date of this Agreement.

ARTICLE VII

Negative Covenants

The Borrower hereby covenants and agrees that so as long as any Lender shall have any Commitment hereunder or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Lenders shall waive compliance in writing:

SECTION 7.01. Limitations on Liens. The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired, other than (subject to the final sentence of this Section 7.01) the following ("Permitted Liens"):

(a) any Lien existing on the property of the Borrower or any of its Subsidiaries on the Effective Date and set forth in Schedule 7.01 and any extension, renewal and replacement of any such Lien; provided any such extension, renewal or replacement Lien is limited to the property or assets covered by the Lien extended, renewed or replaced and does not secure any Indebtedness in addition to that secured immediately prior to such extension, renewal and replacement;

(b) any Lien created pursuant to any Loan Document;

(c) Liens imposed by law, such as materialmen's, mechanics', warehousemen's, carriers', lessors' or vendors' Liens incurred by the Borrower or any of its Subsidiaries in the ordinary course of business which secure its payment obligations to any Person, provided (i) neither the Borrower nor any of its Subsidiaries is in default with respect to any payment obligation to such Person or the Borrower or the applicable Subsidiary is in good faith and by appropriate proceedings diligently contesting such obligation for which adequate reserves shall have been set aside on its books and (ii) such Liens have no reasonable likelihood of having, individually or in the aggregate, a Material Adverse Effect;

(d) Liens for taxes, assessments or governmental charges or levies either not yet due and payable or to the extent that non-payment thereof shall be permitted by Section 6.03;

(e) Liens on the property of the Borrower or any of its Subsidiaries incurred, or pledges and deposits made, in the ordinary course of business in connection with worker's compensation, unemployment insurance, old-age pensions and other social security benefits, other than in respect of employee plans subject to ERISA;

(f) Liens on the property of the Borrower or any of its Subsidiaries securing (i) the performance of bids, tenders, statutory obligations, leases and contracts (other than for the repayment of borrowed money), (ii) obligations on surety and appeal bonds not exceeding in the aggregate \$5,000,000 and (iii) other obligations of like nature incurred as an incident to and in the ordinary course of business, provided all such Liens in the aggregate have no reasonable likelihood

(even if enforced) of having a Material Adverse Effect;

(g) zoning restrictions, easements, licenses, reservations, restrictions on the use of real property or minor irregularities incident thereto which do not impair the value of any parcel of property material to the operation of the business of the Borrower and its Subsidiaries taken as a whole or the value of such property for the purpose of such business;

(h) (i) purchase money liens or purchase money security interests (including in connection with capital leases) upon or in any property acquired or held by the Borrower or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of such acquisition) which Liens do not extend to any other property and do not secure Indebtedness exceeding the purchase price of such property;

(ii) Liens (including in connection with capital leases) securing Indebtedness of the Borrower or any of its Subsidiaries incurred to finance all or some of the cost of construction of property (or to refinance Indebtedness so incurred upon completion of such construction) which Liens do not extend to any other property except to the unimproved real property upon which such construction will occur; provided the Indebtedness secured by such Liens is not incurred more than 90 days after the later of the completion of construction or the commencement of full operation of such property;

(iii) Liens on property in favor of any Governmental Authority to secure partial, progress, advance or other payments, or performance of any other obligations, pursuant to any contract or statute or to secure any Indebtedness of the Borrower or any of its Subsidiaries incurred for the purpose of financing all or any part of the purchase price or the cost of construction of property subject to Liens (including in connection with capital leases) securing Indebtedness of the pollution control or industrial or other revenue bond type and which Liens do not extend to any other property; and

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(iv) in addition to Liens permitted under clauses (i) and (ii) above, Liens in connection with capital leases entered into by the Borrower or any of its Subsidiaries in connection with sale-leaseback transactions.

provided, however, that the aggregate amount of Indebtedness secured by all Liens referred to in clauses (i), (ii), (iii) and (iv) of this paragraph (h) at any time outstanding, together with the Indebtedness secured by Liens permitted pursuant to paragraphs (i) and (l) below (and any extensions, renewals and refinancings of such Indebtedness) shall not, subject to the second proviso of paragraph (i) below, at any time exceed the Permitted Lien Basket;

(i) Liens on assets of any corporation existing at the time such corporation becomes a Subsidiary of the Borrower or merges into or consolidates with the Borrower or any of its Subsidiaries, if such Liens (A) do not extend to any other property, (B) do not secure Indebtedness exceeding the fair market value of such property at the time such corporation becomes a Subsidiary of the Borrower or at the time of such merger or consolidation, and (C) were not created in contemplation of such corporation becoming a Subsidiary of the Borrower or of such merger or consolidation; provided, however, that the aggregate amount of Indebtedness secured by Liens referred to in this paragraph (i), together with the Indebtedness secured by Liens permitted pursuant to paragraph (h) above and paragraph (l) below (and any extensions, renewals and refinancings of such Indebtedness) shall not at any time exceed the Permitted Lien Basket; provided, further, however, that notwithstanding the foregoing limitation, the Borrower may incur, and permit its Subsidiaries to incur, Indebtedness secured by Liens referred to in this paragraph (i) which, when aggregated with the Indebtedness secured by Liens permitted pursuant to paragraph (h) above and paragraph (l) below, exceed the Permitted Lien Basket if, and only if, (x) such Indebtedness remains outstanding for a period of less than six months from the date on which such Indebtedness first exceeded the Permitted Lien Basket or (y) such Liens are released within six months;

(j) Liens in respect of the Receivables Facility and Liens in respect of accounts sold by the Borrower and its Subsidiaries pursuant to a receivables purchase transaction permitted by Section 7.07(f);

(k) judgment Liens in respect of judgments that do not constitute an Event of Default under clause (h), (i) or (j) of Article VIII;

(l) Liens securing other Indebtedness of the Borrower or any of its Subsidiaries not expressly permitted by paragraphs (a) through (k); provided, however, that the aggregate amount of Indebtedness secured by Liens permitted pursuant to paragraphs (h) and (i) above and pursuant to this paragraph (l) (and any extensions, renewals and refinancings of such Indebtedness) shall not, subject to the second proviso of paragraph (i) above, at any time exceed the Permitted Lien Basket; and

(m) any Lien on Excess Margin Stock.

Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as

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of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.02. Limitation on Indebtedness. The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Indebtedness except (subject to the final sentence of this Section 7.02):

- (a) the Loans and any other Indebtedness under this Agreement or any other Loan Document;
- (b) Indebtedness existing on the Effective Date and set forth in Schedule 7.02, and any extension, renewal, refunding and refinancing thereof, provided that after giving effect to such extension, renewal, refunding or refinancing, (A) the principal amount thereof is not increased, (B) neither the tenor nor the remaining average life thereof is reduced and (C) the interest rate thereon is not increased; provided, however, that the industrial revenue bonds identified by an asterisk in Schedule 7.02 may be refinanced at an interest rate higher than the rate in effect immediately prior to such refinancing;
- (c) Indebtedness of the Borrower to any of its Subsidiaries, of any wholly-owned Subsidiary of the Borrower to the Borrower or of any wholly-owned Subsidiary of the Borrower to another Subsidiary of the Borrower;
- (d) surety bonds and appeal bonds required in the ordinary course of business or in connection with the enforcement of rights or claims of the Borrower or its Subsidiaries or in connection with judgments that do not result in a Default or an Event of Default;
- (e) trade debt (including Indebtedness for the purchase of farm products from contract growers and other similar suppliers but excluding Indebtedness for Borrowed Money) incurred by the Borrower or any of its Subsidiaries in the ordinary course of business in a manner and to an extent consistent with their past practices and necessary or desirable for the prudent operation of its businesses;
- (f) Indebtedness secured by Liens permitted pursuant to Section 7.01 subject to the limitations contained therein;
- (g) Indebtedness incurred in connection with the issuance of commercial paper;
- (h) Indebtedness under Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business; and
- (i) other present and future unsecured Indebtedness provided at the time of, and immediately after giving effect to, the incurrence of such Indebtedness, no condition or event shall exist which constitutes an Event of Default.

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Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the

respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.03. Sale-Leaseback Transactions. The Borrower shall not create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any obligation, for the payment of rent or otherwise, in connection with a sale-leaseback transaction, except (subject to the final sentence of this Section 7.03 and subject to the limitations set forth in Section 7.01(h)) capital leases entered into by the Borrower or any of its Subsidiaries after the Effective Date in connection with sale-leaseback transactions; provided (i) immediately prior to giving effect to such lease, the property subject to such lease was sold by the Borrower or any such Subsidiary to the lessor pursuant to a transaction permitted under Section 7.07 and (ii) no Event of Default exists or would occur as a result of such sale and subsequent lease.

Notwithstanding anything contained in this Agreement to the contrary, the Borrower shall not create, incur or assume, or permit any of its Subsidiaries to create, incur or assume, any Priority Debt (other than Priority Debt resulting from the securing of existing Indebtedness with Excess Margin Stock), if after giving effect to such creation, incurrence or assumption the aggregate outstanding amount of Priority Debt at the time of such creation, incurrence or assumption would exceed 15% of the total consolidated assets (calculated as if the Merger had occurred as of the Effective Date) of the Borrower and its Subsidiaries at the most recent fiscal quarter end of the Borrower for which financial statements have been delivered under Section 6.09(a) or (b) (or prior to the first delivery of such financial statements, at the respective dates of the most recent financial statements for the Borrower and IBP referred to in Section 4.05(a) and (b)).

SECTION 7.04. Restricted Payments. The Borrower shall not, and shall not permit any of its Subsidiaries to, declare, pay or authorize any Restricted Payment if (a) any such Restricted Payment is not paid out of Consolidated Net Income Available for Restricted Payments, (b) at the time of, and immediately after, the making of any such Restricted Payment (or the declaration of any dividend except a stock dividend) a Default or Event of Default has occurred and is continuing or (c) the making of any such Restricted Payment would cause the Leverage Ratio to exceed the percentage pursuant to Section 7.13 which the Borrower will be required to maintain as of the end of the fiscal quarter during which such Restricted Payment is to be made.

SECTION 7.05. Mergers, Etc. The Borrower shall not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or, except as permitted pursuant to Section 7.06, acquire all or substantially all of the Stock of any Person, or acquire all or substantially all of the assets of any Person (other than live inventory) or enter into any joint venture or partnership with, any Person, or permit any of its Subsidiaries to do so; provided, however, that:

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- (a) the Borrower may merge with a wholly-owned Subsidiary of the Borrower so long as (i) the Borrower is the surviving corporation and (ii) at the time of, and immediately after giving effect to, such merger, no condition or event shall exist which constitutes an Event of Default;
- (b) any wholly-owned direct or indirect Subsidiary of the Borrower may merge with or into any other wholly-owned direct or indirect Subsidiary of the Borrower or acquire Stock of any other wholly-owned direct or indirect Subsidiary of the Borrower;
- (c) the Borrower or any Subsidiary of the Borrower may acquire all or substantially all of the Stock or all or substantially all of the assets of any Person, provided (i) at the time of, and immediately after giving effect to such acquisition, no condition or event shall exist which constitutes an Event of Default, (ii) the Borrower shall be in pro forma compliance with the financial covenants set forth in Sections 7.13 and 7.14, assuming such acquisition occurred on the first day of the four fiscal quarter period most recently ended, (iii) until such time as the commitments under each of the Bridge Facility and the Receivables Bridge Facility shall have been terminated, and all outstanding loans thereunder shall have been repaid in full (the "Bridge Termination Date"), the Borrower shall have obtained, and delivered to the Administrative Agent, written confirmations from S&P and Moody's that, immediately after giving effect to such acquisition, (x) the Borrower will maintain ratings of its Index Debt of at least BBB by S&P and Baa3 by Moody's, (y) neither of such ratings is under review for possible downgrade and (z) the Borrower has not been placed on credit watch with negative implications by either such rating agency and (iv) after the Bridge Termination Date and prior to October 2, 2004, with respect to any such acquisition involving consideration in excess of \$300,000,000, the Borrower shall either (A) have obtained, and delivered to the Administrative Agent, a written confirmation from either S&P or Moody's that, immediately after giving effect to such acquisition, (x) the Borrower will maintain a rating of its Index Debt of at least BBB- by S&P or Baa3 by Moody's, as the case may be, (y) such rating is not under review for possible downgrade and (z) the Borrower has not been placed on credit watch with negative implications by such rating agency or (B) have delivered to the Administrative Agent a certificate of the Chief Financial Officer of the Borrower certifying that on a pro forma basis, giving effect to such acquisition (but without giving effect to any projected cost savings related

thereto) as if the acquisition had occurred as of the first day of the four consecutive fiscal quarter period of the Borrower most recently ended, the Leverage Ratio of the Borrower is 3.50:1.00 or lower, which certificate shall set forth in reasonable detail satisfactory to the Administrative Agent the computations necessary to determine such Leverage Ratio; and

(d) the Borrower or any Subsidiary of the Borrower may merge with any other corporation permitted to be acquired pursuant to paragraph (c) above, provided (i) at the time of, and immediately after giving effect to, such merger, no condition or event shall exist which constitutes an Event of Default and (ii) and after such merger, the surviving corporation is the Borrower or a Subsidiary of the Borrower, respectively.

SECTION 7.06. Investments in Other Persons. The Borrower shall not make, or permit any of its Subsidiaries to make, any loan or advance to any Person (other than accounts receivable created in the ordinary course of business); or, except as permitted under Section

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7.04 or 7.05, purchase or otherwise acquire, or permit any of its Subsidiaries to purchase or otherwise acquire, any Stock or other equity interest or Indebtedness of any Person, or make, or permit any of its Subsidiaries to make, any capital contribution to, or otherwise invest in, any Person, except:

- (a) Permitted Investments;
- (b) investments existing on the date hereof in any Person;
- (c) loans, advances, credit support, or other investments in any Person or Persons, in amounts which do not exceed in the aggregate at any time outstanding 5% of the consolidated total assets of the Borrower and its Subsidiaries as at the last day of the most recently ended fiscal quarter of the Borrower;
- (d) the acquisition by the Borrower or any of its wholly-owned Subsidiaries of Stock of a Subsidiary of the Borrower;
- (e) intercompany Indebtedness permitted pursuant to Section 7.02(d); and
- (f) loans or advances made by the Borrower or any of its Subsidiaries to employees of the Borrower or any of its Subsidiaries not to exceed an aggregate of \$5,000,000.

SECTION 7.07. Assets. The Borrower shall not sell, assign, transfer or otherwise dispose of any of its assets, or permit any of its Subsidiaries to sell, assign, transfer or otherwise dispose of any of its assets, except:

- (a) the sale or disposition of inventory and farm products in the ordinary course of business;
- (b) the sale or disposition in the ordinary course of business of any assets which have become obsolete or surplus to the business of the Borrower or any of its Subsidiaries, or has no remaining useful life, in each case as reasonably determined in good faith by the Borrower or such Subsidiary, as the case may be;
- (c) the periodic sales to third parties of live inventory and related products and services under grow out contracts;
- (d) Permitted Dispositions;
- (e) the sale or disposition of Permitted Investments;
- (f) the sale of accounts or other receivables by the Borrower and its Subsidiaries in connection with the Receivables Facility or to a special purpose bankruptcy remote Subsidiary or a third party for not less than the fair value thereof, without recourse (other than to any such special purpose Subsidiary), in connection with a receivables purchase transaction; and
- (g) the sale or disposition of Excess Margin Stock for not less than the fair value thereof.

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SECTION 7.08. Change in Nature of Business. The Borrower shall not, and shall not permit any of its Subsidiaries to, engage to any substantial extent in any business other than the production, marketing and distribution of food products and any related food or agricultural products, processes or business.

SECTION 7.09. Transactions with Affiliates, Etc. The Borrower shall not:

- (a) enter into or be a party to, or permit any of its Subsidiaries to enter into or be a party to, any transaction with any Affiliate of the Borrower or any such Subsidiary except (i) as otherwise expressly permitted herein or (ii) in the ordinary course of business, to the extent consistent with past practices, so long as any such transaction individually and in the aggregate with other such transactions has no reasonable likelihood of having a Material Adverse Effect; or
- (b) enter into, or permit any of its Subsidiaries to enter into, any agreement that prohibits, limits or restricts any repayment of loans or advances or other distributions to the Borrower by any of its respective Subsidiaries, or that restricts any such Subsidiary's ability to declare or make any dividend payment or other distribution on account of any shares of any class of its capital stock or on its ability to acquire or make a payment in respect thereof; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 7.09 (but shall apply to any extension, renewal, amendment or modification that expands the scope of any such restriction or condition) and (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder.

SECTION 7.10 Margin Regulations.

- (a) The Borrower shall not use the proceeds of any Loan in violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System.
- (b) The Borrower will not, and will not permit any of its Subsidiaries to, (other than in connection with the Acquisition) purchase or otherwise acquire Margin Stock if, after giving effect to any such purchase or acquisition, Margin Stock owned by the Borrower and its Subsidiaries would represent more than 25% of the assets of the Borrower and its Subsidiaries on a consolidated basis (valued in accordance with Regulation U).

SECTION 7.11. Compliance with ERISA. The Borrower shall not, directly or indirectly, permit any member of the Controlled Group of the Borrower to, directly or indirectly:

- (a) terminate any Plan so as to result in any material liability (in the opinion of the Majority Lenders exercised reasonably) to the Borrower or any member of its Controlled Group;
- (b) permit to exist any ERISA Event, or any other event or condition which presents the risk of a material liability (in the opinion of the Majority Lenders exercised reasonably) of the Borrower or any member of its Controlled Group;
- (c) make a complete or partial withdrawal (within the meaning of Section 4201 of ERISA) from any Multiemployer Plan so as to result in any material liability (in the opinion of the Majority Lenders exercised reasonably) to the Borrower or any member of its Controlled Group;

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- (d) enter into any new Plan or modify any existing Plan so as to increase its obligations thereunder except in the ordinary course of business consistent with past practice which has any reasonable likelihood of resulting in material liability to the Borrower or any member of its Controlled Group; or
 - (e) permit the present value of all benefit liabilities, as defined in Title IV of ERISA, under each Plan of the Borrower or any member of its Controlled Group (using each Plan's actuarial assumptions upon termination of such Plan) to materially (in the opinion of the Majority Lenders exercised reasonably) exceed the fair market value of Plan assets allocable to such benefits all determined as of the most recent valuation date for each such Plan.

SECTION 7.12. Speculative Transactions. The Borrower shall not engage or permit any of its Subsidiaries to engage in any transaction involving commodity options or futures contracts other than in the ordinary course of business consistent with past transactions.

SECTION 7.13. Leverage Ratio. The Borrower shall not permit the Leverage Ratio at any time during any of the periods set forth below to exceed the ratio set forth opposite such period:

| <u>Period</u> | <u>Ratio</u> |
|--|--------------|
| December 29, 2001 through March 29, 2002 | 5.25:1.00 |
| March 30, 2002 through June 28, 2002 | 4.95:1.00 |
| June 29, 2002 through September 27, 2002 | 4.75:1.00 |
| September 28, 2002 through December 27, 2002 | 4.50:1.00 |
| December 28, 2002 through March 28, 2003 | 4.25:1.00 |
| March 29, 2003 through September 26, 2003 | 4.00:1.00 |
| September 27, 2003 through October 1, 2004 | 3.75:1.00 |
| October 2, 2004 through September 30, 2005 | 3.50:1.00 |
| October 1, 2005 and thereafter | 3.00:1.00 |

SECTION 7.14. Interest Expense Coverage Ratio. The Borrower shall not permit the ratio of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense, in each case for the period of four consecutive fiscal quarters ending during any period set forth below to be less than the ratio set forth opposite such period:

| <u>Period</u> | <u>Ratio</u> |
|--|--------------|
| December 29, 2001 | 2.50:1.00 |
| December 30, 2001 through March 30, 2002 | 2.75:1.00 |
| March 31, 2002 through June 28, 2003 | 3.00:1.00 |
| June 29, 2003 through June 26, 2004 | 3.25:1.00 |
| June 27, 2004 and thereafter | 3.50:1.00 |

ARTICLE VIII

Events of Default

SECTION 8.01. Events of Default. The term "Event of Default" shall mean any of the events set forth in this Section 8.01.

(a) Non-Payment. The Borrower shall (i) fail to pay when and as required to be paid herein, any amount of principal of any Loan; or (ii) fail to pay within three Business Days after the same shall become due and payable, any amount of interest on any Loan or any fee or other amount payable hereunder or under any other Loan Document or any other Obligation;

(b) Representations and Warranties. Any representation or warranty made by the Borrower in this Agreement or in any other Loan Document, or which is contained in any certificate, document or financial or other statement delivered at any time under or in connection with this Agreement or any other Loan Document shall prove to have been incorrect or untrue in any material respect when made or deemed made;

(c) Specific Defaults. The Borrower shall fail to perform or observe any term, covenant or agreement contained in Article VII or Section 6.02, 6.05 (with respect to the Borrower's existence), or 6.10(b);

(d) Other Defaults. The Borrower shall fail to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such Default shall continue unremedied for a period of 30 days after the date upon which written notice thereof shall have been given to the Borrower by the Administrative Agent;

(e) Default under Other Agreements. Any default shall occur under the 364-Day Credit Agreement, the Bridge Facility,

the Receivables Facility, the Receivables Bridge Facility or under any other Indebtedness of the Borrower (other than any default under any agreement to which the Borrower and one or more Lenders are party to the extent such default results from the transfer or pledge of Excess Margin Stock) or any of its Subsidiaries having an aggregate outstanding principal amount of \$10,000,000 or more or under one or more Hedging Agreements of the Borrower or any of its Subsidiaries resulting in aggregate net obligations of \$10,000,000 or more and such default shall:

- (i) consist of the failure to pay any Indebtedness when due (whether at scheduled maturity, by required prepayment, acceleration, demand or otherwise) after giving effect to any applicable grace or notice period; or
 - (ii) result in, or continue unremedied for a period of time sufficient to permit, the acceleration of such Indebtedness or the early termination of such Hedging Agreement;
- (f) Bankruptcy or Insolvency. The Borrower or any of its Subsidiaries shall:

- (i) cease to be Solvent or generally fail to pay, or admit in writing its inability to pay, its debts as they become due;
- (ii) commence an Insolvency Proceeding;

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- (iii) voluntarily cease to conduct its business in the ordinary course; or
 - (iv) take any action to effectuate or authorize any of the foregoing;

(g) Involuntary Proceedings.

- (i) An involuntary Insolvency Proceeding shall be commenced against the Borrower or any of its Subsidiaries or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the Borrower's, or any of its Subsidiaries' properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy;
- (ii) the Borrower or any of its Subsidiaries shall admit in writing the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-United States law) against the Borrower or such Subsidiary is ordered in any Insolvency Proceeding; or
- (iii) the Borrower or any of its Subsidiaries shall acquiesce in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business;

(h) Judgments. One or more judgments for the payment of money in an aggregate amount in excess of \$10,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(i) ERISA. With respect to any Plan:

- (i) the Borrower, any member of its Controlled Group or any other party-in-interest or disqualified Person shall engage in transactions which in the aggregate have a reasonable likelihood of resulting in a direct or indirect liability to the Borrower or any member of its Controlled Group in excess of \$10,000,000 under Section 409 or 502 of ERISA or Section 4975 of the Code;
- (ii) the Borrower or any member of its Controlled Group shall incur any accumulated funding deficiency, as defined in Section 412 of the Code, in the aggregate in excess of \$10,000,000, or request a funding waiver from the IRS for contributions in the aggregate in excess of \$10,000,000;
- (iii) the Borrower or any member of its Controlled Group shall incur any withdrawal liability in the

aggregate in excess of \$10,000,000 as a result of a complete or partial withdrawal from a Multiemployer Plan within the meaning of Section 4203 or 4205 of ERISA;

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(iv) the Borrower or any member of its Controlled Group shall fail to make a required contribution by the due date (including any permissible extensions) under Section 412 of the Code or Section 302 of ERISA which would result in the imposition of a Lien under Section 412 of the Code or Section 302 of ERISA;

(v) the Borrower, any member of its Controlled Group or any Plan sponsor shall notify the PBGC of an intent to terminate in a distressed termination, or the PBGC shall institute proceedings to terminate, a Plan;

(vi) a Reportable Event shall occur with respect to a Plan, and within 15 days after the reporting of such Reportable Event to the Majority Lenders, the Majority Lenders shall have notified the Borrower in writing that (A) they have made a determination that, on the basis of such Reportable Event, there are reasonable grounds for the termination of such Plan by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such Plan and (B) as a result thereof a Default or an Event of Default shall occur hereunder;

(vii) a trustee shall be appointed by a court of competent jurisdiction to administer any Plan or the assets thereof;

(viii) the benefits of any Plan shall be increased (other than in the ordinary course of business consistent with past practice), or the Borrower or any member of its Controlled Group shall begin to maintain, or begin to contribute to, any Plan, without the prior written consent of the Majority Lenders; or

(ix) any ERISA Event with respect to a Plan shall have occurred, and 30 days thereafter (A) such ERISA Event shall not have been corrected and (B) the then present value of such Plan's benefit liabilities, as defined in Title IV of ERISA, shall exceed the then current value of assets accumulated in such Plan;

provided, however, that the events listed in clauses (v)-(ix) of this paragraph (i) shall constitute Events of Default only if, as of the date thereof or any subsequent date, the maximum amount of liability the Borrower or any member of its Controlled Group could incur in the aggregate under Section 4062, 4063, 4064, 4219 or 4243 of ERISA or any other provision of law with respect to all such Plans, computed by the actuary of the Plan taking into account any applicable rules and regulations of the PBGC at such time, and based on the actuarial assumptions used by the Plan, resulting from or otherwise associated with such event exceeds \$10,000,000;

(j) Change in Control. Mr. Don Tyson, the Tyson Limited Partnership and "members of the same family" of Mr. Don Tyson as defined in Section 447(e) of the Code shall cease to have at least 51% of the total combined voting power of the outstanding Stock of the Borrower; or

(k) Guarantee Agreement. At any time after the delivery of the Guarantee Agreement, the Guarantee Agreement shall not for any reason be, or shall be asserted by the Borrower or IBP not to be, in full force and effect and enforceable against IBP in all material respects in accordance with its terms.

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SECTION 8.02. Remedies. If any Event of Default shall have occurred and be continuing, the Administrative Agent shall at the request of, or may with the consent of, the Majority Lenders:

(a) declare the Commitment of each Lender to be terminated, whereupon such Commitment shall forthwith be terminated; and/or

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon and all other Obligations payable hereunder or under any other Loan Document to be immediately due and payable, whereupon the Loans, all such interest and all such Obligations shall become and be forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

provided, however, that upon the occurrence of any event specified in Section 8.01(f) or (g) with respect to the Borrower, the Commitment of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest accrued thereon and all other Obligations shall automatically become due and payable without further action of the Administrative Agent or any Lender.

SECTION 8.03. Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

The Administrative Agent

SECTION 9.01. Appointment. Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement or any other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

SECTION 9.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and any other Loan Document by or through employees, agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

SECTION 9.03. Liabilities of Agents.

(a) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any

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other Loan Document (except for its own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document 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 any other Loan Document or for the value of any collateral or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of its Subsidiaries.

(b) Each party to this Agreement acknowledges that none of the Syndication Agent, the Documentation Agent or any of the Co-Documentation Agents shall have any duties, responsibilities, obligations or authority under this Agreement or any other Loan Document in such capacity.

SECTION 9.04. Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or facsimile 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 (including counsel to the Borrower), 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 or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders 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, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request from or the consent of the Majority Lenders and such request or consent and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans or any portion thereof.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Effective Date specifying its objection thereto and either such objection shall not have been withdrawn by notice to the Administrative Agent to that effect or such Lender shall not have made available to the Administrative Agent such Lender's Percentage Share of such Borrowing.

SECTION 9.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to payment defaults, unless the Administrative Agent shall have received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice

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of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Majority Lenders in accordance with Article VIII; provided however, that unless and until the Administrative Agent shall have received any such request from the Majority Lenders, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 9.06. Credit Decision. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its Affiliates 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 Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, 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. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigations as it deems necessary to inform itself as to the business, prospects, properties, operations or condition, financial or otherwise, and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, properties, operations or condition, financial or otherwise, and creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 9.07. Indemnification. To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under Section 10.04 or 10.05, each Lender severally agrees to pay to the Administrative Agent, such Lender's respective Percentage Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed cost or expense or indemnified claim, action, proceeding, suit, damage, loss, liability or related cost or expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

SECTION 9.08. Administrative Agent in Individual Capacity. The Chase Manhattan Bank and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and its Subsidiaries as though The Chase Manhattan Bank were not the Administrative Agent hereunder. With respect to

its Loans, The Chase Manhattan Bank shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include The Chase Manhattan Bank in its individual capacity.

SECTION 9.09. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Administrative Agent which shall be a commercial bank organized or chartered under the laws of the United States of America or of any State thereof and having combined capital and surplus of at least \$500,000,000. If no successor Administrative Agent shall have been so appointed by the Majority Lenders, and shall have accepted such appointment, within 30 days after the notice of resignation of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, with the consent of the Borrower, which shall not be unreasonably withheld, appoint a successor Administrative Agent which shall be a commercial bank organized or chartered under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

ARTICLE X

Miscellaneous

SECTION 10.01. Notices, Etc. All notices, requests and other communications provided to any party under this Agreement shall, unless otherwise expressly specified herein, be in writing (including by facsimile) and mailed by overnight delivery, transmitted by facsimile or delivered: if to the Borrower, to its address specified on the signature pages hereof; if to any Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire; and if to the Administrative Agent, to its address specified on the signature pages hereof; or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent; provided, that notices and other communications required under Article V or VI hereof by the Borrower or the Administrative Agent to the Lenders may be transmitted via electronic transmission. All such notices and communications shall be effective, if transmitted by facsimile, when transmitted by facsimile and confirmed by telephone or facsimile, or, if mailed by overnight delivery or delivered, upon delivery, except that notices and communications to the Administrative Agent pursuant to Article II or IX shall not be effective until received by the Administrative Agent.

SECTION 10.02. Amendments, Etc. No amendment or waiver of any provision of this Agreement or of any other Loan Document, and no consent to any departure by the Borrower herefrom or therefrom, shall in any event be effective unless the same shall be in writing, acknowledged by the Administrative Agent and signed or consented to by the Majority Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall do any of the following:

- (a) increase the Commitment of any Lender (other than by assignment) or subject any Lender to any additional monetary obligation without the written consent of such Lender;
- (b) reduce the principal of, or interest on, any Committed Loan or any fees payable hereunder without the written consent of each Lender affected thereby;
- (c) extend the Maturity Date or any date fixed for any payment of interest on, the Committed Loans or any fees payable hereunder without the written consent of each Lender affected thereby;
- (d) change Section 2.06(b) in a manner that would alter the pro rata treatment of Lenders required thereby or change Section 3.06 in a manner that would alter the pro rata sharing of payments required thereby, without the written consent

of each Lender;

(e) release IBP from its obligations under the Guarantee Agreement, without the written consent of each Lender;

(f) change the percentage of the Commitments or the percentage of the aggregate unpaid principal amount of the Loans which shall be required for the Lenders or any of them to take any action hereunder without the written consent of each Lender; or

(g) amend this Section 10.02 without the written consent of each Lender.

SECTION 10.03. No Waiver; Remedies. No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 10.04. Costs and Expenses. The Borrower agrees to pay on demand:

(a) all costs and expenses incurred by the Administrative Agent, the Syndication Agent or the Documentation Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement or any other Loan Document or any other document to be delivered hereunder or thereunder or in connection with the transactions contemplated hereby or thereby, or with respect to advising the Administrative Agent as to its rights and responsibilities under the Loan Documents, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, the Syndication Agent or the Documentation Agent (including the allocated cost of in-house counsel);

(b) all costs and expenses incurred by the Administrative Agent or any Lender in connection with the enforcement or preservation of any rights under this Agreement or any other Loan Document or in connection with any restructuring or "work-out" (whether through negotiations, legal proceedings or otherwise), including the reasonable fees, charges and disbursements of counsel for the Administrative Agent or such Lender (including the allocated cost of in-house counsel); and

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(c) all costs and expenses of the Administrative Agent incurred in connection with due diligence, transportation, use of computers, duplication, appraisals, surveys, audits, insurance, consultants and search reports and all filing and recording fees and title insurance premiums.

SECTION 10.05. Indemnity.

(a) The Borrower agrees to indemnify, defend, reimburse and hold harmless the Administrative Agent, the Syndication Agent, the Documentation Agent, each Co-Documentation Agent, each Lender and each of their Affiliates, and each of their respective directors, officers, employees, agents and advisors (each, an "Indemnified Party") from and against all claims, actions, proceedings, suits, damages, losses, liabilities, costs and expenses, including the reasonable fees, charges and disbursements of counsel (including the allocated cost of in-house counsel) which may be incurred by or asserted against any Indemnified Party in connection with, or arising out of, or relating to (i) any transaction or proposed transaction (whether or not consummated) financed or to be financed, in whole or in part, directly or indirectly, with the proceeds of any Borrowing or otherwise contemplated in this Agreement; (ii) the entering into and performance of this Agreement and any other Loan Document by the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender or any action or omission of the Borrower in connection therewith; or (iii) any investigation, litigation, suit, action or proceeding (regardless of whether an Indemnified Party is a party thereto) which relates to any of the foregoing or to any Environmental Claim, unless and to the extent such claim, action, proceeding, suit, damage, loss, liability, cost or expense was solely attributable to such Indemnified Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) The Administrative Agent, the Syndication Agent, the Documentation Agent, each Co-Documentation Agent and each Lender agree that in the event that any investigation, litigation, suit, action or proceeding is asserted or threatened in writing or instituted against it or any other Indemnified Party, or any remedial, removal or response action is requested of it or any other Indemnified Party, for which the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender may desire indemnity or defense hereunder, the Administrative Agent, the Syndication Agent, the Documentation Agent, such Co-Documentation Agent or such Lender shall promptly notify the Borrower in writing.

(c) The Borrower at the request of the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender shall have the obligation to defend against such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action, and the Administrative Agent, the Syndication Agent, the Documentation Agent and the Co-Documentation Agents, in any event, may participate in the defense thereof with legal counsel of the Administrative Agent's choice. In the event that the Administrative Agent, the Syndication Agent, the Documentation Agent, any Co-Documentation Agent or any Lender requests the Borrower to defend against such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action, the Borrower shall promptly do so and the Administrative Agent, the Syndication Agent, the Documentation Agent, the affected Co-Documentation Agent or the affected Lender shall have the right to have legal counsel of its choice participate in such defense. No action taken by legal counsel chosen by the Administrative

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Agent or any Lender in defending against any such investigation, litigation, suit, action or proceeding or requested remedial, removal or response action shall vitiate or any way impair the Borrower's obligations and duties hereunder to indemnify and hold harmless any Indemnified Party.

