

# TYSON FOODS INC

## FORM 10-K405

(Annual Report (Regulation S-K, item 405))

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

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

**FORM 10-K**

Annual Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934  
For the fiscal year ended October 2, 1999

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 \$.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 2, 1999, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was \$1,909,174,285 and \$767,382, respectively.

On October 2, 1999, there were outstanding 125,933,717 shares of the registrant's Class A Common Stock, \$.10 par value, and 102,645,423 shares of its Class B Common Stock, \$.10 par value.

## DOCUMENTS INCORPORATED BY REFERENCE

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 24-60 and inside back cover of the registrant's Annual Report to Shareholders for fiscal year ended October 2, 1999 (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 January 14, 2000 (the "Proxy Statement").

### PART I

#### **Item 1. Business**

Pages 26 through 37 of the Annual Report under the caption "Management's Discussion and Analysis."

Pages 53 through 55 of the Annual Report under the caption "Notes to Consolidated Financial Statements, Note 16: Segment Reporting."

### PART II

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

Pages 24 and 25, 43 and 60 of the Annual Report under the captions "Eleven-Year Financial Summary," "Capital Stock" and "Closing Price of Company's Common Stock."

#### **Item 6. Selected Financial Data**

Pages 24 and 25 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 26 through 37 of the Annual Report under the caption "Management's Discussion and Analysis."

#### **Item 8. Financial Statements and Supplementary Data**

Pages 38 through 57 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."

## **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" 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.

## PART I

### ITEM 1. BUSINESS

Tyson Foods, Inc. (collectively, with its various subsidiaries, the "Company"), a fully integrated producer, processor and marketer of food products, commenced business in 1935, was incorporated in Arkansas in 1947, and was reincorporated in Delaware in 1986.

#### Financial Information about Segments

The Company identifies business segments based on the products offered and the nature of customers. The five reported business segments in fiscal 1999 were Food Service, Consumer Products, International, Swine and Seafood. The information required by Item 1 relating to segments is incorporated herein by reference to Note 16 of the Company's Notes to Consolidated Financial Statements appearing on pages 53, 54 and 55 of the Annual Report and attached as Exhibit 13 to this Report.

#### General Description of Business

The Company is a fully integrated producer, processor and marketer of a variety of food products consisting of value-enhanced chicken; fresh and frozen chicken; and prepared foods and other products such as flour and corn tortillas and chips. Additionally, the Company has animal feed and pet food ingredients operations. The Company's integrated operations consist of breeding and rearing chickens, as well as the processing, further processing and marketing of these food products. The Company's products are marketed and sold to national and regional grocery chains, regional grocery wholesalers, 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, food service operations such as plant and school cafeterias, convenience stores, hospitals and other vendors. Sales are made by the Company's sales staff as well as through independent brokers and trading companies.

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 integrated chicken processes include genetic research, breeding, hatching, rearing, ingredient procurement, feed milling, veterinary and other technical services, and related transportation and delivery services. The Company contracts with independent growers to maintain the Company's flocks of breeder chicks which, when grown, lay the eggs which the Company transfers to its hatcheries and hatch into broiler chicks. Newly hatched broiler chicks are vaccinated and then delivered to independent contract growers who care for and feed the broiler chicks until they reach processing weight, usually from the end of the fourth to the eighth week. During the broiler growout period, the Company provides growers with feed, vitamins and medication for the broilers, if needed, as well as supervisory and technical services. The broilers are then transported by the Company to its nearby processing plants. The Company processed approximately 7.2 billion pounds of consumer chicken during fiscal 1999.

The Company's chicken business consists of the Food Service, Consumer Products and International segments. Food Service includes fresh, frozen and value-enhanced chicken products sold through food service and specialty distributors who deliver to restaurants, schools and other accounts. Consumer Products include fresh, frozen and value-enhanced chicken products sold through retail markets for at-home consumption and through wholesale club markets targeted to small food service operators, individuals and small businesses. The Company's International segment markets and sells the full line of Tyson chicken products.

The Company's 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 and processors, are conducted in Alabama, Arkansas, Missouri, North Carolina and Oklahoma. The Company sold approximately 2 million head of feeder pigs and market weight live swine in fiscal 1999.

On September 28, 1999, the Company signed a letter of intent to sell its wholly-owned subsidiary, The Pork Group, Inc. to Smithfield Foods, Inc. This transaction was subject to the successful negotiation of a definitive agreement. On December 6, 1999, the Company announced that both parties were unable to reach a definitive agreement and negotiations were mutually terminated. The Company intends to explore all options related to the pork operations, which may include discussions with other potential buyers. Certain assets of The Pork Group with a fair value of approximately \$70 million are classified as assets held for sale at Oct. 2, 1999. Additionally, at Oct. 2, 1999, the Company accrued expenses related to the closure of certain assets not part of the Smithfield transaction. The operating results for the fiscal year ended Oct. 2, 1999, include a pretax charge of \$35.2 million related to the anticipated loss and closure of these assets.

The Company's seafood business, which was sold on July 17, 1999, included branded surimi-based seafood offerings, such as analog crabmeat, lobster, shrimp and scallops marketed both domestically and internationally. Note 2: Dispositions and Assets Held for Sale on pages 43 and 44 of the Notes to Consolidated Financial Statements of the Annual Report describes the sale of the seafood business and is incorporated herein by reference.

The Company's other segment includes the Prepared Foods group, consisting of Mexican Original, Culinary Foods and Mallard's Food Products. Mexican Original produces flour and corn tortilla products. Culinary Foods and Mallard's Food Products produce specialty pasta and meat dishes, for restaurants, airlines and other major customers. Additionally, the other segment includes the Company's wholly-owned subsidiaries involved in supplying chicken breeding stock and trading agricultural goods worldwide, the Company's turkey and egg products facilities which were sold on December 31, 1998, as well as the Company's by-products operations which convert inedible chicken by-products into high-grade pet food and animal feed ingredients.

### **Sources of Revenue**

The information required by Item 1 with respect to the amount or percentage of total revenue contributed by any class of similar products or services which account for 10% or more of consolidated revenue in any of the last three fiscal years is incorporated herein by reference to Note 16 of the Company's Notes to Consolidated Financial Statements appearing on pages 53, 54 and 55 of the Annual Report pursuant to rule 14a-3 (b) and attached as Exhibit 13 to this report.

### **Marketing and Distribution**

The Company seeks to develop and increase the demand for and market share of a product or product line through concentrated national and local advertising and other promotional efforts, stressing product quality and brand identification and meeting specific customer requirements. The Company's principal marketing strategy is to identify target markets for value-enhanced food products consisting primarily of chicken and tortilla products. The Company concentrates production, sales and marketing efforts in order to appeal to and enhance the demand from those markets. The Company utilizes its national distribution system and customer support services to achieve a dominant market position for its products and identifies distinct markets through trade and consumer research.

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 two Company-owned major frozen food distribution centers having a storage capacity of approximately 58 million pounds, from a network of public cold storages and from other owned or leased facilities or directly from plants.

The Company has a total frozen storage capacity in excess of 141.4 million pounds, excluding public or outside cold storage. The Company's distribution centers accumulate frozen products so that they 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.

Operators serving chicken products in the food service market include commercial restaurants, business and industry, colleges and universities, national and regional chains, hotels and lodging, primary and secondary schools, health and elderly care and other food service accounts. The Company's products are sold through food service and specialty distributors who deliver to the above listed operators.

Food Service products are sold under the following brands and registered trademarks: Tyson, Tastybird, McCarty Foods, Tyson's Pride, Honey Stung, Hot Wings, Wings of Fire, Signature Specialties and Lady Aster.

Food Service chicken products include individually-quick-frozen segments (IQ\*F), ready-to-cook and fully cooked fried chicken, fully cooked breaded and glazed wings, cooked and ready-to-cook breaded and unbreaded tenderloins, breaded and unbreaded patties and chunks (cooked and ready-to-cook), oven roasted chicken, stuffed breast specialties, Cornish hens, flavor marinated breasts, fully cooked, diced, pulled and shredded chicken products, breaded breast and thigh pieces, bites and strips, fast food cut-up chicken and marinated deli-chicken.

In the consumer products market the Company sells a wide variety of food products to customers that sell food products for at-home consumption. These customers include grocery chains, independent grocery stores, grocery wholesalers, wholesale clubs and military commissaries. Tyson, Weaver, Tyson Holly Farms, Delightful Farms, Gold Leaf and Tastybird are registered trademarks under which the Company sells consumer products.

Consumer Products include frozen prepared foods consisting of separate lines of Tyson breaded chicken patties, chunks, fillets and tenders, Weaver breaded chicken tenders, nuggets, patties and fillets, Tyson and Weaver flavored chicken wings, Tyson complete meal kits, individually-quick-frozen chicken parts and breaded chicken patties and chunks, refrigerated prepared foods consisting of separate lines of Tyson roasted ready-to-eat chicken, Weaver deli meats, refrigerated Tyson Holly Farms fresh tray pack chicken and frozen and refrigerated Tyson Cornish game hens.

The Company's International division markets and sells the full line of Tyson products, including chicken and prepared food products. The International division exported to 75 countries in fiscal 1999. Major markets include China, Georgia, Guatemala, Japan, Puerto Rico, Russia and Singapore as well as certain Middle Eastern and Caribbean countries.

The Company continues to believe that Asia offers potential in terms of developing fully integrated chicken facilities. A memorandum of understanding has been signed with the Kuok Group to explore development of chicken production and processing complexes in China. 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 is now operational. Meanwhile, the Company's subsidiary in Mexico continues to grow rapidly under improving economic conditions. Additionally, Cobb-Vantress, Inc., a wholly-owned subsidiary, has entered into a joint venture agreement with a company to build a 180 thousand capacity breeder farm in China.

## **Raw Materials and Sources of Supply**

The primary raw materials used by the Company in its chicken operations consist of feed ingredients, 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 has the capability to purchase live, ice-packed or deboned chicken to meet production requirements.

## **Intellectual Property**

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 growout procedures, 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 develops.

## **Seasonal Demand**

The demand for the Company's products generally increases during the spring and summer months and generally decreases during the winter months. Because of the somewhat seasonal character of the Company's business, the Company may increase its finished product inventories during the winter months in anticipation of increased spring and summer demands.

## **Industry Practices**

The Company's agreements with its customers are generally short-term due primarily to industry practice and fluctuations in both industry supply and consumer demand for such products.

## **Customer Relations**

No single customer of the Company accounts for more than ten percent of the Company's consolidated revenues, and the loss of any single customer would not have a material adverse effect on the Company's business. However, two customers represent approximately 23% of the Food Service segment's net sales and three customers represent approximately 47% of the Consumer Products segment's net sales. 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. Additionally, the Company's food products compete in international markets in Europe, South America, Central America and the Far East. 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.

## **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, and is continually engaged in experiments to determine the most cost effective means of raising healthy and wholesome chickens. 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 chicken 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 chicken and Mexican Original processing and distribution facilities are also subject to extensive inspection and regulation by the United States Department of Agriculture. Additionally, the Company's chicken 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.

## **Employees and Labor Relations**

As of October 2, 1999, the Company employed approximately 69,000 persons. The Company believes that its relations with its workforce are generally good.

Set forth below is a listing of the Company's 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
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Albertville, AL	UFCW	900	December 31, 2001
Ashland, AL	UFCW	750	February 24, 2002
Berlin, MD	UFCW	450	December 21, 2001
Berlin, MD	Teamsters	100	December 16, 2001
Buena Vista, GA	RWDSU	1,300	November 4, 2000
Carthage, TX	UFCW	700	November 11, 2000
Center, TX	UFCW	1,025	February 4, 2000
Chicago, IL	Truck Drivers	1,100	October 6, 2001
Cleveland, MS	RWDSU	475	February 20, 2000
Corydon, IN	UFCW	375	January 26, 2002
Corydon, IN	Steelworkers	75	October 12, 2002
Dardanelle, AR	UFCW	1,000	November 3, 2001
Gadsden/Blountsville, AL	Teamsters	23	March 31, 2001
Gadsden, AL	RWDSU	1,200	November 8, 2001
Glen Allen, VA	UFCW	850	November 1, 2001
Henderson, KY	UFCW	1,150	April 21, 2001
Hope, AR	UFCW	1,400	March 3, 2000
Jackson, MS	UFCW	1,050	December 31, 1999
Jacksonville, FL	Teamsters	650	December 31, 1999
Noel, MO	UFCW	1,225	January 25, 2000
Pine Bluff, AR	UFCW	250	October 12, 2002
Shelbyville, TN	RWDSU	950	November 12, 2002
Shelbyville, TN	Teamsters	35	July 14, 2001
Wilkesboro, NC	Teamsters	35	November 4, 2001
Wilkesboro, NC	Teamsters	25	November 4, 2001
Wilkesboro, NC	Teamsters	125	November 4, 2001

United Food and Commercial Workers Union (UFCW) Retail, Wholesale, Department Store Union (RWDSU)

The Company has not experienced any strike or work stoppage which had a material impact on operations; however, there can be no assurance that union related activities, including work stoppages or strikes will not occur in the future.

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

This annual report and other written reports or oral statements made from time to time by the Company and its representatives may 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 which could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations, expressed in such forward-looking statements. In light of these risks, uncertainties and assumptions, the Company wishes to caution readers not to place undue reliance on any forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information 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 feed grain costs; (ii) changes in the availability and relative costs of labor and contract growers; (iii) market conditions for finished products, including the supply and pricing of alternative proteins; (iv) effectiveness of advertising and marketing programs; (v) the ability of the Company to make effective acquisitions and to successfully integrate newly acquired businesses into existing operations; (vi) risks associated with leverage, including cost increases due to rising interest rates; (vii) changes in regulations and laws, including changes in accounting standards, environmental laws, and occupational, health and safety laws; (viii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (ix) 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, Illinois, Indiana, Kentucky, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia. Additionally, the Company, either directly or through its subsidiaries, has facilities in or participates in joint venture operations in Argentina, Brazil, Canada, China, Denmark, France, India, Indonesia, Ireland, Japan, Mexico, the Philippines, Poland, South Africa, Spain, the United Kingdom and Venezuela.

The principal chicken operations of the Company consist of 58 processing plants. These plants are devoted to various phases of slaughtering, dressing, cutting, packaging, deboning or further-processing. The total slaughter capacity is approximately 47.6 million head per week.

To support the above facilities the Company operates 43 feed mills and 68 broiler hatcheries with sufficient capacity to meet the needs of the chicken growout operations. In addition, the Company owns chicken cold storage facilities with a capacity of approximately 135.7 million pounds.

The Company's other operations consist of eight processing plants supported by five additional freezer storage facilities. Additionally, other operations include eleven rendering plants with the capacity to produce 26.6 million pounds of animal protein products per week supported by three freezer facilities. Nineteen ground pet food processing operations in connection with chicken processing plants are capable of producing 7.7 million pounds of product per week.

The Company's swine operations consist of 158 swine farrowing and nursery units and 385 swine finishing units. These swine growout operations are supported by three dedicated feed mills supplemented by the production from the chicken operations' feed mills. In addition, the Company operates a grain drying and two storage facilities in support of its swine feed mill operations.

The Company owns its major operating facilities with the following exceptions: two chicken slaughter facilities are leased until 2003, one chicken emulsified plant is leased month to month, two poultry feedmills and two hatcheries are leased until 2003, 355 breeder farms are leased under agreements expiring at various dates, 52 swine farrowing and nursery units and 318 swine finishing units are leased under one to ten year renewable lease agreements, some of which are related parties.

Management believes that the Company's present facilities are generally adequate and suitable for its current purposes. In general, the Company's facilities are fully utilized. However, seasonal fluctuations in inventories and production may occur as a reaction to market demands for certain products. Due to the current oversupply of meat proteins and depressed market conditions and to bring our production and market demand in balance, the Company has planned a reduction in the production of live birds beginning in the first quarter of fiscal 2000. 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**

On June 22, 1999, eleven current and/or former employees of the Company filed the case of M.H. Fox, et al. v. Tyson Foods, Inc. in the United States District Court for the Northern District of Alabama claiming that the Company has violated the requirements of the Fair Labor Standards Act. The suit alleges that the Company has failed to pay employees for all hours worked and/or has improperly paid them for overtime hours. The suit alleges that employees should be paid for the time it takes them to put on and take off certain working supplies at the beginning and end of their shifts and breaks. The suit also alleges that the use of "mastercard" or "line" time fails to pay employees for all time actually worked. Plaintiffs purport to represent themselves and a class of all similarly situated current and former employees of the Company. A total of 159 consents were filed with the complaint on behalf of persons to join the lawsuit and, to date, approximately 3,100 consents have been filed with the court. This case is still in the preliminary stages. The Company believes it has substantial defenses to the claims made in this case 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.

On February 20, 1998, the Company and others were named as defendants in a putative class action suit brought on behalf of all individuals who sold beef cattle to beef packers for processing between certain dates in 1993 and 1998. This action, captioned Wayne Newton, et al. v. Tyson Foods, Inc., et al., U.S. District Court, Northern District of Iowa, Civil Action No. 98-30, asserts claims under the Racketeer Influenced and Corrupt Organizations statute as well as a common-law claim for intentional interference with prospective economic advantage. Plaintiffs allege that the gratuities which were the subject of a prior plea agreement by the Company resulted in a competitive advantage for chicken products vis-a-vis beef products. Plaintiffs request trebled damages in excess of \$3 billion, plus attorney's fees and costs. The United States District Court for the Northern District of Iowa granted the Company's Motion to Dismiss on March 26, 1999, holding that plaintiffs lacked standing to sue. Plaintiffs timely appealed to the United States Court of Appeals for the Eighth Circuit. The Company is vigorously contesting this case. Briefing of the appeal was completed in August 1999, but no date has been set for oral argument.

On or about July 23, 1998, the Maryland Department of the Environment (MDE) filed a Complaint for Injunctive Relief and Civil Penalty (the Complaint) against the Company in the Circuit Court of Worcester County, Md. for the alleged violation of certain Maryland water pollution control laws with respect to the Company's land application of sludge to Company owned agricultural land near Berlin, Md. The MDE seeks, in addition to injunctive and equitable relief, civil penalties of up to \$10,000 per day for each day the Company had allegedly operated in violation of the Maryland water pollution control laws. The Company does not believe any penalties, if imposed, would have a material adverse effect on the Company's results of operations or financial condition.

On December 16, 1998, Hudson Foods, Inc., Michael Gregory, Hudson's former Director of Customer Relations and Quality Control, and Brent Wolke, the former plant manager of Hudson's Columbus, Nebraska facility, were indicted by a federal grand jury in Omaha, Nebraska on two counts - making false statements to the U.S. Department of Agriculture and conspiracy to make such statements - in connection with the August 1997 recall of Hudson beef products suspected of containing E-Coli 0157:H7. The charges arose out of presentations made on behalf of Hudson between Food Safety Inspection Service officials during Hudson's cooperation with the government in attempting to identify potentially contaminated product. The government has conceded that the contamination did not originate in the Hudson plant and it does not appear that any statements at issue in the indictment resulted in or are alleged to have resulted in any illnesses. On November 30, 1999, the Court granted the defendants' motion for acquittal on the conspiracy charges and additionally granted Mr. Wolke's motion for acquittal on his false statement charge. On December 2, 1999, Hudson and Mr. Gregory were acquitted on all remaining charges.

The Company has received notice from the Environmental Crimes Section of the Department of Justice and the United States Attorney's Office for the Southern District of Mississippi indicating that McCarty Farms, Inc. (McCarty), a former subsidiary of the Company which has been merged into the Company, may be pursued for alleged violations of the Federal Clean Water Act arising out of its partial ownership of Central Industries, Inc. (Central), which operates a rendering plant in Forest, Mississippi. The allegations arose from the alleged discharge of pollutants from Central's rendering facility in Forest, Mississippi in the summer of 1995, which was prior to the Company's purchase of McCarty in September 1995. Neither the likelihood of unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.

**ITEM 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 ---	Executive Officer Since -----
Don Tyson	Senior Chairman of the Board of Directors	69	1963
John H. Tyson	Chairman of the Board of Directors	46	1984
Wayne Britt	Chief Executive Officer	50	1977
Donald E. Wray	President	62	1979
Greg Lee	Chief Operating Officer	52	1993
Steven Hankins	Executive Vice President and Chief Financial Officer	41	1997
Bill Lovette	President, International Group	39	1999
Wayne Butler	President, Prepared Foods Group	45	1999
Mike Baker	President, Production Service	44	1999
Carl G. Johnson	Executive Vice President, Administrative Services	46	1999
Les Baledge	Executive Vice President and Associate General Counsel	42	1999
John D. Copeland	Executive Vice President, Ethics, Food Safety and Environmental Compliance	49	1999
John S. Lea	Executive Vice President and Chief Marketing Officer	46	1999
Donnie Smith	Executive Vice President, Supply Chain Management	40	1999
Dennis Leatherby	Senior Vice President, Finance and Treasurer	39	1990
James G. Ennis	Vice President, Controller and Chief Accounting Officer	54	1996
David L. Van Bebber	Vice President and Director of Legal Services	43	1990
R. Read Hudson	Secretary	41	1998
Louis C. Gottsponer, Jr.	Assistant Secretary and Director of Investor Relations	35	1998

John H. Tyson is the son of Don Tyson. No other family relationships exist among the above officers. Mr. Don Tyson was appointed Senior Chairman of the Board of Directors in 1995 after previously serving as Chairman of the Board and Chief Executive Officer. Mr. John H. Tyson was appointed Chairman of the Board of Directors in 1998 after serving as Vice Chairman of the Board of Directors since 1997 and President, Beef and Pork Division since 1993. Mr. Britt was appointed Chief Executive Officer in 1998 after serving as Executive Vice President and Chief Financial Officer since 1996 and Senior Vice President, International Sales and Marketing since 1994. Mr. Wray was appointed President in 1999 pending his retirement in 2000, after serving as President and Chief Operating Officer since 1995 and Chief Operating Officer since 1991. Mr. Lee was appointed Chief Operating Officer in 1999 after serving as President of the Food Service Group since 1999, Executive Vice President, Sales, Marketing and Technical Services since 1995 and Senior Vice President, Sales and Marketing since 1993. 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. Lovette was appointed President, International Group in 1999 after serving as Vice President, Operations since 1995 and Vice President, Distribution since 1992. Mr. Butler was appointed President, Prepared Foods Group in 1998 after serving as President, Mexican Original since 1997 and Complex Manager since 1994. Mr. Baker was appointed President, Production Services in 1999 after serving as Division Vice President since 1995 and Manager of Pork Operations since 1994. Mr. Johnson was appointed Executive Vice President, Administrative Services in 1999 after serving as Vice President, Assets and Risk Management since 1994. Mr. Baledge was appointed Executive Vice President and Associate General Counsel in 1999 upon joining the Company, prior to which he was engaged in the private practice of law. Mr. Copeland was appointed Executive Vice President, Ethics, Food Safety and Environmental Compliance in 1999 after serving as Director of Corporate Ethics and Compliance since 1998, prior to which he served as a professor of law at the University of Arkansas School of Law. Mr. Lea was appointed Executive Vice President and Chief Marketing Officer in 1999 after serving as Vice President, Retail Sales and Marketing since 1995 and Vice President, Food Service Sales since 1993. Mr. Smith was appointed Executive Vice President, Supply Chain Management in 1999 after serving as Vice President, Purchasing since 1995 and Director of Commodity Purchasing since 1992. 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. Ennis was appointed Vice President, Controller and Chief Accounting Officer in 1996 after serving as Corporate Tax Manager since 1986. Mr. Van Bebber was appointed Vice President and Director of Legal Services in 1998 after serving as Assistant Secretary since 1990. Mr. Hudson was appointed Secretary in 1998 and has served as Corporate Counsel since 1992. Mr. Gottsponer was appointed Assistant Secretary and Director of Investor Relations in 1998 after serving as Corporate Finance Manager since 1996 and Cash Manager since 1993.

## **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 43 of the Annual Report under the caption "Capital Stock," which information is incorporated herein by reference.

On October 2, 1999, there were approximately 34,828 holders of record of the Company's Class A Stock and 17 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 24 and 25 and in the table on page 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. On May 7, 1999, the Board of Directors increased the annual dividend rate on Class A Stock to \$0.16 per share and fixed an annual dividend rate of \$0.144 per share for the Class B Stock, effective with the quarterly dividend payable on September 15, 1999.

### **ITEM 6. SELECTED FINANCIAL DATA**

See the information reflected under the caption "Eleven-Year Financial Summary" on pages 24 and 25 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 26 through 37 of the Annual Report, which information is incorporated herein by reference.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS**

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 these risks the Company enters into various hedging transactions as described below. The Company seldom uses financial instruments which do not qualify for hedge accounting. In those situations, in which instruments do not qualify for hedge accounting, the Company marks the instruments to fair value and recognizes the gains or losses currently in earnings.

## Commodities Risk

The Company is a purchaser of certain commodities, primarily corn and soybeans. 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 the grains. The contracts that effectively meet risk reductions and correlation criteria are recorded using hedge accounting. Gains and losses on closed hedge transactions are recorded as a component of the underlying inventory purchase.

The following table provides information about the Company's corn, soybean and other feed ingredient inventory and financial instruments that are sensitive to changes in commodity prices. The table presents the carrying amounts and fair values at October 2, 1999 and October 3, 1998. Additionally, for puts and futures contracts, the latest which expires or matures 15 months from the reporting date, the table presents the notional amounts in units of purchase and the weighted average contract prices.

(volume and dollars in millions, except per unit amounts)

	Volume	Weighted Average Strike Price Per Unit	Fair Value
-----			
As of October 2, 1999			
Recorded Balance Sheet Commodity Position:			
Commodity Inventory (book value \$33.8)	-	\$ -	\$33.8
Hedging Positions			
Corn Futures Contracts (volume in bushels)			
Long (Buy) Positions	84.4	2.21	(7.7)
Short (Sell) Positions	1.4	2.32	0.3
Soybean Meal Futures Contracts (volume in tons)			
Long (Buy) Positions	0.1	143.14	0.4
Trading Positions			
Corn Puts Sold (volume in bushels)	27.5	2.10	(2.5)
As of October 3, 1998			
Recorded Balance Sheet Commodity Position:			
Commodity Inventory (book value \$36.0)	-	\$ -	\$36.0
Hedging Positions:			
Corn Futures Contracts (volume in bushels)			
Long (Buy) Positions	7.5	2.33	(0.4)
Short (Sell) Positions	9.7	2.11	0.3
Soybean Oil Futures Contracts (volume in cwt)			
Long (Buy) Positions	0.1	24.24	-
Short (Sell) Positions	0.1	24.40	-
=====			

## Interest Rate and Foreign Currency Risks

The Company also 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%.

The Company also periodically enters into foreign exchange forward contracts and option contracts to hedge some of its foreign currency exposure. In 1999, the Company used such contracts to hedge exposure to changes in foreign currency exchange rates, primarily Mexican Peso, associated with debt denominated in U.S. dollars held by Tyson de Mexico. In 1998, the Company used such contracts to hedge exposure to changes in foreign currency exchange rates, primarily Japanese Yen, associated with sales denominated in foreign currency. Gains and losses on these contracts are recognized as an adjustment of the subsequent transaction when it occurs. Forward and option contracts generally have maturities or expirations not exceeding 12 months.

The following table provides information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. The table presents for the Company's debt obligations, principal cash flows, related weighted-average interest rates by expected maturity dates and fair values. For interest rate swaps, the table presents 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								
	2000	2001	2002	2003	2004	There- after	Total	Fair Value 10/2/99	
As of October 2, 1999									
Liabilities									
Long-term Debt, including Current Portion									
Fixed Rate	\$172.5	\$125.7	\$30.5	\$177.8	\$29.2	\$794.3	\$1,330.0	\$1,299.1	
Average Interest Rate	6.82%	8.18%	7.83%	6.18%	7.08%	6.78%	6.87%		
Variable Rate	\$50.2	\$17.2	\$290.5	-	-	\$50.0	\$407.9	\$407.9	
Average Interest Rate	5.51%	7.67%	5.85%	-	-	3.90%	5.65%		
Interest Rate Derivative Financial Instruments Related to Debt									
Interest Rate Swaps									
Pay Fixed	\$17.2	\$18.4	\$19.6	\$21.6	\$21.1	\$29.2	\$127.1	(\$0.7)	
Average Pay Rate	6.71%	6.69%	6.73%	6.73%	6.71%	6.50%	6.66%		

### Average Receive Rate- USD 6 Month LIBOR.

dollars in millions

	1999	2000	2001	2002	2003	There- after	Total	Fair Value 10/3/98
As of October 3, 1998								
Liabilities								
Long-term Debt, including Current Portion								
Fixed Rate	\$73.6	\$226.7	\$125.2	\$31.4	\$178.5	\$823.3	\$1,458.7	\$1,533.7
Average Interest Rate	9.37%	6.39%	8.25%	7.88%	6.20%	6.79%	6.93%	
Variable Rate	\$4.0	\$24.6	-	\$506.9	-	\$50.0	\$585.5	\$585.5
Average Interest Rate	4.15%	7.67%	-	5.57%	-	3.73%	5.49%	

Interest Rate  
Derivative Financial

Instruments Related  
to Debt  
Interest Rate Swaps

Pay Fixed	\$16.1	\$17.2	\$18.4	\$19.6	\$20.2	\$50.2	\$141.7	(\$8.1)
Average Pay Rate	6.71%	6.71%	6.69%	6.73%	6.74%	6.59%	6.67%	

**Average Receive Rate- USD 6 Month LIBOR.**

The following table summarizes information on instruments and transactions that are sensitive to foreign currency exchange rates. The table presents the notional amounts, weighted-average exchange rates by expected (contractual) maturity dates and fair values. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contract.

dollars in millions

	2000	2001-2004	There- after	Total	Fair Value 10/2/99
As of October 2, 1999					

Forward exchange contracts to sell  
foreign currencies for US\$

Mexican Peso  
Notional Amount \$7.3 - - \$7.3 \$(0.6) Weighted average strike price 10.13

dollars in millions

	1999	2000-2003	There- after	Total	Fair Value 10/3/98
As of October 3, 1998					
Sold Option Contracts to Sell Foreign Currencies for US\$ Japanese Yen					
Notional Amount	\$6.5	-	-	\$6.5	-
Weighted Average Strike Price	109.48				
Purchased Option Contracts to Sell Foreign Currencies for US\$ Japanese Yen					
Notional Amount	\$5.6	-	-	\$5.6	\$0.4
Weighted Average Strike Price	126.69				
=====					

### Credit Risks

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 group or customer represents greater than 10% of total accounts receivable.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 38 through 57 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.

### 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" 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 caption "Executive Compensation and Other Information" 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 38 through 55 in the Company's Annual Report for the fiscal year ended October 2, 1999, and the Report of Independent Auditors, on page 57 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.	Pages -----
Consolidated Statements of Income for the three years ended October 2, 1999	136
Consolidated Balance Sheets at October 2, 1999 and October 3, 1998	137
Consolidated Statements of Shareholders' Equity for the three years ended October 2, 1999	138-139
Consolidated Statements of Cash Flows for the three years ended October 2, 1999	140
Notes to Consolidated Financial Statements	141-157
Report of Independent Auditors	159

2. The following additional information for the years 1999, 1998 and 1997 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

	Pages -----
Report of Independent Auditors	34
Schedule VIII Valuation and Qualifying Accounts and Reserves for the three years ended October 2, 1999	35

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 this Item 14.

4. On December 15, 1999, the Company filed a current report on Form 8-K related to the termination of negotiations on the sale of the Pork Group with Smithfield Foods, Inc.

## EXHIBIT INDEX

The following exhibits are filed with this report or are incorporated by reference to previously filed material. Page references are to the cover page preceding each attached Exhibit.

Exhibit No.	Pages
-----	-----
2.1	Agreement and Plan of Merger dated September 4, 1997 by and among the Company, HFI Acquisition Sub, Inc. and Hudson Foods, Inc. (previously filed as Exhibit 2.1 to the Company's Registration Statement on Form S-4, filed with the Securities and Exchange Commission on December 10, 1997, Registration No. 333-41887, 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	Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 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).
4.1	Form of Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee 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 (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 (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 (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 (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).
-----	--

Purchasers as listed in the Purchaser Schedule attached to said agreement, together with the following documents:

(a) Form of Series A Note

(b) Form of Series D Note

(previously filed as Exhibit 4(a) 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 (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 (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 Amended and Restated Note 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 related documents:

(a) Form of Series E Note

(b) Form of Series F Note

(c) 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).

4.10 Amendment Agreement, dated November 1, 1994, to Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (previously filed as Exhibit 10(b) 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).

4.11 Second Amendment Agreement, dated as of June 29, 1996, to Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and Purchasers as listed in the Purchaser Schedule attached to said agreement (previously filed as

Exhibit 4.11 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).

- 4.12 Form of \$150 million 6% Note due January 15, 2003 (previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).
- 4.13 Form of \$150 million 7% Note due January 15, 2028 (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).
- 4.14 Form of \$100 million 6.08% MOPPRS, due February 1, 2010 (previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).
- 4.15 Remarketing Agreement dated January 28, 1998 between the Company and Merrill Lynch, Pierce, Fenner & Smith,

Incorporated, relating to the 6.08% MOPPRS due February 1, 2010 (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 4, 1998 and incorporated herein by reference).

4.16 Form of \$50 million Floating Rate MOPPRS, due February 1, 2010 (previously filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

- 4.17 Remarketing Agreement dated January 28, 1998 between the Company and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, relating to the Floating Rate MOPPRS due February 1, 2010 (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 4, 1998 and incorporated herein by reference).
- 4.18 Form of 7.0% \$200 million Note due May 1, 2018 (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).
- 4.19 Form of 7.0% \$40 million Note due May 1, 2018 (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).

10.1 Fourth Amended and Restated Credit Agreement, including all exhibits thereto, dated as of May 26, 1995, by and among the Company, as Borrower, The Chase Manhattan Bank N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminster Bank Plc, NationsBank of Texas, N.A., and Societe Generale, as Co-Agents, and Bank of America National Trust and Savings Association, as Agent (previously filed as Exhibit 4(f) 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).

- 10.2 Amendment No. 1 to Fourth Amended and Restated Credit Agreement, dated as of May 24, 1996, by and among the Company, as Borrower, the banks party thereto, The Chase Manhattan Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminster Bank Plc, NationsBank of Texas, N.A., and Societe Generale as Co-Agents and Bank of America National Trust and Savings Association, as

Agent (previously filed as Exhibit 4(b) to the Company's Form 10-Q for the quarter ended June 29, 1996, Commission File No. 0-3400, and incorporated herein by reference).

10.3 Amendment No. 2 to Fourth Amended and Restated Credit Agreement, dated as of May 23, 1997, by and among the Company, as Borrower, the banks party thereto, The Chase Manhattan Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminster Bank Plc, NationsBank of Texas, N.A., and Societe Generale as Co-Agents and Bank of America National Trust and Savings Association, as

Agent (previously filed as Exhibit 4(b) to the Company's Form 10-Q for the quarter ended June 28, 1997, Commission File No. 0-3400, and incorporated herein by reference).

10.4 Issuing and Paying Agency Agreement dated July 1, 1993, between the Company and Morgan Guaranty Trust Company of New York, (previously filed as Exhibit 10(d) 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).

10.5 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and Merrill Lynch Money Markets, Inc. (previously filed as Exhibit 10(e) 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).

10.6 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and the First Boston Corporation (previously filed as Exhibit 10(g) 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).

10.7 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and J.P. Morgan Securities, Inc. (previously filed as Exhibit 10(h) 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).

10.8 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and Bank of America National Trust and Savings Association (previously filed as Exhibit 10(i) 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).

10.9 Commercial Paper Dealer Agreement dated September 1, 1994, between the Company and Chase Securities, Inc. (previously filed as Exhibit 10(j) 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).

10.10 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).

10.11 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).

10.12	Tyson Foods, Inc. Amended and Restated Employee Stock Purchase Plan dated as of December 13, 1999.	36-47
10.13	Second Amended and Restated Employment Agreement dated August 1, 1997, between the Company and Don Tyson, Senior Chairman of the Board of Directors of the Company (previously filed as Exhibit 10.21 to the Company's Form 10-K for the fiscal year ended September 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).	
10.14	Amended and Restated Retirement Savings Plan of Tyson Foods, Inc., qualified under Section 401(k) of the Internal Revenue Code of 1986, dated as of December 13, 1999.	48-98
10.15	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.	99-118
10.16	Tyson Foods, Inc. Non-statutory Stock Option Plan, as amended and restated on November 18, 1994, (previously filed as Exhibit 99 to the Company's Registration Statement on Form S-8 filed with the Commission on January 30, 1995, Commission File No. 33-54716, and incorporated herein by reference).	
10.17	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).	
10.18	Senior Executive Employment Agreement dated November 20, 1998 between the Company and Leland E. Tollett (previously filed as Exhibit 10.20 to the Company's Annual Report on Form 10K for the fiscal year ended October 3, 1998, Commission File No. 0-3400, and incorporated herein by reference).	

10.19	Senior Executive Employment Agreement dated November 20, 1998 between the Company and Donald E. Wray (previously filed as Exhibit 10.21 to the Company's Annual Report on Form 10K for the fiscal year ended October 3, 1998, Commission File No. 0-3400, and incorporated herein by reference).	
13	Pages 24-60 and inside back cover of the Annual Report to Shareholders for the fiscal year ended October 2, 1999.	119-166
21	Subsidiaries of the Company.	167-168
23	Consent of Independent Auditors.	169
27	Financial Data Schedule.	

**SIGNATURES**

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

**TYSON FOODS, INC.**

By /s/ Steven Hankins                      December 17, 1999  
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*Steven Hankins*  
*Executive Vice President*  
*and Chief Financial Officer*

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.

<i>/s/ Wayne Britt</i> ----- <i>Wayne Britt</i>	<i>Chief Executive Officer and Director</i>	<i>December 17, 1999</i>
<i>/s/ Neely Cassidy</i> ----- <i>Neely Cassidy</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ James G. Ennis</i> ----- <i>James G. Ennis</i>	<i>Vice President, Controller and Chief Accounting Officer</i>	<i>December 17, 1999</i>
<i>/s/ Lloyd V. Hackley</i> ----- <i>Lloyd V. Hackley</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Steven Hankins</i> ----- <i>Steven Hankins</i>	<i>Executive Vice President and Chief Financial Officer</i>	<i>December 17, 1999</i>
<i>/s/ Gerald Johnston</i> ----- <i>Gerald Johnston</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Jim Kever</i> ----- <i>Jim Kever</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Shelby D. Massey</i> ----- <i>Shelby D. Massey</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Joe F. Starr</i> ----- <i>Joe F. Starr</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Leland E. Tollett</i> ----- <i>Leland E. Tollett</i>	<i>Director</i>	<i>December 17, 1999</i>
<i>/s/ Barbara Tyson</i> ----- <i>Barbara Tyson</i>	<i>Vice President and Director</i>	<i>December 17, 1999</i>
<i>/s/ Don Tyson</i> ----- <i>Don Tyson</i>	<i>Senior Chairman of the Board of Directors</i>	<i>December 17, 1999</i>

*/s/ John H. Tyson*  
-----  
*John H. Tyson*

*Chairman of the  
Board of Directors*

*December 17, 1999*

*/s/ Fred S. Vorsanger*  
-----  
*Fred S. Vorsanger*

*Director*

*December 17, 1999*

*/s/ Donald E. Wray*  
-----  
*Donald E. Wray*

*President and Director*

*December 17, 1999*

## FINANCIAL STATEMENT SCHEDULE

## REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of October 2, 1999 and October 3, 1998, and for each of the three years in the period ended October 2, 1999, and have issued our report thereon dated November 18, 1999. 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.

*Tulsa, Oklahoma*  
*November 18, 1999*

*/s/ERNST & YOUNG LLP*  
-----  
*ERNST & YOUNG LLP*

**TYSON FOODS, INC.**  
**SCHEDULE VIII**  
**VALUATION AND QUALIFYING ACCOUNTS AND RESERVES**  
**Three Years Ended October 2, 1999**

(Dollars in Millions)

Balance at Charged to Charged Balance Beginning Costs and to Other Additions at End Description of Period Expenses Accounts (Deductions)  
of Period

Allowance for  
Doubtful Accounts

1999 \$85.3 \$15.2(1) 0 (\$78.7)(2) \$21.8

1998 \$4.4 \$2.2 0 \$78.7 (3) \$85.3

1997 \$3.5 \$2.0 0 (\$1.1) \$4.4

- (1) Includes \$11.9 million reserve for international operations.
- (2) Write off of receivables against reserve related to 1998 allowance.
- (3) Includes \$48.4 million reserve for international currency devaluation.

**TYSON FOODS, INC.**  
**EMPLOYEE STOCK PURCHASE PLAN**

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## PURPOSE OF THE PLAN

The purpose of the Tyson Foods, Inc. Employee Stock Purchase Plan (the "Plan") is to provide the employees of Tyson Foods, Inc. ("Tyson") and its Participating Affiliates a convenient way to acquire shares of Tyson's Class A Common Stock through periodic investment and thus maintain and stimulate employee interest in the growth and profitability of Tyson by means of an opportunity to share in a proprietary interest in Tyson.

### ARTICLE I Definitions

- 1.1 Affiliate. "Affiliate" shall include all wholly-owned subsidiaries of Tyson and any other entity which may be designated from time to time as such by the Board of Directors of Tyson.
- 1.2 Base Earnings. "Base Earnings" means the amount of regular salary or wages, including overtime payments and commission payments, but does not include discretionary and non-discretionary bonuses or other irregular payments made by an Employer to a Participant.
- 1.3 Committee. "Committee" shall mean the administrative committee appointed by the Board of Directors of Tyson to carry out the purposes of the Plan as set forth in Section 5.1 below.
- 1.4 Effective Date. The "Effective Date" of this Plan is January 1, 2000.
- 1.5 Eligible Employee. "Eligible Employee" means any person (including a corporate officer) who is employed as a common law employee and classified as working full-time in the regular service of Tyson or a Participating Affiliate; provided, however, such term shall not include any person who is a member of a collective bargaining unit and who is covered by a collective bargaining agreement which does not provide for coverage of such person under this Plan.
- 1.6 Employer. "Employer" means Tyson and all Participating Affiliates.
- 1.7 Leave of Absence. "Leave of Absence" means absence from the active service with Tyson or an Affiliate, with the permission of the Employer, by reason of illness, military service, or for any other reason as approved or allowed by the Employer's personnel policies. Such Leave of Absence will not terminate an Eligible Employee's Service, provided he returns to active employment at the expiration of his leave in accordance with his Employer's policy with respect to permitted absences. An Eligible Employee whose Service is terminated and who is subsequently re-employed by Tyson or an Affiliate will, for all purposes of the Plan, be considered a new employee as of the effective date of his reemployment.
- 1.8 Pay Period, Payday. "Pay Period" means the interval of a time for which an Eligible Employee regularly receives his compensation, and "Payday" means the day on which the Eligible Employee regularly receives his compensation for the Pay Period.
- 1.9 Participant. "Participant" means an Eligible Employee who has elected to participate in the Plan in accordance with Article II until the Participant withdraws from the Plan and receives a complete distribution of Stock and cash credited to his Plan account.

1.10 Participating Affiliate. "Participating Affiliate" means an Affiliate that has adopted the Plan with the consent of the Board of Directors of Tyson. If an organization which is or has become an Affiliate ceases to be an Affiliate, such organization shall be deemed to have withdrawn from participation in the Plan.

1.11 Payroll Deduction Authorization. The "Payroll Deduction Authorization" shall be in a form specified by the Plan Administrator and shall direct the Employer to withhold from a Participant's paycheck a specified dollar amount or a specified percentage of his Base Earnings to be used for the purchase of Stock under this Plan.

1.12 Plan Administrator. The "Plan Administrator" shall be responsible for the administration of the Plan and, in lieu of any designation by the Board of Directors of Tyson to the contrary, Tyson shall serve as the Plan Administrator and shall act through the Committee as its representative.

1.13 Prevailing Market Price. The term "Prevailing Market Price" shall mean:

(a) the actual purchase price if purchased in the open market; or

(b) if treasury shares are purchased:

(i) if the Stock is not at the time listed or admitted to trading on a stock exchange or in the over-the-counter market under the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"), the Prevailing Market Price shall be the mean between the lowest reported bid price and highest reported asked price of the Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by Tyson and regularly reporting the market price of the Stock in such market; or

(ii) if the Stock is at the time listed or admitted to trading in the over-the-counter market under NASDAQ or on any stock exchange, then the Prevailing Market Price shall be the reported closing sale price of the Stock on the date in question on the principal exchange on which the Stock is then listed or admitted to trading. If no reported sale of Stock takes place on the date in question, then the reported closing asked price of the Stock on such date shall be determinative of Prevailing Market Price.

1.14 Service. "Service" means that period of continuous uninterrupted employment with Tyson or any one or more of its Affiliates from an Eligible Employee's first day of employment until his date of termination of employment with all Affiliates. However, in the case of an Affiliate which has been acquired by Tyson through the acquisition of substantially all of the assets or all of the stock of the Affiliate, Service shall include employment prior to the date on which such Affiliate is designated as a Participating Affiliate on such terms as the Board of Directors of Tyson may expressly provide. Service with two or more Affiliates during consecutive periods shall be considered continuous service with one Affiliate.

1.15 Stock. All references herein to "Stock" shall mean shares of Class A Common Stock of Tyson.

1.16 Termination of Service. "Termination of Service" means any absence from the employment of Tyson or any Affiliate (including, but not limited to, absences by reason of discharge or resignation) which is not deemed a Leave of Absence as defined herein.

## **ARTICLE II Eligibility to Participate**

Except as provided below, each Eligible Employee of Tyson or of a Participating Affiliate who has completed two full calendar months of Service shall be eligible to participate in the Plan commencing on the first Payday that falls on or after the first day of the immediately succeeding month.

## **ARTICLE III Employee Participation and Contributions**

3.1 Voluntary, Non-Discriminatory Plan. Participation in this Plan shall be voluntary and all Participants shall have the same rights and privileges under the Plan, except to the extent the terms of the Plan otherwise provide.

3.2 How an Employee Elects to Participate. Except as provided in Sections 3.9 and 4.2 below, an Eligible Employee may elect to participate in the Plan by executing or otherwise authorizing a "Payroll Deduction Authorization" (within the time period prescribed by the Plan Administrator) prior to the Payday on which the Eligible Employee will begin participation. By confirming a Payroll Deduction Authorization, an Eligible Employee also affirms his acceptance of the terms of this Plan.

3.3 Limits on Contribution. The minimum payroll deduction shall be one dollar (\$1.00) per week and the maximum shall be twenty-five dollars (\$25.00) per week, as the Participant shall elect, or, in the alternative, the minimum payroll deduction shall be one percent (1%) of Base Earnings and the maximum shall be ten percent (10%) of Base Earnings. At such times as permitted by the Plan Administrator, a Participant may increase or decrease his contribution under the Plan by any multiple of one dollar or one percent (1%); however, no Eligible Employee may contribute, in any one year, more than ten percent (10%) of his Base Earnings or, if he elects a payroll deduction of a specific dollar amount, twenty-five dollars \$25.00 per week.

3.4 Voluntary Withdrawal from the Plan. A Participant who remains employed by an Employer may withdraw from the Plan by submitting a notice of cancellation of his Payroll Deduction Authorization in the manner and to the person determined by the Plan Administrator from time to time, but no later than prior to the Payday for which the cancellation is to be effective. Any Participant who so withdraws from the Plan may renew his participation in the Plan as soon as administratively practicable and will be entitled to withdraw his Stock from the Plan only in accordance with Section 6.2.

3.5 Termination of Service Means Withdrawal from Plan. Upon a Participant's Termination of Service, the Participant will be deemed to have withdrawn from the Plan as of his last regular Payday.

3.6 Effect of Participant's Withdrawal from Plan. On and after the effective date of a Participant's withdrawal from the Plan, no further contribution under the Plan shall be permitted by or made for the Participant, except as may be provided pursuant to this Section 3 and Section 4.2 below.

3.7 Bookkeeping Accounts. All payroll deductions made for a Participant shall be credited to the Participant's Plan account. Such payroll deductions shall be commingled with the general assets of Tyson and no separate fund shall be established. Participant accounts are kept solely for bookkeeping purposes.

3.8 Distributions from Plan Upon Termination of Service. Upon a Participant's Termination of Service for any reason, the Committee shall obtain a share certificate representing the number of shares of Stock to which the Participant is entitled and shall send the share certificate and a check for the sum of uninvested funds held to the credit of such Participant, by ordinary mail, to the Participant's mailing address last known to his Employer. Upon the death of a Participant and upon receipt by the Employer of proof of identity and existence at the Participant's death of a beneficiary validly designated by him under the Plan, the Committee shall obtain and forward the share certificate and check for uninvested funds in the manner provided above to such beneficiary. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such death, any Stock and cash credited to the Participant under the Plan shall be payable to the spouse to whom the Participant was legally married at the time of his death and, if the deceased Participant is not survived by a spouse to whom he was legally married at the time of his death, any such Stock and cash shall be payable to the executor or administrator of the estate of the Participant. No beneficiary shall, prior to the death of the Participant by whom he has been designated, acquire any interest in the Stock or cash credited to the Participant under the Plan.

#### **ARTICLE IV Employer Contributions**

4.1 Employer Matching Contributions.

(a) Each Participant who has completed at least one year of Service (as defined above) with Tyson or a Participating Affiliate shall be entitled to Employer matching contributions on that Participant's contributions, if any, made following completion of the first year of Service in the amount and manner as determined in Subsections (b) and (c) of this Section.