SECTION 10.06. Right of Set-off. Upon the occurrence and during the continuation of any Event of Default, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all of the Obligations, whether or not such Lender shall have made any demand under this Agreement. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 10.06 are in addition to any other rights and remedies (including other rights of set-off) which such Lender may have.

SECTION 10.07. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein without the prior written consent of all the Lenders.

SECTION 10.08. Assignments, Participations, Etc.

(a) Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Affiliates of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment to a Lender or a Lender Affiliate, each of the Borrower and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iii) shall not apply to rights in respect of outstanding Bid Loans, (iv) the Assignee and the Assignor in respect of each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default under clause (f) or (g) of Section 8.01 has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to

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the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender

under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.05, 3.08, 3.09, 3.10, 3.11 and 10.05)(but only to the extent such Lender notifies the Borrower of any claim under such Section within 90 days after it obtains knowledge thereof). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (each a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 10.02 that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.05 (other than 3.05(f)), 3.06, 3.08, 3.09 and 3.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the

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extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.06 as though it were a Lender, provided such Participant agrees to be subject to Section 3.06 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 3.05, 3.08, 3.09 or 3.10 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.05 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.05(f) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

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SECTION 10.09. Confidentiality. Each Lender agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all non-public information provided to it by the Borrower or by the Administrative Agent on the Borrower's behalf in connection with this Agreement or any other Loan Document and agrees and undertakes that neither it nor any of its Affiliates shall use any such information for any purpose or in any manner other than pursuant to the terms contemplated by this Agreement. Any Lender may disclose such information (a) at the request of any bank regulatory authority or in connection with an examination of such Lender by any such authority; (b) pursuant to subpoena or other court process; (c) when required to do so in accordance with the provisions of any applicable law; (d) at the express direction of any agency of any State of the United States of America or of any other jurisdiction in which such Lender conducts its business; and (e) to such Lender's affiliates, independent auditors, counsel and other professional advisors. Notwithstanding the foregoing, the Borrower authorizes each Lender to disclose to any Participant or Assignee and any prospective Participant and Assignee such financial and other information in such Lender's possession concerning the Borrower or its Subsidiaries which has been delivered to the Lenders pursuant to this Agreement or any other Loan Document or which has been delivered to the Lenders by the Borrower in connection with the Lenders' credit evaluation of the Borrower prior to entering into this Agreement; provided, however, that such Participant or Assignee or prospective Participant or Assignee agrees in writing to such Lender to keep such information confidential to the same extent required of the Lenders hereunder.

SECTION 10.10. Survival. The obligations of the Borrower under Sections 3.05, 3.08, 3.09, 3.10, 3.11, 10.04 and 10.05, and the obligations of the Lenders under Sections 3.05(h) and 9.07, shall in each case survive repayment or purchase of the Loans or any termination of this Agreement and the Commitments. The representations and warranties made by the Borrower in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each other Loan Document.

SECTION 10.11. Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof or thereof.

SECTION 10.12. Governing Law and Jurisdiction.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; and

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER HEREBY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO.

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SECTION 10.13. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 10.14. Entire Agreement. THIS AGREEMENT EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE BORROWER, THE LENDERS AND THE ADMINISTRATIVE AGENT, AND SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS OF SUCH PERSONS RELATING TO THE SUBJECT MATTER HEREOF EXCEPT FOR THE FEE LETTER AND ANY PRIOR ARRANGEMENTS MADE WITH RESPECT TO THE PAYMENT BY THE BORROWER OF (OR ANY INDEMNIFICATION FOR) ANY FEES, COSTS OR EXPENSES PAYABLE TO OR INCURRED (OR TO BE INCURRED) BY OR ON BEHALF OF THE ADMINISTRATIVE AGENT OR THE LENDERS.

SECTION 10.15. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS OR THE BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT

AND THE LENDERS TO ENTER INTO THIS AGREEMENT.

SECTION 10.16. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

TYSON FOODS, INC.,
by
/s/ Dennis Leatherby
Name: Dennis Leatherby
Title: Senior Vice President, Finance and
Treasurer

Address for notices:
2210 West Oaklawn Drive
Springdale, Arkansas 72762
Attention: Les R. Baledge
Facsimile No.: (501) 290-6776

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THE CHASE MANHATTAN BANK,
individually and as Administrative Agent,

by
/s/ Gary L. Spevack
Name: Gary L. Spevack
Title: Vice President

Address for notices:
Loan and Agency Services Group
One Chase Manhattan Plaza
8th Floor
New York NY 10081
Attention: Eleanor Fiore
Facsimile No.: (212) 552-7490

Address for payments:
ABA # 021000021
Attention: Eleanor Fiore
Chase Plaza, 8th Floor
New York, NY 10081
Credit to Account number: 323219551
Reference: Tyson Foods, Inc.

With a copy to:
The Chase Manhattan Bank

270 Park Avenue
New York NY 10017
Attention of.: Marian Schulman
Facsimile No.: 212-270-1063

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MERRILL LYNCH CAPITAL
CORPORATION,
individually and as Syndication Agent,

by
/s/ D. Kevin Imlay
Name: D. Kevin Imlay
Title: Senior Lending Officer

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SUNTRUST BANK, individually and as
Documentation Agent,

by
/s/ Gregory L. Cannon
Name: Gregory L. Cannon
Title: Director

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SIGNATURE PAGE to the FIVE-YEAR
CREDIT AGREEMENT among TYSON
FOODS, INC., the banks parties hereto, THE
CHASE MANHATTAN BANK, as
Administrative Agent, MERRILL LYNCH
CAPITAL CORPORATION, as Syndication
Agent, and SUNTRUST BANK, as
Documentation Agent, and MIZUHO
FINANCIAL GROUP and RABOBANK
INTERNATIONAL, as Co-Documentation
Agents.

Name of Institution:
Merrill Lynch Bank USA
By: /s/ D. Kevin Imlay
Name: D. Kevin Imlay
Title: Senior Lending Officer

Name of Institution:
The Dai-Ichi Kangyo Bank, Ltd., Mieuho
Financial Group
By: /s/ Bertram H. Tang
Name: Bertram H. Tang
Title: VP & Group Leader

Name of Institution:
The Fuji Bank, Limited
By: /s/ Jacques Azagury
Name: Jacques Azagury
Title: Senior Vice President & Manager

Name of Institution:
Cooperatieve Centrale Raiffeisen-
Boerenleenbank B.A. "Rabobank
International" New York Branch
By: /s/ Richard J. Beard
Name: Richard J. Beard
Title: Vice President

Name of Institution:
Scotiabanc Inc.
By: /s/ William E. Zarrett
Name: William E. Zarrett
Title: Managing Director

Name of Institution:
Farm Credit Bank of Wichita
By: /s/ Patrick Zeka
Name: Patrick Zeka
Title: A.V.P.

Name of Institution:
Sumitomo Mitsui Banking Corp.
By: /s/ Eric Seeley
Name: Eric Seeley
Title: Vice President

Name of Institution:
Wachovia Bank, N.A.
By: /s/ Karin E. Reel
Name: Karin E. Reel

Title: Vice President

Name of Institution:

Banca Nazionale Del Lavoro S.P.A.
New York Branch

By: /s/ Frederic W. Hall

Name: Frederic W. Hall

Title: Vice President

By: /s/ Leonardo Valentini

Name: Leonardo Valentini

Title: First Vice President

Name of Institution:

Bank of Communications, New York Branch

By: /s/ De Cai Li

Name: De Cai Li

Title: General Manager

Name of Institution:

The Bank of Tokyo-Mitsubishi, Ltd.

By: /s/ John M. Mearns

Name: John M. Mearns

Title: VP & Manager

Name of Institution:

ING (U.S.) Capital LLC

By: /s/ Bill Redmond

Name: William B. Redmond

Title: Vice President

Name of Institution:

Bank Hapoalim, BM

By: /s/ James P. Surless

Name: James P. Surless

Title: Vice President

Name of Institution:

Commercebank, N.A.

By: /s/ Teresa Tundidor-Gonzalez

Name: Teresa Tundidor-Gonzalez

Title: Vice President

Name of Institution:

Hua Nan Commercial Bank, Ltd.

New York Agency

By: /s/ Chang, Yun-Peng

Name: Chang, Yun-Peng
Title: S.V.P. & General Manager

Name of Institution:
E.Sun Commercial Bank, Ltd.,
Los Angeles Branch
By: /s/ Benjamin Lin
Name: Benjamin Lin
Title: SVP & General Manager

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SENIOR EXECUTIVE EMPLOYMENT AGREEMENT

THIS SENIOR EXECUTIVE EMPLOYMENT AGREEMENT dated October 19, 2001 is by and between TYSON FOODS, INC., a corporation organized under the laws of Delaware (the " Company"), and Donald J. Tyson (" Employee").

WITNESSETH :

WHEREAS, following Employee's retirement from full time employment, the Company wishes to retain Employee's services and access to Employee's experience and knowledge; and

WHEREAS, the Employee wishes to furnish advisory services to the Company upon the terms, provisions and conditions herein provided;

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

1. The term of this Agreement (the " Term") shall begin October 19, 2001 and end October 19, 2011.
2. During the Term, Employee will, upon reasonable request, provide advisory services to the Company as follows:
 - (a) Services hereunder shall be provided as an employee of the Company;
 - (b) Employee may be required to devote up to twenty (20) hours per month to the Company;
 - (c) Employee may perform advisory services hereunder at any location but may be required to be at the offices of the Company upon reasonable notice; and
 - (d) Employee shall not be obligated to render services under this Agreement during any period when he is disabled due to illness or injury.
3. Beginning October 19, 2001, the Company shall (i) pay Employee each year the sum of \$800,000 per year, such sum to be payable as the parties may from time to time agree; and (ii) provide Employee with life and health insurance during the Term as generally available to Employee at the time of retirement. In addition, the Company shall continue to provide Employee with his travel and entertainment costs, as well as his estimated income tax liability with respect thereto, consistent with past practices. In the event of the Employee's death, the benefits described above shall continue to be paid to the surviving of Employee's three children, John Tyson, Cheryl Tyson and Carla Tyson, for the duration of the Term. In the event of death by both Employee and the above named children, all benefits under this Agreement shall cease.

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4. Employee shall receive, in addition to all other benefits described in this Agreement, as additional consideration for signing this Agreement and for agreeing to abide and be bound by its terms, provisions and restriction an award of 1,000,000 shares of Company Class A Common Stock subject to the terms and conditions of a restricted stock agreement used by the Company for such awards, such restricted stock to vest in its entirety on October 10, 2003.
5. During the Term, the Company shall reimburse Executive for costs incurred by Executive for tax and estate planning advice from an entity recommended by the Company.
6. While this Agreement is in effect and thereafter, the Employee shall not divulge to anyone, except in the regular course of the Company's business, any confidential or proprietary information regarding the Company's records, plans or any other aspects of the Company's business which it considers confidential or proprietary.
7. This Agreement shall terminate in the event Employee accepts employment from anyone deemed by the Company to be a competitor.
8. The right of the Employee or any other beneficiary under this Agreement to receive payments may not be assigned, pledged or encumbered, except by will or by the laws of descent and distribution, without the permission of the Company which it may withhold in its sole and absolute discretion.
9. This Agreement represents the complete agreement between Company and Employee concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Employee and Company.
10. It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Arkansas.

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

TYSON FOODS, INC.

By: /s/ John Tyson
Title: Chairman and Chief Executive Officer

/s/ Donald J. Tyson
Donald J. Tyson

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SENIOR ADVISOR AGREEMENT

THIS SENIOR ADVISOR AGREEMENT dated October 1, 2001 is by and between Tyson Foods, Inc., a corporation organized

under the laws of Delaware ("Tyson") and Robert L. Peterson ("Executive").

WITNESSETH:

WHEREAS, Executive is currently serving and has for many years served as the Chairman and Chief Executive Officer of IBP, inc., a corporation organized under the laws of Delaware ("IBP"); and

WHEREAS, Tyson, Lasso Acquisition Corporation, a wholly owned subsidiary of Tyson ("Lasso") and IBP have entered into an Agreement and Plan of Merger dated as of January 1, 2001, as modified by the Stipulation and Order dated June 27, 2001, pursuant to which IBP will merge with and into Lasso, with Lasso being the surviving corporation (the "Merger"); and

WHEREAS, Tyson wishes to retain Executive's continued services to Lasso as the successor to IBP following the Merger and to retain Executive's services to Tyson and access to Executive's experience and knowledge following the Merger; and

WHEREAS, Executive wishes to continue providing services to Lasso as the successor to IBP following the Merger and to furnish advisory services to Tyson following the Merger upon the terms, provisions and conditions herein provided;

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

1. **Term.** The term of this Agreement (the "Term") shall begin on the effective date of the Merger (the "Effective Date") and terminate ten (10) years thereafter.
2. **Services During the Term .** During the Term, Executive will, upon reasonable request, provide advisory services to Lasso and Tyson ("Employer") as follows:
 - (a) Subject to Section 5 below, Executive's services hereunder shall be provided as an employee of Employer as the Senior Advisor of Employer (this position shall entitle Executive to the continuation of benefits described in Section 4 of this Agreement, notwithstanding any limitation contained in any plans or policies referenced therein or otherwise);
 - (b) Executive may be required to devote up to twenty (20) hours per month to Employer;
 - (c) Executive may perform advisory services hereunder at any location but may be required to be at the offices of Employer upon reasonable notice; and
 - (d) Executive shall not be obligated to render services under this Agreement during any period when he is disabled due to illness or injury, however, Executive will continue to receive the benefits under Sections 3 and 4 of this Agreement during such periods.
3. **Compensation for Services During the Term.** During the Term, Tyson shall pay Executive base compensation in the amount of \$400,000 per year, such sum to be payable monthly or as Tyson and Executive may from time to time otherwise agree. Executive shall also be reimbursed for reasonable out of pocket expenses related to services provided by Executive under Section 2 hereof. Executive shall be entitled to receive bonus payments for services rendered by Executive to Employer during the Term in such amounts and at such times as Tyson may in its discretion determine. In addition, during the Term Tyson shall continue to provide Executive with the following perquisites:
 - (a) Reimbursement for annual country club dues incurred by Executive during the Term consistent with the past practices of Executive at IBP;
 - (b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile (and gross-up Executive for any and all income tax liability incurred by Executive). The monthly lease payment or allowance for such automobile shall be determined by and in the sole discretion of the Tyson Board of Directors, however, such requisite should be consistent with the past practices of IBP;
 - (c) Personal use of Employer-owned aircraft for three (3) years after the Effective Date; provided, however, that

Executive's personal use of Employer-owned aircraft shall be consistent with past practices and not interfere with Employer's use of Employer-owned aircraft. Tyson will reimburse and gross-up Executive for any and all income tax liability incurred by Executive in connection with his personal use of Employer-owned aircraft;

(d) Use of an office at Employer's headquarters in Dakota Dunes, South Dakota (similar to that maintained by Executive in his current position), and Employer shall provide secretarial services for Executive, similar to that currently available to Executive; and

(e) Reimbursement from Tyson during the Term for costs incurred by Executive for tax and estate planning advice from an entity approved by Tyson.

In the event of Executive's death, the compensation payments and perquisites described above shall continue to be paid to Executive's spouse for the duration of the Term. In the event of the death of both Executive and his spouse, all such compensation payments and perquisites shall cease.

4. **Previously Earned Compensation** .For compensation earned by Executive for services rendered by Executive to IBP prior to the Effective Date, Tyson shall pay to the Executive compensation to include, but not limited to, the following:

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(a) Stock Options. During the Term and prior to Executive's retirement as an employee pursuant to Section 5 below, all options to purchase IBP common stock (as converted to options to purchase Tyson common stock using the Exchange Ratio as that term is defined in the Merger Agreement between Tyson, Lasso and IBP) held by Executive on the Effective Date shall be fully exercisable by Executive in accordance with their terms until the original expiration date of such options. Upon Executive's retirement as an employee, all such options held by Executive at the time of his retirement shall be fully exercisable until the earlier of the original expiration date of the options or twelve (12) months after the date of Executive's retirement. In the event of Executive's death, Executive's estate shall be entitled to exercise such options until the earlier of the original expiration date of the options or twelve (12) months after the date of Executive's death.

(b) Executive Life Insurance Program (" ELIP"). Tyson shall timely pay the five remaining annual premium payments, each in the amount of \$253,205, and shall pay Executive the corresponding tax gross-up payments, due under the ELIP.

(c) Restricted Stock. During the Term and prior to Executive's retirement as an employee pursuant to Section 5 below, Executive's 1997 restricted stock grant under the IBP 1996 Officer Long-Term Stock Plan in the amount of 100,000 shares of IBP stock (as such shares are converted to Tyson common stock using the Exchange Ratio as that term is defined in the Merger Agreement between Tyson and IBP) shall continue. Upon the earlier of (i) the end of the 5 year Mandatory Deferral Period, or (ii) Executive's retirement as an employee of Employer, such stock (as adjusted for reinvested dividends) shall no longer be subject to such restrictions and shall be delivered by Tyson to Executive in accordance with the provisions of such plan and Executive's elections thereunder.

(d) Retirement Income Plan (" RIP"). During the Term and prior to Executive's retirement as an employee pursuant to Section 5 below, Executive's account under the RIP shall continue to be adjusted for investment earnings as provided therein, as well as for additional contributions made by Executive while Executive is an employee of Employer. Upon Executive's retirement as an employee, Executive's RIP account shall be paid by Tyson to Executive in accordance with the provisions of the RIP and Executive's elections thereunder.

5. **Retirement.** Executive may, at any time and in Executive's sole discretion, elect to retire as an employee of Employer. In the event of Executive's retirement as an employee of Employer prior to the end of the Term, Executive shall, for the remainder of the Term, continue to provide the advisory services to Employer described in Section 2 above, but as a consultant and independent contractor rather than as an employee of Employer, and shall continue to be paid by Tyson the compensation and benefits described in Section 3 above. Upon Executive's retirement, the compensation and benefits in Section 4 shall be paid as described in such section, and Employer shall continue to make appropriate deductions for applicable state and federal income withholding and employment taxes.

6. **Confidentiality.** While this Agreement is in effect and thereafter, Executive shall not divulge to anyone any confidential or proprietary information regarding Employer's records,

plans or any other aspects of Employer's business which Employer considers confidential or proprietary, except in the regular course of Employer's business, and except to the extent that such information (a) becomes a matter of public record or is published in a newspaper, magazine or other periodical or on electronic or other media available to the general public, other than as a result of any act or omission of Executive or (b) is required to be disclosed by any law, regulation or order of any court or regulatory commission, department or agency, provided that Executive gives prompt notice of such requirement to Employer to enable Employer to seek an appropriate protective order. This Agreement, and the compensation payments to Executive described in Section 3 above, but not the payments to Executive of previously earned compensation described in Section 4 above, shall terminate in the event Executive breaches the provisions of this Section 6; provided, that an insubstantial or inadvertent disclosure of information by Executive which does not cause material harm to Employer shall not be deemed a breach of this provision.

7. **Noncompetition.** This Agreement, and the compensation payments to Executive described in Section 3 above, but not the payments to Executive of previously earned compensation described in Section 4 above, shall terminate in the event Executive accepts employment from anyone reasonably deemed by Tyson to be a competitor.

8. **Nonassignment .** The right of Executive or any other beneficiary under this Agreement to receive compensation payments under Section 3 above may not be assigned, pledged or encumbered, except by will or by the laws of descent and distribution, without the permission of Tyson which it may withhold in its sole and absolute discretion. The right of Executive or any other beneficiary under this Agreement to receive compensation payments under Section 4 above may be assigned, pledged or encumbered only with the permission of Tyson or as otherwise provided under the applicable IBP plan or program under which such compensation was earned by Executive.

9. **Indemnification .** Tyson agrees that in the event Executive is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any threatened, pending or completed action, suit, or any investigation or proceeding by reason of (or arising in part out of) the fact Executive is, was or has agreed to serve as a director, officer, employee, agent or consultant of IBP, Tyson or Lasso, Tyson will indemnify Executive to the fullest extent authorized by law, against any and all claims, costs, losses, expenses, including attorneys fees and costs, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such losses and expenses) of such claim, whether or not such claim proceeds to judgment or is settled or otherwise is brought to a final disposition. In addition, Tyson shall advance reasonable attorneys fees and expenses to the full extent permitted under Delaware law, subject to recoupment in accordance with Delaware law. The indemnification rights herein contained shall be cumulative of, and in addition to, any an all other rights and remedies to which Executive shall be entitled, whether pursuant to this or any other agreement, articles of incorporation, by-laws, at law or in equity.

10. **Complete Agreement** This Agreement represents the complete agreement between Tyson and Executive concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted

modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Executive and Tyson.

11. **Governing Law .** It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Delaware.

12. **Indemnification .** In the event that Executive initiates legal action against Tyson for breach of this Agreement and Executive prevails, then Tyson shall reimburse Executive for all costs, expenses and reasonable legal fees incurred in conjunction with such legal action.

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

TYSON FOODS, INC.

By: /s/ John Tyson

Title: Chairman and Chief Executive Officer

/s/ Robert L. Peterson

Robert L. Peterson

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), made as of October 1, 2001 by and among Tyson Foods, Inc., a Delaware corporation (the "Company"), and John Tyson, a resident of the State of Arkansas (the "Executive").

RECITALS

To induce Executive's service as Chairman and Chief Executive Officer of the Company during the Term (as defined in Section 2 below), the Company desires to provide Executive with compensation and other benefits on the terms and conditions set forth in this Agreement.

Executive is willing to accept such employment and perform services for the Company, on the terms and conditions hereinafter set forth.

It is therefore hereby agreed by and among the parties as follows:

1. Employment.

1.1 Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive during the Term as Chairman and Chief Executive Officer. In such capacity, Executive shall report to the Company's Board of Directors and shall have the powers, responsibilities and authorities as are assigned by the Company's Board of Directors.

1.2 Subject to the terms and conditions of this Agreement, Executive hereby accepts employment as the Chairman and Chief Executive Officer of the Company as of the date hereof and agrees to devote his full working time and efforts, to the best of his ability, experience and talent, to the performance of services, duties and responsibilities in connection therewith. Executive shall perform such duties and exercise such powers, commensurate with his position, as the Company's Board of Directors shall from time to time delegate to him on such terms and conditions and subject to such restrictions as the Company's Board of Directors may reasonably from time to time impose.

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2. **Term of Employment.** Executive's term of employment under this Agreement shall commence as of the date hereof (the "Effective Date") and, subject to the terms hereof, shall terminate on such date (the "Termination Date") which is the earlier of (i) October 1, 2004 or (ii) the termination of Executive's employment pursuant to this Agreement (the period from the Effective Date until the Termination Date shall be the "Term"). The Termination Date (and the Term) shall automatically be extended for an additional year on October 1, 2004 and on each subsequent first day of the Company's fiscal year thereafter unless (a) Executive's employment has been terminated prior to such day, or (b) not later than 30 days prior to such day, either party to this Agreement shall have given written notice to the other party that he or it does not wish to extend further the Termination Date (and the Term).

3. Compensation.

3.1 Salary. The Company shall pay Executive a base salary ("Base Salary") at the rate of \$1,000,000 per annum during the Term; provided, however, that commencing on September 29, 2002, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall, and each year thereafter shall, review the Executive's annual Base Salary for potential increase; however, Executive's right to annual increases shall not be unreasonably denied, and the Base Salary shall not be decreased at any time during the Term. Base Salary shall be payable in accordance with the ordinary payroll practices of the Company. Any increase in Base Salary shall constitute "Base Salary" hereunder.

3.2 Annual Bonus. It is expressly understood and contemplated that Executive's bonus plan will be mutually agreed to by the parties hereto for the Company's fiscal year beginning September 30, 2001 and for each fiscal year thereafter during the Term. The annual bonus plan shall be driven by and proportionate to GAAP determined EBIT generated by Company business activities reporting to Executive.

3.3 Stock Option Awards. As of the date of approval by the Compensation Committee, Executive shall receive an option to purchase 200,000 shares of Company Class A common stock at an exercise price equal to the market price of Company Class A common stock on the date of the grant; the other terms and conditions of such award shall be governed by the terms of a stock option award agreement in a form substantially similar to that presently used by the Company. The options awarded pursuant to this Section 3.3 shall be for a term of ten (10) years and shall vest forty percent (40%) on the second anniversary of the date of the award and in twenty (20%) increments annually thereafter until fully vested.

3.4 Restricted Stock. As of the date of approval by the Compensation Committee, Executive shall receive an award of 300,000 shares of restricted Company Class A common stock pursuant to a restricted stock award agreement in a form substantially similar to that

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presently used by the Company, as follows:

(a) 200,000 shares of such restricted stock shall vest on October 10, 2003; and

(b) 100,000 shares of such restricted stock shall vest on October 10, 2006.

3.5 Perquisites. During the Term, the Company shall provide Executive with the following:

(a) Reimbursement for annual country club dues incurred by Executive during the Term;

(b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile. The monthly lease payment or allowance for such automobile shall be consistent with the past practices for other executives at the Company;

(c) Company provided split dollar life insurance with a face amount of no less than the amount currently carried by the Company with respect to Executive and in a form similar to that provided by the Company to Executive

(d) Reasonable personal use of the Company-owned aircraft; provided, however, that Executive's personal use of the Company-owned aircraft shall not interfere with Company use of the Company-owned aircraft. The Company will reimburse and gross-up Executive for any and all income tax liability incurred by Executive in connection with his personal use of the Company-owned aircraft; and

(e) Reimbursement from the Company during the Term for costs incurred by Executive for tax and estate planning advice from an entity recommended by the Company.

3.6 Compensation Plans and Programs. Executive shall be eligible to participate in any compensation plan or program maintained by the Company other than plans or programs related to (i) Company options; provided, however, that the limitation in this clause (i) shall not apply in any Company fiscal year beginning after October 1, 2004 and (ii) restricted stock; provided, however, that the limitation in this clause (ii) shall not apply in any Company fiscal year beginning after September 28, 2002 .

4. Employee Benefits.

4.1 Employee Benefit Programs, Plans and Practices. The Company shall provide Executive during the Term with coverage under all employee pension and welfare benefit programs, plans and practices (commensurate with his position in the Company and to the extent permitted under any employee benefit plan) in accordance with the terms thereof, which the Company generally makes available to its senior

4.2 **Vacation and Fringe Benefits** . Executive shall be entitled to no less than twenty (20) business days paid vacation in each calendar year (or such greater time as Company policy permits a person of his employment seniority), which shall be taken at such times as are consistent with Executive's responsibilities hereunder. In addition, Executive shall be entitled to the perquisites and other fringe benefits generally made available to senior executives of the Company, commensurate with his position with the Company.

5. **Expenses** . Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, including, without limitation, expenses for travel and similar items related to such duties and responsibilities. The Company will reimburse Executive for all such expenses upon presentation by Executive, from time to time, of accounts of such expenditures (appropriately itemized and approved consistent with the Company's policy).

6. **Termination of Employment** .

6.1 **Termination by the Company Not for Cause or by Executive for Good Reason** .

(a) The Company may terminate Executive's employment at any time for any reason. If Executive's employment is terminated prior to the Termination Date, as that date may be extended from time to time under the terms of Section 2 hereof, (i) by the Company (other than for Cause (as defined in Section 6.2(c) hereof) or by reason of Executive's death or Permanent Disability (as defined in Section 6.2(d) hereof)), or (ii) by the Executive for Good Reason (as defined in Section 6.1(c) hereof) prior to the Termination Date, Executive shall receive the following items and payments:

(i) An amount (the "Termination Amount") in lieu of any bonus in respect of all or any portion of the fiscal year in which such termination occurs and any other cash compensation, which Termination Amount shall be payable in a single lump sum within thirty (30) days following the date of such termination. The Termination Amount shall consist of an amount equal to the sum of (x) three (3) times Executive's Base Salary for the fiscal year immediately preceding the year in which such termination occurs plus (y) three (3) times Executive's bonus for the fiscal year immediately preceding the year in which such termination occurs;

(ii) Executive shall be entitled to receive a cash lump sum payment in respect of accrued but unused vacation days (the "Vacation Payment") and to Base Salary earned but not yet paid (the "Compensation Payment");

(iii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Sections 3.3 and 3.4 hereof, shall become immediately one-hundred percent vested.

Any portion of a time-vesting stock option award accelerated pursuant to this Section 6.1(a) shall be exercisable pursuant to the terms of the stock option plan and the stock option award agreement applicable to such award; and

(iv) Any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees.

(b) The Vacation Payment and the Compensation Payment shall be paid by the Company to Executive within 30 days after the termination of Executive's employment by check payable to the order of Executive or by wire transfer to an account specified by Executive.

(c) For purposes of this Agreement, "Good Reason" shall mean any of the following (without Executive's express prior written consent):

(i) Any material breach by the Company of this Agreement, including any material reduction by the

Company of Executive's, title, duties or responsibilities (except in connection with the termination of Executive's employment for Cause, as a result of Permanent Disability, as a result of Executive's death or by Executive other than for Good Reason); or

(ii) A reduction by the Company in Executive's Base Salary, other than a reduction which is part of a general salary reduction program affecting senior executives of the Company generally; or

(iii) Any change by the Company of the Executive's place of employment to a location more than fifty (50) miles from the Company's headquarters.

6.2 Discharge for Cause; Voluntary Termination by Executive; Termination Because of Death or Permanent Disability.

(a) The Company shall have the right to terminate the employment of Executive for Cause. In the event that Executive's employment is terminated prior to the Termination Date (i) by the Company for Cause, or (ii) by Executive other than (A) for Good Reason or (B) as a result of the Executive's Permanent Disability or death, Executive shall only be entitled to receive the Compensation Payment and the Vacation Payment. Executive shall not be entitled, among other things, to the payment of any bonus in respect of all or any portion of the fiscal year in which such termination occurs, but shall be entitled to the payment of any unpaid bonus earned with respect to any prior fiscal year. After the termination of Executive's employment

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under this Section 6.2, the obligations of the Company under this Agreement to make any further payments, or provide any benefits specified herein, to Executive shall thereupon cease and terminate.

(b) If Executive's employment is terminated as a result of Executive's Permanent Disability or death:

(i) Executive shall be entitled to receive the annual bonus described in Section 3.2 hereof prorated to the date of Executive's Permanent Disability or death;

(ii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Sections 3.3 and 3.4 hereof, shall become immediately one-hundred percent vested; provided, however that in the event of Executive's death future option awards shall;

(iii) The Executive shall receive any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees; and

(iv) In addition to any other payment to be made hereunder in the event of Executive's death, (A) Executive's designee(s), which shall be determined pursuant to an executed Designation of Beneficiary form attached hereto as Exhibit "A" and which may be made at any time and changed from time to time by Executive, shall for twenty (20) years after the date of Executive's death receive an annual payment equal to thirty three and one third percent (33-1/3%) of Executive's Base Salary at the time of Executive's death, and (B) Executive's dependents at the time of his death shall be provided health insurance as generally available to Executive at the time of death.

(c) As used herein, the term "Cause" shall be limited to (i) willful malfeasance, willful misconduct or gross negligence by Executive in connection with his employment, (ii) willful and continuing refusal by Executive to perform his duties hereunder or any lawful direction of the Company's Board of Directors (the "Board"), after notice of any such refusal to perform such duties or direction was given to Executive and Executive is provided a reasonable opportunity to cure such deficiency, (iii) any material breach of the provisions of Section 12 of this Agreement by Executive or any other material breach of this Agreement by Executive after notice of any such breach and an opportunity to cure such breach or (iv) the conviction of Executive of any (A) felony or (B) a misdemeanor involving moral turpitude. Termination of Executive pursuant to this Section 6.2 shall be made by delivery to Executive of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the then members of the Board at a meeting of the

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Board called and held for the purpose (after 30 days prior written notice to Executive and reasonable opportunity for Executive to be heard before the Board prior to such vote), finding that in the reasonable judgment of the Board, Executive was guilty of

(b) During the Term and for one (1) year thereafter, Executive agrees that, without the prior written consent of the Company, (A) he will not, directly or indirectly, in the United States, participate in any Position (as defined below) in any business which is in direct competition with any business of the Restricted Group and (B) he shall not, on his own behalf or on behalf of any person, firm or company, directly or indirectly, solicit or offer employment to any person who has been employed by the Restricted Group at any time during the 12 months immediately preceding such solicitation, and (C) he shall not, on his own behalf or on behalf of any person, firm or company, solicit, call upon, or otherwise communicate in any way with any client, customer, prospective client or prospective customer of the Company or of any member of the Restricted Group for the purposes of causing or of attempting to cause any such person to purchase products sold or services rendered by the Company or by any member of the Restricted Group from any person other than the Company or any member of the Restricted Group. The term "Position" shall include, without limitation, a partner, director, holder of more than 5% of the outstanding voting shares, principal, executive, officer, manager or any employment or consulting position. It is acknowledged and agreed that

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the scope of the clause as set forth above is essential, because (i) a more restrictive definition of "Position" (e.g. limiting it to the "same" position with a competitor) will subject the Company to serious, irreparable harm by allowing competitors to describe positions in ways to evade the operation of this clause, and substantially restrict the protection sought by the Company, and (ii) by the allowing Executive to escape the application of this clause by accepting a position designated as a "lesser" or "different" position with a competitor, the Company is unable to restrict the Executive from providing valuable information to such competing company to the harm of the Company.

(c) Executive agrees that he will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of the Company or any member of the Restricted Group, or their good will, products, or business opportunities, or that is likely to have the effect of undermining or disparaging the reputation of any officer, director, agent, representative or employee, past or present, of the Company or any member of the Restricted Group. Company agrees that it shall not, directly or indirectly, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of Executive.

(d) For purposes of this Section 12, a business shall be deemed to be in competition with the Restricted Group if it is principally involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by the Restricted Group as a material part of the business of the Restricted Group within the same geographic area in which the Restricted Group effects such purchases, sales or dealings or renders such services. Nothing in this Section 12 shall be construed so as to preclude Executive from investing in any company pursuant to the provisions of Section 1.3 hereof.

(e) Executive and the Company agree that this covenant not to compete is a reasonable covenant under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant as to the court shall appear not reasonable and to enforce the remainder of the covenant as so modified. Executive agrees that any breach of the covenants contained in this Section 12 would irreparably injure the Company. Accordingly, Executive agrees that the Company may, in addition to pursuing any other remedies it or they may have in law or in equity, cease making any payments otherwise required by this Agreement and obtain an injunction against Executive from any court having jurisdiction over the matter restraining any further violation of this Agreement by Executive.

13. **Beneficiaries; References.** Executive shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death, and may change such election, in either case by giving the Company written notice thereof. In

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shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative. Any reference to the masculine gender in this Agreement shall include, where appropriate, the feminine.

14. **Survivorship.** The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. In particular, the provisions of Section 12 hereunder shall remain in effect as long as is necessary to give effect thereto.

15. **Governing Law.** This Agreement shall be construed, interpreted and governed in accordance with the laws of Arkansas, without reference to rules relating to conflicts of law.

16. **Effect on Prior Agreements.** This Agreement contains the entire understanding among the parties hereto and supersedes in all

respects any prior or other agreement or understanding among the parties or any affiliate or predecessor of the Company and Executive with respect to Executive's employment, including but not limited to any severance arrangements. Under no circumstances shall Executive be entitled to any other severance payments or benefits of any kind, except for the payments and benefits described herein.

- 17. **Withholding**. The Company shall be entitled to withhold from payment any amount of withholding required by law.
- 18. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TYSON FOODS, INC.

By: /s/ Steven Hankins
Title: Executive Vice President Chief Financial Officer

/s/ John Tyson
John Tyson

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EXHIBIT "A"

Designation of Beneficiary

I, John Tyson, party to that certain Employment Agreement with Tyson Foods, Inc. dated as of October 1, 2001, hereby the designate the following person or persons to receive the payments to be made pursuant to Section 6.2(b)(iv) of said Employment Agreement:

Primary Beneficiary

Secondary Beneficiary

Further, this Designation of Beneficiary may be revoked at any time by (i) a writing to such effect or (ii) a subsequently executed Designation of Beneficiary.

IN WITNESS WHEREOF, the undersigned has executed this Designation of Beneficiary on this _____ day of _____, 20____.

John Tyson

ACKNOWLEDGMENT

State of _____

County of _____

On this the _____ day of _____, 20____, before me, a notary public, personally appeared John Tyson, known to me or satisfactorily proven to be the person whose name was subscribed to the within instrument and acknowledged that he had executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

Notary Public

My Commission Expires:

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), made as of October 1, 2001 by and among Tyson Foods, Inc., a Delaware corporation (the "Company"), and Greg Lee, a resident of the State of Arkansas (the "Executive").

RECITALS

To induce Executive's service as a Group President and Co-Chief Operating Officer of the Company during the Term (as defined in Section 2 below), the Company desires to provide Executive with compensation and other benefits on the terms and conditions set forth in this Agreement.

Executive is willing to accept such employment and perform services for the Company, on the terms and conditions hereinafter set forth.

It is therefore hereby agreed by and among the parties as follows:

1. **Employment**.

1.1 Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive during the Term as a Group President and Co-Chief Operating Officer. In such capacity, Executive shall report to the Company's Chairman and Chief Executive Officer and shall have the powers, responsibilities and authorities as are assigned by the Company's Chairman and Chief Executive Officer.

1.2 Subject to the terms and conditions of this Agreement, Executive hereby accepts employment as a Group President and Co-Chief Operating Officer of the Company as of the date hereof and agrees to devote his full working time and efforts, to the best of his ability, experience and talent, to the performance of services, duties and responsibilities in connection therewith. Executive shall perform such duties and exercise such powers, commensurate with his position, as the Company's Chairman and Chief Executive Officer shall from time to time delegate to him on such terms and conditions and subject to such restrictions as the Company's Chairman and Chief Executive Officer may

reasonably from time to time impose.

1.3 Except as provided in Section 12 hereof, nothing in this Agreement shall preclude Executive from engaging, so long as, in the reasonable determination of the Company's Chairman and Chief Executive Officer, such activities do not interfere with his duties and responsibilities hereunder, in charitable and community affairs, from managing any passive investment made by him in publicly traded equity securities or other property (provided that no such

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investment may exceed 5% of the equity of any publicly traded entity, without the prior approval of the Company's Chairman and Chief Executive Officer) or from serving, subject to the prior approval of the Company's Chairman and Chief Executive Officer, as a member of boards of directors or as a trustee of any other corporation, association or entity. For purposes of the preceding sentence, any required approval shall not be unreasonably withheld.

2. **Term of Employment**. Executive's term of employment under this Agreement shall commence as of the date hereof (the "Effective Date") and, subject to the terms hereof, shall terminate on such date (the "Termination Date") which is the earlier of (i) October 1, 2006 or (ii) the termination of Executive's employment pursuant to this Agreement (the period from the Effective Date until the Termination Date shall be the "Term"). The Termination Date (and the Term) shall automatically be extended for an additional year on October 1, 2006 and on each subsequent last day of the Company's fiscal year thereafter unless (a) Executive's employment has been terminated prior to such day, or (b) not later than 30 days prior to such day, either party to this Agreement shall have given written notice to the other party that he or it does not wish to extend further the Termination Date (and the Term).

3. **Compensation**.

3.1 **Salary**. The Company shall pay Executive a base salary ("Base Salary") at the rate of \$650,000 per annum during the Term; provided, however, that commencing on September 29, 2002, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall, and each year thereafter shall, review the Executive's annual Base Salary for potential increase; however, Executive's right to annual increases shall not be unreasonably denied, and the Base Salary shall not be decreased at any time during the Term. Base Salary shall be payable in accordance with the ordinary payroll practices of the Company. Any increase in Base Salary shall constitute "Base Salary" hereunder.

3.2 **Annual Bonus**. It is expressly understood and contemplated that Executive's bonus plan will be mutually agreed to by the parties hereto for the Company's fiscal year beginning September 30, 2001 and for each fiscal year thereafter during the Term. The annual bonus plan shall be driven by and proportionate to GAAP determined EBIT generated by Company business activities reporting to Executive.

3.3 **Stock Option Awards**. As of the date of approval by the Compensation Committee, Executive shall receive an option to purchase 60,000 shares of Company Class A common stock at an exercise price equal to the market price of Company Class A common stock on the date of the grant; the other terms and conditions of such award

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shall be governed by the terms of a stock option award agreement in a form substantially similar to that presently used by the Company. On the first business day of each of the Company's 2003, 2004, 2005 and 2006 fiscal years (in each case so long as the Termination Date has not occurred), the Company shall award Executive an additional option to acquire 60,000 shares of Company Class A common stock at an exercise price equal to the market price of Company Class A common stock on the date of the grant; the other terms and conditions of such awards shall be governed by the terms of a stock option award agreement in a form substantially similar to that then used by the Company. The options awarded pursuant to this Section 3.3 shall be for a term of ten (10) years and shall vest in one-quarter increments beginning on the second anniversary of the date of the award and annually thereafter until fully vested.

3.4 **Restricted Stock/Stock Awards**.

Company Restricted Stock. As of the date of approval by the Compensation Committee, Executive shall receive an award of 90,000 shares of restricted Company Class A common stock (less any shares withheld to satisfy applicable tax withholding requirements) pursuant to a restricted stock award agreement in a form substantially similar to that presently used by the Company, as follows:

(i) 15,000 shares of such restricted stock shall be immediately vested and unrestricted; and

(ii) 15,000 shares of such restricted stock shall vest in equal increments over five years beginning on the first

anniversary date of the award.

3.5 Perquisites . During the Term, the Company shall provide Executive with the following:

(a) Reimbursement for annual country club dues incurred by Executive during the Term;

(b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile. The monthly lease payment or allowance for such automobile shall be consistent with the past practices for other executives at the Company;

(c) Company provided split dollar life insurance with a face amount of no less than \$3,000,000, in a form similar to that provided by the Company to its other senior executive officers;

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(d) Reasonable personal use of the Company-owned aircraft; provided, however, that Executive's personal use of the Company-owned aircraft shall not interfere with Company use of the Company-owned aircraft. The Company will reimburse and gross-up Executive for any and all income tax liability incurred by Executive in connection with his personal use of the Company-owned aircraft; and

(e) Reimbursement from the Company during the Term for costs incurred by Executive for tax and estate planning advice from an entity recommended by the Company.

3.6 Compensation Plans and Programs . Executive shall be eligible to participate in any compensation plan or program maintained by the Company other than plans or programs related to (i) Company options; provided, however, that the limitation in this clause (i) shall not apply in any Company fiscal year beginning after October 1, 2006 and (ii) restricted stock; provided, however, that the limitation in this clause (ii) shall not apply in any Company fiscal year beginning after September 28, 2002 .

4. Employee Benefits .

4.1 Employee Benefit Programs, Plans and Practices . The Company shall provide Executive during the Term with coverage under all employee pension and welfare benefit programs, plans and practices (commensurate with his position in the Company and to the extent permitted under any employee benefit plan) in accordance with the terms thereof, which the Company generally makes available to its senior executives.

4.2 Vacation and Fringe Benefits . Executive shall be entitled to no less than twenty (20) business days paid vacation in each calendar year (or such greater time as Company policy permits a person of his employment seniority), which shall be taken at such times as are consistent with Executive's responsibilities hereunder. In addition, Executive shall be entitled to the perquisites and other fringe benefits generally made available to senior executives of the Company, commensurate with his position with the Company.

5. Expenses . Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, including, without limitation, expenses for travel and similar items related to such duties and responsibilities. The Company will reimburse Executive for all such expenses upon presentation by Executive, from time to time, of accounts of such expenditures (appropriately itemized and approved consistent with the Company's policy).

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6. Termination of Employment .

6.1 Termination by the Company Not for Cause or by Executive for Good Reason .

(a) The Company may terminate Executive's employment at any time for any reason. If Executive's employment is terminated prior to the Termination Date, as that date may be extended from time to time under the terms of Section 2 hereof, (i) by the Company (other than for Cause (as defined in Section 6.2(c) hereof) or by reason of Executive's death or Permanent Disability (as defined in Section 6.1(d) hereof)), or (ii) by the Executive for Good Reason (as defined in Section 6.1(c) hereof) prior to the Termination Date, Executive shall receive the following items and payments:

(i) An amount (the "Termination Amount") in lieu of any Bonus in respect of all or any portion of the fiscal

year in which such termination occurs and any other cash compensation, which Termination Amount shall be payable in a single lump sum within thirty (30) days following the date of such termination. The Termination Amount shall consist of an amount equal to the sum of (x) three (3) times Executive's Base Salary for the fiscal year immediately preceding the year in which such termination occurs plus (y) three (3) times Executive's Bonus for the fiscal year immediately preceding the year in which such termination occurs;

(ii) Executive shall be entitled to receive a cash lump sum payment in respect of accrued but unused vacation days (the "Vacation Payment") and to Base Salary earned but not yet paid (the "Compensation Payment");

(iii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Sections 3.3 and 3.4 hereof, shall become immediately one-hundred percent vested. Any portion of a time-vesting stock option award accelerated pursuant to this Section 6.1(a) shall be exercisable pursuant to the terms of the stock option plan and the stock option award agreement applicable to such award; and

(iv) Any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees.

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(b) The Vacation Payment and the Compensation Payment shall be paid by the Company to Executive within 30 days after the termination of Executive's employment by check payable to the order of Executive or by wire transfer to an account specified by Executive.

(c) For purposes of this Agreement, "Good Reason" shall mean any of the following (without Executive's express prior written consent):

(i) Any material breach by the Company of this Agreement, including any material reduction by the Company of Executive's, title, duties or responsibilities (except in connection with the termination of Executive's employment for Cause, as a result of Permanent Disability, as a result of Executive's death or by Executive other than for Good Reason); or

(ii) A reduction by the Company in Executive's Base Salary, other than a reduction which is part of a general salary reduction program affecting senior executives of the Company generally; or

(iii) Any change by the Company of the Executive's place of employment to a location more than fifty (50) miles from the Company's headquarters.

6.2 Discharge for Cause; Voluntary Termination by Executive; Termination Because of Death or Permanent Disability.

(a) The Company shall have the right to terminate the employment of Executive for Cause. In the event that Executive's employment is terminated prior to the Termination Date (i) by the Company for Cause, or (ii) by Executive other than (A) for Good Reason or (B) as a result of the Executive's Permanent Disability or death, Executive shall only be entitled to receive the Compensation Payment and the Vacation Payment. Executive shall not be entitled, among other things, to the payment of any Bonus in respect of all or any portion of the fiscal year in which such termination occurs, but shall be entitled to the payment of any unpaid bonus earned with respect to any prior fiscal year. After the termination of Executive's employment under this Section 6.2, the obligations of the Company under this Agreement to make any further payments, or provide any benefits specified herein, to Executive shall thereupon cease and terminate.

(b) If Executive's employment is terminated as a result of Executive's Permanent Disability or death:

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(i) Executive shall be entitled to receive the annual bonus described in Section 3.2 hereof prorated to the date of Executive's Permanent Disability or death;

(ii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Sections 3.3 and 3.4 hereof, shall become immediately one-hundred percent vested; provided, however that in the event of Executive's death future option awards shall; and

(iii) The Executive shall receive any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees

(c) As used herein, the term "Cause" shall be limited to (i) willful malfeasance, willful misconduct or gross negligence by Executive in connection with his employment, (ii) willful and continuing refusal by Executive to perform his duties hereunder or any lawful direction of the Company's Board of Directors (the "Board"), after notice of any such refusal to perform such duties or direction was given to Executive and Executive is provided a reasonable opportunity to cure such deficiency, (iii) any material breach of the provisions of Section 12 of this Agreement by Executive or any other material breach of this Agreement by Executive after notice of any such breach and an opportunity to cure such breach or (iv) the conviction of Executive of any (A) felony or (B) a misdemeanor involving moral turpitude. Termination of Executive pursuant to this Section 6.2 shall be made by delivery to Executive of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the then members of the Board at a meeting of the Board called and held for the purpose (after 30 days prior written notice to Executive and reasonable opportunity for Executive to be heard before the Board prior to such vote), finding that in the reasonable judgment of the Board, Executive was guilty of conduct set forth in any of clauses (i) through (iv) above and specifying the particulars thereof.

(d) For purposes of this Agreement "Permanent Disability" shall have the same meaning ascribed thereto in the Company's Long-Term Disability Benefit Plan applicable to senior executive officers as in effect on the date hereof.

7. **Mitigation of Damages**. Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the termination of his employment

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hereunder, and any amounts earned by Executive, whether from self-employment, as a common-law employee or otherwise, shall not reduce the amount of any Termination Amount otherwise payable to him.

8. **Notices**. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company: Tyson Foods, Inc.
2210 Oaklawn Drive
Springdale, Arkansas 72762-6999
FAX: (501) 290-4028
Attn: Chairman and Chief Executive Officer

with a copy to: Tyson Foods, Inc.
2210 Oaklawn Drive
Springdale, Arkansas 72762-6999
FAX: (501) 290-4028
Attn: General Counsel

To Executive: Greg Lee
4553 Crossover Road
Springdale, Arkansas 72764

Any such notice or communication shall be delivered by hand or by courier or sent certified or registered mail, return receipt requested, postage prepaid, addressed as above (or to such other address as such party may designate in a notice duly delivered as described above), and the third business day after the actual date of mailing shall constitute the time at which notice was given.

9. **Separability; Legal Fees**. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect. Each party hereto

shall be solely responsible for any and all legal fees incurred by him or it in connection with this Agreement, including the enforcement. In the event the Executive is required to bring any action to enforce rights or to collect monies due under this Agreement and is successful in such action, the Company shall reimburse the Executive for all of Executive's reasonable attorneys' fees and expenses in preparing, investigating and pursuing such action.

10. **Assignment**. This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of Executive and the assigns and successors of the Company, but neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the

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laws of intestate succession) or by the Company, except that the Company may assign this Agreement to any successor (whether by merger, purchase or otherwise) to the stock, assets or business(es) of the Company.

11. **Amendment**. This Agreement may only be amended by written agreement of the parties hereto.

12. **Nondisclosure of Confidential Information; Non-Competition; Non-Disparagement**.

(a) Executive shall not, without the prior written consent of the Company, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any Confidential Information (as defined below) pertaining to the business of the Company or any of its affiliates, except (i) while employed by the Company, in the business of and for the benefit of the Company, or (ii) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. For purposes of this Section 12(a), "Confidential Information" shall mean non-public information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans and other non-public, proprietary and confidential information of the Company or its affiliates (the "Restricted Group") or customers, that, in any case, is not otherwise available to the public (other than by Executive's breach of the terms hereof).

(b) During the Term and for one (1) year thereafter, Executive agrees that, without the prior written consent of the Company, (A) he will not, directly or indirectly, in the United States, participate in any Position (as defined below) in any business which is in direct competition with any business of the Restricted Group and (B) he shall not, on his own behalf or on behalf of any person, firm or company, directly or indirectly, solicit or offer employment to any person who has been employed by the Restricted Group at any time during the 12 months immediately preceding such solicitation, and (C) he shall not, on his own behalf or

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on behalf of any person, firm or company, solicit, call upon, or otherwise communicate in any way with any client, customer, prospective client or prospective customer of the Company or of any member of the Restricted Group for the purposes of causing or of attempting to cause any such person to purchase products sold or services rendered by the Company or by any member of the Restricted Group from any person other than the Company or any member of the Restricted Group. The term "Position" shall include, without limitation, a partner, director, holder of more than 5% of the outstanding voting shares, principal, executive, officer, manager or any employment or consulting position. It is acknowledged and agreed that the scope of the clause as set forth above is essential, because (i) a more restrictive definition of "Position" (e.g. limiting it to the "same" position with a competitor) will subject the Company to serious, irreparable harm by allowing competitors to describe positions in ways to evade the operation of this clause, and substantially restrict the protection sought by the Company, and (ii) by the allowing Executive to escape the application of this clause by accepting a position designated as a "lesser" or "different" position with a competitor, the Company is unable to restrict the Executive from providing valuable information to such competing company to the harm of the Company.

(c) Executive agrees that he will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of the Company or any member of the Restricted Group, or their good will, products, or business opportunities, or that is likely to have the effect of undermining or disparaging the reputation of any officer, director, agent, representative or employee, past or present, of the Company or any member of the Restricted Group. Company agrees that it shall not, directly or indirectly, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of Executive.

(d) For purposes of this Section 12, a business shall be deemed to be in competition with the Restricted Group if it is principally involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt

in or rendered by the Restricted Group as a material part of the business of the Restricted Group within the same geographic area in which the Restricted Group effects such purchases, sales or dealings or renders such services. Nothing in this Section 12 shall be construed so as to preclude Executive from investing in any company pursuant to the provisions of Section 1.3 hereof.

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(e) Executive and the Company agree that this covenant not to compete is a reasonable covenant under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant as to the court shall appear not reasonable and to enforce the remainder of the covenant as so modified. Executive agrees that any breach of the covenants contained in this Section 12 would irreparably injure the Company. Accordingly, Executive agrees that the Company may, in addition to pursuing any other remedies it or they may have in law or in equity, cease making any payments otherwise required by this Agreement and obtain an injunction against Executive from any court having jurisdiction over the matter restraining any further violation of this Agreement by Executive.

13. **Beneficiaries; References.** Executive shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death, and may change such election, in either case by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of his incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative. Any reference to the masculine gender in this Agreement shall include, where appropriate, the feminine.

14. **Survivorship.** The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. In particular, the provisions of Section 12 hereunder shall remain in effect as long as is necessary to give effect thereto.

15. **Governing Law.** This Agreement shall be construed, interpreted and governed in accordance with the laws of Arkansas, without reference to rules relating to conflicts of law.

16. **Effect on Prior Agreements.** This Agreement contains the entire understanding among the parties hereto and supersedes in all respects any prior or other agreement or understanding among the parties or any affiliate or predecessor of the Company and Executive with respect to Executive's employment, including but not limited to any severance arrangements. Under no circumstances shall Executive be entitled to any other severance payments or benefits of any kind, except for the payments and benefits described herein.

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17. **Withholding.** The Company shall be entitled to withhold from payment any amount of withholding required by law.

18. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TYSON FOODS, INC.

By: /s/ John Tyson
Name: John Tyson
Title: Chairman and Chief Executive Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), made as of September 28, 2001 by and among Tyson Foods, Inc., a Delaware corporation (the "Company"), and Richard L. Bond, a resident of the State of South Dakota (the "Executive").

RECITALS

The Company, through its wholly owned subsidiary, Lasso Acquisition Corporation, a Delaware corporation ("Lasso"), acquired IBP, inc., a Delaware corporation ("IBP"), in a transaction pursuant to the Agreement and Plan of Merger dated as of January 1, 2001 among IBP, the Company and Lasso, as modified by the Stipulation and Order dated June 27, 2001 among IBP, the Company and Lasso (the "Stipulation") (as modified by the Stipulation, the "Merger Agreement").

Pursuant to the Merger Agreement, (i) the Company and Lasso completed a cash tender offer on August 3, 2001 in which Lasso acquired 50.1% of the outstanding shares of IBP and (ii) on September 28, 2001, IBP merged with and into Lasso, with Lasso being the surviving corporation and a wholly owned subsidiary of the Company.

In order to induce Executive to serve as a Group President and Co-Chief Operating Officer of the Company during the Term (as defined in Section 2 below), the Company desires to provide Executive with compensation and other benefits on the terms and conditions set forth in this Agreement.

Executive is willing to accept such employment and perform services for the Company, on the terms and conditions hereinafter set forth.

It is therefore hereby agreed by and among the parties as follows:

1. Employment.

1.1 Subject to the terms and conditions of this Agreement, the Company agrees to employ Executive during the Term as a Group President and Co-Chief Operating Officer. In such capacity, Executive shall report to the Company's Chairman and Chief Executive Officer and shall have the powers, responsibilities and authorities as are assigned by the Company's Chairman and Chief Executive Officer.

1.2 Subject to the terms and conditions of this Agreement, Executive hereby accepts employment as a Group President and Co-Chief Operating Officer of the Company as of the date hereof and agrees to devote his full working time and efforts, to the best of his ability, experience and talent, to the performance of services, duties and responsibilities in connection therewith. Executive shall perform such duties and exercise such powers, commensurate with his position, as the Company's Chairman and Chief Executive Officer shall from time to time delegate to him on such terms and

time to time impose.

1.3 Except as provided in Section 15 hereof, nothing in this Agreement shall preclude Executive from engaging, so long as, in the reasonable determination of the Company's Chairman and Chief Executive Officer, such activities do not interfere with his duties and responsibilities hereunder, in charitable and community affairs, from managing any passive investment made by him in publicly traded equity securities or other property (provided that no such investment may exceed 5% of the equity of any publicly traded entity, without the prior approval of the Company's Chairman and Chief Executive Officer) or from serving, subject to the prior approval of the Company's Chairman and Chief Executive Officer, as a member of boards of directors or as a trustee of any other corporation, association or entity. For purposes of

the preceding sentence, any required approval shall not be unreasonably withheld.

1.4 Notwithstanding the forgoing, Executive shall not be obligated to accept substantial increases to his responsibilities, i.e. those involving more than 20% of the Company's annual earnings before interest and taxes ("EBIT"), as determined by generally accepted accounting principles ("GAAP").

2. Term of Employment. Executive's term of employment under this Agreement shall commence as of the date hereof (the "Effective Date") and, subject to the terms hereof, shall terminate on such date (the "Termination Date") which is the earlier of (i) October 1, 2006 or (ii) the termination of Executive's employment pursuant to this Agreement (the period from the Effective Date until the Termination Date shall be the "Term"). The Termination Date (and the Term) shall automatically be extended for an additional year on October 1, 2006 and on each subsequent last day of the Company's fiscal year thereafter unless (a) Executive's employment has been terminated prior to such day, or (b) not later than 30 days prior to such day, either party to this Agreement shall have given written notice to the other party that he or it does not wish to extend further the Termination Date (and the Term).

3. Compensation.

3.1 Salary. The Company shall pay Executive a base salary ("Base Salary") at the rate of \$900,000 per annum during the Term; provided, however, that commencing on September 29, 2002, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall, and each year thereafter shall, review the Executive's annual Base Salary for potential increase; however, Executive's right to annual increases shall not be unreasonably denied, and the Base Salary shall not be decreased at any time during the Term. Base Salary shall be payable in accordance with the ordinary payroll practices of the Company. Any increase in Base Salary shall constitute "Base Salary" hereunder.

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3.2 Annual Bonus. It is expressly understood and contemplated that Executive's bonus plan will be mutually agreed to by the parties hereto for the Company's fiscal year beginning September 30, 2001 and for each fiscal year thereafter during the Term. The annual bonus plan shall be driven by and proportionate to GAAP determined EBIT generated by Company business activities reporting to Executive.

3.3 Stock Option Awards. As of the date of approval by the Compensation Committee, Executive shall receive an option to purchase 100,000 shares of Company Class A common stock at an exercise price equal to the market price of Company Class A common stock on the date of the grant; the other terms and conditions of such award shall be governed by the terms of a stock option award agreement in a form substantially similar to that presently used by the Company. On the first business day of each of the Company's 2003, 2004, 2005 and 2006 fiscal years (in each case so long as the Termination Date has not occurred), the Company shall award Executive an additional option to acquire 60,000 shares of Company Class A common stock at an exercise price equal to the market price of Company Class A common stock on the date of the grant; the other terms and conditions of such awards shall be governed by the terms of a stock option award agreement in a form substantially similar to that then used by the Company. The options awarded pursuant to this Section 3.3 shall be for a term of ten (10) years and shall vest in one-quarter increments beginning on the second anniversary of the date of the award and annually thereafter until fully vested.

3.4 Restricted Stock/Stock Awards.

(a) Company Restricted Stock. As of the date of approval by the Compensation Committee, Executive shall receive an award of 100,000 shares of restricted Company Class A common stock (less any shares withheld to satisfy applicable tax withholding requirements) pursuant to a restricted stock award agreement in a form substantially similar to that presently used by the Company, as follows:

(i) 50,000 shares of such restricted stock shall be immediately vested and unrestricted; and

(ii) 50,000 shares of such restricted stock shall vest in equal increments over five years beginning on the first anniversary date of the award.

In addition, beginning September 29, 2002, Executive shall be eligible to participate in any restricted stock plan or program maintained by the Company and generally made available to other senior executives of the Company on terms comparable to those applicable to such other senior executives.

(b) Phantom Stock. As of the date of approval by the Compensation Committee, Executive shall receive a credit of 50,000 shares of "phantom" Company Class A common stock toward a non-qualified deferred compensation arrangement for the benefit of Executive.

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3.5 Deferred Compensation. The Company shall pay Executive (or his estate or legal representative, if applicable) \$2,000,000 (plus accrued interest at the rate of 6.75% per annum from the Effective Date until the date of payment) on the first business day of the next Company fiscal year after the Termination Date. Nothing contained in this Section 3.5 and no action taken pursuant to the provisions of this section shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and the Executive, his designated beneficiary or any other person. Any funds which may be invested under the provisions of this Section 3.5 or earmarked to pay the deferred compensation hereunder shall continue for all purposes to be a part of the general funds of the Company and no person (including Executive) other than the Company shall by virtue of the provisions of this Section 3.5 have any interest in such funds nor have any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payments from the Company under this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company. The right of the Executive or any other persons to the payment of deferred compensation or other benefits under this Section 3.5 shall not be assigned, transferred, pledged or encumbered except by will or by the laws of descent and distribution.

3.6 Perquisites. During the Term, the Company shall provide Executive with the following:

(a) Reimbursement for annual country club dues incurred by Executive during the Term consistent with the past practices of Executive at IBP;

(b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile. The monthly lease payment or allowance for such automobile shall be consistent with the past practices at IBP;

(c) Company provided split dollar life insurance with a face amount of no less than \$5,000,000, in a form similar to that provided by the Company to its other senior executive officers;

(d) Personal use of the Company-owned aircraft; provided, however, that Executive's personal use of the Company-owned aircraft shall not interfere with Company use of the Company-owned aircraft. The Company will reimburse and gross-up Executive for any and all income tax liability incurred by Executive in connection with his personal use of the Company-owned aircraft; and

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(e) Reimbursement from the Company during the Term for costs incurred by Executive for tax and estate planning advice from an entity recommended by the Company.

3.7 Compensation Plans and Programs. Executive shall be eligible to participate in any compensation plan or program maintained by the Company other than plans or programs related to (i) Company options; provided, however, that the limitation in this clause (i) shall not apply in any Company fiscal year beginning after October 1, 2006 and (ii) restricted stock; provided, however, that the limitation in this clause (ii) shall not apply in any Company fiscal year beginning after September 28, 2002.

3.8 Previously Earned Compensation. For compensation earned by Executive for services rendered by Executive to IBP prior to the Effective Date, Tyson shall pay or cause IBP to pay to Executive compensation to include, but not limited to, the following:

(a) Stock Options. During the Term, all options to purchase IBP common stock (as converted to options to purchase Tyson common stock using the Exchange Ratio (as that term is defined in the Merger Agreement)) held by Executive on the Effective Date shall be fully exercisable by Executive in accordance with their terms

(b) Restricted Stock. On March 1, 2002, Executive's restricted stock grants under the IBP 1996 Officer Long-Term Stock Plan in the amount of 46,715.39 shares of IBP stock (as converted to Company Class A common stock using the Exchange Ratio) shall accelerate and vest. Such shares, as adjusted for reinvested dividends, shall be delivered by the Company to Executive, it being understood that Executive shall maintain his current right to roll such shares into the IBP Retirement Income Plan ("RIP") (or any successor thereof) so long as such right exists for IBP Retirement Income Plan participants generally.

(c) IBP Retirement Income Plan. During the Term, Executive's account under the RIP (or any successor thereof) shall continue to be adjusted for investment earnings as provided therein, as well as for additional contributions made by Executive while Executive is an employee of the Company. Upon Executive's retirement as an employee, Executive's RIP account shall be paid by the Company to Executive in accordance with the provisions of the RIP and Executive's elections thereunder.

(d) 2001 Bonus. Not later than sixty (60) days after the Effective Date, the Company shall cause IBP to pay Executive

the bonus earned by Executive for services rendered by Executive to IBP for the period beginning January 1, 2001 and ending on September 29, 2001 in the amount determined under IBP's annual bonus program for 2001 as approved by IBP shareholders at a shareholder meeting held on May

31, 2001, based on actual performance during the period beginning on January 1, 2001 and ending on September 29, 2001.

4. Retirement; Senior Executive Employment Agreement. Executive may at any time after October 1, 2006 and in Executive's sole discretion, elect to retire as an employee of the Company and upon such retirement, Executive shall provide advisory services to the Company under the terms and conditions contained in the Senior Executive Employment Agreement attached hereto as Exhibit A, and shall be paid by the Company the compensation and benefits described therein. In any event, the Company shall enter into said Senior Executive Employment Agreement with Executive on the earlier of (i) the date of Executive's Permanent Disability, (ii) Executive's death (in which event, the Senior Executive Employment Agreement shall become effective, and the benefits thereunder shall become available, upon the Executive's death), or (iii) such date on or after October 1, 2006 on which the Termination Date occurs, unless Executive has been terminated for Cause.

5. Employee Benefits.

5.1 Employee Benefit Programs, Plans and Practices. The Company shall provide Executive during the Term with coverage under all employee pension and welfare benefit programs, plans and practices (commensurate with his position in the Company and to the extent permitted under any employee benefit plan) in accordance with the terms thereof, which the Company generally makes available to its senior executives. Executive shall receive credit for past service with IBP for purposes of determining benefits pursuant to the Company's benefit plans and other Company policies.

5.2 Vacation and Fringe Benefits. Executive shall be entitled to no less than twenty (20) business days paid vacation in each calendar year (or such greater time as Company policy permits a person of his employment seniority), which shall be taken at such times as are consistent with Executive's responsibilities hereunder. In addition, Executive shall be entitled to the perquisites and other fringe benefits generally made available to senior executives of the Company, commensurate with his position with the Company.

6. Expenses. Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, including, without limitation, expenses for travel and similar items related to such duties and responsibilities. The Company will reimburse Executive for all such expenses upon presentation by Executive, from time to time, of accounts of such expenditures (appropriately itemized and approved consistent with the Company's policy).

7. Termination of Employment.

7.1 Termination by the Company Not for Cause or by Executive for Good Reason.

(a) The Company may terminate Executive's employment at any time for any reason. If Executive's employment is terminated prior to the Termination Date, as that date may be extended from time to time under the terms of Section 2 hereof, (i) by the Company (other than for Cause (as defined in Section 7.2 (c) hereof) or by reason of Executive's death or Permanent Disability (as defined in Section 7.2(d) hereof)), or (ii) by the Executive for Good Reason (as defined in Section 7.1(c) hereof) prior to the Termination Date, Executive shall receive the following items and payments:

(i) An amount (the "Termination Amount") in lieu of any bonus in respect of all or any portion of the fiscal year in which such termination occurs and any other cash compensation, which Termination Amount shall be payable in a single lump sum within thirty (30) days following the date of such termination. The Termination Amount shall consist of an amount equal to the sum of (x) three (3) times Executive's Base Salary for the fiscal year immediately preceding the year in which such termination occurs plus (y) three (3) times Executive's Bonus for the fiscal year immediately preceding the year in which such termination occurs;

(ii) Executive shall be entitled to receive a cash lump sum payment in respect of accrued but unused vacation days (the "Vacation Payment") and to Base Salary earned but not yet paid (the "Compensation Payment");

(iii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Section 3.4 hereof, shall become immediately

one-hundred percent vested. Any portion of a time-vesting stock option award accelerated pursuant to this Section 7.1(a) shall be exercisable pursuant to the terms of the stock option plan and the stock option award agreement applicable to such award;

(iv) The amounts set forth in Section 3.5 of this Agreement;

(v) Any amounts or items not previously paid to Executive under Section 3.8 hereof; and

(vi) Any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees.

(b) The Vacation Payment and the Compensation Payment shall be paid by the Company to Executive within 30 days after the termination of Executive's employment by check payable to the order of Executive or by wire transfer to an account specified by Executive.

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(c) For purposes of this Agreement, "Good Reason" shall mean any of the following (without Executive's express prior written consent):

(i) Any material breach by the Company of this Agreement, including any material reduction by the Company of Executive's, title, duties or responsibilities (except in connection with the termination of Executive's employment for Cause, as a result of Permanent Disability, as a result of Executive's death or by Executive other than for Good Reason); or

(ii) A reduction by the Company in Executive's Base Salary, other than a reduction which is part of a general salary reduction program affecting senior executives of the Company generally; or

(iii) Any change by the Company of the Executive's place of employment to a location more than fifty (50) miles from the Company's headquarters.