(b) Contributions made pursuant to this Section 4.1 shall match only the Participant contributions made pursuant to Section 3.2 above. Such matching contributions shall be equal to fifty percent (50%) of all amounts deferred by such Participants under Section 3.2 of the Plan.

(c) Participants determined to be (x) "eligible employees" on January 1 of each calendar year under the provisions of the "Executive Savings Plan of Tyson Foods, Inc."; (y) "executive officers" as defined by Rule 16a-1 of the Securities Exchange Act of 1934, as amended; or (z) non-resident aliens and who otherwise are entitled to matching contributions under this Plan shall have such contributions made to a matching account under the Plan. Matching contributions made on behalf of all other Participants hereunder who are entitled to Employer matching contributions shall be made directly to the "Stock Match Accounts" established for such Participants under the "Retirement Savings Plan of Tyson Foods, Inc.," with such amounts to be administered and distributed pursuant to the related terms of such plan.

(d) Matching contributions generally will be made at or about the same time as the payroll deductions for the Participant contributions to which they relate.

4.2 Employer Discretionary Non-matching Contributions. In addition to Employer matching contributions made pursuant to Section 4.1, Tyson, in the sole discretion of its Board of Directors, or any other Employer may from time to time make non-matching contributions of cash or shares of Stock to the Plan for allocation to certain Participants in the Plan or to certain other Eligible Employees who are not enrolled in the Plan. Such contributed shares shall be held for the account of the Participant (or combined with any existing account of the Participant) and administered pursuant to all provisions of the Plan. If directed by the Plan Administrator, the Committee shall cause shares of Stock purchased with such discretionary contributions to bear appropriate legends referring to the terms, conditions and restrictions, if any, applicable to such contributions or necessary to permit the Employer to comply with all applicable state and federal securities laws. All of such contributed shares at all times shall remain the property of the Participant and shall remain subject to any legal or contractual restrictions to which the shares may have been subject at the time of the contribution.

## **ARTICLE V**

### **Administration of the Plan**

5.1 Administrative Committee. To carry out the purposes of the Plan, the Plan Administrator exercises its authority through the Committee, which shall consist of not less than three members who may be officers and/or directors of Tyson. The Plan Administrator may remove members from or add members to the Committee at any time, within its discretion, and may fill vacancies on the Committee. An individual member of the Committee may not participate in any decision exclusively affecting his own participation in the Plan. The Committee shall select one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts of a majority of the Committee at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be valid acts of the Committee. The Committee shall have the sole authority, in its absolute discretion, to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan; to construe and interpret the Plan, the rules and regulations; and to make all other determinations deemed necessary or advisable for the administration of the Plan. All decisions, determinations, and interpretations of the Committee shall be binding on

all Participants. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received for any such consultant or agent. Expenses incurred by the Plan Administrator or the Committee in the engagement of such counsel, consultant or agent shall be paid by Tyson. No member or former member of the Committee or of the Board of Directors of Tyson shall be liable for any action or determination made in good faith with respect to the Plan or any awards granted hereunder. The Committee, in its sole discretion, may delegate all or any portion of its duties hereunder to other individuals or entities.

5.2 Employer Contributions of Cash and Dividends. Each Employer shall remit the funds deducted from payrolls under this Plan, plus any Employer contributions of cash and dividends received on Stock held by the Plan, to the brokerage firm or firms designated by the Committee.

5.3 Investment in Tyson Stock. As soon as practicable after receipt of funds remitted under the Plan, the Committee or its designated representative shall purchase on behalf of Participants shares of Stock either directly from Tyson or in the open market at Prevailing Market Prices. The Committee shall purchase the maximum number of shares purchasable with such funds. Such shares shall be purchased on an aggregate basis rather than on a per Participant basis. The number of shares to be purchased is to be determined by the aggregate amount of funds available to buy a whole share or multiple thereof. While no fractional shares will be acquired or distributed, a Participant's interest in the Plan will be accounted for to include, and will reflect, the fractional share, if any, which could have been acquired with the funds allocable to him if fractional shares were purchased.

5.4 No Interest to be Paid. No interest shall be credited to Plan accounts for any reason.

5.5 Dividends to be Used to Purchase Additional Shares. All cash dividends received with respect to shares of Stock registered in the name of the brokerage firm shall be used by it to purchase additional shares for Participants in proportion to their specified interest in the shares upon which the dividends were paid. Stock dividends, warrants and rights of any kind received with respect to such shares shall be held and distributed in the manner provided in Sections 3.8 or 6.2, herein, as applicable; provided, however, that the Committee, in its sole discretion, may elect to pay dividends received which are attributable to Stock allocable to Participants who have withdrawn from the Plan (pursuant to Section 3.4 above) directly to such Participants on an annual basis.

5.6 Not Transferable. Neither payroll deductions credited to a Participant's Plan account nor a Participant's rights to acquire shares of Stock or his undivided interest in the shares of Stock registered in the name of the broker may be assigned, sold, pledged, or alienated except by testate or intestate succession, and any attempt to do so shall be void. In addition, such credits, rights and undivided interests may not be encumbered by lien or security interest of any kind and shall not be liable for the debts of a Participant or subject to attachment, or to any judgment rendered against the Participant or to the process of any court in aid or execution of any judgment so rendered.

5.7 Voting Rights. Unless the Committee determines otherwise from time to time, Participants shall have the power to vote all shares held in the name of the broker in any and all matters which shall be the subject of the vote for the shareholders.

5.8 Costs of the Plan. The costs of maintaining records and executing transfers under the Plan shall be paid by Tyson or allocated to and paid by Participating Affiliates, as the Board of Directors of Tyson may direct.

5.9 Brokerage Costs. Brokerage expenses incurred in the purchase of shares shall be included as part of the cost of shares of Stock to Participants.

5.10 Indemnification. Neither Tyson, the Committee and its delegates, nor any broker through whom purchase orders are executed pursuant to this Plan shall have any responsibility or liability for any action or determination in good faith including, without limiting the generality of the foregoing, any action with respect to price, time, quantity or other conditions and circumstances of the purchase of shares of Stock under the terms of the Plan. Tyson shall indemnify and hold harmless any officer, employee, agent, delegee or representative who incurs damage or loss, including the expense of defense thereof, in connection with the performance of the duties specified herein.

## **ARTICLE VI**

### **Reports and Delivery of Share Certificates**

6.1 Quarterly Reports. The Committee shall make quarterly reports to each Participant, specifying the status of his interest in the Plan through the last day of each calendar quarter.

6.2 Delivery of Share Certificates.

All shares of Stock purchased under the Plan from contributions made by Participants, contributions made by an Employer or dividends received by the Plan, will be issued to Participants pursuant to the following rules:

- (a) Only in increments of ten (10) shares from any account.
- (b) Only upon receipt by the Committee of a request from the Participant setting forth the amount of shares requested to be issued.
- (c) Distributions of Stock will be limited to twice monthly and will be made as soon as administratively feasible following the date the request was made.
- (d) Distributions of Stock purchased from contributions made by Participants may not exceed the amount of such Stock set forth on their last quarterly statement.
- (e) Distributions of Stock purchased from Employer contributions may not exceed the amount of such Stock set forth on their last report from the immediately preceding calendar year.

(f) Distributions of dividends shall be available on the same basis as the contributions to which they relate, except to the extent the Plan Administrator determines otherwise.

(g) The order in which shares of Stock are withdrawn from a Participant's accounts shall be determined pursuant to rules and regulations to be adopted by the Committee.

## **ARTICLE VII Amendment and Termination of the Plan**

The Board of Directors of Tyson or its delegate may, at any time and in its discretion, alter, amend, suspend or terminate the Plan or any part thereof. The cash balances and shares of Stock credited to Participants' accounts shall be delivered to Participants as soon as administratively practicable after the Plan's termination, except to the extent the Board of Directors of Tyson expressly determines otherwise. Notice of any material amendment, suspension or termination of the Plan, in whole or in part, shall be given to each Participant as soon as practicable after such action is taken.

## **ARTICLE VIII Adjustments Upon Changes in Stock**

The maximum number of shares of Stock to be sold to Participants under the Plan shall be 11,500,000, subject to adjustment upon changes in the capitalization of Tyson as provided herein.

If any change is made in the stock subject to the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or otherwise), the maximum number of shares subject to the Plan and the number of shares and price per share of Stock subject to outstanding rights under the Plan shall be adjusted automatically to reflect such change.

In the event of (1) a dissolution or liquidation of Tyson, (2) a merger or a consolidation in which Tyson is not the surviving corporation, or a reverse merger in which Tyson is the surviving corporation but the shares of Stock by virtue of the merger are converted into other property, whether in the form of securities, cash or otherwise, or (3) any other capital reorganization in which more than fifty percent (50%) of the shares of Tyson entitled to vote are exchanged, the Plan shall terminate, unless another corporation assumes the responsibility of continuing the operation of the Plan or the Plan Administrator determines in its discretion that the Plan shall nevertheless continue in full force and effect. If the Plan Administrator elects to terminate the Plan, the Committee shall send to each Participant a stock certificate representing the number of whole shares of Stock to which the Participant is entitled. In addition, the Committee shall send checks drawn on the Plan's account to each Participant in an amount equal to the sum of the uninvested funds held to the credit of each Participant in the manner provided in Section 3.8 above.

Any issue by Tyson of any class of preferred stock, or securities convertible into shares of common stock or preferred stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to the number or price of shares of Stock subject to any grant except as specifically provided otherwise in this Article VIII.

The grant of any right to a person pursuant to the Plan shall not affect in any way the right or power of Tyson to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

## **ARTICLE IX Miscellaneous Provisions**

9.1 No Contract of Employment Intended. The granting of any right to a person pursuant to this Plan shall not constitute an agreement or understanding, express or implied, on the part of Tyson or any Affiliate to employ such person for any specified period.

9.2 Information Available. If required by law, the offered shares of Tyson shall be registered under the Securities Act of 1933 on Form S-8, or such other form as shall be specified by the Securities and Exchange Commission, and Tyson shall deliver to each Participant a copy of the prospectus or such other information as may be required from time to time as required.

9.3 Securities Laws Restrictions. The Plan Administrator reserves the right to place an appropriate legend on any certificate representing shares of Stock issuable under the Plan with any such legend reflecting restrictions on the transfer of the shares as may be necessary to assure the availability of any applicable exemptions under federal and state securities laws to which Tyson or the Plan Administrator deem appropriate.

9.4 Waiver. No liability whatever shall attach to or be incurred by any past, present or future shareholders, officers or directors, as such, of Tyson or any Participating Affiliates, under or by reason of any of the terms, conditions or agreements contained in this Plan or implied therefrom, and any and all liabilities of, and any and all rights and claims against, Tyson or any Participating Affiliate, or any shareholder, officer or director as such, whether arising at common law or in equity or created by statute or constitution or otherwise, pertaining to this Plan, are hereby expressly waived and released by each Participant as a part of the consideration for any benefits provided by an Employer under this Plan.

9.5 Notices. All notices or other communications by a Participant to the Plan Administrator under or in connection with the Plan shall be deemed to have been duly given when received by the Secretary of Tyson or when received in the form specified by the Plan Administrator at the location, or by the person, designated by the Plan Administrator for the receipt thereof.

9.6 Severability. Each of the Sections included in the Plan is separate, distinct and severable from the other and remaining Sections of the Plan, and the invalidity or unenforceability of any Section shall not affect the validity and enforceability of any other Section or Sections of the Plan. Further, if any Section of this Plan is ruled invalid or unenforceable by a

court of competent jurisdiction because of a conflict between such Section and any applicable law or public policy, such Section shall be valid and enforceable to the extent such Section is consistent with such law or public policy.

9.7 Governing Law. The construction, validity and operation of this Plan shall be governed by the laws of the State of Delaware.

9.8 Rules of Construction. Throughout this Plan, the masculine includes the feminine, and the singular includes the plural, and vice versa, where applicable.

9.9 Plan Year. The Plan's plan year and the fiscal year shall end on December 31 of each year.

9.10 Designation of Beneficiary. A Participant may file a written designation of a beneficiary who is to receive any Stock and/or cash. Such designation of a beneficiary may be changed by the Participant at any time in writing delivered to his Employer.

9.11 Lost Participants. In the event the Committee or its designee, after reasonable inquiry, determines that it is unable to locate a Participant or beneficiary whose account is otherwise payable, the Committee (or such designee) may direct that such account shall be forfeited; provided, however, that the amount so forfeited shall be reinstated through a special Employer contribution if and in the event the Participant or beneficiary thereafter shall make a valid claim therefor upon presentation of proper identification.

IN WITNESS WHEREOF, Tyson has caused this indenture to be made as of the 13th day of December, 1999.

**TYSON FOODS, INC.**

*By: /s/ Carl Johnson*

-----  
*Title: Executive Vice President,  
Administrative Services*

*ATTEST:*

*/s/ R. Read Hudson*

-----  
*Title: Secretary*

**[CORPORATE SEAL]**

**RETIREMENT SAVINGS PLAN  
OF  
TYSON FOODS, INC.**

THIS INDENTURE is made as of the 13th day of December, 1999, by TYSON FOODS, INC, a corporation duly organized and existing under the laws of the State of Delaware.

**W I T N E S S E T H:**

WHEREAS, the Primary Sponsor established by indenture originally effective as of October 1, 1987, the Retirement Savings Plan of Tyson Foods, Inc. (the "Plan"), which was last amended by indenture dated January 1, 1993; and

WHEREAS, the Primary Sponsor now wishes to amend and restate the Plan primarily to comply with and make changes permitted by the provisions of the Small Business Job Protection Act of 1996 and the Taxpayer Relief Act of 1997; and

WHEREAS, the Plan is intended to be a profit sharing plan within the meaning of Treasury Regulations Section 1.401-1(b)(1)(ii) and also contains a cash or deferred arrangement as described in Section 401(k) of the Internal Revenue Code of 1986; and

WHEREAS, the provisions of the Plan, as amended and restated herein, shall apply to Plan Years beginning after January 1, 1997, except to the extent the provisions are required to apply at an earlier date or to any other members to comply with applicable law;

NOW, THEREFORE, the Primary Sponsor does hereby amend and restate the Plan in its entirety, generally effective as of January 1, 1997, except as otherwise provided herein, to read as follows:

**RETIREMENT SAVINGS PLAN  
OF  
TYSON FOODS, INC.**

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## SECTION 1 DEFINITIONS

Wherever used herein, the masculine pronoun shall be deemed to include the feminine, and the singular to include the plural, unless the context clearly indicates otherwise and the following words and phrases shall, when used herein, have the meanings set forth below:

1.1 "Account" means a Participant's aggregate balance in the following accounts, as adjusted pursuant to the Plan as of any given date:

(a) "Salary Deferral Contribution Account" which shall reflect a Participant's interest in contributions made by a Plan Sponsor under Plan Section 3.1.

(b) "Employer Contribution Account" which shall reflect a Participant's interest in matching contributions made by a Plan Sponsor under Plan Section 3.2.

(c) "Stock Match Account" which shall reflect a Participant's interest in contributions made by a Plan Sponsor under Plan Section 3.3.

(d) "After-Tax Contribution Account" which shall reflect a Participant's interest in after-tax contributions previously made by a Participant to the Fund or transferred to the Plan in a trust-to-trust transfer.

(e) "Rollover Account" which shall reflect a Participant's interest in Rollover Amounts.

The Plan Administrator shall also maintain such additional subaccounts as it determines necessary or desirable to reflect trust-to-trust transfers (other than Rollover Amounts), including, but not limited to, the mergers of other tax-qualified retirement plans with and into the Plan. In addition, the Plan Administrator may allocate the interest of a Participant in any funds transferred to the Plan in any trust-to-trust transfer (other than Rollover Amounts) among the above accounts as the Plan Administrator determines best reflects the interest of the Participant.

1.2 "Affiliate" means (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Code Section 414(b)) as is a Plan Sponsor, (b) any other trade or business (whether or not incorporated) under common control (within the meaning of Code Section

414(c)) with a Plan Sponsor, (c) any other corporation, partnership or other organization which is a member of an affiliated service group (within the meaning of Code Section 414(m)) with a Plan Sponsor, and (d) any other entity required to be aggregated with a Plan Sponsor pursuant to regulations under Code Section 414(o). Notwithstanding the foregoing, for purposes of applying the limitations set forth in Appendix A and for purposes of determining Annual Compensation under Appendix A, the references to Code Sections 414(b) and (c) above shall be as modified by Code Section 415(h).

1.3 "Annual Compensation" means wages within the meaning of Code Section 3401(a) (for purposes of income tax withholding at the source) and all other payments of compensation to an Employee by a Plan Sponsor and Affiliates (in the course of the entity's trade or business) during a Plan Year for which the Plan Sponsor or Affiliate, as applicable, is required to furnish the Employee a written statement as required to be reported under Code Sections 6041(d), 6051(a)(3) and 6052 (but without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed, such as the exception for agricultural labor in Code Section 3401(a)(2)). Annual Compensation in excess of the Annual Compensation Limit shall be disregarded for all purposes under the Plan except for purposes of determining who are Highly Compensated Employees. Notwithstanding the above, Annual Compensation shall be determined as follows:

(a) (1) for purposes of determining, with respect to each Plan Sponsor, the amount of contributions made by or on behalf of an Employee under Plan Section 3 and allocations under Plan Section 4, and

(2) for purposes of applying the provisions of Appendix C hereto for such Plan Years as the Secretary of the Treasury may allow, Annual Compensation shall only include amounts received for the portion of the Plan Year during which the Employee was a Participant;

(b) for all purposes under the Plan, Annual Compensation shall not include reimbursements or other expense allowances, cash and noncash fringe benefits, moving expense allowances, deferred compensation, and welfare benefits;

(c) in determining the amount of contributions under Plan Section 3 and allocations under Plan Section 4 made by or on behalf of an Employee, Annual Compensation shall not include bonus compensation and amounts realized from the exercise of non-qualified stock options or when restricted stock (or property) held by an employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(d) (1) for all purposes under the Plan, except as provided in Subsection (d)(2) of this Section, Annual Compensation shall include any amount which would have been paid during a Plan Year, but was contributed by a Plan Sponsor on behalf of an Employee pursuant to a salary reduction agreement which is not includable in the gross income of the Employee under Section 125, 402(g)(3) or 457 of the Code; and

(2) effective until December 31, 1997, for purposes of applying the annual addition limits in Appendix A, Annual Compensation shall not include the amounts described in Subsection (d)(1); and

(e) Notwithstanding the provisions of Subsection (c), if for any Plan Year the compensation percentage for Highly Compensated Employees exceeds by more than a de minimis amount the compensation percentage for Participants who are not Highly Compensated Employees, then the items of Annual Compensation described in Subsection (c) above shall be included as part of Annual Compensation for purposes of determining Plan Sponsor contributions made to Stock Match Accounts.

1.4 "Annual Compensation Limit" means \$150,000, which amount may be adjusted in subsequent Plan Years based on changes in the cost of living as announced by the Secretary of the Treasury. If a determination period consists of fewer than twelve months, the Annual Compensation Limit shall be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is twelve.

1.5 "Beneficiary" means the person or trust that a Participant designated most recently in writing to the Plan Administrator; provided, however, that if the Participant has failed to make a designation, no person designated is alive, no trust has been established, or no successor Beneficiary has been designated who is alive, the term "Beneficiary" means (a) the Participant's spouse or (b) if no spouse is alive, the deceased Participant's estate. Notwithstanding the preceding sentence, the spouse of a married Participant shall be his Beneficiary unless that spouse has consented in writing to the designation by the Participant of some other person or trust and the spouse's consent acknowledges the effect of the designation and is witnessed by a notary public or a Plan representative. A Participant may change his designation at any time. However, a Participant may not change his designation without further consent of his spouse under the terms of the preceding sentence unless the spouse's consent permits designation of another person or trust without further spousal consent and acknowledges that the spouse has the right to limit consent to a specific beneficiary and that the spouse voluntarily relinquishes this right. Notwithstanding the above, the spouse's consent shall not be required if the Participant establishes to the satisfaction of the Plan Administrator that the spouse cannot be located, if the Participant has a court order indicating that he is legally separated or has been abandoned (within the meaning of local law) unless a "qualified domestic relations order" (as defined in Code Section 414(p)) provides otherwise, or if there are other circumstances as the Secretary of the Treasury prescribes. If the spouse is legally incompetent to give consent, consent by the spouse's legal guardian shall be deemed to be consent by the spouse. If, subsequent to the death of a Participant, the Participant's Beneficiary dies while entitled to receive benefits under the Plan, the successor Beneficiary, if any, or the Beneficiary listed under Subsection (a) or, if no spouse is alive, Subsection (b) shall be the Beneficiary.

1.6 "Board of Directors" means the Board of Directors of the Primary Sponsor.

1.7 "Break in Service" means the failure of an Employee, in connection with a Termination of Employment, to complete a twelve-consecutive-month period beginning on a Severance Date or anniversary thereof during which the Employee fails to perform an Hour of Service. Notwithstanding the foregoing, the absence from employment at anytime during a Plan Year by reason of service in the armed forces of the United States shall not cause a Break in Service during a Plan Year if such Employee is reemployed by the Plan Sponsor within four months after his discharge or release from such service in the armed forces.

1.8 "Code" means the Internal Revenue Code of 1986, as amended.

1.9 "Deferral Amount" means a contribution of a Plan Sponsor on behalf of a Participant pursuant to Plan Section 3.1.

1.10 "Direct Rollover" means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

1.11 "Disability" means a disability of a Participant which, in the opinion of the Plan Administrator, causes a Participant to be totally and permanently disabled due to sickness or injury so as to be completely unable to perform any and every duty pertaining to his occupation from a cause other than as specified below:

- (a) excessive and habitual use by the Participant of drugs, intoxicants or narcotics;
- (b) injury or disease sustained by the Participant while willfully and illegally participating in fights, riots, civil insurrections or while committing a felony;
- (c) injury or disease sustained by the Participant while serving in any armed forces;
- (d) injury or disease sustained by the Participant diagnosed or discovered subsequent to the date of his termination of employment;
- (e) injury or disease sustained by the Participant while working for anyone other than the Plan Sponsor or any Affiliate and arising out of such employment; and
- (f) injury or disease sustained by the Participant as a result of an act of war, whether or not such act arises from a formally declared state of war.

The determination of whether or not a Disability exists shall be determined by the Plan Administrator and shall be substantiated by competent medical evidence.

1.12 "Distributee" means an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order (as defined in Code Section 414(p)), are Distributees with regard to the interest of the spouse or former spouse.

1.13 "Elective Deferrals" means, with respect to any taxable year of the Participant, the sum of

- (a) any Deferral Amounts;
- (b) any contributions made by or on behalf of a Participant under any other qualified cash or deferred arrangement as defined in Code Section 401(k), whether or not maintained by a Plan Sponsor, to the extent such contributions are not or would not, but for Code Section 402(g)(1), be included in the Participant's gross income for the taxable year; and
- (c) any other contributions made by or on behalf of a Participant pursuant to Code Section 402(g)(3).

1.14 "Eligibility Service" means the completion of a twelve-consecutive- month period beginning on the date on which the Employee first performs an Hour of Service upon his employment or reemployment or any anniversary thereof without reaching a Severance Date; provided, however, if an Employee quits, retires or is discharged and then performs an Hour of Service within twelve months of his Severance Date, then such period of severance shall be taken into account in calculating Eligibility Service.

1.15 "Eligible Employee" means any Employee of a Plan Sponsor other than an Employee who is (a) covered by a collective bargaining agreement between a union and a Plan Sponsor, provided that retirement benefits were the subject of good faith bargaining, unless the collective bargaining agreement provides for participation in the Plan, (b) a leased employee within the meaning of Code Section 414(n)(2), (c) deemed to be an Employee of a Plan Sponsor pursuant to regulations under Code Section 414(o), or (d) a non-resident alien. In addition, no person who is initially classified by a Plan Sponsor as an independent contractor for federal income tax purposes shall be regarded as an Eligible Employee for that period, regardless of any subsequent determination that any such person should have been characterized as a common law employee of the Plan Sponsor for the period in question.

1.16 "Eligible Retirement Plan" means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) or a qualified trust described in Code Section 401(a) that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

1.17 "Eligible Rollover Distribution" means any distribution of all or any portion of the Distributee's Account, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and, effective for distributions made after December 31, 1999, any distribution made under Section 6.1 of the Plan.

1.18 "Employee" means any person who is (a) a common law employee of a Plan Sponsor or an Affiliate, (b) a leased employee within the meaning of Code Section 414(n)(2) with respect to a Plan Sponsor, or (c) deemed to be an employee of a Plan Sponsor pursuant to regulations under Code Section 414(o).

1.19 "Entry Date" means the first day of each payroll period.

1.20 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.21 "Fiduciary" means each Named Fiduciary and any other person who exercises or has any discretionary authority or control regarding management or administration of the Plan, any other person who renders investment advice for a fee or has any authority or responsibility to do so with respect to any assets of the Plan, or any other person who exercises or has any authority or control respecting management or disposition of assets of the Plan.

1.22 "Fund" means the amount at any given time of cash and other property held by the Trustee pursuant to the Plan.

1.23 "Highly Compensated Employee" means, with respect to a Plan Year, each Employee who:

(a) was at any time during the Plan Year or the immediately preceding Plan Year an owner of more than five percent (5%) of the outstanding stock of a Plan Sponsor or Affiliate or more than five percent (5%) of the total combined voting power of all stock of a Plan Sponsor or Affiliate;

(b) received Annual Compensation in excess of \$80,000 (for the Plan Year beginning in 1997) during the immediately preceding Plan Year; or

(c) is a former Employee who met the requirements of Subsection

(a)(1) or (a)(2) at the time the former Employee separated from service with the Plan Sponsor or an Affiliate or at any time after the former Employee attained age 55.

1.24 "Hour of Service" means:

(a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for a Plan Sponsor or any Affiliate during the applicable computation period, and such hours shall be credited to the computation period in which the duties are performed;

(b) Each hour for which an Employee is paid, or entitled to payment, by a Plan Sponsor or any Affiliate on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence;

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by a Plan Sponsor or any Affiliate, and such hours shall be credited to the computation period or periods to which the award or agreement for back pay pertains rather than to the computation period in which the award, agreement or payment is made; provided, that the crediting of Hours of Service for back pay awarded or agreed to with respect to periods described in Subsection (b) of this Section shall be subject to the limitations set forth in Subsection (f);

(d) Solely for purposes of determining whether a Break in Service has occurred, each hour during any period that the Employee is absent from work

(1) by reason of the pregnancy of the Employee, (2) by reason of the birth of a child of the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of the child by the Employee, or (4) for purposes of caring for such child for a period immediately following its birth or placement. The hours described in this Subsection

(d) shall be credited (A) only in the computation period in which the absence from work begins, if the Employee would be prevented from incurring a Break in Service in that year solely because of that credit, or (B), in any other case, in the next following computation period;

(e) Without duplication of the Hours of Service counted pursuant to Subsection (d) hereof and solely for such purposes as required pursuant to the Family and Medical Leave Act of 1993 and the regulations thereunder (the "Act"), each hour (as determined pursuant to the Act) for which an Employee is granted leave under the Act (1) for the birth of a child, (2) for placement with the Employee of a child for adoption or foster care, (3) to care for the Employee's spouse, child or parent with a serious health condition, or (4) for a serious health condition that makes the Employee unable to perform the functions of the Employee's job;

(f) The Plan Administrator shall credit Hours of Service in accordance with the provisions of Section 2530.200b-2(b) and (c) of the U.S. Department of Labor Regulations or such other federal regulations as may from time to time be applicable and determine Hours of Service from the employment records of a Plan Sponsor or in any other manner consistent with regulations promulgated by the Secretary of Labor, and shall construe any ambiguities in favor of crediting Employees with Hours of Service. Notwithstanding any other provision of this Section, in no event shall an Employee be credited with more than 501 Hours of Service during any single continuous period during which he performs no duties for the Plan Sponsor or Affiliate; and

(g) In the event that a Plan Sponsor or an Affiliate acquires substantially all of the assets of another corporation or entity or a controlling interest of the stock of another corporation or merges with another corporation or entity and is the surviving entity, then service of an Employee who was employed by the prior corporation or entity and who is employed by the Plan Sponsor or an Affiliate at the time of the acquisition or merger shall be counted in the manner provided, with the consent of the Primary Sponsor, in resolutions adopted by the Plan Sponsor which authorizes the counting of such service.

1.25 "Individual Fund" means individual subfunds of the Fund as may be established by the Plan Administrator from time to time for the investment of the Fund.

1.26 "Investment Committee" means a committee, which may be established to direct the Trustee with respect to investments of the Fund.

1.27 "Investment Manager" means a Fiduciary, other than the Trustee, the Plan Administrator, or a Plan Sponsor, who may be appointed by the Primary Sponsor:

(a) who has the power to manage, acquire, or dispose of any assets of the Fund or a portion thereof; and

(b) who

(1) is registered as an investment adviser under the Investment Advisers Act of 1940;

(2) is a bank as defined in that Act; or

(3) is an insurance company qualified to perform services described in Subsection (a) above under the laws of more than one state; and

(c) who has acknowledged in writing that he is a Fiduciary with respect to the Plan.

1.28 "Named Fiduciary" means only the following:

(a) the Plan Administrator;

(b) the Trustee;

(c) the Investment Committee; and

(d) the Investment Manager.

1.29 "Normal Retirement Age" means age 65.

1.30 "Participant" means any Employee or former Employee who has become a participant in the Plan for so long as his Account has not been fully distributed pursuant to the Plan.

1.31 "Plan Administrator" means the organization or person designated to administer the Plan by the Primary Sponsor and, in lieu of any such designation, means the Primary Sponsor.

1.32 "Plan Sponsor" means individually the Primary Sponsor and any Affiliate or other entity which has adopted the Plan and Trust; provided, however, if the Plan is adopted on behalf of Employees of one or more, but less than all, divisions or facilities of any Affiliate, then the term "Plan Sponsor", as applied to that Affiliate, shall only apply to the divisions or facilities on behalf of whose Employees the Plan has been adopted.

1.33 "Plan Year" means the calendar year.

1.34 "Primary Sponsor" means Tyson Foods, Inc. and each successor thereto.

1.35 "Retirement Date" means the date on which the Participant

(a) experiences a termination of employment on or after attaining Normal Retirement Age, or (b) becomes subject to a Disability.

1.36 "Rollover Amount" means any amount transferred to the Fund by a Participant, which amount qualifies as an eligible rollover distribution under Code Section 402(c)(4), or for rollover treatment under Code Sections 403(a)(4) or 408(d)(3)(A)(ii), and any regulations issued thereunder.

1.37 "Severance Date" means the earlier of (a) the date on which an Employee quits, is discharged, retires or dies, and (b) the first anniversary of the first date of a period in which an Employee remains absent from work (with or without pay) with the Plan Sponsor or any Affiliate for any reason. Notwithstanding the foregoing, the Severance Date of an Employee who is absent from work beyond the first anniversary of the first date of absence (1) by reason of the pregnancy of the Employee, (2) by reason of the birth of a child of the Employee, (3) by reason of the placement of a child with the Employee, or (4) for purposes of caring for the child for a period immediately following its birth or placement, means the second anniversary of the first date of absence from work. The Plan Administrator may require an Employee to provide to it timely information to establish the reason for any such absence hereunder and the number of days for which there was such an absence.

1.38 "Termination of Employment" means the termination of employment of an Employee from all Plan Sponsors and Affiliates for any reason other than death or attainment of a Retirement Date. Any absence from active employment of the Plan Sponsor and Affiliates by reason of an approved leave of absence shall not be deemed for any purpose under the Plan to be a Termination of Employment. Transfer from an Employee from one Plan Sponsor to another Plan Sponsor or to an Affiliate shall not be deemed for any purpose under the Plan to be a Termination of Employment. In addition, transfer of an Employee to another employer in connection with a corporate transaction involving a sale of assets, merger or sale of stock, shall not be deemed to be a Termination of Employment, for purposes of the timing of distributions under Plan Section 7.1, if the employer to which such Employee is transferred agrees with the Plan Sponsor to accept a transfer of assets from the Plan to its tax-qualified plan in a trust-to-trust transfer meeting the requirements of Code Section 414(l). If the employer to which such Employee is transferred does not agree to accept a transfer of assets from the Plan to its tax-qualified Plan, Plan Section 7.5 is applicable in the event that such Termination of Employment is not a distributable event under Code Section 401(k)(10)(A).

1.39 "Trust" means the trust established under an agreement between the Primary Sponsor and the Trustee to hold the Fund or any successor agreement.

1.40 "Trustee" means the trustee under the Trust.

1.41 "Valuation Date" means each regular business day.

## SECTION 2 ELIGIBILITY

2.1 Each Eligible Employee shall become a Participant as of the Entry Date coinciding with or next following the date he completes his Eligibility Service.

2.2 Except as provided in Section 2.4, each former Participant who is reemployed by a Plan Sponsor shall become a Participant as of the date of his reemployment as an Eligible Employee.

2.3 Except as provided in Section 2.4, each former Employee who completes his Eligibility Service but terminates employment with a Plan Sponsor before becoming a Participant shall become a Participant as of the latest of the date he (a) is reemployed, (b) would have become a Participant if he had not incurred a termination of employment, or (c) becomes an Eligible Employee.

2.4 If a former Employee incurs a Break in Service, he shall become a Participant as of the Entry Date coinciding with or next following the date he completes a period of Eligibility Service following the date of his reemployment, regardless of whether the former Employee previously was a Participant.

2.5 Effective January 1, 2000, solely for the purpose of contributing Deferral Amounts to the Plan, an Eligible Employee who has not yet completed his Eligibility Service may become a Participant as of the first day of the month following the completion of two full calendar months of service.

2.6 Solely for the purpose of contributing a Rollover Amount to the Plan, an Eligible Employee who has not yet become a Participant pursuant to any other provision of this Section 2 shall become a Participant as of the date on which the Rollover Amount is contributed to the Plan only with respect to that Rollover Amount.

### SECTION 3 CONTRIBUTIONS

3.1 (a) Deferral Amounts. The Plan Sponsor shall make a contribution to the Fund on behalf of each Participant who is an Eligible Employee and has elected to defer a portion of Annual Compensation otherwise payable to him for the Plan Year and to have such portion contributed to the Fund. The election must be made before the Annual Compensation is payable and may only be made pursuant to an agreement between the Participant and the Plan Sponsor which shall be in such form and subject to such rules and limitations as the Plan Administrator may prescribe and shall specify the percentage of Annual Compensation that the Participant desires to defer and to have contributed to the Fund. Once a Participant has made an election for a Plan Year, the Participant may revoke or modify his election to increase or reduce the rate of future deferrals, as provided in the administrative procedures provided by the Plan Administrator. The contribution made by a Plan Sponsor on behalf of a Participant under this

Section 3.1 shall be in an amount equal to the amount specified in the Participant's deferral agreement, but not less than two percent (2%) and not greater than fifteen percent (15%) of the Participant's Annual Compensation. Pursuant to Section 4 of Appendix C, the Plan Administrator may restrict the amount which Highly Compensated Employees, or any subgroup thereof, may defer under this Section 3.1.

(b) Limits of Deferral Amounts. Elective Deferrals shall in no event exceed \$10,000 (for 1999) in any one taxable year of the Participant, which amount shall be adjusted for changes in the cost of living as provided by the Secretary of the Treasury. In the event the amount of Elective Deferrals exceeds \$10,000 (for 1999) as adjusted, in any one taxable year then, (1) not later than the immediately following March 1, the Participant may designate to the Plan the portion of the Participant's Deferral Amount

which consists of excess Elective Deferrals, and (2) not later than the immediately following April 15, the Plan may distribute the amount designated to it under Paragraph (1) above, as adjusted to reflect income, gain, or loss attributable to it through the end of the Plan Year, and reduced by any "Excess Deferral Amounts," as defined in Appendix C hereto, previously distributed or recharacterized with respect to the Participant for the Plan Year beginning with or within that taxable year. The payment of the excess Elective Deferrals, as adjusted and reduced, from the Plan shall be made to the Participant without regard to any other provision in the Plan. In the event that a Participant's Elective Deferrals exceed \$10,000, as adjusted, in any one taxable year under the Plan and other plans of the Plan Sponsor and its Affiliates, the Participant shall be deemed to have designated for distribution under the Plan the amount of excess Elective Deferrals, as adjusted and reduced, by taking into account only Elective Deferral amounts under the Plan and other plans of the Plan Sponsor and its Affiliates.

**3.2 Matching Contributions.** The Plan Sponsor shall make contributions to the Fund with respect to each Plan Year on behalf of each Participant who is an Eligible Employee and who has completed his Eligibility Service in an amount equal to (a) one hundred percent (100%) of the Participant's Annual Compensation deferred by the Participant pursuant to Section 3.1, to the extent the contribution under Section 3.1 does not exceed three percent (3%) of his Annual Compensation, and (b) fifty percent (50%) of the Participant's Annual Compensation deferred by the Participant pursuant to Section 3.1, to the extent the contribution under Section 3.1 exceeds three percent (3%) of his Annual Compensation but does not exceed five percent (5%) of his Annual Compensation.

**3.3 Stock Match Contributions.** The Plan Sponsor proposes to make contributions to the Fund on behalf of those Participants who are entitled to matching contributions pursuant to the terms of Section 4.1(d) of the "Tyson Foods, Inc. Employee Stock Purchase Plan" (or any successor provisions) (the "Stock Match Provisions") in the amounts and at such times as required thereby. Effective April 1, 1998, any contributions mistakenly made pursuant to this Section 3.3 on behalf of a Participant who is a Highly Compensated Employee shall be returned to the Plan Sponsor; provided, such amount is returned no later than one year after the date of its contribution.

**3.4 Rollover Contributions.** Any Eligible Employee may, with the consent of the Plan Administrator and subject to such rules and conditions as the Plan Administrator may prescribe, transfer a Rollover Amount to the Fund; provided, however, that the Plan Administrator shall not administer this provision in a manner which is discriminatory in favor of Highly Compensated Employees.

**3.5 Forfeitures.** Forfeitures contemplated by Section 13.5 shall be used to reduce Plan expenses and not to increase benefits.

**3.6 Form of Contributions.** Contributions may be made only in cash or other property which is acceptable to the Trustee. In no event will the sum of contributions under Sections 3.1, 3.2 and 3.3 exceed the deductible limits under Code Section 404.

3.7 Contributions Related to Military Service. Effective December 12, 1994, notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

3.8 Corrective Contributions. Notwithstanding any provision of the Plan to the contrary, the Plan Sponsor may make corrective distributions or allocations as required to comply with any program provided pursuant to Revenue Procedure 98-22 or any successor guidance.

#### SECTION 4 ALLOCATIONS

4.1 (a) As soon as reasonably practicable following the date of withholding by the Plan Sponsor, if applicable, and receipt by the Trustee, Plan Sponsor contributions made on behalf of each Participant under Sections 3.1 and 3.2, and Rollover Amounts contributed by the Participant, shall be allocated to the Salary Deferral Contribution Account, Employer Contribution Account and Rollover Account, respectively, of the Participant on behalf of whom the contributions were made.

(b) As soon as reasonably practicable after the date indicated by the Stock Match Provisions, Plan Sponsor contributions made under Section 3.3 shall be allocated to the Stock Match Account of each eligible Participant.

4.2 As of each Valuation Date, the Trustee shall allocate the net income or net loss of each Individual Fund to each Account in the proportion that the value of the Account as of the Valuation Date bears to the value of all Accounts invested in that Individual Fund as of the Valuation Date.

#### SECTION 5 PLAN LOANS

5.1 Subject to the provisions of the Plan and the Trust, each Participant who is an Employee shall have the right, subject to prior approval by the Plan Administrator, to borrow from the Fund. In addition, each "party in interest," as defined in ERISA Section 3(14), who is (a) a Participant but no longer an Employee, (b) the Beneficiary of a deceased Participant, or

(c) an alternate payee of a Participant pursuant to the provisions of a "qualified domestic relations order," as defined in Code Section 414(p), shall also have the right, subject to prior approval by the Plan Administrator, to borrow from the Fund; provided, however, that loans to such parties in interest may not discriminate in favor of Highly Compensated Employees.

5.2 In order to apply for a loan, a borrower must complete and submit to the Plan Administrator documents or information required by the Plan Administrator for this purpose.

5.3 Loans shall be available to all eligible borrowers on a reasonably equivalent basis which may take into account the borrower's creditworthiness, ability to repay and ability to provide adequate security. Loans shall not be made available to Highly Compensated Employees, officers or shareholders of a Plan Sponsor in an amount greater

than the amount made available to other borrowers. This provision shall be deemed to be satisfied if all borrowers have the right to borrow the same percentage of their interest in the Participant's vested Account, notwithstanding that the dollar amount of such loans may differ as a result of differing values of Participants' vested Accounts.

5.4 Each loan shall bear a "reasonable rate of interest" and provide that the loan be amortized in substantially level payments, made no less frequently than quarterly, over a specified period of time. A "reasonable rate of interest" shall be that rate that provides the Plan with a return commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances.

5.5 Each loan shall be adequately secured, with the security for the outstanding balance of all loans to the borrower to consist of one-half (1/2) of the borrower's interest in the Participant's vested Account, or such other security as the Plan Administrator deems acceptable. No portion of the Participant's Salary Deferral Contribution Account shall be used as security for any loan hereunder unless and until such time as the loan amount exceeds the value of the borrower's interest in the Participant's vested amounts in all other Accounts.

5.6 Each loan, when added to the outstanding balance of all other loans to the borrower from all retirement plans of the Plan Sponsor and its Affiliates which are qualified under Section 401 of the Code, shall not exceed the lesser of:

(a) \$50,000, reduced by the excess, if any, of

(1) the highest outstanding balance of loans made to the borrower from all retirement plans qualified under Code Section 401 of the Plan Sponsor and its Affiliates during the one (1) year period immediately preceding the day prior to the date on which such loan was made, over

(2) the outstanding balance of loans made to the borrower from all retirement plans qualified under Code Section 401 of the Plan Sponsor and its Affiliates on the date on which such loan was made, or

(b) one-half (1/2) of the value of the borrower's interest in the vested Account attributable to the Participant's Account.

For purposes of this Section, the value of the vested Account attributable to a Participant's Account shall be established as of the latest preceding Valuation Date, or any later date on which an available valuation was made, and shall be adjusted for any distributions or contributions made through the date of the origination of the loan.

5.7 Each loan, by its terms, shall be repaid within five (5) years.

5.8 Each loan shall be made in an amount of no less than \$1,000.

5.9 A borrower is permitted to have only two loans existing under this Plan at any one time.

5.10 The entire unpaid principal sum and accrued interest shall, at the option of the Plan Administrator, become due and payable if (a) a borrower fails to make any loan payment when due (including the expiration of any applicable grace period), (b) a borrower ceases to be a "party in interest", as defined in ERISA Section 3(14), (c) the vested Account held as security under the Plan for the borrower will, as a result of an impending distribution or withdrawal, be reduced to an amount less than the amount of all unpaid principal and accrued interest then outstanding under the loan, or (d) a borrower makes any untrue representations or warranties in connection with the obtaining of the loan. In that event, the Plan Administrator may take such steps as it deems necessary to preserve the assets of the Plan, including, but not limited to, the following: (1) direct the Trustee to deduct the unpaid principal sum, accrued interest, and any other applicable charge under the note evidencing the loan from any benefits that may become payable out of the Plan to the borrower, (2) direct the Plan Sponsor to deduct and transfer to the Trustee the unpaid principal balance, accrued interest, and any other applicable charge under the note evidencing the loan from any amounts owed by the Plan Sponsor to the borrower, or (3) liquidate the security given by the borrower, other than amounts attributable to a Participant's Salary Deferral Contribution Account, and deduct from the proceeds the unpaid principal balance, accrued interest, and any other applicable charge under the note evidencing the loan. If any part of the indebtedness under the note evidencing the loan is collected by law or through an attorney, the borrower shall be liable for attorneys' fees in an amount equal to ten percent of the amount then due and all costs of collection. Notwithstanding the foregoing, a loan may be satisfied upon a Participant's termination of employment by distributing the note evidencing the debt as part of an Eligible Rollover Distribution; provided, however, that the trustee, custodian or administrator for the Eligible Retirement Plan indicates its willingness to accept such property.

5.11 Each loan shall be made only in accordance with regulations and rulings of the Internal Revenue Service and the Department of Labor. The Plan Administrator shall be authorized to administer the loan program of this Section and shall act in his sole discretion to ascertain whether the requirements of such regulations and rulings and this Section have been met. Any loan shall be funded from a Participant's Account pursuant to uniform procedures prescribed by the Plan Administrator.

5.12 Effective September 1, 1999, Spousal consent for a loan shall be obtained if, at the time any portion of the Participant's Account is to be used as security for any such loan, the Participant has elected an annuity form of payment under Appendix D. Notwithstanding the foregoing, spousal consent need not be obtained if, at the time the Participant's Account is used as security for any such loan, the Participant's Account has a value of \$5,000 or less.

## SECTION 6 IN-SERVICE WITHDRAWALS

### 6.1 Hardship Distributions.

(a) The Trustee shall, upon the direction of the Plan Administrator, withdraw all or a portion of a Participant's Salary Deferral Contribution Account consisting of Deferral Amounts (but not earnings thereon credited after December 31, 1988) plus, to the extent

applicable, that portion of the Employer Contribution Account (as described in Appendix D) attributable to Thrift Plan (as defined in Appendix D) participation and that portion of the Rollover Account attributable to Thrift Plan participation prior to the time such account(s) are otherwise distributable in accordance with the other provisions of the Plan; provided, however, that any such withdrawal shall be made only if the Participant is an Employee and demonstrates that he is suffering from "hardship" as determined herein. For purposes of this Section, a withdrawal will be deemed to be an account of hardship if the withdrawal is on account of:

(1) expenses for medical care described in Section 213(d) of the Code incurred by the Participant, his spouse, or any dependents of the Participant (as defined in Section 152 of the Code) or necessary for these persons to obtain medical care described in Code Section 213(d);

(2) purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) payment of tuition and related educational fees for the next twelve (12) months of post-secondary education for the Participant, his spouse, children, or dependents;

(4) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence; or

(5) any other contingency determined by the Internal Revenue Service to constitute an "immediate and heavy financial need" within the meaning of Treasury Regulations Section 1.401(k)-1(d).

(b) In addition to the requirements set forth in Subsection 6.1(a) above, any withdrawal pursuant to Section 6.1 shall not be in excess of the amount necessary to satisfy the need determined under Section 6.1 and shall also be subject to the requirements of this Subsection (b).

(1) The Participant shall first obtain all withdrawals, other than hardship withdrawals, and all nontaxable loans currently available under all plans maintained by the Plan Sponsor;

(2) the Plan Sponsor shall not permit Elective Deferrals or after-tax employee contributions to be made to the Plan or any other plan maintained by the Plan Sponsor, for a period of twelve

(12) months after the Participant receives the withdrawal pursuant to this Section; and

(3) the Plan Sponsor shall not permit Elective Deferrals to be made to the Plan or any other plan maintained by the Plan Sponsor for the Participant's taxable year immediately following the taxable year of the hardship withdrawal in excess of the limit under Section 3.1 (b) for the taxable year, less the amount of the Elective Deferrals made to the Plan or any other plan maintained by the Plan Sponsor for the taxable year in which the withdrawal under this Section occurs.

Any determination of the existence of hardship and the amount to be withdrawn on account thereof shall be made by the Plan Administrator (or such other person as may be required to make such decisions) in accordance with the foregoing rules as applied in a uniform and nondiscriminatory manner; provided that, unless the Participant requests otherwise, any such withdrawal shall include the amount necessary to pay any federal, state and local income taxes and penalties reasonably anticipated to result from the withdrawal.

(c) Any hardship withdrawal amounts originally credited to a Participant under the Culinary Plan (as defined in Appendix D) or the Prior Retirement Account (as described in Appendix D) under the Hudson Plan (as defined in Appendix D) will be distributed only with the consent of the Participant's spouse.

6.2 Age 59 1/2. Effective April 1, 1998, a Member who has attained at least age 59 1/2 may elect to receive a distribution of all or any portion of his Account; provided, however, any such amounts to be withdrawn originally credited to a Participant under the Culinary Plan or the Prior Retirement Account under the Hudson Plan will be distributed only with the consent of the Participant's spouse.

6.3 After-Tax and Rollover Amounts. Effective April 1, 1998, a Member may elect to receive a distribution of all or any portion of his After-Tax Contribution Account or Rollover Account; provided, however, any such amounts to be withdrawn originally credited to a Participant under the Culinary Plan or the Prior Retirement Account under the Hudson Plan will be distributed only with the consent of the Participant's spouse.

6.4 Disability. A Member who becomes subject to a Disability may elect to receive a distribution of all or any portion of his Account; provided, however, any such amounts to be withdrawn originally credited to a Participant under the Culinary Plan or the Prior Retirement Account under the Hudson Plan will be distributed only with the consent of the Participant's spouse.

6.5 Corporate Transactions. Elective Deferrals may be withdrawn by a Participant in any one of the following events: (a) the sale or other disposition by a corporation of at least eighty-five percent (85%) of all of the assets of the trade or business of the Plan Sponsor; (b) the sale or other disposition by a corporation of its interests in a subsidiary to an unrelated entity but only with respect to a Participant who continues in the employ of the subsidiary; or (c) the termination of the Plan without the establishment or maintenance of a successor defined contribution plan within one year of the Plan termination date; all as contemplated by Code Section 401(k)(10).