7.2 Discharge for Cause; Voluntary Termination by Executive; Termination Because of Death or Permanent Disability.

(a) The Company shall have the right to terminate the employment of Executive for Cause. In the event that Executive's employment is terminated prior to the Termination Date (i) by the Company for Cause, or (ii) by Executive other than (A) for Good Reason or (B) as a result of the Executive's Permanent Disability or death, Executive shall only be entitled to receive the Compensation Payment and the Vacation Payment. Executive shall not be entitled, among other things, to the payment of any bonus in respect of all or any portion of the fiscal year in which such termination occurs, but shall be entitled to the payment of any unpaid bonus earned with respect to any prior fiscal year. After the termination of Executive's employment under this Section 7.2, the obligations of the Company under this Agreement to make any further payments, or provide any benefits specified herein, to Executive shall thereupon cease and terminate.

(b) If Executive's employment is terminated as a result of Executive's Permanent Disability or death:

(i) Executive, Executive's estate or Executive's legal representative (as applicable) and the Company shall enter into the Senior Executive Employment Agreement referred to in Section 4 hereof;

(ii) Executive shall be entitled to receive the annual bonus described in Section 3.2 hereof prorated to the date of Executive's Permanent Disability or death;

(iii) Any then unvested restricted stock and/or time-vesting stock option awards previously granted to Executive by the Company, including, without limitation, those grants set forth in Sections 3.3 and 3.4 hereof, shall become immediately one-hundred percent vested; provided,

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however that in the event of Executive's death the option awards shall promptly thereafter terminate in accordance with Paragraph 4 of the Senior Executive Employment Agreement referred to hereinabove;

- (iv) The Executive shall receive the amounts set forth in Section 3.5 of this Agreement;
- (v) The Executive shall receive any amounts or items not previously paid to Executive under Section 3.8 hereof; and
- (vi) The Executive shall receive any other benefits due to Executive pursuant to the terms of any employee benefit plan or policy maintained generally for employees or a group of management employees

(c) As used herein, the term "Cause" shall be limited to (i) willful malfeasance, willful misconduct or gross negligence by Executive in connection with his employment, (ii) willful and continuing refusal by Executive to perform his duties hereunder or any lawful direction of the Company's Board of Directors (the "Board"), after notice of any such refusal to perform such duties or direction was given to Executive and Executive is provided a reasonable opportunity to cure such deficiency, (iii) any material breach of the provisions of Section 15 of this Agreement by Executive or any other material breach of this Agreement by Executive after notice of any such breach and an opportunity to cure such breach or (iv) the conviction of Executive of any (A) felony or (B) a misdemeanor involving moral turpitude. Termination of Executive pursuant to this Section 7.2 shall be made by delivery to Executive of a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the then members of the Board at a meeting of the Board called and held for the purpose (after 30 days prior written notice to Executive and reasonable opportunity for Executive to be heard before the Board prior to such vote), finding that in the reasonable judgment of the Board, Executive was guilty of conduct set forth in any of clauses (i) through (iv) above and specifying the particulars thereof.

(d) For purposes of this Agreement "Permanent Disability" shall have the same meaning ascribed thereto in the Company's Long-Term Disability Benefit Plan applicable to senior executive officers as in effect on the date hereof.

7.3 Gross-Up Payment. In the event it is determined that any payment by the Company under this Agreement or otherwise (but determined without regard to any additional payment required by this Section 7.3 to or for the benefit of Executive (a "Payment")) would be subject to the excise tax (including interest and penalties) imposed by Section 4999 of

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the Internal Revenue Code (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to an additional payment (a "Gross-Up Payment") but only if the Excise Tax becomes payable in connection with the change in control contemplated by the Merger Agreement. The Gross-Up Payment shall be in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. All determinations under this Section shall be made by the Company's public accounting firm (with the fees thereof borne by the Company) and any Gross-Up Payment shall be made to Executive within five (5) business days after such final computation.

8. Relocation Assistance. In the event the Company shall require Executive to relocate his principal office more than fifty (50) miles from the location of his principal residence as of the Effective Date, the Company shall, in addition to cost reimbursement in accordance with the Company's relocation policy, in its sole discretion, either (a) purchase Executive's principal residence at its then fair market value, as determined by an independent appraiser designated by the Company, or (b) reimburse Executive for the excess, if any, of Executive's original cost for his principal residence over the sale price received by Executive upon the sale of his principal residence in connection with such relocation.

9. Mitigation of Damages. Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the termination of his employment hereunder, and any amounts earned by Executive, whether from self-employment, as a common-law employee or otherwise, shall not reduce the amount of any Termination Amount otherwise payable to him.

10. Indemnification. Upon execution of this Agreement, the Company and Executive shall enter into an Indemnity Agreement in the form of Exhibit B attached hereto.

11. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company:

Tyson Foods, Inc.
2210 Oaklawn Drive
Springdale, Arkansas 72762-6999
FAX: (501) 290-4028

Attn: Chairman and Chief Executive Officer

with a copy to:

Tyson Foods, Inc.
2210 Oaklawn Drive
Springdale, Arkansas 72762-6999
FAX: (501) 290-4028
Attn: General Counsel

To Executive:

Richard L. Bond
326 West Sawgrass Trail
Dakota Dunes, South Dakota 57049

with a copy to:

Mike Sigal
Sidley, Austin, Brown & Wood
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603

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Any such notice or communication shall be delivered by hand or by courier or sent certified or registered mail, return receipt requested, postage prepaid, addressed as above (or to such other address as such party may designate in a notice duly delivered as described above), and the third business day after the actual date of mailing shall constitute the time at which notice was given.

12. Separability; Legal Fees. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect. Each party hereto shall be solely responsible for any and all legal fees incurred by him or it in connection with this Agreement, including the enforcement thereof; provided, however, that as soon as practicable after the execution of this Agreement, the Company shall reimburse Executive for all reasonable legal fees and expenses incurred by Executive in the negotiation and consummation of this Agreement up to a maximum of \$5,000. In the event the Executive is required to bring any action to enforce rights or to collect monies due under this Agreement and is successful in such action, the Company shall reimburse the Executive for all of Executive's reasonable attorneys' fees and expenses in preparing, investigating and pursuing such action.

13. Assignment. This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of Executive and the assigns and successors of the Company, but neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the laws of intestate succession) or by the Company, except that the Company may assign this Agreement to any successor (whether by merger, purchase or otherwise) to the stock, assets or business(es) of the Company.

14. Amendment. This Agreement may only be amended by written agreement of the parties hereto.

15. Nondisclosure of Confidential Information; Non-Competition; Non-Disparagement.

(a) Executive shall not, without the prior written consent of the Company, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity any Confidential Information (as defined below) pertaining to the business of the Company or any of its affiliates, except (i) while employed by the Company, in the business of and for the benefit of the

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Company, or (ii) when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of the Company, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information. For

purposes of this Section 15(a), "Confidential Information" shall mean non-public information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans and other non-public, proprietary and confidential information of the Company or its affiliates (the "Restricted Group") or customers, that, in any case, is not otherwise available to the public (other than by Executive's breach of the terms hereof).

(b) During the Term and for one (1) year thereafter, Executive agrees that, without the prior written consent of the Company, (A) he will not, directly or indirectly, in the United States, participate in any Position (as defined below) in any business which is in direct competition with any business of the Restricted Group and (B) he shall not, on his own behalf or on behalf of any person, firm or company, directly or indirectly, solicit or offer employment to any person who has been employed by the Restricted Group at any time during the 12 months immediately preceding such solicitation, and (C) he shall not, on his own behalf or on behalf of any person, firm or company, solicit, call upon, or otherwise communicate in any way with any client, customer, prospective client or prospective customer of the Company or of any member of the Restricted Group for the purposes of causing or of attempting to cause any such person to purchase products sold or services rendered by the Company or by any member of the Restricted Group from any person other than the Company or any member of the Restricted Group. The term "Position" shall include, without limitation, a partner, director, holder of more than 5% of the outstanding voting shares, principal, executive, officer, manager or any employment or consulting position. It is acknowledged and agreed that the scope of the clause as set forth above is essential, because (i) a more restrictive definition of "Position" (e.g. limiting it to the "same" position with a competitor) will subject the Company to serious, irreparable harm by allowing competitors to describe positions in ways to evade the operation of this clause, and substantially restrict the protection sought by the Company, and (ii) by the allowing Executive to escape the application of this clause by accepting a position designated as a "lesser" or "different" position with a competitor, the Company is unable to restrict the Executive from providing valuable information to such competing company to the harm of the Company.

(c) Executive agrees that he will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement that is likely to have the effect of undermining or

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disparaging the reputation of the Company or any member of the Restricted Group, or their good will, products, or business opportunities, or that is likely to have the effect of undermining or disparaging the reputation of any officer, director, agent, representative or employee, past or present, of the Company or any member of the Restricted Group. Company agrees that it shall not, directly or indirectly, engage in any conduct or make any statement that is likely to have the effect of undermining or disparaging the reputation of Executive.

(d) For purposes of this Section 15, a business shall be deemed to be in competition with the Restricted Group if it is principally involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by the Restricted Group as a material part of the business of the Restricted Group within the same geographic area in which the Restricted Group effects such purchases, sales or dealings or renders such services. Nothing in this Section 15 shall be construed so as to preclude Executive from investing in any company pursuant to the provisions of Section 1.3 hereof.

(e) Executive and the Company agree that this covenant not to compete is a reasonable covenant under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant as to the court shall appear not reasonable and to enforce the remainder of the covenant as so modified. Executive agrees that any breach of the covenants contained in this Section 15 would irreparably injure the Company. Accordingly, Executive agrees that the Company may, in addition to pursuing any other remedies it or they may have in law or in equity, cease making any payments otherwise required by this Agreement and obtain an injunction against Executive from any court having jurisdiction over the matter restraining any further violation of this Agreement by Executive.

16. Beneficiaries; References. Executive shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death, and may change such election, in either case by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of his incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative. Any reference to the masculine gender in this Agreement shall include, where appropriate, the feminine.

17. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. In particular, the provisions of Section 15 hereunder shall remain in effect as long as is necessary to give effect thereto.

18. Governing Law. This Agreement shall be construed, interpreted and governed in accordance with the laws of South Dakota, without reference to rules relating to conflicts of law.

19. Effect on Prior Agreements. This Agreement contains the entire understanding among the parties hereto and supersedes in all respects any prior or other agreement or understanding among the parties or any affiliate or predecessor of the Company (including IBP) and Executive with respect to Executive's employment, including but not limited to any severance arrangements (save and except solely those benefits under Executive's prior employment which are expressly preserved in Section 3.8 hereof). Under no circumstances shall Executive be entitled to any other severance payments or benefits of any kind, except for the payments and benefits described herein.

20. Withholding. The Company shall be entitled to withhold from payment any amount of withholding required by law.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TYSON FOODS, INC.

By: /s/ John Tyson
 Name: John Tyson
 Title: Chairman and Chief Executive Officer

/s/ Richard L. Bond
 Richard L. Bond

EXHIBIT "A"

SENIOR EXECUTIVE EMPLOYMENT AGREEMENT

THIS SENIOR EXECUTIVE EMPLOYMENT AGREEMENT dated _____, 20____ (the "Effective Date") is by and between TYSON FOODS, INC., a corporation organized under the laws of Delaware (the "Company"), and Richard L. Bond ("Executive").

WITNESSETH :

WHEREAS, following Executive's retirement from full time employment with the Company and/or one of its subsidiaries, the Company wishes to retain Executive's services and access to Executive's experience and knowledge; and

WHEREAS, the Executive wishes to furnish advisory services to the Company upon the terms, provisions and conditions herein provided;

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

1. The term of this Agreement (the "Term") shall begin on the Effective Date and end ten (10) years thereafter.
2. During the Term, Executive will, upon reasonable request, provide advisory services to the Company as follows:
 - (a) Services hereunder shall be provided as an employee of the Company;
 - (b) Executive may be required to devote up to twenty (20) hours per month to the Company;
 - (c) Executive may perform advisory services hereunder at any location but may be required to be at the offices of the Company and/or its subsidiaries upon reasonable notice; and
 - (d) Executive shall not be obligated to render services under this Agreement during any period when he is disabled due to illness or injury.
3. Beginning the Effective Date, the Company shall (i) pay Executive each year for five (5) years the sum of \$_____ [an amount equal to sixty percent (60%) of Executive's Base Salary at the Termination Date under his Employment Agreement] per year, and for the next five (5) years the sum of \$_____ [an amount equal to thirty percent (30%) of Executive's Base Salary at the Termination Date under his Employment Agreement] per year, such sums to be payable as the parties may from time to time agree; (ii) provide Executive and his spouse with health insurance during the Term as generally available to Executive at the time of retirement,

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and (iii) permit Executive to continue all options to purchase Company stock existing on the date of this Agreement. In addition, the Company shall continue to provide Executive with the following perquisites in accordance with the Company's policies:

- (a) Reimbursement for annual country club dues incurred by Executive during the Term consistent with the past practices of Executive at IBP;
- (b) Use of, and the payment of all reasonable expenses (including, without limitation, insurance, repairs, maintenance, fuel and oil) for, an automobile. The monthly lease payment or allowance for such automobile shall be consistent with past practices under Executive's Employment Agreement with the Company dated September 28, 2001;
- (c) Company provided split dollar life insurance with a face amount of no less than \$5,000,000, in a form similar to that provided by the Company to its other senior executive officers;
- (d) Personal use of the Company-owned aircraft for the first five (5) years during the Term; provided, however, that Executive's personal use of the Company-owned aircraft shall not interfere with Company use of the Company-owned aircraft. The Company will reimburse and gross-up Executive for any and all income tax liability incurred by Executive in connection with his personal use of the Company-owned aircraft; and
- (e) Reimbursement from the Company during the Term for costs incurred by Executive for tax and estate planning advice from an entity recommended by the Company.

In the event of the Executive's death, the compensation, perquisites and benefits described above shall continue to be paid to the Executive's spouse for the duration of the Term. In the event of death by both Executive and his spouse, all benefits under this Agreement shall cease.

4. In the event of Executive's death, the Company will, upon written notice given within sixty (60) days of death by Executive's designated beneficiary, if any, or otherwise by the administrator of Executive's estate, terminate all Executive owned options to

purchase Company common stock, whether or not then currently vested, in exchange for payment equal to the aggregate spread between the strike price and the market value of such stock at the close of business on the next business day succeeding Executive's death.

5. While this Agreement is in effect and thereafter, the Executive shall not divulge to anyone, except in the regular course of the Company's business, any confidential or proprietary information regarding the Company's records, plans or any other aspects of the Company's business which it considers confidential or proprietary; provided, an insubstantial or inadvertent disclosure by Executive causing no material harm to Company is not deemed a breach of this provision.

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6. This Agreement shall terminate in the event Executive accepts employment from anyone deemed by the Company to be a competitor.

7. The right of the Executive or any other beneficiary under this Agreement to receive payments may not be assigned, pledged or encumbered, except by will or by the laws of descent and distribution, without the permission of the Company which it may withhold in its sole and absolute discretion.

8. This Agreement represents the complete agreement between the Company and Executive concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Executive and Company.

9. It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Delaware.

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

TYSON FOODS, INC.

By: _____
Title: _____

Richard L. Bond

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EXHIBIT "B"

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (the "Agreement") is made and entered into this 28th day of September, 2001, by and between TYSON FOODS, INC., a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as "Tyson"), and Richard L. Bond (hereinafter referred to as the "Indemnitee").

RECITALS

A. Indemnitee currently serves as an officer of Tyson and Tyson wishes Indemnitee to continue in such capacity.

B. Indemnitee has indicated that he does not regard the indemnities available under Tyson's bylaws and available insurance, if any, as adequate to protect him against the risks associated with his service to Tyson. Indemnitee may not be willing to continue in office in the absence of the benefits afforded to Indemnitee under this Agreement; however, Indemnitee is willing, under certain circumstances, to continue in such capacity.

C. As a condition to the Indemnitee's willingness to continue to serve in such capacity, Tyson has agreed to indemnify and hold the Indemnitee harmless from and against certain claims, demands, damages, actions, causes of action, liabilities, losses and expenses, as described herein.

D. The parties wish to document their understandings regarding such indemnification rights and obligations, as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises recited and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Tyson, the parties hereby agree as follows:

1. **Indemnification for Losses** . Tyson hereby agrees to discharge, indemnify and hold the Indemnitee (and, if applicable, the Indemnitee's executors or administrators) (hereinafter referred to individually as a "Covered Indemnitee and collectively as the "Covered Indemnitees") harmless from and against any and all past, present and future claims, demands, damages, actions, causes of action, liabilities, losses, costs and expenses (including, but not limited to, court costs, judgments, fines and taxes) of whatever kind or nature, in law, equity or otherwise, which may arise or be incurred in connection with investigating, preparing and defending against any actions, proceedings, or suits of any kind or nature whatsoever, whether civil, criminal, administrative or investigative (whether commenced or threatened), in any way relating to any claim, allegation or assertion made against the Indemnitee because of any act or omission or neglect or breach of duty, including any error or misstatement or misleading statement, which the Indemnitee allegedly commits or suffers in the Indemnitee's capacity or capacities for Tyson (collectively, such claims, demands, damages, actions, causes of action, liabilities, losses, costs and expenses are referred to hereafter as "Losses"). For purposes of this Agreement, Losses shall not include reasonable attorneys' fees and related expenses, which fees and expenses are separately addressed in Paragraph 5 below.

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2. **Indemnification Limitations** . The indemnification obligations of Tyson under Paragraph 1 shall not apply to Losses:

(a) for which payment is actually made to the Indemnitee under a valid and collectible insurance policy or bond, except in respect of any excess beyond the amount of payment under such insurance policy or bond;

(b) for which the Indemnitee is entitled to indemnity and/or payment by reason of having given timely notice of any circumstance which might give rise to a claim under any insurance policy or bond, although the terms of which expired prior to the date of this Agreement;

(c) for which the Indemnitee is indemnified by Tyson otherwise than pursuant to this Agreement;

(d) based upon or attributable to the Indemnitee gaining in fact any remuneration, personal profit or advantage to which he was not legally entitled;

(e) for an accounting of profits made from the purchase or sale by the Indemnitee of securities of Tyson within the meaning of Section 16 (b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;

(f) brought about or contributed to by the dishonesty of Indemnitee; however, notwithstanding the foregoing, Indemnitee shall be protected under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to Indemnitee shall establish that he committed acts of active and deliberate dishonesty with actual dishonest purpose and intent which were material to the cause of action so adjudicated;

(g) if a final decision by a court having jurisdiction in the matter shall determine that such payment is not lawful; or

(h) for which the Indemnitee is finally judicially determined on the merits to have caused through the bad faith or dishonest of the Indemnitee; provided such bad faith or dishonesty was material to the cause of action so adjudicated.

3. **Inapplicability of Indemnity** . In the event that the indemnification otherwise available to a Covered Indemnitee is not valid or enforceable under applicable law, then any Loss suffered by such Covered Indemnitee which would otherwise be subject to Indemnification under this Agreement shall be funded and paid or reimbursed to the Covered Person by Tyson (a) in such proportion as is appropriate to reflect the relative benefits to Tyson, on the one hand, and the Indemnitee, on the other, with respect to the matter in question; or (b) if, but only if, the allocation provided

by clause (a) of this Paragraph 3 is not permitted by applicable law, then in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a), but also the relative fault of Tyson, on the one hand, and the Indemnitee, on the other, as well as any other equitable considerations.

4. **Indemnification Procedures** . Losses shall be indemnified by Tyson only as a result of a settlement, final judgment or decree incurred in accordance with the following procedures:

(a) If any action, proceeding or suit shall be brought or asserted against a Covered Indemnitee in respect of which indemnity may be sought under this Agreement, the Covered Indemnitee shall promptly notify Tyson in writing, and Tyson will have the right at its option promptly to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Covered Indemnitee and the payment of all expenses. Any Covered Indemnitee shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of separate counsel shall be for the account of the Covered Indemnitee unless (a) the employment thereof has been specifically authorized by Tyson in writing; (b) Tyson has failed within a reasonable time to assume the defense and employed counsel; or (c) the Covered Indemnitee shall have been advised by counsel that representation of the Covered Indemnitee and Tyson by the same counsel would be inappropriate under applicable standards of professional conduct due to actual or potential differing interests among them.

(b) Tyson shall not be liable for any settlement of any action, proceeding or suit effected without the written consent of Tyson or for any final judgment or decree entered in any such action, proceeding or suit if the Covered Indemnitee fails to provide Tyson promptly with written notice of the assertion of the action, proceeding or suit in the manner contemplated by subparagraph (a) above. If the action, proceeding or suit is settled with Tyson's written consent, or if there is a final judgment or decree for the plaintiff in any such action, proceeding or suit by a court of competent jurisdiction and the time to appeal shall have been denied and Tyson was provided with prompt written notice of the assertion of the action, proceeding or suit, Tyson agrees to indemnify and hold harmless the Covered Indemnitee from and against any Losses incurred by reason of the settlement, judgment or decree.

5. **Indemnification of Legal Expenses** . In the event that a Covered Indemnitee employs separate counsel pursuant to Paragraph 4(a) above, Tyson shall advance to the Covered Indemnitee, prior to any final disposition of any pending action, proceeding or suit, whether civil, criminal, administrative or investigative, any and all reasonable attorneys' fees and expenses incurred in preparing, investigating and defending any such action, proceeding or suit within thirty (30) days after receiving copies of invoices presented to the Covered Indemnitee for such expenses. The Covered Indemnitee shall reimburse Tyson for all such advances only if and to the extent that a final decision by a court of competent jurisdiction has determined that it was unlawful for the Covered Indemnitee to be indemnified for such fees and expenses.

6. **Subrogation**. In the event Tyson makes any payments pursuant to the terms of this Agreement, Tyson shall be subrogated to the extent of such payments to all of the rights of recovery of the Covered Indemnitee. A Covered Indemnitee shall execute all documents necessary and provide such other cooperation as is necessary to preserve such rights of recovery, including the execution of such documents necessary to enable Tyson effectively to bring suit to enforce such rights.

7. **Inducement** . Tyson expressly confirms that it has entered into this Agreement and assumed the obligations hereunder to induce the Indemnitee to continue serving as an officer of Tyson and acknowledges that the Indemnitee is relying upon the benefits provided by this Agreement in continuing in such capacity. In the event the Indemnitee is required to bring any action to enforce rights or to collect monies due under this Agreement and is successful in such action, Tyson shall reimburse the Indemnitee for all of Indemnitee's reasonable attorneys' fees and expenses in preparing, investigating and pursuing such action.

8. **Continuation** . All obligations of Tyson hereunder shall continue during the period which Indemnitee serves as an officer of Tyson and shall continue following the expiration or termination of such capacity so long as the Indemnitee shall be subject to any possible action, proceeding or suit of any kind or nature whatsoever, whether civil, criminal, administrative or investigative relating to the Indemnitees capacity as an officer of Tyson.

9. **Binding Effect, No Assignment** . This Agreement shall be binding upon and inure to the benefit of the assigns, successors and legal representatives of Tyson and to the executors or administrators of the Indemnitee. This Agreement may not be assigned by the Indemnitee except pursuant to the laws of descent and distribution.

10. **No Waiver** . No waiver by a party of any right under this Agreement shall be given effect except by a written instrument signed by the party waiving the right. A written waiver given by any party waiving that party's right to enforce any provision under this Agreement in any particular circumstance shall not operate as a waiver of that provision in any other circumstance or of any other provisions of this Agreement. No delay on the part of any party in exercising any right hereunder shall operate as a waiver thereof.

11. **Entire Agreement** . The parties agree that the provisions of this Agreement supersede any other arrangement, whether written or oral, previously agreed to between the parties concerning the subject matter of this Agreement.

12. **Severability** . The parties agree that in the event a court of competent jurisdiction holds that any part of this Agreement is invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect as if the provisions held invalid or unenforceable were never a part hereof.

13. **Amendment, Modification and Termination** . This Agreement may not be amended or modified except by an instrument in writing signed by or on behalf of the parties hereto. This Agreement may be terminated by Tyson at any time upon giving the Indemnitee thirty (30) days prior written notice.

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14. **Governing Law** . The validity, construction and operation of this Agreement shall be governed by the laws of the State of Delaware.

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

TYSON FOODS, INC.

By: _____
Name: John Tyson
Title: Chairman and Chief Executive Officer
INDEMNITEE

Richard L. Bond

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EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), effective the 15th day of October, 2001 (the "Effective Date"), by and between Tyson Foods, Inc., a Delaware corporation, and any of its affiliates (hereinafter collectively referred to as "Employer"), and __ (hereinafter referred to as "Officer").

WITNESSETH:

WHEREAS, Employer is engaged in a very competitive business, where the development and retention of extensive trade secrets and proprietary information is critical to future business success; and

WHEREAS, Officer, by virtue of its employment with Employer, is involved in the development of, and has access to, this critical business information, and, if such information were to get into the hands of competitors of Employer, it could do substantial business harm to Employer; and

WHEREAS, Employer has advised Officer that agreement to the terms of this Agreement, and specifically the non-compete and non-solicitation sections, is an integral part of this Agreement, and Officer acknowledges the importance of the non-compete and non-solicitation

sections, and having reviewed the Agreement as a whole, is willing to commit to the restrictions as set forth herein;

NOW, THEREFORE, Employer and Officer, in consideration of the above and the terms and conditions contained herein, hereby mutually agree as follows:

1. Duties . Officer shall perform the duties of or shall serve in such other capacity and with such other duties for Employer as Employer shall from time to time prescribe. Officer shall perform all such duties with diligence and thoroughness. Officer shall be subject to and comply with all rules, policies, procedures, supervision and direction of Employer in all matters related to the performance of Officer's duties.

2. Term of Employment . The term of employment shall be for a period of five (5) years, commencing on the Effective Date and terminating on the fifth anniversary of the Effective Date, unless terminated prior thereto in accordance with the provisions of this Agreement (the period from the Effective Date to the earlier of the fifth anniversary of the Effective Date or any earlier termination of employment is referred to herein as the "Period of Employment").

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Notwithstanding any earlier termination of Officer's employment pursuant to this Agreement or the expiration of the Period of Employment, and in addition to other obligations that survive the Period of Employment, the obligations of Officer under Sections 8 (b), (c), (d), (e), (f), (g), (h), and (i) shall continue to apply after the Period of Employment, for the time periods specified in these sections.

3. Compensation . For the services to be performed hereunder, Officer shall be compensated by Employer during the Period of Employment at the rate of not less than (\$) per year payable in accordance with Employer's payroll practices, and in addition may receive awards under Employer's annual bonus plan then in effect, subject to the discretion of the senior management of Employer. Such compensation will be subject to review from time to time when salaries of other officers and managers of Employer are reviewed for consideration of increases thereof.

4. Participation in Benefit Programs . Officer shall be entitled to participate in any benefit programs generally applicable to officers of Employer adopted by Employer from time to time.

5. Limitation on Outside Activities . Officer shall devote full employment energies, interest, abilities and time (except for personal investments) to the performance of obligations hereunder and shall not, without the written consent of the Chief Executive Officer or the General Counsel of the Employer, render to others any service of any kind or engage in any activity which conflicts or interferes with the performance of duties hereunder.

6. Ownership of Officer's Inventions . All ideas, inventions, and other developments or improvements conceived by Officer, alone or with others, during Officer's Period of Employment, whether or not during working hours, that are within the scope of the business operations of Employer or that relate to any of the work or projects of the Employer, are the exclusive property of Employer. Officer agrees to assist Employer, at its expense, to obtain patents on any such patentable ideas, inventions, and other developments, and agrees to execute all documents necessary to obtain such patents in the name of the Employer.

7. Termination .

(a) **Voluntary Termination** . Officer may terminate Officer's employment pursuant to this Agreement at any time by not less than one year's prior written notice to Employer. Officer shall not be entitled to any compensation from

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Employer for any period beyond Officer's actual date of termination, and Officer's Stock Options and Deferred Stock Award (each as hereinafter defined) shall be treated as provided in Exhibit A. Officer shall not be entitled to a bonus for the fiscal year of the Employer in which such voluntary termination occurs.

(b) **Employer Voluntary Termination** . Employer shall be entitled, at its election and with or without cause, to terminate Officer's employment pursuant to this Agreement upon written notice to Officer. Upon a voluntary termination by Employer, Employer shall continue to pay Officer at the rate and in the manner provided in Section 3 above for a period after such notice of termination equivalent to: (i) six (6) months if Officer has been employed by Employer for a period of five (5) years or more; or (ii) three (3) months if Officer has been employed by Employer for a period of less than five (5) years. In either event, Employer shall treat Officer's Stock Options as well as Deferred Stock Award as provided in Exhibit A, and Officer shall not be entitled to any bonus for the fiscal year of the Employer in which such voluntary termination by Employer occurs. During the time Officer is being compensated in lieu of continued employment, the Employer shall have the

right, at its election, to (a) relieve the Officer from any and all duties effective the date of notice of termination, or (b) to require the Officer to perform services from time to time on behalf of the Employer.

The Officer's eligibility to receive benefits under this Section 7(b), as well as under Section 4 of Exhibit A, shall be conditioned upon (i) the Officer's execution of a General Release and Separation Agreement, and (ii) the General Release and Separation Agreement becoming effective after the lapse of any permitted revocation period without such revocation rights being exercised by Officer.

(c) **Incapacity** . If Officer is unable to perform Officer's duties pursuant to this Agreement by reason of death or permanent disability, Employer may terminate Officer's employment pursuant to this Agreement by thirty (30) days written notice to Officer. Officer's Stock Options and Deferred Stock Award in the event of a termination under this section shall be treated as provided in Exhibit A. In the event of Officer's death or total and permanent disability, Officer, or as applicable Officer's estate, shall receive a prorated bonus for the portion of time worked during the fiscal year of the Employer in which termination occurs, based upon the bonus received by Officer during the prior fiscal year.

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8. **Confidential Information, Trade Secrets, Limitations on Solicitation and Non-Compete Clause.**

(a) Officer shall receive, in addition to all regular compensation for services as described in Section 3 of this Agreement, as additional consideration for signing this Agreement and for agreeing to abide and be bound by the terms, provisions and restrictions of this Section 8, the following:

(i) an award of shares of Tyson Foods, Inc. Class A Common Stock ("Common Stock") subject to the terms and conditions of a restricted stock agreement used by the Employer for awards to officers generally and containing such additional terms and conditions as specifically identified in Exhibit A, attached hereto and incorporated herein by this reference, having an aggregate value of (\$) as further identified in Exhibit A; and

(ii) a grant of options to purchase an aggregate of shares of Common Stock and, each year during the Period of Employment on an annual grant date specified by Employer, an annual grant of options to purchase shares of Common Stock, each subject to the terms and conditions of an option agreement used by the Employer for officers generally and containing such additional terms and conditions as specifically identified in Exhibit A, attached hereto and incorporated herein by this reference.

(b) Officer recognizes that, as a result of Officer's employment hereunder (and Officer's employment, if any, with Employer for periods prior to the Effective Date), Officer has had and will continue to have access to confidential information in multiple forms, electronic or otherwise, such confidential information including but not being limited to trade secrets, proprietary information, intellectual property, and other documents, data, and information concerning methods, processes, controls, techniques, formulas, production, distribution, purchasing, financial analysis, returns and reports (in addition if Officer is involved with marketing, sales or procurement Officer has had and will continue to have access to lists of customers, suppliers, livestock vendors, and accounts, other sensitive information and data regarding the customers, suppliers, vendors, services, sales, pricing, and costs of Employer which are highly confidential and constitute trade secrets or confidential business information) which is the property of and integral to the operations and success of Employer, and therefore agrees to be bound by the provisions of this Section 8, which Officer agrees and acknowledges

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to be reasonable and necessary to protect legitimate and important business interests and concerns of Employer. Officer acknowledges that the information referred to above has independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Officer further acknowledges that Employer has taken all reasonable steps under the circumstances to maintain the secrecy and/or confidentiality of such information.

(c) Officer agrees that Officer will not divulge to any person, nor use to the detriment of Employer, nor use in any business or process of manufacture competitive with or similar to any business or process of manufacture of Employer, at any time during Period of Employment or thereafter, any of the trade secrets and/or other confidential information of the Employer, whether in electronic form or otherwise, without first obtaining the express written permission of Employer. A trade secret shall include any information maintained as confidential and used by Employer in its business, including but not limited to a formula, pattern, compilation, program, device, method, technique or process that has value, actual or potential, from its confidentiality and from not being readily ascertainable to others who could also obtain value from such information. For purposes of this Section 8, the compilation of information used by Employer in its business shall include, without limitation, the identity of customers and suppliers and information reflecting their interests, preferences, credit-worthiness, likely receptivity to solicitation for participation in various transactions and related information obtained during the course of Officer's employment with Employer.

(d) Officer agrees that at the time of leaving the employ of Employer, Officer will deliver to Employer, and not keep or deliver to anyone else, any and all originals and copies, electronic or hard copy, of notebooks, memoranda, documents, communications, and, in general, any and all materials relating to the business of Employer, or constituting property of the Employer. Officer further agrees that Officer will not, directly or indirectly, request or advise any customers or suppliers of Employer to withdraw, curtail or cancel its business with Employer.

(e) During Officer's Period of Employment with the Employer and for a period of one (1) year from the earlier of 1) the termination of Officer's employment for any reason whatsoever, or 2) the expiration of the Period of Employment (it is expressly acknowledged that this clause is intended to survive the expiration of the Period of Employment), Officer will not directly or indirectly, in the United States, participate in any Position in any business in Direct Competition with the business of the Employer. The term "Direct Competition," as used in this section, shall mean

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any business that directly competes against the line of business in which Officer was actively engaged during Officer's Period of Employment. The term "Position," as used in this section, includes a partner, director, holder of more than 5% of the outstanding voting shares, principal, executive, officer, manager or any employment or consulting position with an entity in Direct Competition with Employer, where Officer performs any duties which are substantially similar to those performed by the Officer during Officer's employment with Employer. Officer acknowledges that a "substantially similar" position shall include any position in which Officer might be able to utilize the valuable, proprietary and confidential information to which Officer was exposed during Officer's employment with Employer. It is acknowledged and agreed that the scope of the clause as set forth above is essential, because 1) a more restrictive definition of "Position" (e.g. limiting it to the "same" position with a competitor) will subject the Employer to serious, irreparable harm by allowing competitors to describe positions in ways to evade the operation of this clause, and substantially restrict the protection sought by Employer, and 2) by allowing the Officer to escape the application of this clause by accepting a position designated as a "lesser" or "different" position with a competitor, the Employer is unable to restrict the Officer from providing valuable information to such competing entity to the harm of the Employer.