6.6 General In-Service Distribution Rules. Any withdrawal under this Section shall be made in a lump sum and all such withdrawals shall be made only in accordance with such other rules, policies, procedures, restrictions and conditions as the Plan Administrator may from time to time adopt.

## SECTION 7 PAYMENT OF BENEFITS ON TERMINATION OF EMPLOYMENT

7.1 (a) In the event of Termination of Employment, a Participant whose vested Account exceeds \$5,000, effective April 1, 1998, may request that payment of his vested Account be made. Payment of a Participant's Account shall be in the form elected by such Participant under Section 7.1(b). All payments will be made (or commence) as soon as administratively feasible following a Participant's request. No distribution of the Participant's Account will be made without his request prior to the first to occur of the following: (1) April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2, or (2) becoming subject to a Disability.

(b) Payment of a Participant's Account may be made in the form of:

- (1) a lump sum payment in cash of the entire Account, except in kind to the extent of amounts allocated to the Stock Match Account;
- (2) payment in annual installments over a period to be determined by the Participant or his Beneficiary but not to exceed the life expectancy of the Participant or the joint lives of the Participant and his Beneficiary; or
- (3) any combination of the foregoing.

In addition, to the extent applicable, a Participant or Beneficiary may elect such additional forms of distribution with respect to certain portions of the Participant's Account in the manner, and to the extent, provided in Appendix D.

(c) In the event of Termination of Employment, a Participant whose vested Account is \$5,000, effective April 1, 1998, or less shall be paid in a lump sum payment in cash as soon as administratively feasible after the Participant's Termination of Employment.

(d) If a Participant who has a Termination of Employment has not previously received a distribution of his Account under Subsection (a) or (b), payment of his Account will be made (or commence) in any event as of April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or the date the Participant becomes subject to a Disability, whichever is the first to occur.

7.2 A Participant shall be fully vested in all portions of his Account at all times.

7.3 If a Plan amendment directly or indirectly changes the vesting schedule, the vesting percentage for each Participant in his Account accumulated to the date when the amendment is adopted shall not be reduced as a result of the amendment. In addition, any Participant with at least three (3) years of vesting service may irrevocably elect to remain under the pre-amendment vesting schedule with respect to all of his benefits accrued both before and after the amendment.

7.4 If a Participant has a Termination of Employment and is subsequently reemployed by a Plan Sponsor or an Affiliate prior to receiving a distribution of his Account under the Plan, such Participant shall not be entitled to a distribution under this Section while he is an Employee.

7.5 If a Participant has a Termination of Employment which is not a distributable event as provided under Code Section 401(k)(10)(A), the Plan Sponsor is not required to distribute such Participant's Account to the Participant prior to the time for distribution as otherwise provided under the Plan.

#### SECTION 8 PAYMENT OF BENEFITS ON RETIREMENT

8.1 A retired Participant whose Account exceeds \$5,000, effective April 1, 1998, shall be paid (or payment shall commence), with the consent of the Participant, as soon as administratively feasible following the Participant's Retirement Date. If a Participant who has retired has not previously received a distribution of his Account under this Section, payment of his Account will be made (or commence) in any event as of April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or the date the Participant becomes subject to a Disability, whichever is the first to occur

8.2 Payment of a Participant's Account pursuant to this Section 8 may be made in one of the forms as described in Section 7.1(b) elected by such Participant.

8.3 A retired Participant whose Account is \$5,000, effective April 1, 1998, or less shall be paid in a lump sum payment as soon as administratively feasible following the date the Participant attains a Retirement Date.

#### SECTION 9 DEATH BENEFITS

If a Participant dies before receiving a distribution of his vested Account, his Beneficiary shall receive the Participant's vested Account in any one of the forms described in Section 7.1(b) as soon as administratively feasible following the death of the Participant or, if the Beneficiary so elects, at any later date permitted under Section 10.3(b). If a Participant dies after beginning to receive a distribution of his vested Account, his Beneficiary shall continue to receive the undistributed portion of his vested Account in the form selected by the Participant before his death, except as may be provided in Appendix D.

#### SECTION 10 GENERAL RULES ON DISTRIBUTIONS

10.1 Except for installment distributions, Accounts shall not be adjusted for earnings or losses incurred after the Valuation Date with respect to which the Account is valued for imminent payout purposes. Prior to distribution of an Account, the Account shall be reduced by the amount necessary to satisfy the unpaid principal, accrued interest and penalties on any loan made to the Participant.

10.2 Notwithstanding any provisions of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 10, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of a distribution pursuant to this

Section which is an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover so long as all Eligible Rollover Distributions to a Distributee for a calendar year total or are expected to total at least \$200 and, in the case of a Distributee who elects to directly receive a portion of an Eligible Rollover Distribution and directly roll the balance over to an Eligible Retirement Plan, the portion that is to be directly rolled over totals at least \$500. If the Eligible Rollover Distribution is one to which Code Sections 401(a)(11) and 417 do not apply, such Eligible Rollover Distribution may commence less than thirty (30) days after the notice required under Treasury Regulations section 1.411(a)-11(c) is given, provided that:

- (a) the Plan Administrator clearly informs the Distributee that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and
- (b) the Distributee, after receiving the notice, affirmatively elects a distribution.

10.3 Notwithstanding any other provisions of the Plan,

(a) Prior to the death of a Participant, all retirement payments hereunder shall

- (1) be distributed to the Participant not later than the required beginning date (as defined below) or,
- (2) be distributed, commencing not later than the required beginning date (as defined below) -

(A) in accordance with regulations prescribed by the Secretary of the Treasury, over the life of the Participant or over the lives of the Participant and his designated individual Beneficiary, if any, or

(B) in accordance with regulations prescribed by the Secretary of the Treasury, over a period not extending beyond the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and his designated individual Beneficiary, if any.

(b) (1) If - (A) the distribution of a Participant's retirement payments have begun in accordance with Subsection (a)(2) of this Section, and

(B) the Participant dies before his entire vested Account has been distributed to him,

then the remaining portion of his vested Account shall be distributed at least as rapidly as under the method of distribution being used under Subsection (a)(2) of this Section as of the date of his death.

(2) If a Participant dies before the commencement of retirement payments hereunder, the entire interest of the Participant shall be distributed within five (5) years after his death.

(3) If - (A) any portion of a Participant's vested Account is payable to or for the benefit of the Participant's designated individual Beneficiary, if any,

(B) that portion is to be distributed, in accordance with regulations prescribed by the Secretary of the Treasury, over the life of the designated individual Beneficiary or over a period not extending beyond the life expectancy of the designated individual Beneficiary, and

(C) the distributions begin not later than one (1) year after the date of the Participant's death or such later date as the Secretary of the Treasury may by regulations prescribe,

then, for purposes of Paragraph (2) of this Subsection (b), the portion referred to in Subparagraph (A) of this Paragraph (3) shall be treated as distributed on the date on which the distributions to the designated individual Beneficiary begin.

(4) If the designated individual Beneficiary referred to in Paragraph

(3)(A) of this Subsection (b) is the surviving spouse of the Participant, then - (A) the date on which the distributions are required to begin under Paragraph (3)(C) of this Subsection (b) shall not be earlier than the date on which the Participant would have attained age 65, and

(B) if the surviving spouse dies before the distributions to such spouse begin, this Subsection (b) shall be applied as if the surviving spouse were the Participant.

(c) For purposes of this Section, the term "required beginning date" means April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant retires, except that in the case of a person described in Section l(b)(3) of Appendix B the "required beginning date" shall be April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2. Notwithstanding the foregoing, with respect to a Participant who attains age 70 1/2 prior to January 1, 1999, such Participant may elect to receive minimum required distributions as a form of distribution under the withdrawal provisions of Section 6.2.

(d) Distributions will be made in accordance with the regulations under Code Section 401(a)(9), including the minimum distribution incidental benefit requirement of Treas. Reg. Section 1.401(a)(9)-2.

## SECTION 11 ADMINISTRATION OF THE PLAN

11.1 Trust Agreement. The Primary Sponsor shall establish a Trust with the Trustee designated by the Board of Directors for the management of the Fund, which Trust shall form a part of the Plan and is incorporated herein by reference.

11.2 Operation of the Plan Administrator. The Primary Sponsor shall appoint a Plan Administrator. If an organization is appointed to serve as the Plan Administrator, then the Plan Administrator may designate in writing one or more persons who may act on behalf of the Plan Administrator. If more than one person is so designated with respect to the same administrative function, a majority of such persons shall constitute a quorum for the transaction of business and shall have the full power to act on behalf of the Plan Administrator. The Primary Sponsor shall have the right to remove the Plan Administrator at any time by notice in writing. The Plan Administrator may resign at any time by written notice of resignation to the Trustee and the Primary Sponsor. Upon removal or resignation of the Plan Administrator, or in the event of the dissolution of the Plan Administrator, the Primary Sponsor shall appoint a successor. An organization serving as Plan Administrator shall have the right to remove any person designated to act on behalf of the Plan Administrator at any time by notice in writing. Any such designee may resign at any time by written notice of resignation to the Plan Administrator. Upon removal or resignation of any such designee, the Plan Administrator may appoint a successor.

### 11.3 Fiduciary Responsibility.

(a) The Plan Administrator, as a Named Fiduciary, may allocate its fiduciary responsibilities among Fiduciaries other than the Trustee, designated in writing by the Plan Administrator and may designate in writing persons other than the Trustee to carry out its fiduciary responsibilities under the Plan. The Plan Administrator may remove any person designated to carry out its fiduciary responsibilities under the Plan by notice in writing to such person.

(b) The Plan Administrator and each other Fiduciary may employ persons to perform services and to render advice with regard to any of the Fiduciary's responsibilities under the Plan. Charges for all such services performed and advice rendered may be paid by the Fund to the extent permitted by ERISA.

(c) Each Plan Sponsor shall indemnify and hold harmless each person constituting the Plan Administrator or the Investment Committee, except those individuals who are not a Plan Sponsor or an employee of a Plan Sponsor, if any, from and against any and all claims, losses, costs, expenses (including, without limitation, attorney's fees and court costs), damages, actions or causes of action arising from, on account of or in connection with the performance by such person of his duties in such capacity, other than such of the foregoing arising from, on account of or in connection with the willful neglect or willful misconduct of such person.

### 11.4 Duties of the Plan Administrator.

(a) The Plan Administrator shall advise the Trustee with respect to all payments under the terms of the Plan and shall direct the Trustee in writing to make such payments from the Fund; provided, however, in no event shall the Trustee be required to make such payments if the Trustee has actual knowledge that such payments are contrary to the terms of the Plan and the Trust.

(b) The Plan Administrator shall from time to time establish rules, not contrary to the provisions of the Plan and the Trust, for the administration of the Plan and the transaction of its business. All elections and designations under the Plan by a Participant or Beneficiary shall be made on forms prescribed by the Plan Administrator. The Plan Administrator shall have discretionary authority to construe the terms of the Plan and shall determine all questions arising in the administration, interpretation and application of the Plan, including, but not limited to, those concerning eligibility for benefits and it shall not act so as to discriminate in favor of any person. All determinations of the Plan Administrator shall be conclusive and binding on all Employees, Participants, Beneficiaries and Fiduciaries, subject to the provisions of the Plan and the Trust and subject to applicable law.

(c) The Plan Administrator shall furnish Participants and Beneficiaries with all disclosures now or hereafter required by ERISA or the Code. The Plan Administrator shall file, as required, the various reports and disclosures concerning the Plan and its operations as required by ERISA and by the Code, and shall be solely responsible for establishing and maintaining all records of the Plan and the Trust.

(d) The statement of specific duties for a Plan Administrator in this Section is not in derogation of any other duties which a Plan Administrator has under the provisions of the Plan or the Trust or under applicable law.

11.5 Investment Manager. The Primary Sponsor may, by action in writing certified by notice to the Trustee, appoint an Investment Manager. Any Investment Manager may be removed in the same manner in which appointed, and in the event of any removal, the Investment Manager shall, as soon as possible, but in no event more than thirty (30) days after notice of removal, turn over all assets managed by it to the Trustee or to any successor Investment Manager appointed, and shall make a full accounting to the Primary Sponsor with respect to all assets managed by it since its appointment as an Investment Manager.

11.6 Investment Committee. The Primary Sponsor may, by action in writing certified by notice to the Trustee, appoint an Investment Committee. The Primary Sponsor shall have the right to remove any person on the Investment Committee at any time by notice in writing to such person. A person on the Investment Committee may resign at any time by written notice of resignation to the Primary Sponsor. Upon such removal or resignation, or in the event of the death of a person on the Investment Committee, the Primary Sponsor may appoint a successor. Until a successor has been appointed, the remaining persons on the Investment Committee may continue to act as the Investment Committee.

11.7 Action by a Plan Sponsor. Any action to be taken by a Plan Sponsor shall be taken by resolution or written direction duly adopted by its board of directors or appropriate governing body, as the case may be; provided, however, that by such resolution or written direction, the board of directors or appropriate governing body, as the case may be, may delegate to any officer or other appropriate person of a Plan Sponsor the authority to take any such actions as may be specified in such resolution or written direction, other than the power to amend, modify or terminate the Plan or the Trust or to determine the basis of any Plan Sponsor contributions.

## SECTION 12 CLAIM REVIEW PROCEDURE

12.1 If a Participant or Beneficiary is denied a claim for benefits under a Plan, the Plan Administrator shall provide to the claimant written notice of the denial within ninety (90) days after the Plan Administrator receives the claim, unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety (90) day period. In no event shall the extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the final decision.

12.2 If the claimant is denied a claim for benefits, the Plan Administrator shall provide, within the time frame set forth in Plan Section 12.1, written notice of the denial which shall set forth:

- (a) the specific reasons for the denial;
- (b) specific references to the pertinent provisions of the Plan on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and
- (d) an explanation of the Plan's claim review procedure.

12.3 After receiving written notice of the denial of a claim or that a domestic relations order is a qualified domestic relations order, a claimant or his representative may:

- (a) request a full and fair review of the denial or determination that a domestic relations order is a qualified domestic relations order by written application to the Plan Administrator;
- (b) review pertinent documents; and
- (c) submit issues and comments in writing to the Plan Administrator.

12.4 If the claimant wishes a review of the decision denying his claim to benefits under the Plan or if a claimant wishes to appeal a decision that a domestic relations order is a qualified domestic relations order, the claimant must deliver the written application to the Plan Administrator within sixty (60) days after receiving written notice of the denial or notice that the domestic relations order is a qualified domestic relations order. Delivery shall be considered effected only upon actual receipt by the Plan Administrator.

12.5 Upon receiving the written application for review, the Plan Administrator may schedule a hearing for purposes of reviewing the claimant's claim, which hearing shall take place not more than thirty (30) days from the date on which the Plan Administrator received the written application for review.

12.6 At least ten (10) days prior to the scheduled hearing, the claimant and his representative designated in writing by him, if any, shall receive written notice of the date, time, and place of the scheduled hearing. The claimant or his representative may request that the hearing be rescheduled for his convenience on another reasonable date or at another reasonable time or place.

12.7 All claimants requesting a review of the decision denying their claim for benefits may employ counsel for purposes of the hearing.

12.8 No later than sixty (60) days following the receipt of the written application for review, the Plan Administrator shall submit its decision on the review in writing to the claimant involved and to his representative, if any; provided, however, a decision on the written application for review may be extended, in the event special circumstances such as the need to hold a hearing require an extension of time, to a day no later than one hundred twenty (120) days after the date of receipt of the written application for review. The decision shall include specific reasons for the decision and specific references to the pertinent provisions of the Plan on which the decision is based.

### SECTION 13 INCOMPETENT DISTRIBUTE AND UNCLAIMED PAYMENTS

13.1 No benefit which shall be payable under the Plan to any person shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachment or legal process for, or against, such person, and the same shall not be recognized under the Plan, except to such extent as may be required by law. Notwithstanding the above, this Section shall not apply to a "qualified domestic relations order" (as defined in Code Section 414(p)), and benefits may be paid pursuant to the provisions of such an order. The Plan Administrator shall develop procedures (in accordance with applicable federal regulations) to determine whether a domestic relations order is qualified, and, if so, the method and the procedures for complying therewith. In addition, a distribution to an "alternate payee" (as defined in Code Section 414(p)) shall be permitted if such distribution is authorized by a qualified domestic relations order, even if the affected Participant has not yet separated from service and has not yet reached the "earliest retirement age" (as defined in Code Section 414(p)).

13.2 Notwithstanding any other provision of the Plan, effective August 5, 1997, the benefit of a Participant shall be subject to legal process and may be assigned, alienated or attached pursuant to a court judgment or settlement provided:

(a) such Participant is ordered or required to pay the Plan in accordance with the following:

(1) a judgment or conviction for a crime involving the Plan;

(2) a civil judgment entered by a court in an action brought in connection with a violation of part 4 of subtitle B of Title I of ERISA; or

(3) a settlement agreement between such Participant and the Secretary of Labor, in connection with a violation (or alleged violation) of part 4 of subtitle B of Title I of ERISA by a fiduciary or any other person; and

(b) the judgment, order, decree, or settlement agreement shall expressly provide for the offset of all or part of the amount ordered or required to be paid to the Plan against such Participant's benefits under the Plan.

13.3 If any person who shall be entitled to any benefit under the Plan shall become bankrupt or shall attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge such benefit under the Plan, then the payment of any such benefit in the event a Participant or Beneficiary is entitled to payment shall, in the discretion of the Plan Administrator, cease and terminate and in that event the Trustee shall hold or apply the same for the benefit of such person, his spouse, children, other dependents or any of them in such manner and in such proportion as the Plan Administrator shall determine.

13.4 Whenever any benefit which shall be payable under the Plan is to be paid to or for the benefit of any person who is then a minor or determined to be incompetent by qualified medical advice, the Plan Administrator need not require the appointment of a guardian or custodian, but shall be authorized to cause the same to be paid over to the person having custody of such minor or incompetent, or to cause the same to be paid to such minor or incompetent without the intervention of a guardian or custodian, or to cause the same to be paid to a legal guardian or custodian of such minor or incompetent if one has been appointed or to cause the same to be used for the benefit of such minor or incompetent.

13.5 If the Plan Administrator cannot ascertain the whereabouts of any Participant to whom a payment is due under the Plan, the Plan Administrator may direct that the payment and all remaining payments otherwise due to the Participant be cancelled on the records of the Plan and the amount thereof applied as a forfeiture in accordance with Section 3.5, except that, in the event the Participant later notifies the Plan Administrator of his whereabouts and requests the payments due to him under the Plan, the forfeited amount shall be restored either from Trust income or by a special contribution by the Plan Sponsor to the Plan, as determined by the Plan Administrator, in an amount equal to the payment to be paid to the Participant.

#### SECTION 14 PROHIBITION AGAINST DIVERSION

At no time shall any part of the Fund be used for or diverted to purposes other than the exclusive benefit of the Participants or their Beneficiaries, subject, however, to the payment of all taxes and administrative expenses and subject to the provisions of the Plan with respect to returns of contributions. Expenses incurred in the administration of the Plan shall be paid from the Trust, to the extent permitted by ERISA, unless such expenses are paid by a Plan Sponsor; provided, further, that a Plan Sponsor may be reimbursed by the Fund, to the extent permitted by ERISA, for Plan expenses originally paid by the Plan Sponsor.

## SECTION 15 LIMITATION OF RIGHTS

Participation in the Plan shall not give any Employee any right or claim except to the extent that such right is specifically fixed under the terms of the Plan. The adoption of the Plan and the Trust by any Plan Sponsor shall not be construed to give any Employee a right to be continued in the employ of a Plan Sponsor or as interfering with the right of a Plan Sponsor to terminate the employment of any Employee at any time.

## SECTION 16 AMENDMENT TO OR TERMINATION OF THE PLAN AND THE TRUST

16.1 The Primary Sponsor reserves the right at any time to modify or amend or terminate the Plan or the Trust in whole or in part; provided, however, that the Primary Sponsor shall have no power to modify or amend the Plan in such manner as would cause or permit any portion of the funds held under a Plan to be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries, or as would cause or permit any portion of a fund held under the Plan to become the property of a Plan Sponsor; and provided further, that the duties or liabilities of the Trustee shall not be increased without its written consent. No such modifications or amendments shall have the effect of retroactively changing or depriving Participants or Beneficiaries of rights already accrued under the Plan. No Plan Sponsor other than the Primary Sponsor shall have the right to so modify, amend or terminate the Plan or the Trust. Notwithstanding the foregoing, each Plan Sponsor may terminate its own participation in the Plan and Trust pursuant to the Plan.

16.2 Each Plan Sponsor other than the Primary Sponsor shall have the right to terminate its participation in the Plan and Trust by resolution of its board of directors or other appropriate governing body and notice in writing to the Primary Sponsor and the Trustee unless such termination would result in the disqualification of the Plan or the Trust or would adversely affect the exempt status of the Plan or the Trust as to any other Plan Sponsor. If contributions by or on behalf of a Plan Sponsor are completely terminated, the Plan and Trust shall be deemed terminated as to such Plan Sponsor. Any termination by a Plan Sponsor, shall not be a termination as to any other Plan Sponsor. The Primary Sponsor may, in its absolute discretion, terminate the participation of any other Plan Sponsor at any time.

16.3 (a) If the Plan is terminated by the Primary Sponsor or if contributions to the Trust should be permanently discontinued, it shall terminate as to all Plan Sponsors and the Fund shall be used, subject to the payment of expenses and taxes, for the benefit of Participants and Beneficiaries, and for no other purposes, and the Account of each affected Participant shall be fully vested and nonforfeitable, notwithstanding the provisions of the Section of the Plan which sets forth the vesting schedule.

(b) In the event of the partial termination of the Plan, each affected Participant's Account shall be fully vested and nonforfeitable.

16.4 In the event of the termination of the Plan or the Trust with respect to a Plan Sponsor, the Accounts of the Participants with respect to the Plan as adopted by such Plan Sponsor shall be distributed in accordance with the applicable distribution provisions of the Plan pursuant to the instructions of the Plan Administrator; provided that the Trustee shall not be required to make any distribution until it receives a copy of an Internal Revenue Service determination letter to the effect that the termination does not affect the qualified status of the Plan or the exempt status of the Trust or, in the event that such letter is applied for and is not issued, until the Trustee is reasonably satisfied that adequate provision has been made for the payment of all taxes which may be due and owing by the Trust.

16.5 In the case of any merger or consolidation of the Plan with, or any transfer of the assets or liabilities of the Plan to, any other plan qualified under Code Section 401, the terms of the merger, consolidation or transfer shall be such that each Participant would receive (in the event of termination of the Plan or its successor immediately thereafter) a benefit which is no less than the benefit which the Participant would have received in the event of termination of the Plan immediately before the merger, consolidation or transfer.

16.6 Notwithstanding any other provision of the Plan, an amendment to the Plan -

(a) which eliminates or reduces an early retirement benefit, if any, or which eliminates or reduces a retirement-type subsidy (as defined in regulations issued by the Department of the Treasury), if any, or

(b) which eliminates an optional form of benefit

shall not be effective with respect to benefits attributable to service before the amendment is adopted. In the case of a retirement-type subsidy described in Subsection (a) above, this Section shall be applicable only to a Participant who satisfies, either before or after the amendment, the preamendment conditions for the subsidy.

#### SECTION 17 ADOPTION OF PLAN BY AFFILIATES

Any corporation or other business entity related to the Primary Sponsor by function or operation and any Affiliate, if the corporation, business entity or Affiliate is authorized to do so by written direction adopted by the Board of Directors, may adopt the Plan and the related Trust by action of the board of directors or other appropriate governing body of such corporation, business entity or Affiliate. Any adoption shall be evidenced by certified copies of the resolutions of the foregoing board of directors or governing body indicating the adoption and by the execution of the Trust by the adopting corporation, or business entity or Affiliate. The resolution shall state and define the effective date of the adoption of the Plan by the Plan Sponsor and, for the purpose of Code Section 415, the "limitation year" as to such Plan Sponsor.

Notwithstanding the foregoing, however, if the Plan and Trust as adopted by an Affiliate or other corporation or business entity under the foregoing provisions shall fail to receive the initial approval of the Internal Revenue Service as a qualified Plan and Trust under Code Sections 401(a) and 501(a), any contributions by the Affiliate or other corporation or business entity after payment of all

expenses will be returned to such Plan Sponsor free of any trust, and the Plan and Trust shall terminate, as to the adopting Affiliate or other corporation or business entity.