(f) Officer recognizes that Officer possesses confidential information and trade secrets about other employees of Employer relating to their education, experience, skills, abilities, salary and benefits, and interpersonal relationships with customers and suppliers of Employer. Officer recognizes that the information Officer possesses about these other employees is not generally known, is of substantial value to Employer in securing and retaining customers and suppliers, and was acquired by Officer because of Officer's business position with Employer. Officer agrees that during Officer's Period of Employment hereunder, and for a period of three (3) years from the earlier of 1) the termination of Officer's employment for any reason whatsoever, or 2) the expiration of the Period of Employment (it is expressly acknowledged that this clause is intended to survive, if applicable, the expiration of the Period of Employment), Officer shall not, directly or indirectly, solicit or contact any employee or agent of Employer, with a view to or for the purposes of inducing or

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encouraging such employee or agent to leave the employ of Employer, for the purpose of being hired by Officer, any employer affiliated with Officer, or any competitor of Employer. Officer agrees that Officer will not convey any such confidential information or trade secrets about other employees to anyone affiliated with Officer or to any competitor of Employer.

(g) Officer acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect Employer's interest in this Agreement and that any breach thereof will result in an irreparable injury to Employer for which Employer has no adequate remedy at law. Officer therefore agrees that, in the event that Officer breaches any of the provisions contained in this Section 8, Employer shall be authorized and entitled to seek from any court of competent jurisdiction (i) a temporary restraining order, (ii) preliminary and permanent injunctive relief, (iii) an equitable accounting of all profits or benefits arising out of such breach, and (iv) direct, incidental and consequential damages arising from such breach. Officer agrees to reimburse Employer for all reasonable legal fees and costs related to any actions taken by Employer to enforce Section 8.

(h) Employer and Officer have attempted to specify a reasonable period of time, a reasonable area and reasonable restrictions to which this Section 8 shall apply. Employer and Officer agree that if a court or administrative body should subsequently determine that the terms of this Section 8 are greater than reasonably necessary to protect Employer's interest, Employer agrees to waive those terms which are found by a court or administrative body to be greater than reasonably necessary to protect Employer's interest and to request that the court or administrative body reform this Agreement specifying a reasonable period of time and such other reasonable restrictions as the court or administrative body deems necessary. Further, Officer agrees that Employer shall have the right to amend or modify this Section 8 as necessary to comport with the determination of any court or administrative body that such Section in this or a similar agreement entered into by Employer with any other officer or manager of Employer is greater than reasonably necessary to protect Employer's interest.

(i) Officer further agrees that this Section 8, as well as the Sections 12 and 13 relating to choice of law and forum for resolution, are integral parts of this Agreement, and that should a court fail or refuse to enforce the restrictions contained herein in the manner expressly provided in Sections 8(a) through 8(g) above, or to enforce the exclusive jurisdiction of the courts of Washington County, Arkansas, or to apply

the laws of the State of Delaware to any determination, the Employer shall recover from Officer, and the court shall award to the Employer, the consideration (or a

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pro-rata portion thereof to the extent these provisions are enforced but the time frame is reduced beyond that specified above) provided to and elected by Officer under the terms of Section 8(a) above (or the monetary equivalent thereof), its cost and its reasonable attorney's fees. Officer acknowledges that such award is not intended as "liquidated damages" and is not exclusive to other remedies available to Employer. Instead such award is intended to ensure that Officer is not unjustly enriched as a result of retaining contract benefits not earned by Officer.

9. Termination for Egregious Circumstances . Notwithstanding any other provision of this Agreement, including the terms of Section 7 hereof and Exhibit A hereto, Employer may, at its sole and absolute discretion, terminate this Agreement, and Officer's Period of Employment hereunder without any payment, liability or other obligation, in the event, (a) Officer engages in willful misconduct which results in injury to the Employer, or (b) Officer is convicted of a job-related felony or misdemeanor.

10. Modification . This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto, except for any pre-employment confidentiality agreement that may exist between the parties. This Agreement cannot be modified except by a writing signed by both parties.

11. Assignment. This Agreement shall be binding upon Officer, Officer's heirs, executors and personal representatives and upon Employer, its successors and assigns. Officer may not assign this Agreement, in whole or in part, without first obtaining the written consent of the Chief Executive Officer of Employer.

12. Applicable Law . Officer acknowledges that this contract is performable at various locations throughout the United States and specifically performable wholly or partly within the State of Delaware and consents to the validity, interpretation, performance and enforcement of this Agreement being governed by the internal laws of said State of Delaware, without giving effect to the conflict of laws provisions thereof.

13. Jurisdiction and Venue of Disputes. The courts of Washington County, Arkansas shall have exclusive jurisdiction and be the venue of all disputes between the Employer and Officer, whether such disputes arise from this

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Agreement or otherwise. In addition, Officer expressly waives any right Officer may have to sue or be sued in the county of Officer's residence and consents to venue in Washington County, Arkansas.

14. Severability. If, for any reason, any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

The Officer hereby (1) acknowledges that Officer has had an opportunity to review this Agreement, its attachments, and a copy of any documents incorporated herein, and (2) irrevocably appoints the Secretary for the time being of Tyson Foods, Inc. as Officer's attorney-in-fact, with full power of substitution in the premises, to take all action (including the transfer of Stock (as hereinafter defined) on the books of Tyson) on the undersigned's behalf necessary to effect any sale by the undersigned of any shares of the Stock sold in accordance with such terms and conditions.

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OFFICER HAS READ THE ABOVE AND HAS BEEN ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING. OFFICER AGREES TO THE TERMS AND CONDITIONS CONTAINED HEREIN.

(Officer)

(Location)

(Date)

Accepted this ____ day of _____, 20__.

Tyson Foods, Inc.

By _____

Title _____

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EXHIBIT A

Deferred Stock Award and Stock Option Terms

Pursuant to the provisions of the Tyson Foods, Inc. Restricted Stock Bonus Plan, Officer has been awarded shares of Common Stock of Tyson Foods, Inc. as of (the "Award Date"). The shares described in the previous sentence are hereinafter referred to as the "Stock," "Deferred Stock" and "Deferred Stock Award". The Award Date shall be used to calculate the Mandatory Deferral Period (as defined below) for the Deferred Stock.

During the period commencing on the Award Date and ending on the fifth anniversary date of the Award Date (the "Mandatory Deferral Period,") the shares of Stock shall not be sold, assigned, pledged, hypothecated or otherwise transferred or encumbered. The certificate representing such shares of Stock will be delivered to Officer or Officer's legal representative at the expiration of the Mandatory Deferral Period, unless Officer has previously made written election to defer receipt at such time. The Mandatory Deferral Period with respect to such shares of Stock will terminate at the close of business on the fifth anniversary of the Award Date, if Officer has not previously ceased to perform duties for Employer.

In addition, pursuant to the Tyson Foods, Inc. 2000 Stock Incentive Plan, Officer will receive awards of stock options (the "Stock Options") during Officer's Period of Employment.

Except as otherwise provided herein, if Officer ceases to be employed by Employer during the Mandatory Deferral Period, the shares of Stock and Stock Options will be treated in the manner described by the sections below:

1. Voluntary Termination - If Officer chooses to terminate Officer's employment with Employer for any reason, the shares of Stock will be forfeited by Officer. In the case of the Stock Options, all Stock Options which are vested on or prior to the date of termination shall be exercisable for a period of ninety (90) days from such termination date. All non-vested Stock Options, as well as Stock Options not exercised during such ninety (90) day period, shall be forfeited by Officer.
2. Incapacity - If Officer has ceased to perform duties for Employer by reason of death or total and permanent disability, the vesting of all shares of Stock covered under the Deferred Stock Award will be accelerated and the certificates representing such shares of Stock will be delivered to Officer or Officer's legal representative immediately. In the case of Officer's death or total and permanent disability, all non-vested Stock Options shall accelerate and become immediately exercisable. All Stock Options shall be exercisable by Officer (or, as applicable, the Officer's estate) for a period of one year from the date of death or disability, or, if earlier, the date such Stock Options expire by their own terms. In the event not exercised during the applicable time period, any remaining Stock Options shall be forfeited by the Officer.

3. Retirement - If Officer has ceased to perform duties for Employer by reason of retirement on or after reaching age 62, a) if 12 months or less has expired since the Award Date, all shares of Stock shall be forfeited by Officer, b) if at least 12 months and one day, but not more than three years, have expired since the Award Date, a number of shares of Stock will vest which number bears the same relation to all such shares of Stock as the number of full calendar months elapsed since the Award Date bears to 60, and the remaining shares of Stock shall be forfeited by Officer, and c) if more than three years has expired since the Award Date, vesting of all of the shares of Stock covered under the Deferred Stock Award shall be accelerated. In the case of an Officer who has received prorated vesting under subsection b) of this section 3, such shares shall be provided to Officer within thirty (30) days of Officer's retirement. In the case of an Officer who will receive a full grant under subsection c) of this section 3, such Officer's Stock shall be remitted to Officer in two increments, 1) within thirty (30) days of Officer's retirement, Officer shall receive a number of shares of Stock which bears the same relation to all such shares of Stock as the number of full calendar months elapsed since the Award Date bears to 60 (the "Initial Issuance"), and 2) the remaining Stock shall be delivered to Officer within thirty (30) days after the five year anniversary of the Effective Date of this Agreement (the "Final Issuance"). Officer's receipt of both the Initial Issuance as well as the Final Issuance shall be expressly conditioned on Officer's continued compliance with terms and conditions of Sections 8 (b), (c), (d), (e), (f), (g), (h), and (i) of this Agreement, all of which conditions shall continue for purposes of this section, notwithstanding any expiration date contained therein, until the date of the Final Issuance. In the event Officer, prior to the Initial Issuance or the Final Issuance, has violated such conditions, Officer's rights to the Stock as provided in this section 3 shall be immediately forfeited. Upon Officer's retirement on or after age 62, all non-vested Stock Options shall accelerate and become immediately exercisable. All Stock Options shall be exercisable by Officer for a period of one year from the date of retirement, or, if earlier, the date such Stock Options expire by their own terms. In the event not exercised during the applicable time period, any remaining Stock Options shall be forfeited by the Officer.

4. Employer Voluntary Termination - If Officer is terminated by the Employer at its election other than for egregious circumstances (as described in Section 5 below), Officer's right to a number of shares shall vest, which number bears the same relation to all such shares of Stock as the number of full calendar months elapsed since the Award Date bears to 60, and the remaining shares of Stock shall be forfeited by Officer. Such shares shall be provided to Officer within thirty (30) days from the date of Officer's execution of a General Release and Separation Agreement. No distribution of shares shall be due if Officer refuses to sign or elects to revoke any executed General Release and Separation Agreement. Any such permitted revocation period must expire, in any event, prior to the date any payment hereunder is made. In the event of termination by Employer, all Stock Options which are vested on or prior to the date of such termination by Employer shall be exercisable for a period of ninety (90) days from such termination date. All non-vested Stock Options, as well as options not exercised during such ninety (90) day period, shall be forfeited by Officer.

5. Termination for Egregious Circumstances - If Officer's employment is terminated as provided in Section 9 of the Employment Agreement, the shares of Stock will be forfeited by Officer. In the case of the Stock Options, all Stock Options which are vested on or prior to the date of termination shall be exercisable for a period of ninety (90) days from such termination date. All non-vested Stock Options, as well as options not exercised during such ninety (90) day period, shall be forfeited by Officer.

Amounts equal to any dividend declared during the Mandatory Deferral Period with respect to the number of shares of Stock covered by a Deferred Stock Award will be deferred and deemed to be reinvested in additional Deferred Stock. Except as set forth in the preceding sentence, Officer shall have none of the rights of a stockholder with respect to shares of Stock covered by the Deferred Stock Award until the shares of Stock are transferred to Officer.

Upon the occurrence of any event above requiring Employer to distribute Stock to Officer, Employer may, at its sole discretion, elect to make a cash payment to Officer in lieu of such Stock distribution. In such event, the amount of the cash payment shall be determined by multiplying the number of shares of Stock by the closing per share price of Tyson Foods, Inc. Class A Common Stock on the date the Officer's right to such Stock vested.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TYSON FOODS, INC. 2001 ANNUAL REPORT

IBP ACQUISITION During the fourth quarter of fiscal 2001, the Company acquired IBP, inc. (IBP). Headquartered in Dakota Dunes, South Dakota, IBP is the world's largest supplier of premium fresh beef and pork products, with more than 60 production sites in North America, joint venture operations in China, Ireland and Russia and sales offices throughout the world. IBP generated annual sales of approximately \$17 billion in 2000 and employs approximately 52,000 people.

In August 2001, the Company acquired 50.1% of IBP by paying approximately \$1.7 billion in cash. In September 2001, the Company issued approximately 129 million shares of Class A stock, with a fair value of approximately \$1.2 billion, to acquire the remaining IBP shares, and assumed approximately \$1.7 billion of IBP debt. The total acquisition cost of approximately \$4.6 billion was accounted for as a purchase in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations." Accordingly, the tangible and identifiable intangible assets and liabilities have been adjusted to fair values with the remainder of the purchase price recorded as goodwill. The allocation of the purchase price has been completed.

RESULTS OF OPERATIONS Earnings for fiscal 2001 were \$88 million or \$0.40 per share compared to \$151 million or \$0.67 per share in fiscal 2000. The IBP results of operations for nine weeks ending September 29, 2001, are included in the Company's consolidated results of operations, with the 49.9% of IBP that was acquired on September 28, 2001, accounted for as minority interest. This information should be considered when comparing to previous years' results of operations.

Earnings in fiscal 2001 were adversely affected by an oversupply of chicken on the market for most of the year, causing an adverse effect on the average sales prices and margins of many of the Company's core value-added products. In addition, costs were adversely affected by weather conditions in the first half of the year along with higher grain and energy costs. However, fourth quarter earnings were favorably affected by improved prices in the Chicken segment, improvement in industry fundamentals and inclusion of IBP's operations for nine weeks.

The Company's accounting cycle resulted in a 52-week year for fiscal years 2001, 2000 and 1999. Additionally, the Company adopted new accounting guidance related to shipping and handling fees and costs (Emerging Issues Task Force 00-10). As a result, certain costs were reclassified for fiscal years 2001, 2000 and 1999, from sales and selling expenses to cost of sales.

2001 vs. 2000

Sales increased 45.1%, with a 29.8% increase in volume and an 11.8% increase in price. The increase in sales is due primarily to the inclusion of nine weeks of IBP's sales in 2001. Comparable sales increased 3.7% on a volume increase of 1.1%. Breast meat commodity market prices were pressured by an oversupply of chicken for much of the fiscal year causing an adverse effect on the average sales prices and margins of many of the Company's core value-added products. During the fourth quarter of 2001, the Company experienced improved pricing of value-added products and seasonal price increases.

Cost of sales increased 49.7%, primarily due to the added cost of sales for nine weeks of IBP's operations. As a percent of sales, cost of sales was 89.9% for 2001 compared to 87.1% for 2000. Excluding IBP, comparable cost of sales as a percent of sales was 88.0%. The increase in comparable cost of sales, as a percent of sales, was primarily due to weather-related effects combined with higher grain and energy costs, lower market prices and product mix changes.

Operating expenses increased 27.4%, primarily due to the inclusion of nine weeks of IBP's operations in 2001. As a percent of sales, operating expenses were 7.2% for 2001 compared to 8.2% in 2000. Excluding IBP, comparable operating expenses as a percent of sales were 8.8% for 2001. The increase is primarily due to an increase in sales promotional expenses and litigation costs related to the acquisition of IBP and ongoing employee practice matters. Included in the 2000 operating expenses was \$24 million in bad debt reserve resulting from the bankruptcy filing by AmeriServe Food Distribution, Inc. (AmeriServe).

Interest expense increased 24.9% compared to 2000. As a percent of sales, interest expense was 1.3% compared to 1.6% for 2000. The Company's average indebtedness increased by 24.3% over the same period last year as a result of the IBP acquisition. The Company's short-term interest rates were slightly lower than the same period last year, and the net average effective interest rate on total debt was 6.9% for 2001 and 2000.

The effective tax rate decreased minimally to 35.4% compared to 35.6% in 2000.

Segment Information In connection with the IBP acquisition, the Company became the world's largest protein provider and as a result, the composition of its reportable segments changed. The Company operates in five business segments: Beef, Chicken, Pork, Prepared Foods and Other. The Company measures segment profit as operating income. The following information includes nine weeks results for the period ending September 29, 2001, related to the IBP acquisition, stated prior to adjustments for minority interest. Information on segments is as follows with prior periods restated to conform to the Company's new segment reporting.

Beef segment is primarily involved in the slaughter of live fed cattle and fabrication of dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. It also involves deriving value from allied products such as hides and variety meats for sales to further processors and others. The Beef segment markets its products to food retailers, distributors, wholesalers, restaurants and hotel chains and other food processors in domestic and international markets. Allied products are also marketed to manufacturers of pharmaceuticals and technical products.

Chicken segment includes fresh, frozen and value-added chicken products sold through domestic food service, domestic retail markets for at-home consumption, wholesale club markets targeted to small foodservice operations, individuals and small business, specialty and commodity distributors who deliver to restaurants, schools and international markets throughout the world. Chicken also includes sales from allied products and its chicken breeding stock subsidiary.

Pork segment represents the Company's previously reported live swine group and IBP's hog slaughter and fabrication, case-ready products and related allied product processing activities. The Pork segment markets its products to food retailers, distributors, wholesalers, restaurants and hotel chains and other food processors in domestic and international markets. It also sells allied products to pharmaceutical and technical products manufacturers, as well as live swine to pork processors.

Prepared Foods segment includes the Company's existing prepared foods group along with most of IBP's previously reported Foodbrands America (Foodbrands) segment. The Prepared Foods segment produces flour and corn tortilla products and specialty pasta and meat dishes for restaurants, airlines and other major customers. With the addition of Foodbrands, the Prepared Foods segment also manufactures and markets frozen and refrigerated food products such as pepperoni, beef and pork toppings, pizza crusts, appetizers, hors d' oeuvres, desserts, prepared meals, Mexican and Italian foods, soups, sauces, side dishes and branded and processed meats.

Other segment includes the logistics group and other corporate groups not identified with specific protein groups.

Sales by Segment

| | dollars in millions | | |
|----------------|---------------------|-----------------|-----------------|
| | 2001 | 2000 | Change |
| Beef | \$ 2,027 | \$ - | \$ 2,027 |
| Chicken | 7,217 | 6,907 | 310 |
| Pork | 619 | 157 | 462 |
| Prepared Foods | 846 | 294 | 552 |
| Other | 42 | 52 | (10) |
| Total | \$ 10,751 | \$ 7,410 | \$ 3,341 |

Operating Income (Loss) by Segment

| | dollars in millions | | |
|----------------|---------------------|---------------|----------------|
| | 2001 | 2000 | Change |
| Beef | \$ 32 | \$ - | \$ 32 |
| Chicken | 249 | 315 | (66) |
| Pork | 27 | 23 | 4 |
| Prepared Foods | 15 | 7 | 8 |
| Other | (8) | 3 | (11) |
| Total | \$ 315 | \$ 348 | \$ (33) |

Beef segment sales, which include only the nine weeks of IBP results, were \$2 billion, including case-ready sales of \$116 million. Beef segment operating income totaled \$32 million. Beef sales and operating income are derived solely from the operations acquired from IBP, and as such have no comparative data since the Company did not have a beef group prior to the IBP acquisition.

Chicken segment sales increased \$310 million or 4.5% compared to 2000, with a 3.4% increase in average sales prices and a 1.0% increase in volume. Foodservice channel sales increased 1.8%, retail channel sales increased 1.2% and international channel sales including Tyson de Mexico increased 25.8%. Operating income for Chicken decreased \$66 million or 20.9% from 2000 primarily due to increased production costs and sales promotional expenses which more than offset increases in bulk leg quarter prices and certain other products.

Pork segment sales were \$619 million compared to \$157 million last year, with current year case-ready sales of \$43 million. Pork segment operating profit increased \$4 million from the same period last year. The increase in both Pork segment sales and operating income is primarily due to the inclusion of nine weeks results for IBP.

Prepared Foods segment sales totaled \$846 million compared to \$294 million last year. The Prepared Foods segment operating income increased \$8 million from the same period last year. The increase in both the Prepared Foods segment sales and segment operating income is primarily due to the inclusion of nine weeks results related to IBP.

2000 vs. 1999

Sales decreased 2.8% from sales for 1999. This decrease is primarily due to the sale of the seafood business in July 1999, and other divested non-core businesses. Comparable sales increased 0.5% on a volume increase of 0.3% compared to 1999. Additionally, the operating results for 2000 were negatively affected by a weak domestic market for chicken and reduced volume by the Company's Mexican subsidiary. In response to the oversupply of chicken, the Company maintained throughout fiscal 2000 a 3% cut in the number of chickens produced.

Cost of sales decreased 0.3% as compared to 1999. This decrease is primarily the result of decreased sales. As a percent of sales, cost of sales was 87.1% for 2000 compared to 84.9% for 1999. The increase in cost of sales as a percent of sales was due to the weak domestic market for chicken, the reduction in volume associated with the Company's ongoing production cuts, losses incurred by the Company's Mexican subsidiary and higher grain costs.

Operating expenses decreased 8.4% from 1999, primarily due to impairment and other charges of \$77 million recorded in 1999 partially offset by a \$21 million increase in 2000. The increase in 2000 expenses is due primarily to a \$24 million bad debt writeoff related to the January 2000 bankruptcy filing by AmeriServe and other increases related to ongoing litigation costs, partially offset by a \$12 million decrease in sales promotion expense.

Interest expense decreased 7.3% compared to 1999. As a percent of sales, interest expense was 1.6% in both 2000 and 1999. The Company had a lower level of borrowing in 2000, which decreased the Company's average indebtedness by 14.8% over the same period last year. The Company's short-term interest rates were slightly higher than the same period for 1999, and the net average effective interest rate on total debt was 6.9% for 2000 compared to 6.2% for 1999.

The effective tax rate increased minimally to 35.6% compared to 34.9% for 1999.

Segment Information

The IBP acquisition resulted in changes to reportable segments in 2001. The segments for 2000 and 1999 were restated to conform with the 2001 presentation. The Company did not have a Beef segment in periods prior to 2001.

Sales by Segment

| | dollars in millions | | |
|----------------|---------------------|-----------------|-----------------|
| | 2000 | 1999 | Change |
| Chicken | \$ 6,907 | \$ 6,906 | \$ 1 |
| Pork | 157 | 109 | 48 |
| Prepared Foods | 294 | 301 | (7) |
| Other | 52 | 305 | (253) |
| Total | \$ 7,410 | \$ 7,621 | \$ (211) |

Operating Income (Loss) by Segment

dollars in millions

| | 2000 | 1999 | Change |
|----------------|--------|--------|----------|
| Chicken | \$ 315 | \$ 616 | \$ (301) |
| Pork | 23 | (98) | 121 |
| Prepared Foods | 7 | (31) | 38 |
| Other | 3 | - | 3 |
| Total | \$ 348 | \$ 487 | \$ (139) |

Chicken segment sales increased slightly compared to 1999 with a 0.4% increase in volume offset by a 0.3% decrease in average sales prices. Foodservice channel sales decreased \$34 million or 1.0%, retail channel sales remained level and international sales including Tyson de Mexico decreased \$5 million or 0.7% compared to 1999. The offsetting increase in sales resulted primarily from the Company's chicken breeding stock subsidiary and the Company's allied products. Operating income for Chicken decreased \$301 million or 48.9% from 1999 primarily due to lower market prices, higher grain costs and changes in product mix. In addition, the Company's Mexican subsidiary suffered losses from the outbreak of Exotic Newcastle disease and resulting decreases in production, and the Chicken segment had a \$24 million bad debt writeoff related to the January 2000 bankruptcy filing by AmeriServe.

Pork segment sales increased \$48 million or 43.6% over 1999, with a 56.5% increase in average sales prices partially offset by an 8.3% decrease in volume. Pork segment operating income improved \$121 million or 123.1% over 1999 primarily due to the increase in average sales prices and the write-down of pork assets at the end of 1999 due to the anticipated sale of the pork business. The Company's Pork segment includes feeder pig finishing and marketing of swine to regional and national packers.

Prepared Foods segment sales totaled \$294 million compared to \$301 million for 1999. The Prepared Foods segment operating income increased \$38 million from 1999. The increase in operating income is primarily due to the 1999 impairment charge of \$23 million related to the write-down of Mallard's Food Products' property and equipment and goodwill. Also, in 1999, the Prepared Foods segment experienced losses related to product recalls.

Other segment sales decreased \$253 million or 83.2% from 1999 primarily due to the sale of the seafood and other non-core businesses during fiscal 1999.

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LIQUIDITY AND CAPITAL RESOURCES Cash provided by operations continues to be the Company's primary source of funds to finance operating needs and capital expenditures. In 2001, net cash of \$511 million was provided by operating activities, a decrease of \$76 million from 2000. The Company's foreseeable cash needs for operations and capital expenditures are expected to continue to be met through cash flows provided by operating activities. At September 29, 2001, the Company had construction projects in progress that will require approximately \$182 million to complete.

[BAR GRAPH]

CASH PROVIDED BY OPERATING ACTIVITIES

dollars in millions

| | |
|-------------|------------|
| 2001 | 511 |
| 2000 | 587 |
| 1999 | 547 |

Total debt at September 29, 2001, was \$4.8 billion, an increase of \$3.3 billion from September 30, 2000, due primarily to funding the IBP acquisition and assumption of IBP debt. The Company has unsecured revolving credit agreements totaling \$1 billion that support the Company's commercial paper program. These \$1 billion in facilities consist of \$500 million that expires in September 2002, and \$500 million

that expires in September 2006. At September 29, 2001, \$210 million and \$500 million were outstanding under these facilities. Additional outstanding debt at September 29, 2001, included \$2.3 billion under a bridge facility, \$833 million of senior notes originally issued by Tyson, \$623 million of senior notes originally issued by IBP and subsequently guaranteed by Tyson and other indebtedness of \$292 million.

[BAR GRAPH]

TOTAL CAPITALIZATION

| | dollars in billions | | |
|--------|---------------------|------|------|
| | 2001 | 2000 | 1999 |
| Debt | 4.8 | 1.5 | 1.8 |
| Equity | 3.4 | 2.2 | 2.1 |

The revolving credit agreement and notes contain various covenants, the more restrictive of which require maintenance of a minimum net worth, current ratio, cash flow coverage of interest and a maximum total debt-to-capitalization ratio. The Company is in compliance with these covenants at fiscal year end.

In August 2001, the Company completed the financing for the acquisition of IBP by entering into two bridge revolving credit facilities consisting of a senior unsecured bridge credit agreement which provided for aggregate borrowings up to \$2.5 billion (the Bridge Facility) and a senior unsecured receivables bridge credit agreement which provided for aggregate borrowings up to \$350 million (the Receivables Bridge Facility). The Bridge Facility was to mature in January 2002, and the Receivables Bridge Facility matured in November 2001. At September 29, 2001, \$2.3 billion was outstanding under the Bridge Facility with an interest rate of 4.01%. There were no borrowings under the Receivables Bridge Facility.

Subsequent to September 29, 2001, the Company refinanced the Bridge Facility through the issuance of \$2.25 billion of senior notes sold in three tranches consisting of \$500 million of 6.625% notes due October 2004, \$750 million of 7.25% notes due October 2006 and \$1 billion of 8.25% notes due October 2011.

In October 2001, the Company entered into a receivables purchase agreement with three co-purchasers to sell up to \$750 million of trade receivables. The receivables purchase agreement has an interest rate based on commercial paper issued by the co-purchasers. Funds from the receivables purchase agreement were used to repay \$210 million and \$500 million outstanding under the \$1 billion revolving credit agreements.

MARKET RISK Market risks relating to the Company's operations result primarily from changes in commodity prices, interest rates and foreign exchange rates as well as credit risk concentrations. To address certain of these risks, the Company enters into various hedging transactions as described below. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Instruments that do not meet the criteria for hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings.

Commodities Risk The Company is a purchaser of certain commodities, primarily corn and soybeans, and livestock. The Company periodically uses commodity futures and options for hedging purposes to reduce the effect of changing commodity prices and as a mechanism to procure grains and livestock. Generally, contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting this risk reduction and correlation criteria are recorded using hedge accounting.

The Company held hedge positions in various grain futures, primarily long positions, with net unrealized losses of \$1 million and \$9 million at September 29, 2001, and September 30, 2000, respectively. The Company also held hedge positions in livestock futures, primarily short positions, with a fair value of \$4 million at September 29, 2001. Additionally, at September 29, 2001, the Company held certain positions, primarily in livestock futures and options, for which it does not apply hedge accounting, but instead marks these positions to fair value through earnings at each reporting date. The Company had reflected a fair value liability of \$11 million on its balance sheet at September 29, 2001, related to these non-hedge positions.

Interest Rate and Foreign Currency Risks The Company hedges exposure to changes in interest rates on certain of its financial instruments.

Under the terms of various leveraged equipment loans, the Company enters into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings. The maturity dates of these leveraged equipment loans range from 2005 to 2008 with interest rates ranging from 4.7% to 6.0%.

The Company also periodically enters into foreign exchange forward contracts to hedge some of its foreign currency exposure. The Company enters into forward contracts to hedge exposure to United States currency fluctuations inherent in its receivables and purchase commitments. These contracts had a notional amount of \$94 million and a net unrealized loss of \$1 million recorded on the balance sheet. Foreign forward contracts generally have maturities or expirations not exceeding 12 months.

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The following tables provide information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. The tables present the Company's debt obligations, principal cash flows and related weighted average interest rates by expected maturity dates and fair values. For interest rate swaps, the tables present notional amounts, weighted average interest rates or strike rates by contractual maturity dates and fair values. Notional amounts are used to calculate the contractual cash flows to be exchanged under the contract.

dollars in millions

| | 2002 | 2003 | 2004 | 2005 | 2006 | Thereafter | Total | Fair Value 9/29/01 |
|--|--------|--------|-------|--------|--------|------------|----------|-----------------------|
| As of September 29, 2001 | | | | | | | | |
| Liabilities | | | | | | | | |
| Long-term debt | | | | | | | | |
| including current portion | | | | | | | | |
| Fixed rate | \$ 27 | \$ 179 | \$ 31 | \$ 181 | \$ 284 | \$ 955 | \$ 1,657 | \$ 1,639 |
| Average interest rate | 7.08% | 6.16% | 6.73% | 6.78% | 6.47% | 7.29% | 6.96% | |
| Variable rate | \$ 715 | \$ 5 | \$ 8 | \$ 502 | \$ 2 | \$ 1,869 | \$ 3,101 | \$ 3,101 |
| Average interest rate | 4.06% | 7.42% | 7.53% | 4.02% | 6.56% | 3.99% | 4.03% | |
| Interest rate derivative | | | | | | | | |
| financial instruments | | | | | | | | |
| related to debt | | | | | | | | |
| Interest rate swaps | | | | | | | | |
| Pay fixed | \$ 20 | \$ 21 | \$ 21 | \$ 16 | \$ 9 | \$ 4 | \$ 91 | \$ (6) |
| Average pay rate | 6.72% | 6.74% | 6.71% | 6.44% | 6.62% | 6.44% | 6.65% | |
| Average receive rate-USD 6 month LIBOR | | | | | | | | |

dollars in millions

| | 2001 | 2002 | 2003 | 2004 | 2005 | Thereafter | Total | Fair value 9/30/00 |
|---------------------------------|--------|--------|--------|-------|--------|------------|----------|-----------------------|
| As of September 30, 2000 | | | | | | | | |
| Liabilities | | | | | | | | |
| Long-term debt | | | | | | | | |
| including current portion | | | | | | | | |
| Fixed rate | \$ 123 | \$ 31 | \$ 178 | \$ 29 | \$ 180 | \$ 613 | \$ 1,104 | |
| Average interest rate | 8.23% | 7.84% | 6.18% | 7.09% | 6.80% | 6.78% | 6.88% | 1,154 |
| Variable rate | \$ - | \$ 276 | \$ - | \$ - | \$ - | \$ 50 | \$ 326 | \$ 326 |
| Average interest rate | - | 6.78% | - | - | - | 5.64% | 6.61% | |
| Interest rate derivative | | | | | | | | |
| financial instruments | | | | | | | | |
| related to debt | | | | | | | | |

Interest rate swaps

| | | | | | | | | |
|------------------|-------|-------|-------|-------|-------|-------|--------|------|
| Pay fixed | \$ 18 | \$ 20 | \$ 22 | \$ 21 | \$ 16 | \$ 13 | \$ 110 | \$ - |
| Average pay rate | 6.72% | 6.73% | 6.73% | 6.71% | 6.44% | 6.60% | 6.66% | |

Average receive rate-USD 6 month LIBOR

Concentrations of Credit Risk The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables. The Company's cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to the large number of customers and their dispersion across geographic areas. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. No single customer or customer group represents greater than 10% of total accounts receivable.

RECENTLY ISSUED ACCOUNTING STANDARDS In May 2000, the Emerging Issues Task Force (EITF) reached a consensus on Issue 00-14, "Accounting for Certain Sales Incentives." This issue involves the accounting and income statement classification for sales subject to rebates and revenue sharing arrangements as well as coupons and discounts. The EITF concluded that sales incentives offered to customers to buy a product should be classified as a reduction of sales. This issue is effective for fiscal quarters beginning after December 15, 2001. The Company anticipates implementing this issue in the first quarter of fiscal 2002.

In April 2001, the EITF released Issue 00-25, "Vendor Income Statement Characterization of Consideration from a Vendor to a Retailer," which provides guidance on the classification of payments such as slotting fees and cooperative advertising in the income statement. The EITF concluded that these payments are a reduction of the selling prices of the vendor's products and, therefore, should be classified as a reduction of revenue in the vendor's income statement, instead of as an expense. This issue is effective for fiscal quarters beginning after December 15, 2001. The Company anticipates implementing this issue in the first quarter of fiscal 2002.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations and requires any business combination completed after June 30, 2001, to be accounted for by the purchase method. Additionally, SFAS 141 changes the criteria to recognize intangible assets apart from goodwill. Under SFAS 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if impairment indicators arise, for impairment. Separable intangible assets that have finite lives will continue to be amortized over their useful lives. Because of the different transition dates for goodwill and intangible assets acquired on or before June 30, 2001, and those acquired after that date, pre-existing goodwill and intangibles will be amortized during this transition period until adoption, whereas new goodwill and other indefinite lived intangible assets acquired after June 30, 2001, are not amortized. Companies are required to adopt SFAS 142 in their fiscal year beginning after December 15, 2001. The Company has applied SFAS 142 to the IBP transaction and anticipates complete adoption of SFAS 142 for its 2002 fiscal year beginning September 30, 2001. At that time goodwill will no longer be amortized.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of;" however, it retains the fundamental provisions of that Statement related to the recognition and measurement of the impairment of long-lived assets to be "held and used." In addition, the Statement provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g., abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Company is required to adopt SFAS 144 in fiscal year 2003.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION This annual report and other written reports and oral statements made from time to time by the Company and its representatives contain forward-looking statements, including forward-looking statements made in this report, with respect to their current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties that could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Tyson undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that may affect the operating results of the Company are the following: (i) fluctuations in the cost and availability of raw materials, such as live cattle, live swine or feed grain costs; (ii) changes in the availability and relative costs of labor and contract growers; (iii) operating efficiencies of facilities; (iv) market conditions for finished products, including the supply and pricing of alternative proteins; (v)

effectiveness of advertising and marketing programs; (vi) the ability of the Company to make effective acquisitions and successfully integrate newly acquired businesses into existing operations; (vii) risks associated with leverage, including cost increases due to rising interest rates; (viii) risks associated with effectively evaluating derivatives and hedging activities; (ix) changes in regulations and laws (both domestic and foreign), including changes in accounting standards, environmental laws and occupational, health and safety laws; (x) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (xi) adverse results from ongoing litigation; (xii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (xiii) the effect of, or changes in, general economic conditions.

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CONSOLIDATED STATEMENTS OF INCOME

TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions, except per share data

| Three years ended September 29, 2001 | 2001 | 2000 | 1999 |
|--|-----------|----------|----------|
| Sales | \$ 10,751 | \$ 7,410 | \$ 7,621 |
| Cost of Sales | 9,661 | 6,453 | 6,470 |
| | 1,090 | 957 | 1,151 |
| Operating Expenses: | | | |
| Selling, general and administrative | 775 | 609 | 587 |
| Asset impairment and other charges | - | - | 77 |
| | 775 | 609 | 664 |
| Operating Income | 315 | 348 | 487 |
| Other Expense (Income): | | | |
| Interest | 144 | 115 | 124 |
| Other | 6 | (1) | (8) |
| | 150 | 114 | 116 |
| Income Before Income Taxes and Minority Interest | 165 | 234 | 371 |
| Provision for Income Taxes | 58 | 83 | 129 |
| Minority Interest | 19 | - | 12 |
| Net Income | \$ 88 | \$ 151 | \$ 230 |
| Weighted Average Shares Outstanding: | | | |
| Basic | 221 | 225 | 230 |
| Diluted | 222 | 226 | 231 |
| Earnings Per Share: | | | |
| Basic | \$ 0.40 | \$ 0.67 | \$ 1.00 |
| Diluted | \$ 0.40 | \$ 0.67 | \$ 1.00 |

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions, except per share data

September 29, 2001 and September 30, 2000

| | 2001 | 2000 |
|-----------------------------------|-----------|----------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 70 | \$ 43 |
| Accounts receivable, net | 1,199 | 508 |
| Inventories | 1,911 | 965 |
| Other current assets | 110 | 47 |
| Total Current Assets | 3,290 | 1,563 |
| Net Property, Plant and Equipment | 4,085 | 2,141 |
| Goodwill | 2,756 | 937 |
| Other Assets | 501 | 200 |
| Total Assets | \$ 10,632 | \$ 4,841 |

Liabilities and Shareholders' Equity

| | | |
|--|-----------|----------|
| Current Liabilities: | | |
| Notes payable | \$ 18 | \$ 62 |
| Current portion of long-term debt | 742 | 123 |
| Trade accounts payable | 813 | 333 |
| Other current liabilities | 843 | 355 |
| Total Current Liabilities | 2,416 | 873 |
| Long-Term Debt | 4,016 | 1,357 |
| Deferred Income Taxes | 609 | 385 |
| Other Liabilities | 237 | 51 |
| Shareholders' Equity: | | |
| Common stock (\$0.10 par value): | | |
| Class A-authorized 900 million shares: | | |
| Issued 267 million shares in 2001 and 138 million shares in 2000 | 27 | 14 |
| Class B-authorized 900 million shares: | | |
| Issued 103 million shares in 2001 and 2000 | 10 | 10 |
| Capital in excess of par value | 1,920 | 735 |
| Retained earnings | 1,770 | 1,715 |
| Accumulated other comprehensive loss | (35) | (5) |
| | 3,692 | 2,469 |
| Less treasury stock, at cost- | | |
| 21 million shares in 2001 and 16 million shares in 2000 | 333 | 284 |
| Less unamortized deferred compensation | 5 | 10 |
| Total Shareholders' Equity | 3,354 | 2,175 |
| Total Liabilities and Shareholders' Equity | \$ 10,632 | \$ 4,841 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions

Three years ended September 29, 2001

| | Common Stock | | Class B | | Capital In Excess Of Par Value | Retained Earnings |
|--|--------------|--------|---------|--------|--------------------------------------|----------------------|
| | Class A | | Class B | | | |
| | Shares | Amount | Shares | Amount | | |
| Balance-October 3, 1998 | 138 | \$14 | 103 | \$10 | \$ 741 | \$1,394 |
| Comprehensive Income: | | | | | | |
| Net income | | | | | | 230 |
| Other comprehensive income (loss) | | | | | | |
| Total Comprehensive Income | | | | | | |
| Purchase of Treasury Shares | | | | | | |
| Exercise of Options | | | | | (1) | |
| Restricted Shares Cancelled | | | | | | |
| Dividends Paid | | | | | | (25) |
| Balance-October 2, 1999 | 138 | 14 | 103 | 10 | 740 | 1,599 |
| Comprehensive Income: | | | | | | |
| Net income | | | | | | 151 |
| Other comprehensive income (loss) | | | | | | |
| Currency translation adjustment | | | | | | |
| Total Comprehensive Income | | | | | | |
| Purchase of Treasury Shares | | | | | | |
| Exercise of Options | | | | | | |
| Restricted Shares Issued | | | | | (5) | |
| Dividends Paid | | | | | | (35) |
| Amortization of Deferred Compensation | | | | | | |
| Balance-September 30, 2000 | 138 | 14 | 103 | 10 | 735 | 1,715 |
| Comprehensive Income: | | | | | | |
| Net income | | | | | | 88 |
| Other comprehensive income (loss) | | | | | | |
| net of tax of \$(11) million | | | | | | |
| Cumulative effect of SFAS 133 adoption | | | | | | |
| Derivative loss recognized in cost of sales | | | | | | |
| Derivative unrealized loss | | | | | | |
| Unrealized gain on investments | | | | | | |
| Currency translation adjustment | | | | | | |
| Total Comprehensive Income | | | | | | |
| Purchase of Treasury Shares | | | | | | |

| | | | | | | |
|---------------------------------------|-----|------|-----|------|---------|---------|
| Restricted Shares Cancelled | | | | | | |
| Shares Issued in IBP Acquisition | 129 | 13 | | | 1,185 | |
| Dividends Paid | | | | | | (33) |
| Amortization of Deferred Compensation | | | | | | |
| Balance-September 29, 2001 | 267 | \$27 | 103 | \$10 | \$1,920 | \$1,770 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions

Three years ended September 29, 2001

| | Treasury Stock | | Unamortized Deferred Compensation | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
|---|----------------|---------|---|--|----------------------------------|
| | Shares | Amount | | | |
| Balance-October 3, 1998 | 10 | \$(185) | \$(2) | \$ (1) | \$1,971 |
| Comprehensive Income: | | | | | |
| Net income | | | | | 230 |
| Other comprehensive income (loss) | | | | - | - |
| Total Comprehensive Income | | | | | 230 |
| Purchase of Treasury Shares | 3 | (52) | | | (52) |
| Exercise of Options | (1) | 6 | | | 5 |
| Restricted Shares Cancelled | | (1) | | | (1) |
| Dividends Paid | | | | | (25) |
| Balance-October 2, 1999 | 12 | (232) | (2) | (1) | 2,128 |
| Comprehensive Income: | | | | | |
| Net income | | | | | 151 |
| Other comprehensive income (loss) | | | | | |
| Currency translation adjustment | | | | (4) | (4) |
| Total Comprehensive Income | | | | | 147 |
| Purchase of Treasury Shares | 5 | (69) | | | (69) |
| Exercise of Options | | 1 | | | 1 |
| Restricted Shares Issued | (1) | 16 | (11) | | - |
| Dividends Paid | | | | | (35) |
| Amortization of Deferred Compensation | | | 3 | | 3 |
| Balance-September 30, 2000 | 16 | (284) | (10) | (5) | 2,175 |
| Comprehensive Income: | | | | | |
| Net income | | | | | 88 |
| Other comprehensive income (loss) net of tax of \$(11) million | | | | | |

| | | | | | |
|--|----|---------|-------|--------|----------------|
| Cumulative effect of SFAS 133 adoption | | | | (6) | (6) |
| Derivative loss recognized in cost of sales | | | | (5) | (5) |
| Derivative unrealized loss | | | | (10) | (10) |
| Unrealized gain on investments | | | | 2 | 2 |
| Currency translation adjustment | | | | (11) | (11) |
| Total Comprehensive Income | | | | | <u>58</u> |
| Purchase of Treasury Shares | 5 | (48) | | | (48) |
| Restricted Shares Cancelled | | (1) | | | (1) |
| Shares Issued in IBP Acquisition | | | | | 1,198 |
| Dividends Paid | | | | | (33) |
| Amortization of Deferred Compensation | | | 5 | | 5 |
| Balance-September 29, 2001 | 21 | \$(333) | \$(5) | \$(35) | <u>\$3,354</u> |

See accompanying notes.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions

| Three years ended September 29, 2001 | 2001 | 2000 | 1999 |
|--|------------|--------|--------|
| Cash Flows From Operating Activities: | | | |
| Net income | \$ 88 | \$ 151 | \$ 230 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | |
| Depreciation | 294 | 257 | 255 |
| Amortization | 41 | 37 | 36 |
| Asset impairment and other charges | - | - | 77 |
| Deferred income taxes | (47) | 47 | (13) |
| Minority interest | 19 | - | 12 |
| Other | - | 29 | 12 |
| (Increase) decrease in accounts receivable | (43) | 57 | 9 |
| (Increase) decrease in inventories | (15) | 84 | (99) |
| Increase (decrease) in trade accounts payable | 89 | (46) | 21 |
| Net change in other current assets and liabilities | 85 | (29) | 7 |
| Cash Provided by Operating Activities | <u>511</u> | 587 | 547 |
| Cash Flows From Investing Activities: | | | |
| Additions to property, plant and equipment | (261) | (196) | (363) |
| Proceeds from sale of assets | 33 | 4 | 234 |
| Net cash paid for IBP acquisition | (1,670) | - | - |
| Purchase of Tyson de Mexico minority interest | (19) | - | - |

| | | | |
|--|---------|-------|-------|
| Net change in investment in commercial paper | (23) | (2) | (18) |
| Net change in other assets and liabilities | (78) | (12) | (19) |
| Cash Used for Investing Activities | (2,018) | (206) | (166) |
| Cash Flows From Financing Activities: | | | |
| Decrease in notes payable | (1,031) | (4) | (19) |
| Proceeds from long-term debt | 3,047 | 7 | 76 |
| Repayments of long-term debt | (432) | (266) | (382) |
| Purchase of treasury shares | (48) | (69) | (52) |
| Proceeds from exercise of IBP stock options | 34 | - | - |
| Dividends and other | (35) | (34) | (18) |
| Cash Provided by (Used for) Financing Activities | 1,535 | (366) | (395) |
| Effect of Exchange Rate Change on Cash | (1) | (2) | (2) |
| Increase (Decrease) in Cash and Cash Equivalents | 27 | 13 | (16) |
| Cash and Cash Equivalents at Beginning of Year | 43 | 30 | 46 |
| Cash and Cash Equivalents at End of Year | \$ 70 | \$ 43 | \$ 30 |

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
TYSON FOODS, INC. 2001 ANNUAL REPORT

NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Tyson Foods, Inc., (the Company or Tyson) with its acquisition of IBP, Inc. (IBP), is the world's largest protein provider. Tyson's chicken operation, headquartered in Springdale, Arkansas, is the world's largest fully integrated producer, processor and marketer of chicken and chicken-based convenience foods, with 68,000 team members and 7,000 contract growers in 100 communities. Tyson has chicken operations in 18 states and 16 countries and exports to over 75 countries worldwide. Tyson is the recognized market leader in almost every retail and foodservice market it serves and is a comprehensive supplier of value-added chicken products through foodservice, retail grocery stores, club stores and international distribution channels. Tyson's Cobb-Vantress subsidiary is a leading chicken breeding stock supplier. In addition, Tyson is the nation's second largest maker of corn and flour tortillas under the Mexican Original[®] brand, as well as a leading provider of live swine.

Tyson's wholly owned subsidiary IBP, headquartered in Dakota Dunes, South Dakota, is the world's largest supplier of premium fresh beef and pork products, with more than 60 production sites in North America, joint venture operations in China, Ireland and Russia and sales offices throughout the world. IBP generated annual sales of approximately \$17 billion in 2000 and employs approximately 52,000 people.

The new Tyson Foods, Inc. is the world's largest processor and marketer of beef, chicken and pork products and produces a wide variety of brand name, processed food products. Tyson is the recognized market leader in almost every retail and foodservice market it serves. The Company has approximately 120,000 team members in more than 300 facilities and offices in 32 states and 22 countries worldwide.

Consolidation: The consolidated financial statements include the accounts of all wholly owned subsidiaries. The consolidated statements of income include IBP's operating results for the nine weeks ending September 29, 2001. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year: The Company utilizes a 52- or 53-week accounting period that ends on the Saturday closest to September 30.

Reclassifications: Certain reclassifications have been made to prior periods to conform to current presentations.

Cash and Cash Equivalents: Cash equivalents consist of investments in short-term, highly liquid securities having original maturities of three

months or less, which are made as part of the Company's cash management activity. The carrying values of these assets approximate their fair market values. As a result of the Company's cash management system, checks issued, but not presented to the banks for payment, may create negative cash balances. Checks outstanding in excess of related cash balances totaling approximately \$265 million at September 29, 2001, and \$126 million at September 30, 2000, are included in trade accounts payable and other current liabilities.

Inventories: Processed products, livestock (excluding breeders) and supplies and other are valued at the lower of cost (first-in, first-out) or market. Breeders are stated at cost less amortization. Livestock includes live cattle, live chicken and live swine. Live chicken consists of broilers and breeders.

Total inventory consists of:

| | in millions | |
|------------------------|-----------------|---------------|
| | 2001 | 2000 |
| Processed products | \$ 1,095 | \$ 460 |
| Livestock | 561 | 366 |
| Supplies and other | 255 | 139 |
| Total inventory | \$ 1,911 | \$ 965 |

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Depreciation: Depreciation is provided primarily by the straight-line method using estimated lives for buildings and leasehold improvements of 10 to 39 years, machinery and equipment of three to 12 years and other of three to 20 years.

Impairment: The Company reviews the carrying value of long-lived assets at each balance sheet date if indication of impairment exists. Recoverability is assessed using undiscounted cash flows based upon historical results and current projections of earnings before interest and taxes. The Company measures impairment using discounted cash flows of future operating results based upon a rate that corresponds to the Company's cost of capital. Impairments are recognized in operating results to the extent that carrying value exceeds discounted cash flows of future operations.

Goodwill: Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets" have been applied to the IBP transaction. Accordingly, the tangible and identifiable intangible assets and liabilities have been adjusted to fair values with the remainder of the purchase price recorded as goodwill. Additionally, goodwill and indefinite lived intangible assets are not amortized but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Goodwill of \$926 million, net of accumulated amortization, arising prior to the IBP transaction has been amortized on a straight-line basis over periods ranging from 15 to 40 years. Upon complete adoption of SFAS 142, in the first quarter of 2002, this goodwill will no longer be amortized. At September 29, 2001, and September 30, 2000, the accumulated amortization of goodwill was \$286 and \$256 million, respectively.

Amount of goodwill by segment at September 29, 2001:

| | in millions |
|----------------|-----------------|
| Beef | \$ 1,306 |
| Chicken | 916 |
| Pork | 350 |
| Prepared Foods | 184 |
| Total | \$ 2,756 |

Goodwill has been allocated to reporting units based on fair value of identifiable assets. Approximately \$29 million of this goodwill is deductible for income tax purposes.

Capital Stock: Holders of Class B common stock (Class B stock) may convert such stock into Class A common stock (Class A stock) on a share-for-share basis. Holders of Class B stock are entitled to 10 votes per share while holders of Class A stock are entitled to one vote per

share on matters submitted to shareholders for approval. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock. The Company pays quarterly cash dividends to Class A and Class B shareholders. The Company paid Class A dividends per share of \$0.16, \$0.16 and \$0.115 and Class B dividends per share of \$0.144, \$0.144 and \$0.104 in 2001, 2000 and 1999, respectively.

Stock-Based Compensation: Stock-based compensation is recognized using the intrinsic value method. For disclosure purposes, pro forma net income and earnings per share impacts are provided as if the fair value method had been applied.

Financial Instruments: Periodically, the Company uses derivative financial instruments to reduce its exposure to various market risks. The Company does not regularly engage in speculative transactions, nor does the Company regularly hold or issue financial instruments for trading purposes. However, the Company does periodically hold positions as economic hedges for which hedge accounting is not applied. Generally, contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts that are highly effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Instruments that do not meet the criteria for hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. The Company generally does not hedge anticipated transactions beyond 12 months.

Revenue Recognition: The Company recognizes revenue from product sales upon delivery to customers.

Freight Expense: Freight expense associated with products shipped to customers is recognized in cost of products sold. Prior to the fourth quarter 2001, various freight expenses had been classified as a reduction of net sales or as selling expense. The effect of this reclassification was to increase revenue by \$252 million and \$258 million, increase cost of sales by \$410 million and \$416 million and decrease selling expense by \$158 million and \$158 million in fiscal 2000 and 1999, respectively, with no changes to net income or related earnings per share.

Advertising and Promotion Expenses: Advertising and promotion expenses are charged to operations in the period incurred. Advertising and promotion expenses for fiscal 2001, 2000 and 1999 were \$337 million, \$280 million and \$301 million, respectively.

Minority Interest: The results of operations of IBP for the nine weeks ended September 29, 2001, are included in the Company's consolidated results of operations. Minority interest primarily consists of the 49.9% of IBP that was acquired on September 28, 2001.

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

Recently Issued Accounting Standards: In May 2000, the Emerging Issues Task Force (EITF) reached a consensus on Issue 00-14, "Accounting for Certain Sales Incentives." This issue involves the accounting and income statement classification for sales subject to rebates and revenue sharing arrangements as well as coupons and discounts. The EITF concluded that sales incentives offered to customers to buy a product should be classified as a reduction of sales. This issue is effective for fiscal quarters beginning after December 15, 2001. The Company anticipates implementing this issue in the first quarter of fiscal 2002.

In April 2001, the EITF released Issue 00-25, "Vendor Income Statement Characterization of Consideration from a Vendor to a Retailer," which provides guidance on the classification of payments such as slotting fees and cooperative advertising in the income statement. The EITF concluded that these payments are a reduction of the selling prices of the vendor's products and, therefore, should be classified as a reduction of revenue in the vendor's income statement, instead of as an expense. This issue is effective for fiscal quarters beginning after December 15, 2001. The Company anticipates implementing this issue in the first quarter of fiscal 2002.

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), and No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations and requires any business combination completed after June 30, 2001, to be accounted for by the purchase method. Additionally, SFAS 141 changes the criteria to recognize intangible assets apart from goodwill. Under SFAS 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually, or more frequently if impairment indicators arise, for impairment. Separable intangible assets that have finite lives will continue to be amortized over their useful lives. Because of the different transition dates for goodwill and intangible assets acquired on or before June 30, 2001, and those acquired after that date, pre-existing goodwill and intangibles will be amortized during this transition period until adoption, whereas new goodwill and other indefinite lived intangible assets acquired after June 30, 2001, will not be amortized. Companies are required to adopt SFAS 142 in their fiscal year beginning after December 15, 2001. The Company has applied SFAS 142 to the IBP transaction and anticipates complete adoption in the first quarter of fiscal 2002. At that time goodwill will no longer be amortized.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of;" however, it retains the fundamental provisions of that Statement related to the recognition and measurement of the impairment of long-lived assets to be "held and used." In addition, the Statement provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g., abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Company is required to adopt SFAS 144 in fiscal year 2003.

NOTE 2: ACQUISITIONS

In August 2001, the Company acquired 50.1% of IBP by paying approximately \$1.7 billion in cash representing \$30 per share for approximately 54 million shares of IBP's common shares. In September 2001, the Company issued approximately 129 million shares of Class A stock, with a fair value of approximately \$1.2 billion, to acquire the remaining IBP shares, and assumed approximately \$1.7 billion of IBP debt to complete the acquisition. The IBP shares were converted into Class A stock using an exchange ratio of 2.381. The total acquisition cost of approximately \$4.6 billion was accounted for as a purchase with a portion of the total purchase price allocated to assets acquired and liabilities assumed based on estimated fair market value at the date of acquisition.

IBP is the world's largest manufacturer of fresh meats and frozen and refrigerated food products, with 2000 annual sales of approximately \$17 billion. The acquisition of IBP will allow the Company to expand its business to include the processing and marketing of beef and pork products.

The transaction is being accounted for using the purchase method of accounting required by SFAS 141. Goodwill and identifiable intangible assets recorded in the acquisition will be tested periodically for impairment as required by SFAS 142. The allocation of the purchase price to specific assets and liabilities is based, in part, upon an outside appraisal of IBP's long-lived assets. The allocation of the purchase price has been completed.

Fair value of assets acquired and liabilities assumed at August 3, 2001:

| | in millions |
|---|-----------------|
| Cash and cash equivalents | \$ 37 |
| Accounts receivable | 641 |
| Inventories | 937 |
| Other current assets | 112 |
| Property, plant and equipment | 1,968 |
| Goodwill | 1,830 |
| Other assets | 247 |
| Total Assets | \$ 5,772 |
| Accounts payable and accruals | \$ 836 |
| Other liabilities | 227 |
| Long-term debt | 1,651 |
| Deferred income taxes | 221 |
| Shareholders' Equity | 2,837 |
| Total Liabilities and Shareholders' Equity | \$ 5,772 |

Identifiable intangible assets of \$242 million consist of trademarks of \$138 million (included in goodwill), patents of \$87 million and \$17 million of supply contracts (both of which are included in other assets). The amounts associated with trademarks are not subject to amortization as management believes their useful lives to be indefinite. The amounts associated with patents and supply contracts are being amortized over 15 and five years, respectively.

In August 2001, the Company completed the financing for the acquisition of IBP by entering into two bridge revolving credit facilities consisting of a senior unsecured bridge credit agreement which provided for aggregate borrowings up to \$2.5 billion (the Bridge Facility) and a senior unsecured receivables bridge credit agreement which provided for aggregate borrowings up to \$350 million (the Receivables Bridge

Facility). Subsequent to September 29, 2001, the Company refinanced both facilities.

The pro forma unaudited results of operations for the years ended September 29, 2001, and September 30, 2000, assuming the purchase of IBP had been consummated as of October 1, 1999, follows. Pro forma adjustments have been made to reflect additional interest from debt associated with the acquisition and additional common shares issued.

| | in millions, except per share data | |
|--|------------------------------------|-----------|
| | 2001 | 2000 |
| Sales | \$ 24,975 | \$ 24,085 |
| Net income before extraordinary items | 82 | 314 |
| Net income | 82 | 297 |
| Earnings per share before extraordinary items: | | |
| Basic | 0.24 | 0.89 |
| Diluted | 0.24 | 0.89 |
| Earnings per share: | | |
| Basic | 0.23 | 0.84 |
| Diluted | 0.23 | 0.84 |

The unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the purchase actually been made at the beginning of fiscal 2000, or the results that may occur in the future.

In May 2001, the Company increased its ownership in Tyson de Mexico, S.A. de C.V. (TdM) by acquiring common shares of TdM from existing minority shareholders for cash and by a non-cash transaction whereby TdM exchanged minority shareholders' common stock for \$45 million of TdM redeemable preferred stock with an 8% coupon. In September 2001, the Company acquired the remaining common shares of TdM held by minority shareholders. Upon completion of these transactions, the Company now owns 100% of the common shares of TdM. The Company has entered into a call agreement with the holders of converted TdM redeemable preferred stock which allows the Company to purchase the converted redeemable preferred stock over five years. Additionally, in May 2001, TdM purchased the poultry assets of Nochistongo S.P.R. de R.L., a fully integrated broiler production operation that markets products under the "Kory" brand. The purchase price of both transactions was allocated based upon the estimated fair market values at the date of purchase.

NOTE 3: DISPOSITIONS

In July 1999, the Company completed the sale of the assets of Tyson Seafood Group in two separate transactions. Under the terms of the agreements, the Company received proceeds of approximately \$165 million, which was used to reduce indebtedness, and subsequently collected receivables totaling approximately \$16 million. The Company recognized a pretax loss of approximately \$19 million on the sale of the seafood assets.

NOTE 4: IMPAIRMENT AND OTHER CHARGES

In the fourth quarter of fiscal 1999, the Company recorded a pretax charge totaling \$35 million related to the anticipated loss on the sale and closure of the Pork Group assets. In the first quarter of fiscal 2000, the Company ceased negotiations for the sale of the Pork Group. Additionally, in the fourth quarter of fiscal 1999, the Company recorded pretax charges totaling \$23 million for impairment of property and equipment and write-down of related goodwill of Mallard's Food Products, and also recognized a pretax loss of approximately \$19 million on the sale of the Tyson Seafood Group assets.

NOTE 5: ALLOWANCE FOR DOUBTFUL ACCOUNTS

In fiscal 2000, AmeriServe Food Distribution, Inc. (AmeriServe), a significant distributor of products to fast food and casual dining restaurant chains, filed for reorganization in Delaware under Chapter 11 of the Federal Bankruptcy Code. The Company is a major supplier to several AmeriServe customers. In the second quarter of fiscal 2000, the Company recorded a \$24 million bad debt reserve to fully reserve the AmeriServe receivable. At September 29, 2001, and September 30, 2000, the allowance for doubtful accounts, excluding the AmeriServe writeoff, was \$27 million and \$17 million, respectively.

NOTE 6: FINANCIAL INSTRUMENTS

In October 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) as amended. This statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

The adoption of SFAS 133 in October 2000 resulted in a cumulative effect of approximately \$6 million after-tax (\$9 million pre tax) being charged to other comprehensive income (loss).

At September 29, 2001, the Company had derivative related balances totaling \$5 million recorded in other current assets and \$20 million recorded in other current liabilities.

Cash flow hedges: The Company uses derivatives to moderate the financial and commodity market risks of its business operations. Derivative products, such as futures and option contracts, are considered to be a hedge against changes in the amount of future cash flows related to commodities procurement. The Company also enters into interest rate swap agreements to adjust the proportion of total long-term debt and leveraged equipment loans that are subject to variable interest rates. Under these interest rate swaps, the Company agrees to pay a fixed rate of interest times a notional principal amount and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. These interest rate swaps are considered to be a hedge against changes in the amount of future cash flows associated with the Company's variable rate interest payments.

The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings (for commodity hedges when the chickens that consumed the hedged grain are sold). The remaining cumulative gain or loss on the derivative instrument in excess of the cumulative change in the present value of the future cash flows of the hedged item, if any, is recognized in earnings during the period of change. No ineffectiveness was recognized on cash flow hedges during fiscal 2001. The Company expects that the after tax losses, net of gains, totaling approximately \$4 million recorded in other comprehensive income (loss) at September 29, 2001, related to cash flow hedges, will be recognized within the next 12 months. The Company generally does not hedge cash flows related to commodities beyond 12 months.

Fair value hedges: The Company designates certain futures contracts as fair value hedges of firm commitments to purchase livestock for slaughter. The Company enters into foreign currency forward contracts to hedge changes in fair value of receivables and purchase commitments arising from changes in the exchange rates of foreign currencies. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded in current period earnings. Ineffectiveness results when the change in the fair value of the hedge instrument differs from the change in fair value of the hedged item. Ineffectiveness recorded related to the Company's fair value hedges was not significant during fiscal 2001.

Undesignated positions: The Company holds certain commodity futures contracts in the regular course of business to manage its exposure against commodity price fluctuations on anticipated purchases of raw materials and anticipated sales of finished inventories. The contracts are generally for short durations of less than one year. Although these instruments are economic hedges, the Company does not designate these contracts as hedges for accounting purposes. As a result, the Company marks these contracts to market and recognizes the change through earnings. At September 29, 2001, these contracts had a fair value liability of \$11 million recorded on the balance sheet.

Fair Values of Financial Instruments

| | in millions | |
|---------------------------------------|-------------|----------|
| | 2001 | 2000 |
| Commodity derivative positions | \$ (8) | \$ (9) |
| Interest-rate derivative positions | (6) | - |
| Foreign currency derivative positions | (1) | - |
| Long-term debt | \$ 4,740 | \$ 1,430 |

Fair values are based on quoted market prices or published forward interest rate curves. All other financial instruments approximate recorded values at September 29, 2001, and September 30, 2000.

Concentrations of Credit Risk: The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables. The Company's cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to the large number of customers and their dispersion across geographic areas. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. No single customer or customer group represents greater than 10% of total accounts receivable.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

The major categories of property, plant and equipment and accumulated depreciation, at cost, are as follows:

| | in millions | |
|--|-----------------|----------|
| | 2001 | 2000 |
| Land | \$ 114 | \$ 61 |
| Buildings and leasehold improvements | 2,085 | 1,291 |
| Machinery and equipment | 3,218 | 2,219 |
| Land improvements and other | 174 | 110 |
| Buildings and equipment under construction | 379 | 103 |
| | 5,970 | 3,784 |
| Less accumulated depreciation | 1,885 | 1,643 |
| Net property, plant and equipment | \$ 4,085 | \$ 2,141 |

The Company capitalized interest costs of \$3 million in 2001, \$2 million in 2000 and \$5 million in 1999 as part of the cost of major asset construction projects. Approximately \$182 million will be required to complete construction projects in progress at September 29, 2001.

NOTE 8: OTHER CURRENT LIABILITIES

Other current liabilities at September 29, 2001 include:

| | in millions | |
|--------------------------------------|---------------|--------|
| | 2001 | 2000 |
| Accrued salaries, wages and benefits | \$ 222 | \$ 104 |
| Income taxes payable | 109 | 60 |
| Self insurance reserves | 221 | 102 |
| Property and other taxes | 63 | 27 |
| Other | 228 | 62 |
| Total other current liabilities | \$ 843 | \$ 355 |

NOTE 9: COMMITMENTS

The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated \$76 million in 2001, \$66 million in 2000 and \$64 million in 1999. Most farm leases have terms ranging from one to 10 years with various renewal periods. The most significant obligations assumed under the terms of the leases are the upkeep of the facilities and payments of insurance and property taxes.

Minimum lease commitments under noncancelable leases at September 29, 2001, total \$193 million composed of \$62 million for 2002, \$42 million for 2003, \$28 million for 2004, \$19 million for 2005, \$15 million for 2006 and \$27 million for later years. These future commitments are expected to be offset by future minimum lease payments to be received under subleases of approximately \$9 million.

The Company assists certain of its swine and chicken growers in obtaining financing for growout facilities by providing the growers with extended growout contracts and conditional operation of the facilities should a grower default under their growout or loan agreement. The Company also guarantees debt of outside third parties of \$69 million.

NOTE 10: LONG-TERM DEBT

The Company has unsecured revolving credit agreements totaling \$1 billion that support the Company's commercial paper program. These facilities consist of \$500 million that expires in September 2002 and \$500 million that expires in September 2006. At September 29, 2001, the borrowings under these facilities totaled \$210 million and \$500 million, respectively.

In August 2001, the Company completed the financing for the acquisition of IBP by entering into two bridge revolving credit facilities consisting of a senior unsecured bridge credit agreement which provided for aggregate borrowings up to \$2.5 billion (the Bridge Facility) and a senior unsecured receivables bridge credit agreement which provided for aggregate borrowings up to \$350 million (the Receivables Bridge Facility). The Bridge Facility was to mature in January 2002, and the Receivables Bridge Facility matured in November 2001. At September 29, 2001, \$2.3 billion was outstanding under the Bridge Facility with an interest rate of 4.01%. There were no borrowings under the Receivables Bridge Facility.

Subsequent to September 29, 2001, the Company refinanced the Bridge Facility through the issuance of \$2.25 billion of senior notes. The senior notes were sold in three tranches consisting of \$500 million of 6.625% notes due October 2004, \$750 million of 7.25% notes due October 2006, and \$1 billion of 8.25% notes due October 2011.

In October 2001, the Company entered into a receivables purchase agreement with three co-purchasers to sell up to \$750 million of trade receivables. The receivables purchase agreement has been accounted for as a borrowing. The receivables purchase agreement has an interest rate based on commercial paper issued by the co-purchasers. Funds from the receivables purchase agreement were used to repay \$210 million and \$500 million outstanding under the \$1 billion revolving credit agreements.

At September 29, 2001, the Company had outstanding letters of credit totaling approximately \$124 million issued primarily in support of workers' compensation insurance programs, industrial revenue bonds and the leveraged equipment loans. There were no draw downs under these letters of credit at September 29, 2001.

Under the terms of the leveraged equipment loans, the Company had restricted cash totaling approximately \$50 million, which is included in other assets at September 29, 2001. Under these leveraged loan agreements, the Company entered into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings.

Annual maturities of long-term debt for the five years subsequent to September 29, 2001, are: 2002-\$742 million; 2003-\$184 million; 2004-\$39 million; 2005-\$683 million and 2006-\$286 million.

The revolving credit agreement and notes contain various covenants, the more restrictive of which require maintenance of a minimum net worth, current ratio, cash flow coverage of interest and fixed charges and a maximum total debt-to-capitalization ratio. The Company is in compliance with these covenants at fiscal year end.

Industrial revenue bonds are secured by facilities with a net book value of \$86 million at September 29, 2001. The weighted average interest rate on all outstanding short-term borrowing was 5.1% at September 29, 2001, and 6.8% at September 30, 2000.