## SECTION 18 QUALIFICATION AND RETURN OF CONTRIBUTIONS

18.1 If the Plan and the related Trust fail to receive the initial approval of the Internal Revenue Service as a qualified plan and trust within one (1) year after the date of denial of qualification (a) the contribution of a Plan Sponsor after payment of all expenses will be returned to a Plan Sponsor free of the Plan and Trust, (b) contributions made by a Participant shall be returned to the Participant who made the contributions, and (c) the Plan and Trust shall thereupon terminate.

18.2 All Plan Sponsor contributions to the Plan are contingent upon deductibility. To the extent permitted by the Code and other applicable laws and regulations thereunder, upon a Plan Sponsor's request, a contribution which was made by reason of a mistake of fact or which was nondeductible under Code Section 404, shall be returned to a Plan Sponsor within one (1) year after the payment of the contribution, or the disallowance of the deduction (to the extent disallowed), whichever is applicable.

In the event of a contribution which was made by reason of a mistake of fact or which was nondeductible, the amount to be returned to the Plan Sponsor shall be the excess of the contribution above the amount that would have been contributed had the mistake of fact or the mistake in determining the deduction not occurred, less any net loss attributable to the excess. Any net income attributable to the excess shall not be returned to the Plan Sponsor. No return of any portion of the excess shall be made to the Plan Sponsor if the return would cause the balance in a Participant's Account to be less than the balance would have been had the mistaken contribution not been made.

## SECTION 19

### SECTION 16 OF SECURITIES EXCHANGE ACT OF 1934

Notwithstanding any other provision of this Plan, the provisions of this Plan set forth the formula or formulas that determine the amount, price or timing of awards to persons subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934 (the "Act") and any other provisions of the Plan of the type referred to in Section 16b-3(c)(2)(ii) of the Act shall not be amended more than once every six months, other than to comport with changes in the Code, ERISA or the rules thereunder. Further, to the extent required, the persons described in the preceding sentence shall be subject to such withdrawal, investment and other restrictions necessary to satisfy Rule 16b-3 under the Act. This Section 19 is intended to comply with Rule 16b-3 under the Act and shall be effective only to the extent required by such rule and shall be interpreted and administered in accordance with such rule.

SECTION 20 INCORPORATION OF SPECIAL LIMITATIONS

Appendices A, B, C and D to the Plan, attached hereto, are incorporated by reference and the provisions of the same shall apply notwithstanding anything to the contrary contained herein.

IN WITNESS WHEREOF, the Primary Sponsor has caused this indenture to be executed as of the date first above written.

**TYSON FOODS, INC.**

*By: /s/ Carl Johnson*

-----  
*Title: Executive Vice President,*

*Administrative Services*

*ATTEST:*

*/s/ R. Read Hudson*

-----  
*Title: Secretary*

**APPENDIX A  
LIMITATION ON ALLOCATIONS**

**SECTION 1**

The "annual addition" for any Participant for any one limitation year may not exceed the lesser of:

- (a) \$30,000, as adjusted for changes in the cost of living as provided in regulations issued by the Secretary of the Treasury; or
- (b) 25% of the Participant's Annual Compensation.

**SECTION 2**

For the purposes of this Appendix A, the term "annual addition" for any Participant means for any limitation year, the sum of certain Plan Sponsor, Affiliate, and Participant contributions, forfeitures, and other amounts as determined in Code Section 415(c)(2) in effect for that limitation year.

**SECTION 3**

Effective until December 31, 1999, in the event that a Plan Sponsor or an Affiliate maintains a defined benefit plan under which a Participant also participates, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any limitation year for any Participant may not exceed 1.0.

(a) The defined benefit plan fraction for any limitation year is a fraction:

(1) the numerator of which is the projected annual benefit of the Participant under the defined benefit plan (determined as of the close of such year); and

(2) the denominator of which is the lesser of

(A) the product of 1.25, multiplied by the maximum annual benefit allowable under Code Section 415(b)(1)(A), or

(B) the product of

(i) 1.4, multiplied by

(ii) the maximum amount which may be taken into account under Section 415(b)(1)(B) of the Code with respect to the Participant under the defined benefit plan for the limitation year (determined as of the close of the limitation year).

(b) The defined contribution plan fraction for any limitation year is a fraction:

(1) the numerator of which is the sum of a Participant's annual additions as of the close of the year; and

(2) the denominator of which is the sum of the lesser of the following amounts determined for the year and for all prior limitation years during which the Participant was employed by a Plan Sponsor or an Affiliate:

(A) the product of 1.25, multiplied by the dollar limitation in effect under Code Section 415(c)(1)(A) for the limitation year (determined without regard to Section 415(c)(6) of the Code); or

(B) the product of

(i) 1.4, multiplied by

(ii) the amount which may be taken into account under Code Section 415(c)(1)(B) (or Code Section 415(c)(7), if applicable) with respect to the Participant for the limitation year.

#### SECTION 4

For purposes of this Appendix A, the term "limitation year" shall mean a Plan Year unless a Plan Sponsor elects, by adoption of a written resolution, to use any other twelve month period adopted in accordance with regulations issued by the Secretary of the Treasury.

#### SECTION 5

For purposes of applying the limitations of this Appendix A, all defined contribution plans maintained or deemed to be maintained by a Plan Sponsor shall be treated as one defined contribution plan, and all defined benefit plans now or previously maintained or deemed to be maintained by a Plan Sponsor shall be treated as one defined benefit plan. In the event any of the actions to be taken pursuant to Section 6 of this Appendix A or pursuant to any language of similar import in another defined contribution plan are required to be taken as a result of the annual additions of a Participant exceeding the limitations set forth in Section 1 of this Appendix A, because of the Participant's participation in more than one defined contribution plan, the actions shall be taken first with regard to this Plan.

#### SECTION 6

In the event that as a result of the allocation of forfeitures to the Account of a Participant, a reasonable error in estimating the Participant's Annual Compensation or other similar circumstances, the annual addition allocated to the Account of a Participant exceeds the limitations set forth in Section 1 of this Appendix A or in the event that the aggregate contributions made on behalf of a Participant under both a defined benefit plan and a defined contribution plan, subject to the reduction of allocations in other defined contribution plans required by Section 5 of this Appendix A, cause the aggregate limitation fraction set forth in Section 3 of this Appendix A to be exceeded, effective April 1, 1998, the Plan Administrator shall, in writing, direct the Trustee to take such of the following actions as the Plan Administrator shall deem appropriate, specifying in each case the amount or amounts of contributions involved:

(a) Contributions made by the Plan Sponsor on behalf of the Participant pursuant to Plan Section 3.1 shall be reduced in the amount of the excess, together with any gains attributable thereto, and distributed to the Participant.

(b) If further reduction is necessary, to the extent necessary, all other contributions made by the Plan Sponsor on behalf of the Participant pursuant to Plan Section 3 for the Plan Year shall be held in an unallocated suspense. While the suspense account is maintained, (1) no Plan Sponsor contributions under the Plan shall be made which would be precluded by this Appendix A, (2) income, gains and losses of the Fund shall not be allocated to such suspense account and (3) amounts in the suspense account shall be allocated in subsequent limitation years as Plan Sponsor contributions for each such limitation year until the suspense account is exhausted. In the event of the termination of the Plan, the amounts in the suspense account shall be returned to the Plan Sponsor to the extent that such amounts may not then be allocated to Participants' Accounts.

## **APPENDIX B TOP-HEAVY PROVISIONS**

### **SECTION 1**

As used in this Appendix B, the following words shall have the following meanings:

(a) "Determination Date" means, with respect to any Plan Year, the last day of the preceding Plan Year, or, in the case of the first Plan Year, means the last day of the first Plan Year.

(b) "Key Employee" means an Employee or former Employee (including a Beneficiary of a Key Employee or former Key Employee) who at any time during the Plan Year containing the Determination Date or any of the four (4) preceding Plan Years is:

(1) Was at any time an officer of the Plan Sponsor or of any Affiliate whose Annual Compensation was greater than fifty percent (50%) of the amount in effect under Code Section 415(b)(1)(A) for the calendar year in which the Plan Year ends, where the term "officer" means an administrative executive in regular and continual service to the Plan Sponsor or Affiliate; provided, however, that in no event shall the number of officers exceed the lesser of Clause (A) or (B) of this Subparagraph (1), where:

(A) equals fifty (50) Employees; and

(B) equals the greater of (I) three (3) Employees or

(II) ten percent (10%) of the number of Employees during the Plan Year, with any non-integer being increased to the next integer.

If for any year no officer of the Plan Sponsor meets the requirements of this Subparagraph (b), the highest paid officer of the Plan Sponsor for the Plan Year shall be considered an officer for purposes of this Subparagraph (b)(1);

(2) One of the ten (10) Employees owning both (A) more than one-half percent (1/2%) of the outstanding stock of the Plan Sponsor or an Affiliate, more than one-half percent (1/2%) of the total combined voting power of all stock of the Plan Sponsor or an Affiliate, or more than one-half percent (1/2%) of the capital or profits interest in the Plan Sponsor or an Affiliate, and (B) the largest percentage ownership interests in the Plan Sponsor or any of its Affiliates, and whose Annual Compensation is equal to or greater than the amount in effect under Section 1(a) of Appendix A to the Plan for the calendar year in which the Determination Date falls; or

(3) An owner of more than five percent (5%) of the outstanding stock of the Plan Sponsor or an Affiliate or more than five percent (5%) of the total combined voting power of all stock of the Plan Sponsor or an Affiliate; or

(4) An owner of more than one percent (1%) of the outstanding stock of the Plan Sponsor or an Affiliate or more than one percent (1%) of the total combined voting power of all stock of the Plan Sponsor or an Affiliate, and who in such Plan Year had Annual Compensation from the Plan Sponsor and all of its Affiliates of more than \$150,000.

Employees other than Key Employees are sometimes referred to in this Appendix B, as "non-key employees."

(c) "Required Aggregation Group" means:

(1) each plan of the Plan Sponsor and its Affiliates which qualifies under Code Section 401 (a) in which a Key Employee is a participant, and

(2) each other plan of the Plan Sponsor and its Affiliates which qualifies under Code Section 401 (a) and which enables any plan described in Subsection (a) of this Section to meet the requirements of Section 401(a)(4) or 410 of the Code.

(d) (1) "Top-Heavy" means:

(A) if the Plan is not included in a Required Aggregation Group, the Plan's condition in a Plan Year for which, as of the Determination Date:

(i) the present value of the cumulative Accounts under the Plan for all Key Employees exceeds sixty percent (60%) of the present value of the cumulative Accounts under the Plan for all Participants; and

(ii) the Plan, when included in every potential combination, if any, with any or all of:

(I) any Required Aggregation Group, and

(II) any plan of the Plan Sponsor which is not part of any Required Aggregation Group and which qualifies under Code Section 401 (a)

is part of a Top-Heavy Group (as defined in Paragraph (2) of this Subsection); and

(B) if the Plan is included in a Required Aggregation Group, the Plan's condition in a Plan Year for which, as of the Determination Date:

(i) the Required Aggregation Group is a Top-Heavy Group (as defined in Paragraph (2) of this Subsection); and

(ii) the Required Aggregation Group, when included in every potential combination, if any, with any or all of the plans of the Plan Sponsor and its Affiliates which are not part of the Required Aggregation Group and which qualify under Code Section 401(a), is part of a Top-Heavy Group (as defined in Paragraph (2) of this Subsection).

(C) For purposes of Subparagraphs (A)(ii) and (B)(ii) of this Paragraph (1), any combination of plans must satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(2) A group shall be deemed to be a Top-Heavy Group if:

(A) the sum, as of the Determination Date, of the present value of the cumulative accrued benefits for all Key Employees under all plans included in such group exceeds

(B) sixty percent (60%) of a similar sum determined for all participants in such plans.

(3) (A) For purposes of this Section, the present value of the accrued benefit for any participant in a defined contribution plan as of any Determination Date or last day of a plan year shall be the sum of:

(i) as to any defined contribution plan other than a simplified employee pension, the account balance as of the most recent valuation date occurring within the plan year ending on the Determination Date or last day of a plan year, and

(ii) as to any simplified employee pension, the aggregate employer contributions, and

(iii) an adjustment for contributions due as of the Determination Date or last day of a plan year.

In the case of a plan that is not subject to the minimum funding requirements of Code Section 412, the adjustment in Clause (iii) of this Subparagraph (A) shall be the amount of any contributions actually made after the valuation date but on or before the Determination Date or last day of the plan year to the extent not included under Clause (i) or (ii) of this Subparagraph (A); provided, however, that in the first plan year of the plan, the adjustment in Clause (iii) of

this Subparagraph (A) shall also reflect the amount of any contributions made thereafter that are allocated as of a date in such first plan year. In the case of a plan that is subject to the minimum funding requirements, the account balance in Clause (i) and the aggregate contributions in Clause (ii) of this Subparagraph (A) shall include contributions that would be allocated as of a date not later than the Determination Date or last day of a plan year, even though those amounts are not yet required to be contributed, and the adjustment in Clause (iii) of this Subparagraph (A) shall be the amount of any contribution actually made (or due to be made) after the valuation date but before the expiration of the extended payment period in Code Section 412(c)(10) to the extent not included under Clause (i) or (ii) of this Subparagraph (A).

(B) For purposes of this Subsection, the present value of the accrued benefit for any participant in a defined benefit plan as of any Determination Date or last day of a plan year must be determined as of the most recent valuation date which is within a twelve (12) month period ending on the Determination Date or last day of a plan year as if such participant terminated as of such valuation date; provided, however, that in the first plan year of a plan, the present value of the accrued benefit for a current participant must be determined either (i) as if the participant terminated service as of the Determination Date or last day of a plan year or (ii) as if the participant terminated service as of such valuation date, but taking into account the estimated accrued benefit as of the Determination Date or last day of a plan year. For purposes of this Subparagraph (B), the valuation date must be the same valuation date used for computing plan costs for minimum funding, regardless of whether a valuation is performed that year. The actuarial assumptions utilized in calculating the present value of the accrued benefit for any participant in a defined benefit plan for purposes of this Subparagraph (B) shall be established by the Plan Administrator after consultation with the actuary for the plan, and shall be reasonable in the aggregate and shall comport with the requirements set forth by the Internal Revenue Service in Q&A T-26 and T-27 of Regulation Section 1.416-1.

(C) For purposes of determining the present value of the cumulative accrued benefit under a plan for any participant in accordance with this Subsection, the present value shall be increased by the aggregate distributions made with respect to the participant (including distributions paid on account of death to the extent they do not exceed the present value of the cumulative accrued benefit existing immediately prior to death) under each plan being considered, and under any terminated plan which if it had not been terminated would have been in a Required Aggregation Group with the Plan, during the five (5) year period ending on the Determination Date or last day of the plan year that falls within the calendar year in which the Determination Date falls.

(D) For purposes of this Paragraph (3), participant contributions which are deductible as "qualified retirement contributions" within the meaning of Code Section 219 or any successor, as adjusted to reflect income, gains, losses, and other credits or charges attributable thereto, shall not be considered to be part of the accrued benefits under any plan.

(E) For purposes of this Paragraph (3), if any employee is not a Key Employee with respect to any plan for any plan year, but such employee was a Key Employee with respect to such plan for any prior plan year, any accrued benefit for such employee shall not be taken into account.

(F) For purposes of this Paragraph (3), if any employee has not performed any service for any Plan Sponsor or Affiliate maintaining the plan during the five-year period ending on the Determination Date, any accrued benefit for that employee shall not be taken into account.

(G) (i) In the case of an "unrelated rollover" (as defined below) between plans which qualify under Code Section 401(a), (a) the plan providing the distribution shall count the distribution as a distribution under Subparagraph (C) of this Paragraph (3), and (b) the plan accepting the distribution shall not consider the distribution part of the accrued benefit under this Section; and

(ii) in the case of a "related rollover" (as defined below) between plans which qualify under Code Section 401(a), (a) the plan providing the distribution shall not count the distribution as a distribution under Subparagraph (C) of this Paragraph (3), and

(b) the plan accepting the distribution shall consider the distribution part of the accrued benefit under this Section.

For purposes of this Subparagraph (G), an "unrelated rollover" is a rollover as defined in Code Section 402(c)(4) or 408(d)(3) or a plan-to-plan transfer which is both initiated by the participant and made from a plan maintained by one employer to a plan maintained by another employer where the employers are not Affiliates. For purposes of this Subparagraph (G), a "related rollover" is a rollover as defined in Code Section 402(c)(4) or 408(d)(3) or a plan-to-plan transfer which is either not initiated by the participant or made to a plan maintained by the employer or an Affiliate.

## SECTION 2

(a) Notwithstanding anything contained in the Plan to the contrary, except as otherwise provided in Subsection (b) of this Section, in any Plan Year during which the Plan is Top-Heavy,

allocations of Plan Sponsor contributions and forfeitures for the Plan Year for the Account of each Participant who is not a Key Employee and who has not separated from service with the Plan Sponsor prior to the end of the Plan Year shall not be less than three percent (3%) percent of the Participant's Annual Compensation. For purposes of this Subsection, an allocation to a Participant's Account resulting from any Plan Sponsor contribution attributable to a salary reduction or similar arrangement shall not be taken into account.

(b) (1) The percentage referred to in Subsection (a) of this

Section for any Plan Year shall not exceed the percentage at which allocations are made or required to be made under the Plan for the Plan Year for the Key Employee for whom the percentage is highest for the Plan Year. For purposes of this Paragraph, an allocation to the Account of a Key Employee resulting from any Plan Sponsor contribution attributable to a salary reduction or similar agreement shall be taken into account.

(2) For purposes of this Subsection (b), all defined contribution plans which are members of a Required Aggregation Group shall be treated as part of the Plan.

(3) This Subsection (b) shall not apply to any plan which is a member of a Required Aggregation Group if the plan enables a defined benefit plan which is a member of the Required Aggregation Group to meet the requirements of Code Section 401(a)(4) or 410.

#### SECTION 3

Effective until December 31, 1999, in any limitation year (as defined in Section 4 of Appendix A to the Plan) which contains any portion of a Plan Year in which the Plan is Top-Heavy, the number "1.0" shall be substituted for the number "1.25" in Section 3 of Appendix A to the Plan.

#### SECTION 4

Notwithstanding anything contained in the Plan to the contrary, in any Plan Year during which the Plan is Top-Heavy, a Participant's interest in his Account shall not vest at any rate which is slower than the following schedule, effective as of the first day of that Plan Year:

Full Years of Vesting Service	Percentage Vested
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years	100%

The Schedule set forth above in this Section 4 shall be inapplicable to a Participant who has failed to perform an Hour of Service after the Determination Date on which the Plan has become Top-Heavy. When the Plan ceases to be Top-Heavy, the Schedule set forth above in this Section 4 shall cease to apply; provided however, that the provisions of the Plan Section dealing with changes in the vesting schedule shall apply.

**APPENDIX C  
SPECIAL NONDISCRIMINATION RULES**

**SECTION 1**

As used in this Appendix, the following words shall have the following meanings:

- (a) "Eligible Participant" means a Participant who is an Employee during any particular Plan Year.
- (b) "Highly Compensated Eligible Participant" means any Eligible Participant who is a Highly Compensated Employee.
- (c) "Matching Contribution" means any contribution made by a Plan Sponsor to a Matching Account and any other contribution made to a plan by a Plan Sponsor or an Affiliate on behalf of an Employee on account of a contribution made by an Employee or on account of an Elective Deferral.
- (d) "Qualified Matching Contributions" means Matching Contributions which are immediately nonforfeitable when made, and which would be nonforfeitable, regardless of the age or service of the Employee or whether the Employee is employed on a certain date, and which may not be distributed, except upon one of the events described under Section 401(k)(2)(B) of the Code and the regulations thereunder.
- (e) "Qualified Nonelective Contributions" means contributions of the Plan Sponsor or an Affiliate, other than Matching Contributions or Elective Deferrals, which are nonforfeitable when made, and which would be nonforfeitable regardless of the age or service of the Employee or whether the Employee is employed on a certain date, and which may not be distributed, except upon one of the events described under Code Section 401(k)(2)(B) and the regulations thereunder.

**SECTION 2**

In addition to any other limitations set forth in the Plan, for each Plan Year one of the following tests must be satisfied:

- (a) the actual deferral percentage for the Highly Compensated Eligible Participants for the Plan Year must not be more than the actual deferral percentage of all other Eligible Participants for the Plan Year multiplied by 1.25; or
- (b) the excess of the actual deferral percentage for the Highly Compensated Eligible Participants for the Plan Year over that of all other Eligible Participants for the preceding Plan Year must not be more than two (2) percentage points, and the actual deferral percentage for the Highly Compensated Eligible Participants for the Plan Year must not be more than the actual deferral percentage of all other Eligible Participants for the Plan Year multiplied by two (2).

The "actual deferral percentage" for the Highly Compensated Eligible Participants and all other Eligible Participants for a Plan Year is the average in each group of the ratios, calculated separately for each Employee, of the Deferral Amounts contributed by the Plan Sponsor on behalf of an Employee for the Plan Year to the Annual Compensation of the Employee in the Plan Year. In addition, for purposes of calculating the "actual deferral percentage" as described above, Deferral Amounts of Employees who are not Highly Compensated Employees which are prohibited by Code Section 401(a)(30) shall not be taken into consideration. Except to the extent limited by Treasury Regulation section 1.401(k)-1(b)(5) and any other applicable regulations promulgated by the Secretary of the Treasury, all or part of the Qualified Matching Contributions and Qualified Nonelective Contributions made pursuant to the Plan may be treated as Deferral Amounts for purposes of determining the "actual deferral percentage."

### SECTION 3

If the Deferral Amounts contributed on behalf of any Highly Compensated Eligible Participant exceeds the amount permitted under the "actual deferral percentage" test described in Section 2 of this Appendix C for any given Plan Year, then before the end of the Plan Year following the Plan Year for which the Excess Deferral Amount was contributed, the portion of the Excess Deferral Amount for the Plan Year attributable to a Highly Compensated Participant, as adjusted to reflect income, gain, or loss attributable to it through the date the end of the Plan Year for which the test is being performed and reduced by any excess Elective Deferrals as determined pursuant to Plan Section 3.1 previously distributed to a Participant for the Participant's taxable year ending with or within the Plan Year, may be distributed to the Highly Compensated Eligible Participant. The income allocable to such Excess Deferral Amount shall be determined in a similar manner as described in Section 4.2 of the Plan. The Excess Deferral Amount to be distributed shall be reduced by Deferral Amounts previously distributed for the taxable year ending in the same Plan Year, and shall also be reduced by Deferral Amounts previously distributed for the Plan Year beginning in such taxable year. In the event the multiple use of limitations contained in Sections 2(b) and 5(b) of this Appendix C, pursuant to Treasury Regulations section 1.401(m)-2 as promulgated by the Secretary of the Treasury, requires a corrective distribution, such distribution shall be made pursuant to this Section 3, and not Section 6 of Appendix C. The portion of the Matching Contribution on which such Excess Deferral Amount was based shall be forfeited upon the distribution of such Excess Deferral Amount.

(a) For purposes of this Section 3, "Excess Deferral Amount" means, with respect to a Plan Year, the excess of:

- (1) the aggregate amount of Deferral Amounts contributed by a Plan Sponsor on behalf of Highly Compensated Eligible Participants for the Plan Year, over
- (2) the maximum amount of Deferral Amounts permitted under Section 2 of this Appendix C for the Plan Year, which shall be determined by reducing the Deferral Amounts contributed on behalf of Highly Compensated Eligible Participants in order of the actual deferral percentages beginning with the highest of such percentages.

(b) Distribution of the Excess Deferral Amount for any Plan Year shall be made to Highly Compensated Eligible Participants on the basis of the dollar amount of Deferral Amounts attributable to each Highly Compensated Eligible Participant. The Plan Sponsor shall determine the amount of Excess Deferral Amounts which shall be distributed to each Highly Compensated Eligible Participant as follows.

(1) The Deferral Amounts allocated to the Highly Compensated Eligible Participant with the highest dollar amount of Deferral Amounts for the Plan Year shall be reduced by the amount required to cause that Highly Compensated Eligible Participant's remaining Deferral Amounts for the Plan Year to be equal to the dollar amount of the Deferral Amounts allocated to the Highly Compensated Eligible Participant with the next highest dollar amount of Deferral Amounts for the Plan Year. This amount is then distributed to the Highly Compensated Eligible Participant with the highest dollar amount of Deferral Amounts, unless a smaller reduction, when added to the total dollar amount already distributed pursuant to this Paragraph (1), equals the total Excess Deferral Amounts.

(2) If the total amount distributed under Paragraph (1) of this Section 3(b) is less than the total Excess Deferral Amounts, the procedure in Paragraph (1) shall be successively repeated until the total dollar amount distributed is equal to the total Excess Deferral Amounts attributable to Highly Compensated Eligible Participants.

If a distribution of the Excess Deferral Amounts attributable to the Highly Compensated Eligible Participants is made in accordance with Paragraphs (1) and (2) of this Section 3(b), the limitations in Section 2 of this Appendix C shall be treated as being met regardless of whether the actual deferral percentage, if recalculated after such distributions, would have satisfied the requirements of Section 2.

#### SECTION 4

The Plan Administrator shall have the responsibility of monitoring the Plan's compliance with the limitations of this Appendix C and shall have the power to take all steps it deems necessary or appropriate to ensure compliance, including, without limitation, restricting the amount which Highly Compensated Eligible Participants can elect to have contributed pursuant to Plan Section 3.1. Any actions taken by the Plan Administrator pursuant to this Section 4 shall be pursuant to non-discriminatory procedures consistently applied.

#### SECTION 5

In addition to any other limitations set forth in the Plan, Matching Contributions under the Plan and the amount of nondeductible employee contributions under the Plan, for each Plan Year must satisfy one of the following tests:

(a) The contribution percentage for Highly Compensated Eligible Participants for the Plan Year must not exceed 125% of the contribution percentage for all other Eligible Participants for the Plan Year; or

(b) The contribution percentage for Highly Compensated Eligible Participants for the Plan Year must not exceed the lesser of (1) 200 % of the contribution percentage for all other Eligible Participants for the Plan Year, and (2) the contribution percentage for all other Eligible Participants for the Plan Year plus two (2) percentage points.

Notwithstanding the foregoing, for purposes of this Section 5, the terms Highly Compensated Eligible Participant and Eligible Participant shall not include any Participant who is not eligible to receive a Matching Contribution under the provisions of the Plan, other than as a result of the Participant failing to contribute to the Plan or failing to have an Elective Deferral contributed to the Plan on the Participant's behalf.

Notwithstanding the foregoing, if Qualified Matching Contributions are taken into account for purposes of applying the test contained in Section 2 of this Appendix C, they shall not be taken into account under this Section

5. In applying the above tests, the Plan Administrator shall comply with any regulations promulgated by the Secretary of the Treasury which prevent or restrict the use of the test contained in Section 2(b) of this Appendix C and the test contained in Section 5(b) of this Appendix C. The "contribution percentage" for Highly Compensated Eligible Participants and for all other Eligible Participants for a Plan Year shall be the average of the ratios, calculated separately for each Participant, of (A) to (B), where (A) is the amount of Matching Contributions under the Plan (excluding Qualified Matching Contributions which are used to apply the test set forth in Section 2 of this Appendix C or Matching Contributions which are used to satisfy the minimum required contributions to the Accounts of Eligible Participants who are not Key Employees pursuant to Section 2 of Appendix B to the Plan) and nondeductible employee contributions made under the Plan for the Eligible Participant for the Plan Year, and where (B) is the Annual Compensation of the Eligible Participant for the Plan Year. Except to the extent limited by Treasury Regulation Section 1.401(m)-1(b)(5) and any other applicable regulations promulgated by the Secretary of the Treasury, a Plan Sponsor may elect to treat Deferral Amounts and Qualified Nonelective Contributions as Matching Contributions for purpose of determining the "contribution percentage," provided the Deferral Amounts, excluding those treated as Matching Contributions, satisfy the test set forth in Section 2 of Appendix C.

## SECTION 6

If either (a) the Matching Contributions and, if taken into account under Section 5 of this Appendix C, the Deferral Amounts, Qualified Nonelective Contributions and/or Qualified Matching Contributions made on behalf of Highly Compensated Eligible Participants, or (b) the nondeductible employee contributions made by Highly Compensated Eligible Participants exceed the amount permitted under the "contribution percentage test" for any given Plan Year, then, before the close of the Plan Year following the Plan Year for which the Excess Aggregate Contributions were made, the amount of the Excess Aggregate Contributions attributable to the Plan for the Plan Year under either Section (6) (a)(1) or (2), or both, as adjusted to reflect any income, gain or loss attributable to such contributions through the date the Excess Aggregate Contributions are distributed shall be distributed or, if the Excess Aggregate Contributions are forfeitable, forfeited. The income allocable to such contributions shall be determined in a similar manner as described in Section 4.2 of the

Plan. As to any Highly Compensated Employee, any distribution or forfeiture of his allocable portion of the Excess Aggregate Contributions for a Plan Year shall first be attributed to any nondeductible employee contributions made by the Participant during the Plan Year for which no corresponding Plan Sponsor contribution is made and then to any remaining nondeductible employee contributions made by the Participant during the Plan Year and any Matching Contributions thereon. As between the Plan and any other plan or plans maintained by the Plan Sponsor in which Excess Aggregate Contributions for a Plan Year are held, each such plan shall distribute or forfeit a pro-rata share of each class of contribution based on the respective amounts of a class of contribution made to each plan during the Plan Year. The payment of the Excess Aggregate Contributions shall be made without regard to any other provision in the Plan. In the event the multiple use of limitations contained in Sections 2(b) and 5(b) of this Appendix C, pursuant to Treasury Regulation section 1.401(m)-2 as promulgated by the Secretary of the Treasury, requires a corrective distribution, such distribution shall be made pursuant to Section 3 of Appendix C, and not this Section 6.

For purposes of this Section 6, with respect to any Plan Year, "Excess Aggregate Contributions" means the excess of:

- (a) the aggregate amount of the Matching Contributions and nondeductible employee contributions (and any Qualified Nonelective Contributions or Qualified Matching Contributions) and, it taken into account under Section 5 of this Appendix C, the Deferral Amounts actually made on behalf of Highly Compensated Eligible Participants for the Plan Year, over
- (b) the maximum amount of contributions permitted under the limitations of Section 5 of this Appendix C, determined by reducing contributions made on behalf of Highly Compensated Eligible Participants in order of their contribution percentages beginning with the highest of such percentages.

The determination of the amount of Excess Aggregate Contributions under this Section 6 shall be made after (1) first determining the excess Elective Deferrals under Section 3.1(b) of the Plan and (2) then determining the Excess Deferral Amounts under Section 3 of this Appendix C.

(c) Distribution or forfeiture of nondeductible employee contributions or Matching Contributions in the amount of the Excess Aggregate Contributions for any Plan Year shall be made with respect to Highly Compensated Eligible Participants on the basis of the dollar amount of the Excess Aggregate Contributions attributable to each Highly Compensated Eligible Participant. Forfeitures of Excess Aggregate Contributions may not be allocated to Participants whose contributions are reduced under this Section 6. The Plan Sponsor shall determine the amount of Excess Aggregate Contributions which shall be distributed to each Highly Compensated Eligible Participant as follows.

(1) The Matching Contributions and nondeductible contributions allocated to the Highly Compensated Eligible Participant with the highest dollar amount of such contributions

for the Plan Year shall be reduced by the amount required to cause that Highly Compensated Eligible Participant's remaining Matching Contributions and nondeductible contributions for the Plan Year to be equal to the dollar amount of such contributions allocated to the Highly Compensated Eligible Participant with the next highest dollar amount of Matching contributions and nondeductible contributions for the Plan Year. This amount is then distributed to the Highly Compensated Eligible Participant with the highest dollar amount of Matching Contributions and nondeductible contributions, unless a smaller reduction, when added to the total dollar amount already distributed pursuant to this Paragraph (1), equals the total Excess Aggregate Contributions.

(2) If the total amount distributed under Paragraph (1) is less than the total Excess Aggregate Contributions, the procedure in Paragraph (1) shall be repeated until the total dollar amount of Matching Contributions and nondeductible contributions distributed is equal to the total Excess Aggregate Contributions attributable to Highly Compensated Eligible Participants.

If a distribution of the total Excess Aggregate Contributions is made in accordance with Paragraphs (1) and (2) of this Section 6(c), the limitations in Section 5 of this Appendix C shall be treated as being met regardless of whether the actual contribution percentage, if recalculated after such distributions, would have satisfied the requirements of Section 5.

## SECTION 7

Except to the extent limited by rules promulgated by the Secretary of the Treasury, if a Highly Compensated Eligible Participant is a participant in any other plan of the Plan Sponsor or any Affiliate which includes Matching Contributions, deferrals under a cash or deferred arrangement pursuant to Code Section 401(k), or nondeductible employee contributions, any contributions made by or on behalf of the Participant to the other plan shall be allocated with the same class of contributions under the Plan for purposes of determining the "actual deferral percentage" and "contribution percentage" under the Plan; provided, however, contributions that are made under an "employee stock ownership plan" (within the meaning of Code Section 4975(e)(7)) shall not be combined with contributions under any plan which is not an employee stock ownership plan (within the meaning of Code Section 4975(e)(7)).

Except to the extent limited by rules promulgated by the Secretary of the Treasury, if the Plan and any other plans which include Matching Contributions, deferrals under a cash or deferred arrangement pursuant to Code Section 401(k), or nondeductible employee contributions are considered as one plan for purposes of Code Section 401(a)(4) and 410(b)(1), any contributions under the other plans shall be allocated with the same class of contributions under the Plan for purposes of determining the "contribution percentage" and "actual deferral percentage" under the Plan; provided, however, contributions that are made under an "employee stock ownership plan" (within the meaning of Code Section 4975(e)(7)) shall not be combined with contributions under any plan which is not an employee stock ownership plan (within the meaning of Code Section 4975(e)(7)).

## SECTION 8

Effective January 1, 1999, notwithstanding any other provision in this Appendix C to the contrary, the Primary Sponsor intends to satisfy the requirements of Code Section 401(k)(12) with respect to contributions made pursuant to Section 3.1 by those Participants who have completed their Eligibility Service and the requirements of Code Section 401(m)(11) with respect to those matching contributions made pursuant to Section 3.2.

## APPENDIX D

### FROZEN BENEFIT DISTRIBUTION RULES

#### SECTION 1 DEFINITIONS

For purposes of this Appendix D, the following terms shall have the following meanings:

- (a) "Annuity Starting Date" means the date on which a distribution is deemed to commence for purposes of calculating the benefit to be distributed.
- (b) "Qualified Joint and Survivor Annuity" means an annuity for the life of the Participant with a survivor annuity for the life of his/her spouse which is one-half of the amount of the annuity payable during the joint lives of the Participant and his/her spouse and which is the actuarial equivalent of a single life annuity for the life of the Participant.
- (c) "Preretirement Survivor Annuity" means an annuity for the life of the surviving spouse of a deceased Participant that has an actuarial present value that is equal to 100% of the balance in the Participant's account as of the date of the Participant's death.

For purposes of this Appendix D, the following election rules shall apply:

The Plan Administrator shall furnish to the Participant a written explanation of:

- (a) the terms and conditions of a Qualified Joint and Survivor Annuity and a Qualified Preretirement Survivor Annuity;
- (b) the Participant's right to make, and the effect of, an election not to receive the Qualified Joint and Survivor Annuity or the Qualified Preretirement Survivor Annuity;
- (c) the rights of the Participant's spouse as described below; and
- (d) the right to make and the effect of such an election.

In the case of a Qualified Joint and Survivor Annuity, the written explanation shall be provided to the Participant no less than thirty (30) days and no more than ninety (90) days prior to the first

date on which he is entitled to commencement of payments from the Fund. Notwithstanding the foregoing, a Participant may elect to waive the requirement that the written explanation be provided at least thirty (30) days prior to commencement of payments, provided that the first payment from the Fund occurs more than seven (7) days from the date the explanation is received by the Participant. In the case of the Qualified Preretirement Survivor Annuity, the written explanation shall be provided to the Participant in whichever of the following periods ends last:

(i) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(ii) the period beginning one year before and ending one year after the Employee first becomes a Participant;

(iii) the period beginning one year before and ending one year after these rules apply to the Participant; or

(iv) a reasonable period of time after separation from service in the case of a Participant who separates from service before attaining age 35.

The Participant may elect during the "applicable election period" not to Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity by execution and delivery to the Plan Administrator of a form that purpose by the Plan Administrator. The term "applicable election period" shall mean, with respect to a Qualified Joint and Survivor Annuity, the 90-day period ending on the first date on which the Participant is entitled to commencement of payment from the Fund. In the event the Participant waives the minimum thirty (30) day requirement for the written explanation, the "applicable election period" shall not end before the period ending thirty (30)-days after the Participant receives the written explanation. Notwithstanding the foregoing, if the Participant receives the written explanation of the Qualified Joint and Survivor Annuity and affirmatively elects a form of distribution, the payments from the Fund may commence less than thirty (30) days after the Participant receives the written explanation provided that the Participant may revoke the affirmative distribution election until the later of the time payments from the Fund are to begin or the expiration of the seven (7) day period which begins on the day after the Participant receives the written explanation. With respect to a Qualified Preretirement Survivor Annuity, the "applicable election period" shall mean the period which begins on the first day of the Plan Year in which the Participant attains age 35 and ends on the date of the Participant's death.

In the case of a married Participant, no election shall be effective unless:

(A) the spouse of the Participant consents in writing to the election and the consent acknowledges the effect of the election (including, if applicable, the identity of any Beneficiary other than the Participant's spouse and the alternate form of payment) and is witnessed by a notary public, or

(B) it is established to the satisfaction of the Plan Administrator that the consent required pursuant to subparagraph (A) above may not be obtained because there is no spouse, the spouse cannot be located, the Participant has a court order indicating that he is legally separated or has been abandoned (within the meaning of local law) unless a qualified domestic relations order provides otherwise, or of any other circumstances as permitted by regulations promulgated by the Department of the Treasury. If the spouse is legally incompetent to give consent, consent by the spouse's legal guardian shall be deemed to be consent by the spouse.

Any consent by a spouse (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to that spouse. If an election is made, the Participant's Account may be paid in any alternate form of payment permitted by the Plan. Any waiver of a Qualified Preretirement Survivor Annuity made prior to the first day of the Plan Year in which the Participant attains age 35 shall become invalid as of the first day of the Plan Year in which the Participant attains age 35 and a Qualified Preretirement Annuity shall be provided, unless a new waiver is obtained. The Participant may revoke any election not to receive payment in the form of a Qualified Joint and Survivor Annuity at any time prior to commencement of payments from the Fund, and may make a new election at any time prior to the commencement of payments from the Fund

If a Participant is married and has in effect an annuity form of payment for the payment of his Account and the Participant wishes to obtain a loan from the Plan in accordance with Plan Section 5, the Participant's spouse must, within the ninety (90) day period preceding the date the loan is made, consent to the loan and the possibility of a reduction in the Participant's Account resulting in its nonpayment.

## SECTION 2 ARCTIC PLAN

Except as may be required or permitted by Plan Sections 7 through 10, effective December 30, 1994, all distributions made to a Participant or beneficiaries attributable to amounts transferred to this Plan from the Alaska Fisheries Corporation Profit Sharing/Savings Plan (the "Arctic Plan") shall be made by the Trustee in one of the three following methods:

(a) Automatic Qualified Joint and Survivor Annuity (or Life Annuity). A Participant who is married and begins to receive payments under the Plan shall receive payments in the form of a Qualified Joint and Survivor Annuity, unless the Participant, with the consent of his

spouse, has properly elected otherwise. An unmarried Participant shall receive his benefits in the form of a life annuity, with monthly payments payable for 120 months certain and thereafter during his lifetime, unless the Participant properly elects otherwise.

(b) Automatic Preretirement Survivor Annuity. If a Participant who is married and at least partially vested dies before the date upon which his retirement benefits were to commence, the Participant's surviving spouse shall receive payments in the form of a Preretirement Survivor Annuity, unless the Participant, with the consent of his spouse has properly elected otherwise. The surviving spouse may elect to have such annuity distributed immediately or at a later date not later than the date the Participant would have attained his Normal Retirement Age.

(c) In the event a Participant (or surviving spouse) elects pursuant to Subsections (a) or (b) above not to receive retirement or death benefits in the forms described therein, such distributions may be made by the Trustee as an immediate or deferred nontransferable annuity providing fixed or variable income (i) for the life of the Participant, with or without a specified period certain, or (ii) over the lives of the Participant and his designated beneficiary, with or without a specified period certain.

### SECTION 3 CULINARY PLAN

Except as may be required or permitted by Plan Sections 7 through 10, effective April 1, 1996, all distributions made to a Participant or his beneficiaries attributable to amounts transferred to this Plan from the Savings Plan for Employees of Culinary Foods, Inc. (the "Culinary Plan") shall be made by the Trustee in one of the following methods:

(a) Qualified-Joint and Survivor Annuity or Life Annuity. A Participant who is married and begins to receive payments under the Plan shall receive payments in the form of a Qualified Joint and Survivor Annuity, unless the Participant, with the consent of his spouse, has properly elected otherwise. An unmarried Participant shall receive his benefits in the form of a single life annuity, unless the Participant properly elects otherwise.

(b) Preretirement Survivor Annuity. If a Participant who is married dies before the date upon which benefit payments are to commence, the Participant's surviving spouse shall receive payments, commencing immediately, in the form of a Preretirement Survivor Annuity, unless the Participant, with the consent of his spouse has properly elected otherwise.

(c) Optional Forms. In the event a Participant elects not to receive benefits in the form described in Subsection (a) above, the distribution of benefits may be made by the Trustee in one of the methods elected by the Participant described below:

(i) an actuarially equivalent life annuity, with or without payments guaranteed for a period of no less than 120 monthly payment; or

(ii) if the Participant is married, an actuarially equivalent life annuity with a survivor annuity payable to the Participant's spouse equal to 100% or 66 and 2/3 % of the payments made to the Participant during his life.

#### SECTION 4 HUDSON PLAN

Except as may be required or permitted by Plan Sections 7 through 10, effective April 1, 1998, all distributions made to a Participant or his beneficiaries attributable to amounts transferred to this Plan from the Prior Retirement Account under the Hudson Foods, Inc. 401(k) Retirement Plan (the "Hudson Plan") shall be made by the Trustee in one of the following methods:

(a) Qualified Joint and Survivor Annuity or Life Annuity. A Participant who is married and begins to receive payments under the Plan shall receive payments in the form of a Qualified Joint and Survivor Annuity, unless the Participant, with the consent of his spouse, has properly elected otherwise. An unmarried Participant shall receive his benefits in the form of a single life annuity, unless the Participant elects properly otherwise.

(b) Preretirement Survivor Annuity. If a Participant who is married dies before the date upon which benefit payments are to commence, the Participant's surviving spouse shall receive payments, commencing immediately, in the form of a Preretirement Survivor Annuity, unless the Participant, with the consent of his spouse has properly elected otherwise.

(c) Optional Forms. In the event a Participant elects not to receive benefits in the form described in Subsection (a) above, the distribution of benefits may be made by the Trustee in one of the methods elected by the Participant described below:

(i) single life annuity, a single life annuity with a five- or ten-year certain term, or

(ii) an actuarially equivalent life annuity with a survivor annuity payable to the Participant's spouse equal to 100%, 66 and 2/3% or 50% of the payments made to the Participant during his life.

#### SECTION 5 COBB PLAN

Except as may be required or permitted by Plan Sections 7 through 10, all distributions attributable to amounts transferred to this Plan from the Member Contribution Account and that corresponding portion of his Employer Matching Contribution Account under the Retirement Savings Plan of Cobb- Vantress, Inc. (the "Cobb Plan") may be made by the Trustee in one of the following methods:

(a) Qualified Joint and Survivor Annuity or Life Annuity. A Participant who is married and elects to receive payments from the

Member Contribution Account and that corresponding portion of his Employer Matching Contribution Account under the Cobb Plan in the form of an annuity shall receive payment in the form of a Qualified Joint and Survivor Annuity, unless the Participant, with the consent of his spouse, has properly elected otherwise. An unmarried Participant shall receive his benefits in the form of a single life annuity, unless the Participant properly elects otherwise.

(b) Preretirement Survivor Annuity. If a Participant who is married dies before the date upon which benefit payments are to commence, the Participant's surviving spouse shall receive payments, commencing immediately, in the form of a Preretirement Survivor Annuity, unless the surviving spouse elects to have payments commence at a later date (but not later than the date the Participant would have attained Normal Retirement Age).

#### SECTION 6 THRIFT PLAN

Except as may be required or permitted by Plan Sections 7 through 10, effective December 30, 1994, all distributions of any amounts from a Participant's After-Tax Contribution Account and Employer Contribution Account attributable to such accounts transferred from the Tyson Foods, Inc. Employee Retirement Income Savings Plan (the "Thrift Plan") shall be made by the Trustee in one of the following methods:

(a) Annuity Option. A Participant shall have the right to elect to receive payment from such account in the form of a life annuity (or, if married, in the form of a Qualified Joint and Survivor Annuity). The Participant (and, if married, with the consent of his spouse) also may elect during the election period to receive payments from such account in the form of a straight life annuity or a straight life annuity with a ten-year guarantee.

(b) Preretirement Survivor Annuity. If a Participant who is married dies before the date upon which his retirement benefits were to commence, such Participant's surviving spouse shall have the right to elect to receive payment from such account in the form of a Preretirement Survivor Annuity. The spouse also may properly elect to receive payments from such account in the form of a straight life annuity or a straight life annuity with a ten-year guarantee. The surviving spouse may elect to have such annuity distributed immediately or at a later date not later than the date the Participant would have attained Normal Retirement Age.

**EXECUTIVE SAVINGS PLAN**

**OF**

**TYSON FOODS, INC.**

(Restated As Of October 1, 1997)

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**OF**

**TYSON FOODS, INC.**

This Plan, adopted effective April 1, 1991 by Tyson Foods, Inc., as amended and restated herein as of October 1, 1997, is an unfunded, non-qualified deferred compensation plan designed to provide solely for a select group of management and highly compensated employees of Tyson Foods, Inc. and its affiliates, an opportunity to provide for retirement income. All amounts credited on the books of Tyson Foods, Inc. for the accounts of members under this Plan at all times shall remain as unfunded, general obligations of Tyson Foods, Inc. to such members, it being the intention that such obligations to members under the Plan be paid, when due, solely out of the general assets of Tyson Foods, Inc. available at such time. The Plan shall be administered in the manner set forth in the following Plan, to-wit:

**ARTICLE I**  
**Definitions**

The following definitions shall be used in this Plan unless the context of the Plan clearly indicates another meaning:

1.1 Account. "Account" means the bookkeeping accounts established and maintained by the Employer to reflect the interest of a Member under the Plan and shall include the following:

(a) Elective Deferral Account. Each "Elective Deferral Account" reflects credits to a Member's Account made on his behalf pursuant to Section 3.1, as adjusted to reflect designated rates of return and other credits or charges.

(b) Employer Match Account. Each "Employer Match Account" reflects credits to a Member's Account made on his behalf pursuant to Section 3.2, as adjusted to reflect designated rates of return and other credits or charges.

1.2 Beneficiary. "Beneficiary" means such person or persons or legal entity as may be designated by a Member to receive benefits hereunder after his death, or the personal or legal representative of the Member as hereinafter provided in Section 2.3.

1.3 Code. "Code" means the Internal Revenue Code of 1986, as now in effect or as amended from time to time. A reference to a specific provision of the Code shall include such provision and any applicable regulation pertaining thereto.

1.4 Compensation. "Compensation" means an Employee's earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer maintaining the Plan (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits and bonuses). Any amounts that would have been includable in the Employee's Compensation as described above if they had not received special tax treatment because they were deferred by the Employer through a Salary Reduction Agreement shall be added to the amount described above and included in the Employee's Compensation for purposes of the Plan. However, Compensation shall not include the following:

(a) other Employer contributions to a plan of deferred compensation which are not includable in the Employee's gross income for a taxable year in which contributed, or Employer contributions under simplified employee pension plans to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation;

(b) amounts realized from the exercise of non-qualified stock options, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(c) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;

(d) other amounts which received special tax benefits, or contributions made by the Employer (whether or not under a Salary Reduction Agreement) towards the purchase of an annuity described in Section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Employee); and

(e) amounts received as automobile and office allowances.

1.5 Disability. "Disability" means the total incapacity of a Member when so declared by the Employer in its judgment and discretion, supported by the written opinion of at least two disinterested physicians, after the expiration of at least thirty (30) days from the date of the inception of such incapacity.

1.6 Effective Date. The effective date of the Plan shall be April 1, 1991.

1.7 Elective Deferrals. "Elective Deferrals" means reductions pursuant to a Member's Salary Reduction Agreement, in the whole percentages (permitted below in Section 3.1) of the Member's Compensation, which amounts are credited by the Employer to the Member's Elective Deferral Account under the Plan, as provided below.

1.8 Eligible Employee. "Eligible Employee" shall mean either (a) with respect to an Employee other than an Employee of Culinary Foods, Inc., or a Maritime Employee (as defined in the Retirement Savings Plan of Tyson Foods, Inc.), an Employee whose regular rate of pay then in effect equals or exceeds \$80,000, or

(b) in the case of any Employee of Culinary Foods, Inc., or a Maritime Employee, an Employee who is determined to be a "Highly Compensated Employee," within the meaning of Section 1.1(A)(17)(B) of the Retirement Savings Plan of Tyson Foods, Inc., as of any December 31.