Long-term debt consists of the following:

| | | in millions | |
|---|----------|-------------|--------|
| | Maturity | 2001 | 2000 |
| Commercial paper | | | |
| (4.01% effective rate at 9/29/01) | 2002 | \$ 210 | \$ 260 |
| Revolver (4.05% effective rate at 9/29/01) | 2006 | 500 | - |
| Bridge Facility (4.01% effective rate at 9/29/01) | 2002 | 2,300 | - |

| | | | |
|--|-----------|-----------------|----------|
| Debt securities issued by Tyson (rates ranging from 6% to 7%) | 2001-2028 | 833 | 880 |
| Senior notes issued by IBP, guaranteed by Tyson (rates ranging from 6.125% to 7.95%) | 2006-2026 | 623 | - |
| Institutional notes (rates ranging from 10.61% to 11.375%) | 2001-2006 | 50 | 111 |
| Leveraged equipment loans (rates ranging from 4.7% to 6.0%) | 2005-2008 | 138 | 155 |
| Other | Various | 104 | 74 |
| Total debt | | \$ 4,758 | \$ 1,480 |
| Less current maturities | | 742 | 123 |
| Total long-term debt | | \$ 4,016 | \$ 1,357 |

Additionally, the Company had short-term notes payable totaling \$18 million and \$62 million at September 29, 2001, and September 30, 2000, respectively.

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The Company has fully and unconditionally guaranteed \$623 million of senior notes issued by IBP, a wholly owned subsidiary of the Company.

The following condensed consolidating financial information is provided for the Company, as guarantor, and for IBP, as issuer, as an alternative to providing separate financial statements for the issuer.

Condensed Consolidating Statement of Income for the year ended September 29, 2001

in millions

| | Tyson | IBP | Adjustments | Consolidated |
|--|-----------------|-----------------|---------------|------------------|
| Sales | \$ 7,687 | \$ 3,069 | \$ (5) | \$ 10,751 |
| Cost of Sales | 6,765 | 2,901 | (5) | 9,661 |
| Operating Expenses | 922 | 168 | | 1,090 |
| | 677 | 98 | | 775 |
| Operating Income | 245 | 70 | | 315 |
| Interest and Other Expense | 134 | 16 | | 150 |
| Income Before Income Taxes and Minority Interest | 111 | 54 | | 165 |
| Provision for Income Taxes | 40 | 18 | | 58 |
| Minority Interest | 1 | 18 | | 19 |
| Net Income | \$ 70 | \$ 18 | \$ - | \$ 88 |

Condensed Consolidating Balance Sheet as of September 29, 2001

in millions

| | Tyson | IBP | Adjustments | Consolidated |
|-----------------|-------|-----|-------------|--------------|
| Assets | | | | |
| Current Assets: | | | | |

| | | | | |
|---|-----------------|-----------------|-------------------|------------------|
| Cash and cash equivalents | \$ 47 | \$ 23 | \$ - | \$ 70 |
| Accounts receivable, net | 1,413 | 701 | (915) | 1,199 |
| Inventories | 1,007 | 912 | (8) | 1,911 |
| Other current assets | 26 | 85 | (1) | 110 |
| Total Current Assets | 2,493 | 1,721 | (924) | 3,290 |
| Net Property, Plant and Equipment | 2,105 | 1,756 | 224 | 4,085 |
| Goodwill | 926 | 940 | 890 | 2,756 |
| Other Assets | 3,161 | 171 | (2,831) | 501 |
| Total Assets | \$ 8,685 | \$ 4,588 | \$ (2,641) | \$ 10,632 |
| Liabilities and Shareholders' Equity | | | | |
| Current Liabilities: | | | | |
| Notes payable | \$ 18 | \$ - | \$ - | \$ 18 |
| Current portion of long-term debt | 737 | 5 | | 742 |
| Trade accounts payable | 367 | 1,353 | (907) | 813 |
| Other current liabilities | 419 | 422 | 2 | 843 |
| Total Current Liabilities | 1,541 | 1,780 | (905) | 2,416 |
| Long-Term Debt | 3,359 | 686 | (29) | 4,016 |
| Deferred Income Taxes | 368 | 11 | 230 | 609 |
| Other Liabilities | 75 | 149 | 13 | 237 |
| Shareholders' Equity | 3,342 | 1,962 | (1,950) | 3,354 |
| Total Liabilities and Shareholders' Equity | \$ 8,685 | \$ 4,588 | \$ (2,641) | \$ 10,632 |

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Condensed Consolidating Statement of Cash Flows for the year ended September 29, 2001 in millions

| | Tyson | IBP Adjustments | Consolidated | |
|---|----------------|-----------------|--------------|----------------|
| Cash Flows From Operating Activities: | | | | |
| Net income | \$ 70 | \$ 18 | \$ - | \$ 88 |
| Net changes in working capital | 130 | (14) | | 116 |
| Depreciation | 264 | 30 | | 294 |
| Amortization | 39 | 2 | | 41 |
| Deferred income taxes | (73) | 26 | | (47) |
| Other | 4 | 15 | | 19 |
| Cash Provided by Operating Activities | 434 | 77 | | 511 |
| Cash Flows From Investing Activities: | | | | |
| Additions to property, plant and equipment | (214) | (47) | | (261) |
| Proceeds from sale of assets | 32 | 1 | | 33 |
| Net cash paid for IBP acquisition | (1,707) | 37 | | (1,670) |
| Purchase of Tyson de Mexico minority interest | (19) | - | | (19) |
| Net change in other assets and liabilities | (95) | (6) | | (101) |
| Cash Used for Investing Activities | (2,003) | (15) | | (2,018) |

| | | | |
|--|-------|-------|-------|
| Cash Flows From Financing Activities: | | | |
| Net change in debt | 1,656 | (72) | 1,584 |
| Purchase of treasury shares | (48) | - | (48) |
| Proceeds from exercise of IBP stock options | - | 34 | 34 |
| Dividends and other | (34) | (1) | (35) |
| Cash Provided by (Used for) Financing Activities | 1,574 | (39) | 1,535 |
| Effect of Exchange Rate Change on Cash | (1) | - | (1) |
| Increase (Decrease) in Cash and Cash Equivalents | 4 | 23 | 27 |
| Cash and Cash Equivalents at Beginning of Year | 43 | - | 43 |
| Cash and Cash Equivalents at End of Year | \$ 47 | \$ 23 | \$ 70 |

NOTE 11: STOCK OPTIONS AND RESTRICTED STOCK

The shareholders approved the 2000 Stock Incentive Plan (Incentive Plan) in January 2001. The Incentive Plan is administered by the Compensation Subcommittee of the Board of Directors and permits awards of shares of Class A stock, awards of derivative securities related to the value of Class A stock and tax reimbursement payments to eligible persons. The Incentive Plan provides for the award of a variety of equity-based incentives such as incentive stock options, nonqualified stock options, stock appreciation rights, dividend equivalent rights, performance unit awards and phantom shares. The Incentive Plan provides for granting incentive stock options for shares of Class A stock at a price not less than the fair market value at the date of grant. Nonqualified stock options may be granted at a price equal to, less than or more than the fair market value of Class A stock on the date that the option is granted. Stock options under the Incentive Plan generally become exercisable ratably over three to eight years from the date of grant and must be exercised within 10 years from the date of grant.

In May 2000, the Company cancelled approximately four million option shares and granted approximately one million restricted shares of Class A stock. The restriction expires over periods through December 1, 2003. At September 29, 2001, the Company had outstanding approximately 800,000 restricted shares of Class A stock with restrictions expiring over periods through July 1, 2020. The unearned portion of the restricted stock is classified on the Consolidated Balance Sheets as deferred compensation in shareholders' equity. Additionally, the Company assumed the IBP officer long-term stock plan, subject to certain restrictions, which could result in delivery of approximately two million shares of Class A stock. The vested liability at September 29, 2001, has been classified as other liabilities.

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A summary of the Company's stock option activity is as follows:

| | Shares under option | Weighted average exercise price per share |
|---------------------------------|---------------------|---|
| Outstanding, October 3, 1998 | 8,355,548 | \$16.15 |
| Exercised | (359,999) | 14.23 |
| Canceled | (631,717) | 16.35 |
| Granted | 4,722,500 | 15.00 |
| Outstanding, October 2, 1999 | 12,086,332 | 15.74 |
| Exercised | (88,332) | 14.23 |
| Canceled | (5,199,995) | 15.17 |
| Outstanding, September 30, 2000 | 6,798,005 | 16.19 |
| Exercised | - | - |
| Canceled | (689,520) | 15.57 |
| Granted | 4,291,650 | 11.50 |

| | | |
|--------------------------------------|-------------------|----------------|
| Options assumed with IBP acquisition | 5,918,068 | 8.70 |
| Outstanding, September 29, 2001 | 16,318,203 | \$12.27 |

The number of options exercisable was as follows: September 29, 2001-9,644,323; September 30, 2000-2,926,980 and October 2, 1999-1,870,893. The remainder of the options outstanding at September 29, 2001, are exercisable ratably through November 2007. The number of shares available for future grants was 2,742,800 and 7,568,614 at September 29, 2001, and September 30, 2000, respectively. Subsequent to September 29, 2001, approximately 14 million shares were made available for future grants, subject to shareholder approval.

The following table summarizes information about stock options outstanding at September 29, 2001:

| Range of exercise prices | Options outstanding | | | Options exercisable | |
|--------------------------|---------------------|--|---------------------------------|---------------------|---------------------------------|
| | Shares outstanding | Weighted average remaining contractual life (in years) | Weighted average exercise price | Shares exercisable | Weighted average exercise price |
| \$2.83-6.69 | 1,139,682 | 5.2 | \$5.28 | 1,139,682 | \$5.28 |
| 6.72-10.91 | 4,419,686 | 4.3 | 9.35 | 4,419,686 | 9.35 |
| 10.92-13.86 | 358,700 | 7.3 | 11.60 | 358,700 | 11.60 |
| 11.50 | 4,257,200 | 6.5 | 11.50 | - | - |
| 14.33-14.50 | 1,863,535 | 2.9 | 14.40 | 1,814,470 | 14.40 |
| 14.58-15.17 | 1,319,275 | 5.0 | 15.04 | 784,755 | 15.03 |
| 17.92-18.00 | 2,960,125 | 5.1 | 17.93 | 1,127,030 | 17.92 |
| | 16,318,203 | | | 9,644,323 | |

The weighted average fair value of options granted during 2001 was approximately \$4.24. The fair value of each option grant is established on the date of grant using the Black-Scholes option-pricing model. Assumptions include an expected life of six years, risk-free interest rate of 4.8%, expected volatility of 35.2% and dividend yield of 1.4% in 2001.

The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its employee stock option plans. Accordingly, no compensation expense was recognized for its stock option plans. Had compensation cost for the employee stock option plans been determined based on the fair value method of accounting for the Company's stock option plans, the tax-effected impact would be as follows:

| | in millions, except per share data | | |
|--------------------|------------------------------------|--------|--------|
| | 2001 | 2000 | 1999 |
| Net Income | | | |
| As reported | \$ 88 | \$ 151 | \$ 230 |
| Pro forma | 85 | 148 | 226 |
| Earnings per share | | | |
| As reported | | | |
| Basic | 0.40 | 0.67 | 1.00 |
| Diluted | 0.40 | 0.67 | 1.00 |
| Pro forma | | | |
| Basic | 0.38 | 0.66 | 0.98 |
| Diluted | 0.38 | 0.65 | 0.98 |

Pro forma net income reflects only options granted after fiscal 1995. Additionally, the pro forma disclosures are not likely to be representative of the effects on reported net income for future years.

NOTE 12: BENEFIT PLANS

The Company has defined contribution retirement and incentive benefit programs for various groups of Company personnel. Company contributions totaled \$35 million, \$32 million and \$33 million in 2001, 2000 and 1999, respectively.

NOTE 13: TRANSACTIONS WITH RELATED PARTIES

The Company has operating leases for farms, equipment and other facilities with the former Senior Chairman of the Board of Directors of the Company and certain members of his family, as well as a trust controlled by him, for rentals of \$9 million in 2001, \$7 million in 2000 and \$7 million in 1999. Other facilities have been leased from other officers and directors for rentals totaling \$2 million in 2001, \$3 million in 2000 and \$3 million in 1999.

Certain officers and directors are engaged in chicken and swine growout operations with the Company whereby these individuals purchase animals, feed, housing and other items to raise the animals to market weight. The total value of these transactions amounted to \$10 million in 2001, \$11 million in 2000 and \$10 million in 1999.

Certain unimproved real property was sold by the Company in June 2000 to an entity controlled by the daughter and son-in-law of the former Senior Chairman of the Board for approximately \$5 million. The purchase price was in excess of the market value as determined by a current independent appraisal.

NOTE 14: INCOME TAXES

Detail of the provision for income taxes consists of:

| | in millions | | |
|----------|--------------|--------------|---------------|
| | 2001 | 2000 | 1999 |
| Federal | \$ 50 | \$ 73 | \$ 113 |
| State | 5 | 5 | 8 |
| Foreign | 3 | 5 | 8 |
| | \$ 58 | \$ 83 | \$ 129 |
| Current | \$ 105 | \$ 36 | \$ 142 |
| Deferred | (47) | 47 | (13) |
| | \$ 58 | \$ 83 | \$ 129 |

The reasons for the difference between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

| | 2001 | 2000 | 1999 |
|-----------------------------------|-------|-------|-------|
| U.S. federal income tax rate | 35.0% | 35.0% | 35.0% |
| Amortization of goodwill | 6.5 | 4.3 | 5.3 |
| State income taxes | 2.1 | 1.4 | 1.6 |
| Foreign sales corporation benefit | (6.2) | (5.2) | (6.3) |
| Other | (2.0) | 0.1 | (0.7) |

35.4%

35.6%

34.9%

The Company follows the liability method in accounting for deferred income taxes which 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 tax effects of major items recorded as deferred tax assets and liabilities are:

| | in millions | | | |
|--|---------------|---------------|--------------|---------------|
| | 2001 | | 2000 | |
| | Deferred Tax | | Deferred Tax | |
| | Assets | Liabilities | Assets | Liabilities |
| Property, plant and equipment | \$ 9 | \$ 412 | \$ 5 | \$ 200 |
| Suspended taxes from conversion to accrual method | - | 114 | - | 121 |
| Intangible assets | - | 90 | - | - |
| Inventory | 9 | 67 | 2 | 91 |
| Accrued expenses | 146 | 13 | 25 | 9 |
| Acquired net operating loss carryforwards | 71 | - | - | - |
| All other | 71 | 109 | 26 | 82 |
| | \$ 306 | \$ 805 | \$ 58 | \$ 503 |
| Valuation allowance | (48) | | - | |
| Net deferred tax liability | | \$ 547 | | \$ 445 |

Net deferred tax liabilities are included in other current assets and deferred income taxes in 2001, and in other current liabilities and deferred income taxes in 2000, on the Consolidated Balance Sheets.

The suspended taxes from conversion to accrual method represents the 1987 change from the cash to accrual method of accounting and is currently being paid down over 20 years through 2017.

The valuation allowance totaling \$48 million consists of \$12 million state tax carryforwards, which have been fully reserved, and \$36 million for net operating loss carryforwards. The state tax credit carryforwards expire in the years 2004 through 2008. At September 29, 2001, after considering utilization restrictions, the Company's acquired tax loss carryforwards approximated \$178 million. The net operating loss carryforwards, which are subject to utilization limitations due to ownership changes, may be utilized to offset future taxable income. These carryforwards expire during the years 2002 through 2021.

NOTE 15: EARNINGS PER SHARE

The weighted average common shares used in the computation of basic and diluted earnings per share were as follows:

| | in millions, except per share data | | |
|------------------------------------|------------------------------------|--------|--------|
| | 2001 | 2000 | 1999 |
| Numerator: | | | |
| Net Income | \$ 88 | \$ 151 | \$ 230 |
| Denominator: | | | |
| Denominator for basic earnings per | | | |

| | | | |
|---|---------|---------|---------|
| share - weighted average shares | 221 | 225 | 230 |
| Effect of dilutive securities: | | | |
| Stock options and restricted stock | 1 | 1 | 1 |
| Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions | 222 | 226 | 231 |
| Basic earnings per share | \$ 0.40 | \$ 0.67 | \$ 1.00 |
| Diluted earnings per share | \$ 0.40 | \$ 0.67 | \$ 1.00 |

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Approximately 10 million shares of the Company's option shares outstanding at September 29, 2001, were antidilutive and were not included in the dilutive earnings per share calculation for the year ended September 29, 2001. On September 28, 2001, the Company issued approximately 129 million shares for the remaining IBP shares. These shares were excluded from the fiscal 2001 weighted average share calculation along with the dilutive effect of acquired stock options and restricted shares.

NOTE 16: SEGMENT REPORTING

In connection with the IBP acquisition, the Company became the world's largest protein provider and as a result, the composition of its reportable segments changed. The Company operates in five business segments: Beef, Chicken, Pork, Prepared Foods and Other. The Company measures segment profit as operating income. The following information includes nine weeks results for the period ending September 29, 2001, related to the IBP acquisition, stated prior to adjustment for minority interest.

Beef segment is primarily involved in the slaughter of live fed cattle and fabrication of dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. It also involves deriving value from allied products such as hides and variety meats for sales to further processors and others. The Beef segment markets its products to food retailers, distributors, wholesalers, restaurants and hotel chains and other food processors in domestic and international markets. Allied products are also marketed to manufacturers of pharmaceuticals and technical products.

Chicken segment includes fresh, frozen and value-added chicken products sold through domestic food service, domestic retail markets for at-home consumption, wholesale club markets targeted to small foodservice operations, individuals and small business, specialty and commodity distributors who deliver to restaurants, schools and international markets throughout the world. Chicken also includes sales from allied products and its chicken breeding stock subsidiary.

Pork segment represents the Company's previously reported live swine group and IBP's hog slaughter and fabrication, case-ready products and related allied product processing activities. The Pork segment markets its products to food retailers, distributors, wholesalers, restaurants and hotel chains and other food processors in domestic and international markets. It also sells allied products to pharmaceutical and technical products manufacturers, as well as live swine to pork processors.

Prepared Foods segment includes the Company's existing prepared foods group along with most of IBP's previously reported Foodbrands America (Foodbrands) segment. The Prepared Foods segment produces flour and corn tortilla products and specialty pasta and meat dishes, for restaurants, airlines and other major customers. With the addition of Foodbrands, the Prepared Foods segment also manufactures and markets frozen and refrigerated food products such as pepperoni, beef and pork toppings, pizza crusts, appetizers, hors d'oeuvres, desserts, prepared meals, Mexican and Italian foods, soups, sauces, side dishes and branded and processed meats.

Other segment includes the logistics group and other corporate groups not identified with specific protein groups.

The impact on previously reported unaudited interim periods of the change in the composition of the reportable segments discussed above would be to report primarily one single business segment - chicken; therefore, the previously reported interim periods have not been restated.

Information on segments and a reconciliation to income before taxes on income and minority interest are as follows, with prior periods restated to conform to the Company's new segment reporting:

in millions

| | Beef | Chicken | Pork | Prepared Foods | Other | Consolidated |
|---|---------|---------|-------|-------------------|-------|--------------|
| Fiscal year ended September 29, 2001 | | | | | | |
| Sales | \$2,027 | \$7,217 | \$619 | \$846 | \$42 | \$10,751 |
| Operating income (loss) | 32 | 249 | 27 | 15 | (8) | 315 |
| Other expense | | | | | | 150 |
| Income before income taxes and minority interest | | | | | | 165 |
| Depreciation | 15 | 214 | 5 | 22 | 38 | 294 |
| Total assets | 3,203 | 4,084 | 944 | 1,406 | 995 | 10,632 |
| Additions to property, plant and equipment | 19 | 176 | 4 | 26 | 36 | 261 |
| Fiscal year ended September 30, 2000 | | | | | | |
| Sales | \$- | \$6,907 | \$157 | \$294 | \$52 | \$7,410 |
| Operating income | - | 315 | 23 | 7 | 3 | 348 |
| Other expense | | | | | | 114 |
| Income before income taxes and minority interest | | | | | | 234 |
| Depreciation | - | 209 | 3 | 14 | 31 | 257 |
| Total assets | - | 4,016 | 101 | 180 | 544 | 4,841 |
| Additions to property, plant and equipment | - | 139 | - | 8 | 49 | 196 |
| Fiscal year ended October 2, 1999 | | | | | | |
| Sales | \$- | \$6,906 | \$109 | \$301 | \$305 | \$7,621 |
| Operating income (loss) | - | 616 | (98) | (31) | - | 487 |
| Other expense | | | | | | 116 |
| Income before income taxes and minority interest | | | | | | 371 |
| Depreciation | - | 199 | 4 | 7 | 45 | 255 |
| Asset impairment and other charges * | - | - | 35 | 23 | 19 | 77 |
| Total assets | - | 4,286 | 70 | 191 | 536 | 5,083 |
| Additions to property, plant and equipment | - | 297 | 5 | 16 | 45 | 363 |

* Asset impairment and other charges also included in operating income

The majority of the Company's operations are domiciled in the United States. Approximately 97% of sales to external customers for the fiscal years ended 2001, 2000 and 1999 were sourced from the United States. Approximately \$6.6 billion, \$3.0 billion and \$3.1 billion of long-lived assets were located in the United States at fiscal years ended 2001, 2000 and 1999, respectively. Approximately \$204 million, \$74 million and \$74 million of long-lived assets were located in foreign countries, primarily Mexico and Canada, at fiscal years ended 2001, 2000 and 1999, respectively.

The Company sells certain of its products in foreign markets, primarily Canada, China, Japan, Mexico, Puerto Rico, Russia and South Korea. The Company's export sales for 2001, 2000 and 1999 totaled \$1.2 billion, \$550 million and \$546 million, respectively. Substantially all of the Company's export sales are transacted through unaffiliated brokers, marketing associations and foreign sales staffs. Foreign sales were less than 10% of total consolidated sales for 2001, 2000 and 1999, respectively.

NOTE 17: SUPPLEMENTAL INFORMATION

in millions

| | 2001 | 2000 | 1999 |
|---|--------|--------|--------|
| Supplemental Cash Flow Information | | | |
| Cash paid during the period for: | | | |
| Interest | \$ 140 | \$ 116 | \$ 128 |
| Income taxes | 54 | 73 | 125 |

NOTE 18: QUARTERLY FINANCIAL DATA (UNAUDITED)

in millions, except per share data

| | First quarter | Second quarter | Third quarter | Fourth quarter |
|-----------------------------------|---------------|----------------|---------------|----------------|
| 2001 | | | | |
| Sales | \$ 1,809 | \$ 1,895 | \$ 1,959 | \$ 5,088 |
| Gross profit | 222 | 174 | 241 | 453 |
| Operating income | 68 | 23 | 57 | 167 |
| Net income (loss) | 27 | (6) | 19 | 48 |
| Basic earnings (loss) per share | 0.12 | (0.03) | 0.09 | 0.22 |
| Diluted earnings (loss) per share | 0.12 | (0.03) | 0.09 | 0.22 |
| 2000 | | | | |
| Sales | \$ 1,843 | \$ 1,852 | \$ 1,871 | \$ 1,844 |
| Gross profit | 274 | 256 | 230 | 197 |
| Operating income | 123 | 91 | 88 | 46 |
| Net income | 57 | 36 | 40 | 18 |
| Basic earnings per share | 0.25 | 0.16 | 0.18 | 0.08 |
| Diluted earnings per share | 0.25 | 0.16 | 0.18 | 0.08 |

The quarterly financial data above has been reclassified for shipping and handling expenses as a result of the application of EITF 00-10.

NOTE 19: 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. Although the outcome of such items cannot be determined with certainty, the Company's general counsel and management are of the opinion that the final outcome should not have a material effect on the Company's results of operations or financial position.

Wage and Hour/ Labor Matters On June 22, 1999, 11 current and former employees of the Company filed the case of *M.H. Fox, et al. v. Tyson Foods, Inc. (Fox v. Tyson)* in the U.S. District Court for the Northern District of Alabama claiming the Company violated requirements of the Fair Labor Standards Act. The suit alleges the Company failed to pay employees for all hours worked and/or improperly paid them for overtime hours. The suit generally alleges that (1) employees should be paid for time taken to put on and take off certain working supplies at the beginning and end of their shifts and breaks and (2) the use of "mastercard" or "line" time fails to pay employees for all time actually worked. Plaintiffs seek to represent themselves and all similarly situated current and former employees of the Company. At filing 159 current and/or former employees consented to join the lawsuit and, to date, approximately 5,000 consents have been filed with the court. Discovery in this case is ongoing. A hearing was held on March 6, 2000, to consider the plaintiff's request for collective action certification and court-supervised notice. No decision has been rendered. The Company believes it has substantial defenses to the claims made and intends to vigorously defend the case; however, neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

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

On February 9, 2000, the Wage and Hour Division of the U.S. Department of Labor (DOL) began an industry-wide investigation of poultry producers, including the Company, to ascertain compliance with various wage and hour issues. As part of this investigation, the DOL inspected 14 of the Company's processing facilities. The Company has had discussions with the DOL regarding its investigation and the possible resolution of potential claims that might be asserted by the DOL.

On August 22, 2000, seven employees of the Company filed the case of *De Asencio v. Tyson Foods, Inc.* in the U.S. District Court for the Eastern District of Pennsylvania. This lawsuit is similar to *Fox v. Tyson* in that the employees claim violations of the Fair Labor Standards Act for allegedly failing to pay for time taken to put on, take off and sanitize certain working supplies. Plaintiffs seek to represent themselves and all similarly situated current and former employees of the poultry processing plants in New Holland, Pennsylvania. Currently, there are approximately 500 additional current or former employees who have filed consents to join the lawsuit. The court, on January 30, 2001, ordered that notice of the lawsuit be issued to all potential plaintiffs at the New Holland facilities, but the class has not been ordered certified. The Company believes it has substantial defenses to the claims made and intends to defend the case vigorously; however, neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

On November 5, 2001, a lawsuit entitled *Maria Chavez, et.al. vs. IBP, Lasso Acquisition Corporation and Tyson Foods, Inc.* was filed in the U.S. District Court for the Eastern District of Washington against IBP and Tyson by several employees of IBP's Pasco, Washington, beef slaughter and processing facility alleging various violations of both the Fair Labor Standards Act, 29 U.S.C. Sections 201 - 219 (FLSA) claims, as well as violations of the Washington State Minimum Wage Act, RCW chapter 49.46, Industrial Welfare Act, RCW chapter 49.12, and the Wage Deductions-Contribution-Rebates Act, RCW chapter 49.52. The lawsuit alleges IBP and/or Tyson required employees to perform unpaid work related to the donning and doffing of certain personal protective clothing, both prior to and after their shifts, as well as during meal periods. Plaintiffs further allege that similar prior litigation entitled *Alvarez et. al. vs. IBP* which resulted in a \$3.1 million final judgment against IBP, supports a claim of collateral estoppel and/or is res judicata as to the issues raised in this new litigation.

On January 26, 2000, a lawsuit entitled *Jose Jairo Gutierrez, et. al. vs. Specialty Brands, Inc. and Foodbrands America, Inc.* was filed in the U.S. District Court for the District of New Mexico by 14 employees at the Specialty Brands' Albuquerque facility alleging violations of both the FLSA and the New Mexico wage and hour statutes. Initially, these plaintiffs sought to certify a class of all Foodbrands and Specialty Brands employees, but were allowed by the court to certify only a class of hourly production employees in Albuquerque. The complaint alleges that Specialty Brands failed to compensate employees for walking to and from their work stations and putting on and taking off protective clothing such as smocks, hard hats, hairnets and earplugs.

Environmental Matters On January 15, 1997, the Illinois EPA brought suit in the Circuit Court for the 14th Judicial Circuit, Rock Island, Illinois, Chancery Division against IBP at its Joslin, Illinois, facility alleging that IBP's operations at its Joslin, Illinois, facility are violating the "odor nuisance" regulations enacted in the State of Illinois. IBP has already completed additional improvements at its Joslin facility to further reduce odors from this operation, but denies Illinois EPA's contention that its operations at any time amounted to a "nuisance". IBP is in the midst of discussions aimed at a complete resolution of these issues, and reports this issue solely because of a recent determination that the penalties have the potential to exceed \$100,000.

On January 12, 2000, The U.S. Department of Justice (DOJ), on behalf of the Environmental Protection Agency (EPA), filed a lawsuit against IBP in U.S. District Court for the District of Nebraska, alleging violations of various environmental laws at IBP's Dakota City facility. This action alleges, among other things, violations of: (1) the Clean Air Act; (2) the Clean Water Act; (3) the Resource, Conservation and Recovery Act (RCRA); (4) the Comprehensive Environmental Response Compensation and Liability Act (CERCLA); and (5) the Emergency Planning and Community Right to Know Act (EPCRA). IBP determined to reserve \$3.5 million during 1999 for the claims raised in this lawsuit based upon the evaluation of a confidential settlement demand received from the DOJ, and review and evaluation of the resolution of comparable claims, in light of the company's assessment of the facts as known to the company and the legal theories advanced by the DOJ. On October 12, 2001, a Second and Final Partial Consent Decree was lodged with the

U.S. District Court, which, combined with a Partial Consent Decree entered on May 19, 2000, would fully and finally resolve all allegations raised in this lawsuit for a total civil penalty of \$4.1 million. In addition, pursuant to the Second and Final Partial Consent Decree, IBP agreed to make additional wastewater improvements at its Dakota City facility including the installation of a full nitrification system. On the same date, an amended complaint was filed adding Clean Water Act and RCRA allegations involving IBP's former Palestine, Texas, facility, Clean Water Act allegations involving IBP's Gibbon, Nebraska, facility, as well as EPCRA/CERCLA alleged violations for other IBP facilities located in Region VII. These issues are fully resolved in the Second and Final Partial Consent Decree proposed to the court. Also on the same

date, a separate administrative consent agreement with EPA was entered resolving alleged EPCRA/CERCLA claims at IBP's Joslin, Illinois, facility for a \$200,000 civil penalty. Notice of the Second and Final Partial Consent Decree was published in the Federal Register on November 15, 2001, for a 30-day comment period. After completion of the comment period, it is anticipated that the Second and Final Partial Consent Decree will be approved and entered by the U.S. District Court in Nebraska, which will end this litigation.

On October 23, 2001, a putative class action lawsuit was filed in the District Court for Mayes County, Oklahoma, against Tyson Foods, Inc. by R. Lynn Thompson and Deborah S. Thompson on behalf of all owners of Grand Lake O' the Cherokee's littoral (lake front) property. The suit alleges that the Company "or entities over which it has operational control" conduct operations in such a way as to interfere with the putative class action plaintiffs' use and enjoyment of their property, allegedly caused by diminished water quality in the lake. On November 1, 2001, the suit was removed to the U.S. District Court for the Northern District of Oklahoma. To date, the court has taken no action. The Company believes that the allegations in the complaint are unfounded and intends to vigorously defend the case.

The Company has been advised by the U.S. Attorney's office for the Western District of Missouri that the government intends to seek an indictment of the Company for alleged violations of the Clean Water Act related to activities at its Sedalia, Missouri, facility. The Company is presently discussing the possible resolution of this matter but neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this matter can be determined at this time.

Securities Matters In February 2000, several lawsuits were filed against IBP by certain shareholders in the U.S. District Court for the District of Nebraska seeking to certify a class of all persons who purchased IBP stock between March 25, 1999, and January 12, 2000. The complaints allege that IBP violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and claims IBP issued materially false statements about the company's compliance with environmental laws in order to inflate the company's stock price. On February 14, 2001, lead plaintiffs filed a motion for leave to amend the amended consolidated complaint to add additional claims on behalf of all persons who purchased IBP stock between March 25, 1999, to January 25, 2001. The proposed new claims are substantially similar to those alleged in the South Dakota and New York actions described below under the heading Securities Litigation re: Earnings Restatement, alleging that IBP violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and rule 10b-5 thereunder. On May 21, 2001, the Magistrate Judge issued two opinions recommending (1) the denial of plaintiffs request to amend the amended consolidated complaint, and (2) dismissal of the complaint in its entirety for failure to state a claim. Plaintiffs' appeal to the District Court judge was denied, and a final judgment was entered dismissing the case. Plaintiffs appealed the decision, but on November 7, 2001, signed a Stipulation of Dismissal of Appeal, dismissing their appeal, with prejudice.

Between January and March 2001, a number of lawsuits were filed by certain shareholders in the U.S. District Court for the District of South Dakota and one suit filed in the U.S. District Court for the Southern District of New York seeking to certify a class of all persons who purchased IBP stock between February 7, 2000, and January 25, 2001. The plaintiff in the New York action has voluntarily dismissed and refiled its complaint in South Dakota. The complaints, seeking unspecified damages, allege that IBP and certain members of management violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and claims IBP issued materially false statements about the company's financial results in order to inflate the company's stock price. IBP intends to vigorously contest these claims.

On or about June 6, 2001, IBP was advised the SEC has commenced a formal investigation of IBP related to the restatement of earnings made by IBP in March 2001. The investigation appears to relate primarily to certain improprieties in the financial statements of its DFG subsidiary which resulted in this restatement.

IBP Stockholder and Merger Agreement Related Litigation Between October 2 and November 1, 2000, 14 class actions were filed in the Delaware Court of Chancery (the Delaware Court) against IBP, inc. (IBP) and the members of the IBP Board of Directors. On November 13, 2000, these actions were consolidated as *In re IBP, inc. Shareholders Litigation*, C.A. No. 18373 (the Consolidated Action).

On March 29, 2001, the Company filed an action in the Chancery Court of Washington County, Arkansas, entitled *Tyson Foods, Inc. et al. v. IBP, inc.*, Case No. E 2001-749-4 (the Arkansas Lawsuit), alleging that the Company had been inappropriately induced to enter into the Merger Agreement dated January 1, 2001, (the Merger Agreement) and that IBP was in breach of various representations and warranties made in the Merger Agreement.

On March 30, 2001, IBP filed an answer to the amended consolidated complaint and a cross-claim (amended on April 2, 2001) against the Company in the Consolidated Action. As amended, IBP's cross-claim sought a declaration that the Company could not rescind or terminate the Merger Agreement, specific enforcement of the Merger Agreement and damages for breach of a Confidentiality Agreement.

Following expedited discovery, the Delaware Court conducted a nine day trial, beginning on May 14, 2001, on IBP's and the plaintiffs' claims for specific performance with respect to the Terminated Cash Tender Offer and the Merger Agreement and the Company's counterclaims. On June 15, 2001, following expedited post-trial briefing, the Delaware Court issued a memorandum opinion, which was issued in revised form on June 18, 2001 (the Post-Trial Opinion), in which the Delaware Court concluded, among other things, that (1) the Merger Agreement is a valid and enforceable contract that was not induced by any material misrepresentation or omission, (2) the Company did not breach the Merger Agreement or any duty to IBP's stockholders by failing to close the Terminated Cash Tender Offer, (3) the Company did not have a basis to terminate the Merger Agreement under its terms, and (4) specific performance of the Merger Agreement was the only method

by which to adequately redress the harm threatened to IBP and its stockholders.

After negotiations and in accordance with the Post-Trial Opinion, the Company and IBP presented an Order, Judgment and Decree to the Delaware Court, entered on June 27, 2001, requiring the Company and its affiliates to specifically perform the Merger Agreement as modified by, and subject to the conditions contained in, the Stipulation, including making this Offer and effecting the Merger.

On August 3, 2001, the Delaware Court entered an order approving the settlement of the Consolidated Action and extinguished all claims that were or could have been asserted in the Consolidated Action in exchange for, among other things, the acceleration of the closing of a new Cash Tender Offer to August 3, 2001.

On June 19, 2001, a purported Company stockholder, commenced a derivative action in the Delaware Court entitled *Alan Shapiro v. Barbara R. Allen, et al.*, C.A. No. 18967-NC seeking monetary damages on behalf of the Company, a nominal defendant, from the members of the Company's Board of Directors. The complaint alleges that the directors violated their fiduciary duties by attempting to terminate the Merger Agreement. The defendants intend to vigorously defend these claims and, on July 17, 2001, moved to dismiss the complaint. A briefing schedule for that motion has not yet been set.

Between June 22 and July 20, 2001, various plaintiffs commenced actions against the Company, Don Tyson, John Tyson and Les Baledge in the U.S. District Court for the District of Delaware, seeking monetary damages on behalf of a purported class of those who sold IBP stock or traded in certain IBP options from March 29, 2001, when the Company announced its intention to terminate the Merger Agreement with IBP, and June 15, 2001, when the Delaware Court rendered its Post-Trial Opinion in the Consolidated Action. The actions, entitled *Meyer v. Tyson Foods, Inc., et al.*,

C.A. No. 01-425 SLR; *Banyan Equity Mgt. v. Tyson Foods, Inc. et al.*, C.A. No. 01-426 GMS; *Steiner v. Tyson Foods, Inc., et al.*, C.A. No. 01-462 GMS; *Aetos Corp. et al. v. Tyson, et al.*, C.A. No. 01-463 GMS; *Meyers, et al. v. Tyson Foods, Inc., et al.*, C.A. No. 01-489; *Binsky v. Tyson Foods, Inc., et al.*, C.A. No. 01-495; *Management Risk Trading LP v. Tyson Foods, Inc., et al.*, C.A. No. 01-496; and *Stark Investments, L.P. et al. v. Tyson et al.*, C.A. No. 01-565 allege that the defendants violated federal securities laws by making, or causing to be made, false and misleading statements in connection with the Company's attempted termination of the Merger Agreement. The plaintiffs allege that, as a result of the defendants' alleged conduct, the purported class members were harmed. The defendants intend to vigorously defend these claims.

General Matters

In July 1996, a lawsuit was filed against IBP by certain cattle producers in the U.S. District Court, Middle District of Alabama, seeking certification of a class of all cattle producers. The complaint alleges that IBP has used its market power and alleged "captive supply" agreements to reduce the prices paid to producers for cattle. Plaintiffs have disclosed that, in addition to declaratory relief, they seek actual and punitive damages. The original motion for class certification was denied by the District Court; plaintiffs then amended their motion, defining a narrower class consisting of only those cattle producers who sold cattle directly to IBP from 1994 through the date of certification. The District Court approved this narrower class in April 1999. The 11th Circuit Court of Appeals reversed the District Court decision to certify a class, on the basis that there were inherent conflicts amongst class members preventing the named plaintiffs from providing adequate representation to the class. The plaintiffs then filed pleadings seeking to certify an amended class. The Court denied the plaintiffs' motion on October 17, 2000. Plaintiffs' motion for reconsideration of the judge's decision was denied, and plaintiffs now seek to certify a class of cattle producers who have sold exclusively to IBP on a cash market basis. This motion, as well as the company's motions for summary judgment on both liability and damages, is now pending. Management continues to believe that the company has acted properly and lawfully in its dealings with cattle producers.

On August 8, 2000, the Company was served with a complaint filed in the U.S. District Court for the District of Arizona styled *Lemelson Medical, Education & Research Foundation, Limited Partnership v. Alcon Laboratories, et al.*, CIV00-0661 PHX PGR. The plaintiff sued the Company, along with approximately 100 other defendants in the food, beverage, drug, cosmetic and tobacco industries, claiming that the defendants infringed various patents held by the Foundation. The alleged patent infringement is based on the defendants' use of the Foundation's automatic identification patents that relate to the use of bar coding and/or the Foundation's patents that relate to machine vision. The Foundation seeks treble damages for the defendants' alleged infringement. The case is currently stayed pending the resolution of related litigation.

The Company has been indicted in the Eastern District of Tennessee for alleged violations of the Immigration and Naturalization Act at several of the Company's locations. We intend to vigorously defend this matter and believe we have meritorious defenses to the government's theories of recovery. However, the outcome of this matter and any potential liability on the part of the Company cannot be determined at this time.

On October 17, 2000, a Washington County (Arkansas) Chancery Court awarded the Company approximately \$20 million in its lawsuit alleging trade secret misappropriation by ConAgra, Inc. and ConAgra Poultry Company. Subsequently, on December 4, 2000, as a result of an opinion issued by the Arkansas Supreme Court, the Chancery Court reversed its finding that the Company's nutrient profile was a trade secret and reversed the jury's \$20 million verdict against the ConAgra entities. On January 3, 2001, the Company filed a notice of appeal appealing the Chancery Court's reversal of the trade secret determination and of the jury verdict. This appeal is still pending.

REPORT OF INDEPENDENT AUDITORS
TYSON FOODS, INC. 2001 ANNUAL REPORT

BOARD OF DIRECTORS AND SHAREHOLDERS

We have audited the accompanying consolidated balance sheets of Tyson Foods, Inc., as of September 29, 2001, and September 30, 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 29, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tyson Foods, Inc., at September 29, 2001, and September 30, 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 29, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP
Ernst & Young LLP

Little Rock, Arkansas
November 12, 2001

REPORT OF MANAGEMENT
TYSON FOODS, INC. 2001 ANNUAL REPORT

The management of Tyson Foods, Inc., (the Company) has the responsibility of preparing the accompanying financial statements and is responsible for their integrity and objectivity. The statements were prepared in conformity with accounting principles generally accepted in the United States applied on a consistent basis. Such financial statements are necessarily based, in part, on best estimates and judgments.

The Company maintains a system of internal accounting controls, and a program of internal auditing designed to provide reasonable assurance that the Company's assets are protected and that transactions are executed in accordance with proper authorization, and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to changing business conditions and operations and to recommendations made by the independent auditors and the internal auditors. The Company has a code of conduct and an experienced full-time compliance officer. The management of the Company believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Audit Committee of the Board of Directors meets regularly with the Company's financial management and counsel, with the Company's internal auditors, and with the independent auditors engaged by the Company. These meetings include discussions of internal accounting controls and the quality of financial reporting. The Audit Committee has discussed with the independent auditors matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Committee has discussed with the independent auditors, the auditors' independence from the Company and its management, including the matters in the written disclosures required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The independent auditors and the Internal Audit Department have free and independent access to the Audit Committee to discuss the results of their audits or any other matters relating to the Company's financial affairs.

November 12, 2001

/s/ John Tyson
 John Tyson
 Chairman of the Board and
 Chief Executive Officer

/s/ Steven Hankins
 Steven Hankins
 Executive Vice President and
 Chief Financial Officer

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ELEVEN-YEAR FINANCIAL SUMMARY
 TYSON FOODS, INC. 2001 ANNUAL REPORT

in millions, except per share and ratio data

| | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 |
|--|-----------------|---------|---------|---------|---------|---------|
| Summary of Operations | | | | | | |
| Sales | \$10,751 | \$7,410 | \$7,621 | \$7,414 | \$6,356 | \$6,454 |
| Cost of sales | 9,661 | 6,453 | 6,470 | 6,260 | 5,318 | 5,506 |
| Gross profit | 1,090 | 957 | 1,151 | 1,154 | 1,038 | 948 |
| Operating income | 315 | 348 | 487 | 204 | 400 | 269 |
| Interest expense | 144 | 115 | 124 | 139 | 110 | 133 |
| Provision for income taxes | 58 | 83 | 129 | 46 | 144 | 49 |
| Net income (loss) | \$88 | \$151 | \$230 | \$25 | \$186 | \$87 |
| Year end shares outstanding | 349 | 225 | 229 | 231 | 213 | 217 |
| Diluted average shares outstanding | 222 | 226 | 231 | 228 | 218 | 218 |
| Diluted earnings (loss) per share | \$0.40 | \$0.67 | \$1.00 | \$0.11 | \$0.85 | \$0.40 |
| Basic earnings (loss) per share | 0.40 | 0.67 | 1.00 | 0.11 | 0.86 | 0.40 |
| Dividends per share: | | | | | | |
| Class A | 0.160 | 0.160 | 0.115 | 0.100 | 0.095 | 0.080 |
| Class B | 0.144 | 0.144 | 0.104 | 0.090 | 0.086 | 0.072 |
| Depreciation and amortization | \$335 | \$294 | \$291 | \$276 | \$230 | \$239 |
| Balance Sheet Data | | | | | | |
| Capital expenditures | \$261 | \$196 | \$363 | \$310 | \$291 | \$214 |
| Total assets | 10,632 | 4,841 | 5,083 | 5,242 | 4,411 | 4,544 |
| Net property, plant and equipment | 4,085 | 2,141 | 2,185 | 2,257 | 1,925 | 1,869 |
| Total debt | 4,776 | 1,542 | 1,804 | 2,129 | 1,690 | 1,975 |
| Shareholders' equity | \$3,354 | \$2,175 | \$2,128 | \$1,970 | \$1,621 | \$1,542 |
| Other Key Financial Measures | | | | | | |
| Return on sales | 0.8% | 2.0% | 3.0% | 0.3% | 2.9% | 1.4% |
| Annual sales growth (decline) | 45.1% | (2.8)% | 2.8% | 16.7% | (1.5)% | 17.1% |
| Gross margin | 10.1% | 12.9% | 15.1% | 15.6% | 16.3% | 14.7% |
| Return on beginning shareholders' equity | 4.0% | 7.1% | 11.7% | 1.5% | 12.1% | 5.9% |
| Effective tax rate | 35.4% | 35.6% | 34.9% | 64.7% | 43.6% | 37.0% |
| Total debt to capitalization | 58.7% | 41.5% | 45.9% | 51.9% | 51.0% | 56.2% |
| Book value per share | \$9.61 | \$9.67 | \$9.31 | \$8.53 | \$7.60 | \$7.09 |

| | | | | | | |
|--------------------------|---------------|--------|---------|---------|---------|---------|
| Closing stock price high | 14.19 | 18.00 | 25.38 | 24.44 | 23.63 | 18.58 |
| Closing stock price low | \$8.35 | \$8.56 | \$15.00 | \$16.50 | \$17.75 | \$13.83 |

ELEVEN-YEAR FINANCIAL SUMMARY
TYSON FOODS, INC. 2001 ANNUAL REPORT

| | 1995 | 1994 | 1993 | 1992 | 1991 |
|--|---------|----------|---------|---------|---------|
| Summary of Operations | | | | | |
| Sales | \$5,511 | \$5,110 | \$4,707 | \$4,169 | \$3,922 |
| Cost of sales | 4,423 | 4,149 | 3,797 | 3,390 | 3,148 |
| Gross profit | 1,088 | 961 | 911 | 779 | 775 |
| Operating income | 472 | 195 | 376 | 332 | 334 |
| Interest expense | 115 | 86 | 73 | 77 | 96 |
| Provision for income taxes | 131 | 121 | 129 | 101 | 97 |
| Net income (loss) | \$219 | \$(2) | \$180 | \$161 | \$146 |
| Year end shares outstanding | 217 | 218 | 221 | 206 | 206 |
| Diluted average shares outstanding | 218 | 222 | 223 | 208 | 207 |
| Diluted earnings (loss) per share | \$1.01 | \$(0.01) | \$0.81 | \$0.77 | \$0.70 |
| Basic earnings (loss) per share | 1.01 | (0.01) | 0.82 | 0.78 | 0.71 |
| Dividends per share: | | | | | |
| Class A | 0.053 | 0.047 | 0.027 | 0.027 | 0.020 |
| Class B | 0.044 | 0.039 | 0.022 | 0.022 | 0.017 |
| Depreciation and amortization | \$205 | \$188 | \$177 | \$149 | \$136 |
| Balance Sheet Data | | | | | |
| Capital expenditures | \$347 | \$232 | \$225 | \$108 | \$214 |
| Total assets | 4,444 | 3,668 | 3,254 | 2,618 | 2,646 |
| Net property, plant and equipment | 2,014 | 1,610 | 1,435 | 1,142 | 1,162 |
| Total debt | 1,985 | 1,455 | 1,024 | 826 | 984 |
| Shareholders' equity | \$1,468 | \$1,289 | \$1,361 | \$980 | \$823 |
| Other Key Financial Measures | | | | | |
| Return on sales | 4.0% | 0.0% | 3.8% | 3.9% | 3.7% |
| Annual sales growth (decline) | 7.9% | 8.6% | 12.9% | 6.3% | 2.5% |
| Gross margin | 19.7% | 18.8% | 19.4% | 18.7% | 19.8% |
| Return on beginning shareholders' equity | 17.0% | (0.2)% | 18.4% | 19.5% | 22.0% |
| Effective tax rate | 38.1% | 101.8% | 41.8% | 38.5% | 40.0% |
| Total debt to capitalization | 57.5% | 53.0% | 42.9% | 45.7% | 54.5% |
| Book value per share | \$6.76 | \$5.92 | \$6.16 | \$4.75 | \$3.99 |
| Closing stock price high | 18.17 | 16.67 | 18.08 | 15.08 | 15.58 |
| Closing stock price low | \$13.83 | \$12.50 | \$12.83 | \$10.17 | \$8.46 |

1. The results for 2001, 2000 and 1999 have been reclassified for shipping and handling expenses as a result of the application of EITF 00-10. It is not practical to reclassify amounts prior to 1999.
2. The results for 2001 include \$26 million in pretax charges for expenses related to the IBP acquisition, loss on sale of swine assets, and product recall losses.
3. The results for 2000 include a \$24 million pretax charge for bad debt writeoff related to the January 2000 bankruptcy filing of AmeriServe Food Distribution, Inc. and a \$9 million pretax charge related to Tyson de Mexico losses.
4. The results for 1999 include a \$77 million pretax charge for loss on sale of assets and impairment write-downs.
5. Significant business combinations accounted for as purchases: IBP, inc., Hudson Foods, Inc. and Arctic Alaska Fisheries Corporation in August 2001 and September 2001, January 1998 and October 1992, respectively. See Note 2 to

- the Consolidated Financial Statements for acquisitions during the three-year period ended September 29, 2001.
6. The results for 1998 include a \$215 million pretax charge for asset impairment and other charges.
 7. The results for 1997 include a \$41 million pretax gain (\$4 million after tax) from the sale of the beef division assets.
 8. The results for 1994 include a \$214 million pretax charge (\$205 million after tax) due to the write-down of certain long-lived assets of Arctic Alaska Fisheries Corporation.

BOARD OF DIRECTORS

TYSON FOODS, INC. 2001 ANNUAL REPORT

DON TYSON, 71, retired as Senior Chairman of the Board in October 2001. He served as Senior Chairman since 1995, as Chairman from 1991 to 1995 and as Chairman and Chief Executive Officer from 1967 to 1991. Mr. Tyson has been a member of the Board since 1952. ¹

JOHN TYSON, 48, is Chairman of the Board and Chief Executive Officer of the Company and has held his current title since October 2001. He served as Chairman, President and CEO since April 2000, as Chairman since 1998, as Vice Chairman since 1997 and previously as President of the Company's Beef and Pork division. Mr. Tyson has been a member of the Board since 1984. ¹

JOE F. STARR, 68, a private investor, served as a Vice President of the Company until 1996. Mr. Starr has been a member of the Board since 1969.

LELAND E. TOLLETT, 64, a private investor, served as Chairman of the Board and CEO from 1995 to 1998. An employee of the Company since 1959, he was President and CEO from 1991 to 1995. Mr. Tollett has been a member of the Board since 1984. ¹

SHELBY D. MASSEY, 68, is a farmer and a private investor. He served as Senior Vice Chairman of the Board from 1985 to 1988 and has been a member of the Board since 1985. ^{3,4}

BARBARA A. TYSON, 52, is a Vice President of the Company and has served in related capacities since 1988. Ms. Tyson has been a member of the Board since 1988.

LLOYD V. HACKLEY, 61, is President and CEO of Lloyd V. Hackley and Associates, Inc. and was President of the North Carolina Community College System. Mr. Hackley has been a member of the Board since 1992. ^{2,3,4}

DONALD E. WRAY, 64, a private investor, retired as President of the Company in 2000. An employee of the Company since 1961, Mr. Wray was President and Chief Operating Officer from 1995 to 1999 after serving as COO since 1991. Mr. Wray has been a member of the Board since 1994.

GERALD M. JOHNSTON, 59, a private investor, was Executive Vice President of Finance for the Company from 1981 to 1996 when he retired and became a consultant to the Company. Mr. Johnston has been a member of the Board since 1996.

JIM KEVER, 49, is the Founding Partner of Voyant Partners, LLC, an investment partnership. Previously, Mr. Keever served as a director of Quintiles Transnational and had served as CEO of Envoy Corporation, a subsidiary of Quintiles. Mr. Keever has been a member of the board since 1999. ^{2,4}

DAVID A. JONES, 52, is Chairman and CEO of Rayovac Corp. Previously, Mr. Jones served as President, CEO and Chairman of Thermoscan, Inc. and as President, CEO and Chairman of the Regina Co. He was previously with Electrolux Corp. and General Electric Co. Mr. Jones was elected to the Board in 2000. ^{2,4}

BARBARA ALLEN, 49, is Advisory Support for the Women's United Soccer Association and had served as its CEO. Previously, Ms. Allen was President and COO of Paladin Resources, LLC, was President of Corporate Supplier Solutions for Corporate Express and was with Quaker Oats Co. for 23 years where she held several senior positions. Ms. Allen was elected to the Board in November 2001. ^{2,3}

ROBERT L. PETERSON, 69, served as Chairman of the Board and CEO of IBP, inc. from 1981 to 2001. In 1997 he was elected IBP's President and COO. Mr. Peterson was elected to the Board in November 2001.

RICHARD L. BOND, 53, is Co-Chief Operating Officer and Group President, Fresh Meats and Retail of the Company. Mr. Bond served as President and COO of IBP from 1997 until the merger of IBP into the Company; as President, IBP Fresh Meats; Executive Vice President, IBP Beef Division; and IBP Group Vice President, Beef Sales and Marketing. He was a director of IBP from 1995 to 2001. Mr. Bond was elected to the Board in November 2001.

JO ANN R. SMITH, 61, is President of Smith Associates, an agricultural marketing business. Previously, Ms. Smith served as Assistant Secretary for Marketing and Inspection Services for the U.S. Department of Agriculture. She is a former President of the National Cattlemen's Beef Association and has chaired the Cattlemen's Beef Promotion and Research Board. She was a director of IBP from 1993 to 2001. Ms. Smith was elected to the Board in November 2001.²

¹ *Executive Committee*

² *Audit Committee*

³ *Compensation Committee*

⁴ *Special Committee*

CORPORATE AND EXECUTIVE OFFICERS
TYSON FOODS, INC. 2001 ANNUAL REPORT

Roel G.M. Andriessen

Senior Vice President, IBP International

Mike Baker

Senior Vice President, Technical Services

Les R. Baledge

Executive Vice President and General Counsel

Richard L. Bond

Co-Chief Operating Officer and Group President, Fresh Meats and Retail

Louis C. Gottsponer, Jr.

Assistant Secretary and Director of Investor Relations

Steven Hankins

Executive Vice President and Chief Financial Officer

R. Read Hudson

Secretary and Corporate Counsel

Greg Huett

Senior Vice President, Tyson International

Kenneth J. Kimbro

Senior Vice President, Human Resources

John S. Lea

Group Vice President, Consumer Products

Dennis Leatherby

Senior Vice President, Finance and Treasurer

Greg W. Lee

Co-Chief Operating Officer and Group President, Food Service and International

Eugene D. Leman

Senior Group Vice President, IBP Fresh Meats

James V. Lochner

Group Vice President, IBP Fresh Meats

William W. Lovette

Group Vice President, Food Service Poultry

Rodney S. Pless

Senior Vice President, Controller and Chief Accounting Officer

Donald W. Rea

Group Vice President, Prepared Foods Group

Kenneth L. Rose

Senior Vice President, Indirect Purchasing, Aviation and Travel

Donnie Smith

Senior Vice President, Supply Chain Management

John H. Tyson

Chairman and Chief Executive Officer

David L. Van Bebber

Senior Vice President, Legal Services

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CORPORATE INFORMATION
TYSON FOODS, INC. 2001 ANNUAL REPORT

CLOSING PRICE OF COMPANY'S COMMON STOCK

| | Fiscal Year 2001 | | Fiscal Year 2000 | |
|----------------|------------------|---------|------------------|----------|
| | High | Low | High | Low |
| First Quarter | \$ 14.19 | \$ 9.62 | \$ 18.00 | \$ 15.25 |
| Second Quarter | 13.80 | 10.70 | 17.19 | 9.00 |
| Third Quarter | 13.90 | 8.69 | 11.13 | 8.56 |
| Fourth Quarter | 10.71 | 8.35 | 10.00 | 8.88 |

As of October 31, 2001, the Company had approximately 37,700 Class A common shareholders of record and 18 Class B common shareholders of record.

DIRECTSERVICE™ SHAREHOLDER INVESTMENT PROGRAM

Tyson has authorized EquiServe to implement its program for dividend reinvestment and direct purchase of shares for current as well as new investors of Tyson Class A Common Stock. This program provides alternatives to traditional retail brokerage methods of purchasing, holding and selling Tyson stock. All inquiries concerning this program should be directed to:

DirectSERVICE™ Program for Shareholders of Tyson Foods, Inc.
c/o EquiServe
P.O. Box 2598
Jersey City, NJ 07303-2598
1-800-317-4445 (current shareholders)
1-800-822-7096 (non-shareholders)

CHANGE OF ADDRESS

If your Tyson stock is registered in your own name(s), send change of address information to EquiServe.

MULTIPLE DIVIDEND CHECKS AND DUPLICATE MAILINGS

If your Tyson stock is registered in similar but different names (e.g. Jane A. Doe and J.A. Doe) we are required to create separate accounts and mail dividend checks and proxy materials separately, even if the mailing addresses are the same. To consolidate accounts, contact EquiServe.

LOST OR STOLEN STOCK CERTIFICATES OR LEGAL TRANSFERS

If your stock certificates are lost, stolen, or in some way destroyed, or if you wish to transfer registration, notify EquiServe in writing. Include the exact name(s) and Social Security or tax identification number(s) in which the stock is registered and, if possible, the numbers and issue dates of the certificates.

STOCK EXCHANGE LISTINGS

The Class A common stock of the Company is traded on the New York Stock Exchange under the symbol TSN.

CORPORATE HEADQUARTERS

2210 West Oaklawn Drive
Springdale, Arkansas 72762-6999
Telephone (501) 290-4000

AVAILABILITY OF FORM 10-K

A copy of the Company's Form 10-K, as filed with the Securities and Exchange Commission for fiscal 2001, may be obtained by Tyson shareholders by writing to:

Director of Investor Relations
Tyson Foods, Inc.
P.O. Box 2020
Springdale, Arkansas 72765-2020
Telephone (501) 290-4826
Fax (501) 290-6577
E-mail: tysonir@tyson.com

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10 a.m. Friday, February 1, 2002, at the Walton Arts Center, Fayetteville, Arkansas. A live audio webcast will be available at www.tyson.com/investorrel. To listen via telephone, call (800) 450-0785. Shareholders who cannot attend the meeting are urged to exercise their right to vote by proxy on the Internet, by phone or by mail.

DIVIDENDS

Tyson currently pays dividends four times a year on March 15, June 15, September 15 and December 15. The dividend is paid to everyone who holds shares on the record date.

INDEPENDENT AUDITORS

Ernst & Young LLP
425 West Capitol, Suite 3600
Little Rock, AR 72201
Telephone (501) 370-3000

TRANSFER AGENT

EquiServe
P.O. Box 2500
Jersey City, NJ 07303
Telephone (800) 317-4445
Hearing Impaired Telephone TDD (201) 222-4955
Shareholders also may contact EquiServe via the Internet at www.equiserve.com.

INVESTOR RELATIONS

Financial analysts and others seeking investor-related information should contact:

Louis C. Gottsponer, Jr.
Director of Investor Relations
Tyson Foods, Inc.
P.O. Box 2020
Springdale, AR 72765-2020
Telephone (501) 290-4826
Fax (501) 290-6577
E-mail: tysonir@tyson.com

MEDIA RELATIONS

Members of the news media seeking information about Tyson Foods should contact:

Ed Nicholson
Director of Media & Community Relations
Tyson Foods, Inc.
P.O. Box 2020
Springdale, AR 72765-2020
Telephone (501) 290-4591
Fax (501) 290-7984
E-mail: ed.nicholson@tyson.com

TYSON ON THE INTERNET

Information about Tyson Foods is available on the Internet at www.tyson.com.

USE OF TERMS

The term "Tyson" and such terms as "the Company," "our," "we" and "us" may refer to Tyson Foods, Inc., to one or more of its consolidated subsidiaries or to all of them taken as a whole. These terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

Consent of Ernst & Young LLP, Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Tyson Foods, Inc. of our report dated November 12, 2001, included in the 2001 Annual Report to Shareholders of Tyson Foods, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-70646; 33-30680; 333-22883; 333-22881, and 33-57515) pertaining to certain employee benefit plans of Tyson Foods, Inc. and the Registration Statement (Form S-3 No. 333-53171) and in the related Prospectus of our report dated November 12, 2001, with respect to the consolidated financial statements and schedule of Tyson Foods, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended September 29, 2001.

/s/ Ernst & Young LLP

December 21, 2001
Little Rock, Arkansas

Ernst & Young LLP

3:

Exhibit 21 - Subsidiaries of Tyson Foods, Inc.

Entity Name

Place of Incorporation

TYSON FOODS, INC.

Delaware

| | |
|-------------------------------------|---------------------|
| AAFC International, Inc. | U.S. Virgin Islands |
| Concert to Share our Strength, Inc. | Arkansas |
| Global Employment Services, Inc. | Delaware |
| Gorges Foodservice, Inc. | Texas |
| National Comp Care, Inc. | Delaware |
| Oaklawn Capital Corporation | Delaware |
| Oaklawn Capital-Mississippi, L.L.C. | Mississippi |
| The Pork Group, Inc. | Delaware |
| TyNet Corporation | Delaware |
| Tyson Breeders, Inc. | Delaware |
| Tyson Export Sales, Inc. | U.S. Virgin Islands |
| Tyson Foreign Sales, Inc. | Barbados |
| Tyson International Company, Ltd. | Bermuda |
| Tyson Marketing, Ltd. | Ontario, Canada |
| Tyson Mexican Original, Inc. | Delaware |
| Tyson Poultry, Inc. | Delaware |
| Tyson Receivables Corporation | Delaware |
| Tyson Sales and Distribution, Inc. | Delaware |
| Tyson Seafood Group-Japan, Inc. | Japan |
| Tyson Shared Services, Inc. | Delaware |
| Universal Plan Investments | Hong Kong |
| World Resource, Inc. | Delaware |

TYSON CHICKEN, INC. (Subsidiary of Tyson Foods, Inc.) **Delaware**

| | |
|----------------------------------|---------------------|
| Hudson Foods Foreign Sales, Inc. | U.S. Virgin Islands |
| Meat Products Exports, Inc. | U.S. Virgin Islands |
| Hudson Midwest Foods, Inc. | Nebraska |

TYSON FARMS, INC. (Subsidiary of Tyson Foods, Inc.) **North Carolina**

| | |
|--------------|----------|
| Nacrail, LLC | Delaware |
|--------------|----------|

TYSON INTERNATIONAL HOLDING COMPANY (Subsidiary of Tyson Foods, Inc.) **Delaware**

| | |
|--------------------|------------------------|
| Benton Sales, Ltd. | British Virgin Islands |
|--------------------|------------------------|

| | |
|--|--|
| Oaklawn Sales, Ltd. | Corporation British Virgin Islands Corporation |
| T-PM Holding Company | Delaware |
| Shandong Tyson-Da Long Food Company, Ltd. | China |

| | |
|---|-----------------|
| <u>IBP, inc. (Subsidiary of Tyson Foods, Inc.)</u> | Delaware |
|---|-----------------|

| | |
|-------------------------------|-------------|
| The Bruss Company | Illinois |
| Columbus Ground Beef, Inc. | Delaware |
| IBP Finance Company of Canada | Nova Scotia |
| The IBP Foods Co. | Delaware |
| IBP Foreign Sales Corporation | Guam |
| IBP Foundation | Nebraska |
| IBP Hog Markets, Inc. | Delaware |
| IBP Pac | |
| IBP Redevelopment Corporation | Missouri |
| IBP Sand, LLC | Delaware |
| IBP Service Center Corp. | Delaware |
| IBP of Wisconsin, Inc. | Delaware |
| Madison Foods, Inc. | Delaware |
| PBX, inc. | Delaware |
| Rural Energy Systems, Inc. | Delaware |
| Supreme Processed Foods, Inc. | Delaware |
| Texas Transfer, Inc. | Texas |

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| | |
|--|---------------|
| <u>Lakeside Farm Industries, Ltd. (Subsidiary of IBP, inc.)</u> | Canada |
|--|---------------|

| | |
|-----------------------|-----------------|
| Lakeside Feeders Ltd. | Alberta, Canada |
|-----------------------|-----------------|

| | |
|---|-----------------------|
| <u>IBP Carribean, Inc. (Subsidiary of IBP, inc.)</u> | Cayman Islands |
|---|-----------------------|

| | |
|-----------------------------------|-----------|
| Mainstream Holding Limited | Hong Kong |
| Shanghai DCH Jinshan Company Ltd. | China |

| | |
|---|-----------------|
| <u>IBP Branded Foods, Inc. (Subsidiary of IBP, inc.)</u> | Delaware |
|---|-----------------|

| | |
|--------------------------------|----------------|
| Booth Creek, Inc. | Delaware |
| CBFA Management Corp. | Delaware |
| IHC Acquisition Corp. | Delaware |
| Iowa Ham Canning, Inc. | Iowa |
| Jac Pac Foods, Ltd. | Delaware |
| Houston Processing I, Inc. | Delaware |
| Houston Processing II, Inc. | Texas |
| ITC, LLC | Oklahoma |
| International Trading Co, Ltd. | Texas |
| KH General, Inc. | Texas |
| Kitty Hawk I, Inc. | Delaware |
| Carolina Brand Foods, LLC | North Carolina |
| Wright Brand Foods, Ltd. | Texas |

IBP International Inc. (Subsidiary of IBP, inc) **Delaware**

| | |
|--------------------------------|----------|
| IBP International, Inc. Asia | Delaware |
| IBP International, Inc. Europe | Delaware |

IBP/JOINT VENTURES AND PARTNERSHIPS

| | |
|--|------------------|
| IBP Hudson Enterprises, LLC | Delaware |
| ID Casing, LLC | Delaware |
| Shandong Sand's Food and Development Co., Ltd. | China (Inactive) |

IBP FOODSERVICE, LLC (Subsidiary of IBP, inc. **Delaware**

FOODBRANDS AMERICA, INC. (Subsidiary of IBP Foodservice, LLC) **Delaware**

| | |
|--|----------|
| Jos. Copperfield & Sons, Inc. | Delaware |
| Foodbrands Supply Chain Services, Inc. | Delaware |
| Forrest City Foods, LLC | Arkansas |
| Wilton Foods, Inc. | New York |
| Specialty Brands, Inc. | Delaware |

Continental Deli Foods, Inc. (Subsidiary of Foodbrands America, Inc.)

| | |
|----------------------------------|----------|
| Brennan Packing Co., Inc. | Delaware |
| HMFS Holdings, Inc. | Delaware |
| H & M Food Systems Company, Inc. | Delaware |
| Lampasas Mexican Foods, LP | Texas |
| Prepared Foods, Inc. | Texas |

DFG Foods, Inc. (Subsidiary of Foodbrands America, Inc.)

Delaware

| | |
|----------------|----------|
| DFG Foods, LLC | Oklahoma |
|----------------|----------|

Doskocil Food Service Company, LLC (Subsidiary of Continental Deli Foods, Inc.)

Oklahoma

| | |
|--|-----------|
| Doskocil Investments Corporation | Oklahoma |
| Doskocil Food Service Company-Texas, LP | Texas |
| Doskocil Food Service Company-Jefferson LP | Wisconsin |
| TNT Crust, Limited Partnership | Wisconsin |

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FBAI Investments Corporation (Subsidiary of Foodbrands America, Inc.)

Oklahoma

| | |
|------------------|----------|
| KPR Holdings, LP | Delaware |
|------------------|----------|

Zemco Industries, Inc. (Subsidiary of Foodbrands America, Inc.)

Delaware

| | |
|----------------------|-------|
| Condyne-Jordan's LLC | Maine |
|----------------------|-------|

JOINT VENTURES/PARTNERSHIPS

| | |
|--------------------------------------|-------------|
| Tyson de Mexico, S.A.de C.V. | Mexico |
| Shanghai Ocean Wealth Products Corp. | China |
| Fil-Am Foods, Inc. | Philippines |
| Filagri Holdings, Inc. | Philippines |
| Commerce Ventures, LLC | Delaware |

| | |
|--|-----------------|
| eFS Network, Inc. | Delaware |
| COBB-VANTRESS, INC. (Subsidiary of Tyson Foods, Inc.) | Delaware |
| The Cobb Breeding Company Limited | United Kingdom |
| Cobb Espanola S.A. | Spain |
| Cobb - Vantress Brazil LTDA | Brazil |
| Gen Ave, S.A. | Argentina |
| Matsusaka Farm Co. Ltd. | Japan |
| Breeder Master, Inc. | Philippine |
| Progenitores Avicola, C.A. | Venezuela |
| P.T. Cobbindonasa Nunggal | Indonesia |
| Venco Research and Breeding Farm, Ltd. | India |
| Reproductores Cobb | Argentina |
| Ping Shan Cobb-Vantress, Ltd. (PSCV) | Hong Kong |
| Sui Ping Cobb-Vantress, Ltd | China |
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| | |
|---|----------------|
| Cobb Breeding Company Ltd. (UK Corp) - CBC | United Kingdom |
| Cobb Denmark A/S (Denmark Corp) | Denmark |
| Cobb-Poland B.V. (Poland Corp) | Poland |
| Cobb-Turkey | Turkey |
| Cobb-France (Inactive) | France |
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