1.9 Employee. "Employee" means any person employed by Employer.

1.10 Employer. "Employer" means Tyson Foods, Inc., or any corporation into which it may be merged or consolidated, or any affiliate that may hereafter accept and adopt the terms of this indenture with approval of the Board of Directors of Tyson Foods, Inc. For determining an Employee's length of service for purposes of determining eligibility, Employer also includes any corporation which is a member of a controlled group of corporations (as defined in 414(b) of the Code) and all trades or businesses (whether or not incorporated) which are under common control (as defined in 414(c) of the Code).

1.11 Employer Match. "Employer Match" shall mean the credit, if any, made to the Member's Employer Match Account by the Employer pursuant to Section 3.2 below.

1.12 Employment Commencement Date. "Employment Commencement Date" means the first date on which an Employee completes an "Hour of Service".

1.13 Enrollment Period. "Enrollment Period" means each period designated by the Employer with respect to the Plan Year during which new Members may establish, and current Members may amend, their rates of Elective Deferrals under their Salary Reduction Agreements.

1.14 Entry Date. "Entry Date" shall mean any business day during the Plan Year.

1.15 Hour of Service. An "Hour of Service" means:

(a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours shall be credited to the Employee for the computation period in which the duties are performed; and

(b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. Hours under this subparagraph (b) shall be

calculated and credited pursuant to Section 2530.200(b)-2 of the Department of Labor Regulations which are incorporated herein by this reference; and

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same hours of service shall not be credited both under subparagraph (a) or (b), as the case may be, and under this subparagraph (c). These hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made; and

(d) Hours of Service credited to Employees whose compensation is not determined on the basis of certain amounts for each hour worked during a given period and whose hours are not required to be counted and recorded by a separate federal statute such as the Fair Labor Standards Act shall be at the rate of 45 Hours of Service for each week that the employee is entitled to be credited with at least one "Hour of Service" under the provisions of this section.

1.16 Member. "Member" means any Employee who has qualified for participation as provided in Article II of the Plan.

1.17 Normal Retirement Age. "Normal Retirement Age" shall mean the 65th birthday of a Member.

1.18 Plan. "Plan" means the savings and profit sharing plan set forth in this document and all subsequent amendments thereto which in the aggregate are intended by the Employer to constitute a non-qualified savings and profit sharing retirement plan. The name of the Plan shall be the "Executive Savings Plan of Tyson Foods, Inc."

1.19 Plan Year. "Plan Year" means, prior to April 1, 1996, each twelve-month period commencing April 1, the period from April 1, 1996 to December 31, 1996 and, thereafter, the calendar year.

1.20 Salary Reduction Agreement. "Salary Reduction Agreement" means an agreement entered into between the Member and the Employer during the Enrollment Period by which the Member agrees to accept a reduction in his Compensation from the Employer equal to any whole percentage, per payroll period, not to exceed the percentages permitted under Section 3.1(A) below. The Salary Reduction Agreement shall be irrevocable by the Member until the next Enrollment Period and shall apply to each payroll period during such time in which the Member receives Compensation from the Employer.

1.21 Valuation Date. "Valuation Date" under the plan shall mean the last day of each calendar month.

1.22 Years of Service. A "Year of Service" means each twelve consecutive month period during which an Employee has at least one thousand (1,000) Hours of Service. For determining an Employee's eligibility under the Plan, his "eligibility computation period" shall begin on the Employment Commencement Date for such Employee.

## **ARTICLE II**

### **Eligibility for Participation**

2.1 Requirements for Participation. Eligible Employees shall be eligible to participate under the Plan as follows:

(a) Eligible Employees shall be eligible to make Elective Deferrals and receive Employer Matches as of the first Enrollment Period immediately following completion of one (1) Year of Service.

(b) An Eligible Employee who was a Member immediately prior to January 1, 1997 or who subsequently becomes a Member may continue to make Elective Deferrals for so long as the Member remains an Eligible Employee.

2.2 Participation Following Re-Employment. Each Employee whose service is terminated and who subsequently is re-employed by the Employer shall be treated under the Plan upon such re-employment as though he then first entered the employment of the Employer; except that, the Employee shall be credited as of his date of reemployment with any past Hours of Service earned for purposes of Section 2.1 hereof regarding the service requirements for participation in the Plan; provided, however, that the application of this Section shall not entitle such re-employed former Member to any Employer Match under Article III below attributable to the period of time between his date of termination of service and his date of re-employment.

2.3 Designation of Beneficiary. The provisions of this Plan shall apply to all Members uniformly. Each Employee on becoming a Member shall:

(a) Agree in writing to be bound by the terms and conditions of this Plan.

(b) Designate in writing one or more Beneficiaries to receive his benefits in the event of his death. If no such designation be made, or if such Beneficiary be deceased without a successor Beneficiary being designated in writing, then the death benefits shall be paid in a lump sum to the surviving spouse of said Member, if any, otherwise to the Member's surviving children, in equal shares, per stirpes, otherwise to the personal representative or estate of the deceased Member. Should a Beneficiary of a deceased Member die after he has started receiving payment under the Plan and if there is no living successor Beneficiary named by the deceased Member, then the remaining benefits shall be paid in a lump sum to the surviving spouse of said Beneficiary,

if any, otherwise to the personal representative or estate of the beneficiary receiving payment at the time of his death. Each Member shall be entitled to change his designated Beneficiaries from time to time by filing with the Committee (as defined in Section 7.1 below) a new designation of Beneficiary form, and each change so made shall revoke all prior designations by the Member.

### **ARTICLE III Credits to Accounts**

#### 3.1 Members' Elective Deferrals.

(A) Amount of Elective Deferrals. Each Eligible Employee may elect, pursuant to a Salary Reduction Agreement, to direct the Employer to reduce his Compensation, and in lieu thereof, credit to the Elective Deferral Account of such Eligible Employee an amount equal to such reduction, with such reduction amounts to be in integral percentages, determined as follows:

- (i) From one percent (1%) to twenty percent (20%) of his Compensation, excluding bonuses, if any; and
- (ii) One percent (1%) to fifty percent (50%) of the amount of any bonus included in his Compensation.

Eligible Employees may elect to have Elective Deferrals applied either to Compensation excluding bonuses, to bonuses, or both.

(B) Initial Authorization for Elective Deferrals. All Salary Reduction Agreements shall be in writing or in such other form permitted by the Committee and shall be filed with the Employer in advance of the date they are to become effective in accordance with the normal administrative procedures established by the Committee. Any such Salary Reduction Agreement shall continue in effect for as long as the Member remains an Eligible Employee or until he elects to suspend or change his rate of Elective Deferrals under the Plan as provided in Section 3.1(C) below.

(C) Right of Member to Suspend or Change His Rate of Elective Deferrals. Except as set forth below, a Member may suspend or change his rate of Elective Deferrals consisting of Compensation exclusive of bonuses effective as soon as administratively practicable as of the end of any subsequent payroll period; while suspension or change of a Member's rate of Elective Deferrals consisting of bonuses may be made only annually in accordance with the normal administrative procedures established by the Committee. The provisions of this Section 3.1(C) are subject to the further rules of Section 3.1(E) below with respect to certain required suspensions. Any such change of rate, suspension or resumption of Elective Deferrals must be made by the Member in writing filed with the Employer or in such other form permitted by the Committee.

A Member whose Elective Deferrals are suspended during a period of leave of absence or who is reemployed following a termination of service may elect, upon his return to active employment with the Employer, assuming the Member is otherwise then eligible to participate under Article III, to have the Employer resume Elective Deferrals on his behalf to the Plan. Any such election shall be in writing filed with the Employer and shall specify the percentage of Elective Deferrals to be deducted from his Compensation.

(D) Crediting Elective Deferrals. Elective Deferrals under the Plan shall be credited by the Employer to the Member's Elective Deferral Account as of the end of the month in which the deferral amounts were deducted from the Member's Compensation.

(E) Mandatory Suspension of Elective Deferrals. If the Member obtains an in-service hardship withdrawal under the Retirement Savings Plan of Tyson Foods, Inc., then any suspension of deferrals required by Section 8.10(4)(b) thereof shall include the making of Elective Deferrals hereunder.

### 3.2 Employer Match.

(A) Amount of Employer Match. The Employer shall credit to the Employer Match Account of each Member who has elected to make an Elective Deferral pursuant to Section 3.1 (or a salary deferral election pursuant to the Retirement Savings Plan of Tyson Foods, Inc.) above an amount determined in accordance with the following formula:

(i) an amount determined by applying the matching contribution provisions of the Retirement Savings Plan of Tyson Foods, Inc. (but without regard to any of the restrictive provisions applicable to that plan as a tax-qualified retirement plan, including, without limitation, Sections 401(a)(17), 401(k), 401(m) and 402(g) of the Code) to the sum of the aggregate elective deferrals made under the Retirement Savings Plan of Tyson Foods, Inc. and the Elective Deferrals made under the Plan for the period,

(ii) reduced by the amount of matching contributions allocated under the Retirement Savings Plan of Tyson Foods, Inc. on behalf of the Member for the same period.

(B) Crediting the Employer Match. The Employer Match shall be credited by the Employer to the Member's Employer Match Account as of the end of the month in which the corresponding credit to the Member's Elective Deferral Account is made pursuant to Section 3.1(D) above.

## **ARTICLE IV Accounts and Earnings Credited**

4.1 Accounts of Members. The Employer shall establish and maintain for each Member separate Accounts, to be called,

respectively, the "Elective Deferral Account" and "Employer Match Account". "Floor Accounts" and subaccounts shall be maintained as necessary to reflect the terms of the Plan in effect prior to January 1, 1997. Each Account and subaccount shall be credited as required in Article III above and Section 4.2 below.

4.2 Rates of Return Credited. As of each Valuation Date, each Member's Account (other than any Member who has received a distribution of his Account prior to that Valuation Date) or portions thereof shall be credited with a designated rate or rates of return, as applicable, as selected by the Member, based upon the amount credited to the Member's Account as of the immediately preceding Valuation Date. A Member's Account may be credited with such rate or rates of return in accordance with the most recent investment election properly and timely filed by the Member with the Committee in accordance with such rules and procedures designated by the Committee. If no election has been properly or timely filed with the Committee or if the Employer suspends the election of rates of return by a Member, the Member's Account shall be credited with a designated rate of return selected by the Employer.

#### **ARTICLE V Vesting**

As of January 1, 1997 and thereafter, all Account and subaccount balances shall be fully vested.

#### **ARTICLE VI Distributions**

6.1 Elective Deferral, Employer Match and Floor Accounts. Amounts credited to a Member's Elective Deferral Account, Employer Match Account and Floor Account shall be distributed to the Member or his Beneficiaries in such form and at such times as set forth below:

(A) Normal Distribution Rules. The following distribution rules provide for a distribution from Accounts only following a termination of service and apply to all Eligible Employees who first became Members on or after January 1, 1997 and to each Eligible Employee who was a Member of the Plan prior thereto, unless such Member timely filed a written election with the Committee choosing to remain subject to the rules set forth in subparagraph (B) below.

(i) if the aggregate sum of a Member's Accounts total \$50,000 or less, the Accounts shall be distributed to the Member in cash in a lump sum as soon as practicable following termination of service;

(ii) if the aggregate sum of a Member's Accounts total more than \$50,000, the Accounts will be paid as follows:

(1) if the Member (x) is age 50 or older and the sum of the Member's age and Years of Service is equal to or greater than 70 (the "Rule of 70"), or (y) terminates service due to a Disability, the Accounts shall be paid in annual installments commencing as soon as practicable or, if later, at age 60 over a period equal to the number of years of the Member's then projected life expectancy (or, if the Member is married, over the projected life expectancy of the Member and the Member's spouse: provided, however, that any such Member may elect to be paid over a shorter installment period if the election is delivered to the Committee in writing at least one

(1) year before the termination of service; or

(2) if, at the time of a termination of service, the Member does not qualify for the Rule of 70 and is not subject to a Disability, the Accounts shall be paid in five annual installments commencing as soon as practicable.

(3) If the Member's termination of service is due to death, the Accounts shall be paid to the Member's designated Beneficiary in five annual installments commencing as soon as practicable.

(4) A Member or Beneficiary who is not entitled to either the immediate commencement of the payment of Accounts or a lump sum payment, or both, upon a showing of financial hardship, may petition the Committee for the immediate payment of all or a portion of the Member's Accounts. The Committee shall have the sole and absolute discretion in making any determination with respect to a financial hardship application.

For purposes of this subparagraph (A), life expectancies shall be determined in accordance with the Regulations issued by the Secretary of the Treasury pursuant to Section 401(a)(9) of the Code.

(B) Grandfathered Distribution Rules. The following distribution rules apply only to Eligible Employees who were Members of the Plan prior to January 1, 1997 who timely filed a written election with the Committee choosing to remain subject to these rules.

(i) Prior to Termination of Service. A Member's subaccount for any Plan Year under his Elective Deferral, Employer Match and Floor Accounts

shall be distributed in one cash lump sum not later than 60 days following the end of the tenth Plan Year immediately following the Plan Year for which such subaccount was established. (By way of example, subaccounts established for the Plan Year ending March 31, 1992 for Elective Deferral, Employer Match and Floor Account credits, together with all earnings credited for all Plan Years in which such subaccounts remain in effect, shall be distributed not later than 60 days following March 31, 2002.)

(ii) Following Termination of Service. Except as provided below in subparagraphs (iii) and (iv), if a Member terminates service with the Employer, the Member's Accounts hereunder shall be distributed to him in one cash lump sum not later than 60 days following the end of the Plan Year in which the Member terminates service.

(iii) Termination of Service Due to Death. If a Member dies before all of the Accounts established under this Plan have been distributed to him, the remaining balances credited to all of his Accounts hereunder shall be distributed in one cash lump sum to his Beneficiaries in accordance with Section 2.3 above not later than 60 days following the end of the Plan Year in which the Member died.

(iv) Termination of Service on or After Attaining Age 55, etc. If a Member retires from employment with the Employer (x) on or after attaining age 55 or (y) on or after attaining age 50 and the sum of the Member's age and Years of Service equal or exceed 75, or terminates service due to Disability, the Member's Accounts shall be distributed to the Member as follows:

(1) All amounts which, following the distribution rules set forth above in Section 6.1(B)(i), would have been distributed to the Member not later than the 60-day period following the end of the fifth Plan Year following the Plan Year in which the Member terminates service shall continue to be distributed pursuant to the rules set forth above in Section 6.1(B)(i); and

(2) To the extent that the amounts credited to any subaccounts would not be distributed within the time period described in subparagraph (1) of this Section 6.1(B)(iv), such subaccounts shall be aggregated and exactly twenty percent (20%) of such aggregate amount shall be paid to the Member within 60 days after the end of each of the five Plan Years immediately following the Plan Year in which the Member terminated employment, together with earnings credited on the undistributed balance as determined under Article IV above.

## 6.2 Benefits Payable to Minors and Incompetents.

(A) Whenever any person entitled to payments under the Plan shall be a minor or under other legal disability or in the sole judgment of the Employer otherwise shall be unable to apply such payments to his own best interest and advantage (as in the case of illness, whether mental or physical or where the person not under legal disability is unable to preserve his estate for his own best interest), the Employer may in the exercise of its discretion direct all or any portion of such payments to be made in any one or more of the following ways unless claim shall have been made therefor by an existing and duly appointed guardian, tutor, conservator, committee or other duly appointed legal representative, in which event payment shall be made to such representative:

(i) directly to such person unless such person shall be an infant or shall have been legally adjudicated incompetent at the time of the payment;

(ii) to the spouse, child, parent or other blood relative to be expended on behalf of the person entitled or on behalf of those dependents as to whom the person entitled has the duty of support; or

(iii) to a recognized charity or governmental institution to be expended for the benefit of a person entitled or for the benefit of those dependents as to whom the person entitled has the duty of support.

(B) The decision of the Employer will, in each case, be final and binding upon all persons and the Employer shall not be obliged to see to the proper application or expenditure of any payments so made. Any payment made pursuant to the power herein conferred upon the Employer shall operate as a complete discharge of the obligation of the Employer.

6.3 Withholding Taxes. The Employer shall have the right to withhold from any amounts due or to become due from the Employer pursuant to this Plan to a Member or his Beneficiary any taxes required by any government to be withheld or otherwise deducted and paid by the Employer in respect of such amounts paid or to be paid.

## **ARTICLE VII Administration of the Plan**

7.1 Administrative Committee. To carry out the purposes of the Plan, the Board of Directors of Tyson Foods, Inc. shall appoint a Committee (the "Committee") consisting of not less than three members who may be officers and/or directors of Tyson Foods, Inc. The Board of Directors may remove members from or

add members to the Committee at any time, within its discretion, and may fill vacancies on the Committee. An individual member of the Committee may not participate in any decision exclusively affecting his own participation in the Plan. The Committee shall select one of its members as Chairman, and shall hold meetings at such times and places as it may determine. Acts of a majority of the Committee at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be valid acts of the Committee. The Committee shall have the sole authority, in its absolute discretion, to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan; and to construe and interpret the Plan, the rules and regulations, and to make all other determinations deemed necessary or advisable for the administration of the Plan. All decisions, determinations, and interpretations of the Committee shall be binding on all Members. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received for any such consultant or agent. Expenses incurred by the Board of Directors or the Committee in the engagement of such counsel, consultant or agent shall be paid by the Employer. No member or former member of the Committee or of the Board of Directors shall be liable for any action or determination made in good faith with respect to the Plan or any awards granted hereunder.

7.2 Accounts Not Transferable. A Member's undivided interest in the amounts credited to his Accounts under the Plan may not be assigned, sold, pledged or alienated except by testate or intestate succession. In addition, such undivided interest may not be encumbered by lien or security interest of any kind and shall not be liable for the debts of the Member or subject to attachment, or to any judgment rendered against the Member or to the process of any court in aid or execution of any judgment so rendered.

7.3 Costs of the Plan. The costs of maintaining records and executing transfers under the Plan shall be paid by Tyson Foods, Inc.

7.4 Indemnification. Tyson Foods, Inc. shall indemnify and hold harmless any officer, employee, agent, or representative who incurs damage or loss, including the expense of defense thereof, in connection with the performance of the duties specified herein, other than losses resulting from any such person's fraud or willful misconduct.

## **ARTICLE VIII**

### **Amendment and Termination of the Plan**

The Board of Directors of Tyson Foods, Inc. or its delegate may, at any time and in its discretion, alter, amend, suspend or terminate the Plan or any part thereof. Notice of any amendment, suspension or termination of the Plan, in whole or in part, shall be given to each Member as soon as practicable after such action is taken.

**ARTICLE IX**  
**Miscellaneous Provisions**

9.1 No Contract of Employment Intended. The granting of any right to an Employee, pursuant to this Plan, shall not constitute an agreement or understanding, express or implied, on the part of Tyson Foods, Inc. or any affiliate, to employ such employee for any specified period.

9.2 Claims Review Procedure. In the event a Member or Beneficiary is denied a claim for benefits under the Plan, the Committee shall provide to such claimant written notice of the denial which shall set forth the specific reasons for the denial; specific references to the pertinent provisions of the Plan on which the denial is based; a description of any additional materials or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and an explanation of the Plan's claim review procedure. After receiving the notice of denial of a claim, a claimant or his representative may request a review of the denial by making written application to the Committee within 60 days after receiving notice of the denial; may review pertinent Plan documents; and may submit issues and comments to the Committee in writing. No later than 60 days following receipt of the written application for review, the Committee shall submit its decision on the review in writing to the claimant and to his representative, if any; provided, however, a decision on the written application for review may be extended, in the event of special circumstances such as the need to hold a hearing require an extension of time, to a day no later than 120 days after the date of receipt of the written application for review. The decision shall include specific reasons for the decision and specific references to the pertinent provisions of the Plan on which the decision is based.

9.3 Governing Law. The construction, validity, and operation of this Plan shall be governed by the laws of the State of Arkansas, to the extent not preempted by applicable federal law.

9.4 Rules of Construction. Throughout this Plan, the masculine includes the feminine, and the singular and the plural, and vice versa, where applicable.

9.5 Payment provided under the Plan. All payments provided under the Plan shall be paid from the general assets of the Employer and no separate fund shall be established to secure payment. Notwithstanding the foregoing, the Employer may establish a grantor trust to assist it and any affiliate in funding Plan obligations, and any payment made to a Member or a Beneficiary from such trust shall relieve the Employer and affiliate from any further obligations under the Plan only to the extent of such payment.

IN WITNESS WHEREOF, Tyson Foods, Inc. has caused this indenture to be executed on the date set forth below.

**TYSON FOODS, INC.**

By:

Date:

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

THIS FIRST AMENDMENT is made as of this 31st day of December 1998, by TYSON FOODS, INC., a corporation duly organized and existing under the laws of the State of Delaware (the "Company").

**W I T N E S S E T H:**

WHEREAS, the Company established by indenture originally effective April 1, 1991, the Executive Savings Plan of Tyson Foods, Inc. (the "Plan"), which was last amended and restated by indenture generally effective as of October 1, 1997; and

WHEREAS, the Company desires to amend the Plan primarily to coordinate its provisions more effectively with the current operation of the Retirement Savings Plan of Tyson Foods, Inc. and to reflect the merger of the Hudson Foods, Inc. Executive Salary Deferral Plan (the "Hudson Plan") with and into the Plan effective as of January 1, 1999;

NOW, THEREFORE, the Company does hereby amend the Plan, effective as of January 1, 1999, as follows:

1. By adding a new final paragraph to the preamble on page 1, as follows:

"The Plan, as amended herein, reflects the merger of the Hudson Plan with and into the Plan as of January 1, 1999. The amounts referred to as 'Annual Deferral Amounts' under the Hudson Plan shall be credited to Elective Deferral Accounts and amounts referred to as 'Annual Company Matching Amounts' under the Hudson Plan shall be credited to Employer Match Accounts. The distribution of Accounts of Members who participated in the Hudson Plan prior to January 1, 1999 shall be governed by the provisions of Article VI hereof; provided, however, that any such Member whose Account was in pay status prior to January 1, 1999 (or any later date determined by Tyson Foods, Inc.) shall have his or her Account distributed in accordance with the provisions of the Hudson Plan as in effect on December 31, 1998, except to the extent any such Member requests a modification to the form of payment pursuant to Section 6.1(A)(ii)(4) hereof."

2. By deleting Section 1.2 and by substituting therefor the following:

"1.2 Beneficiary. 'Beneficiary' means such person or persons or legal entity as may be designated by a Member to receive benefits hereunder after his death, or, if none is so designated, the person or entity hereinafter provided in Section 2.4."

3. By deleting Section 1.17 and by substituting therefor the following:

"1.17 Employment Commencement Date. `Employment Commencement Date' means the first date on which an Employee reports for active service with an Employer."

4. By deleting Section 1.15 and by substituting therefor the following:

1.15 "[Reserved.]"

5. By deleting Section 1.16 and by substituting therefor the following:

"1.16 Member. `Member' means any Employee who has been designated for participation as provided in Article II of the Plan; provided, however, that any Employee who ceases to be eligible for continued participation in the Plan shall remain an inactive Member until his benefits are paid pursuant to Article VI."

6. By deleting Section 1.29 and by substituting therefor the following:

"1.29 Year of Service. A `Year of Service' means a twelve consecutive-month period during which an Employee has been continuously employed by an Employer; provided, however, that any period during which an Employee is on an approved leave of absence shall not be deemed to interrupt any period of continuous employment. In determining an Employee's eligibility under the Plan, his `eligibility computation period' shall begin on the Employment Commencement Date for such Employee."

7. By deleting Article II and by substituting therefor the following:

**"ARTICLE II  
Eligibility for Participation**

2.1 Requirements for Participation. An Eligible Employee who has completed a Year of Service may be designated for Plan membership by the Committee. Any such Eligible Employee so designated may participate in the Plan commencing as of the Entry Date with respect to which his Plan membership is approved by the Committee.

2.2 Cessation of Active Participation. A Member shall cease to be eligible for active participation in the Plan as of any date communicated to the Member by the Committee.

2.3 Participation Following Re-Employment. Each Employee whose service is terminated and who subsequently is re-employed by the Employer shall be treated under the Plan upon such re-employment as though he then first entered the employment of the Employer.

2.4 Designation of Beneficiary. Each Eligible Employee on becoming a Member shall:

(a) agree to be bound by the terms and conditions of this Plan; and

(b) designate in writing one or more Beneficiaries to receive his benefits in the event of his death. If no such designation be made, or if such Beneficiary be deceased without a successor Beneficiary being designated in writing, then the death benefits shall be paid in a lump sum to the surviving spouse of said Member, if any, otherwise to the Member's estate. Should a Beneficiary of a deceased Member die after he has started receiving payment under the Plan and if there is no living successor Beneficiary named by the deceased Member, then the remaining benefits shall be paid in a lump sum to the surviving spouse of said Beneficiary, if any, otherwise to the estate of the Beneficiary receiving payment at the time of his death. Each Member shall be entitled to change his designated Beneficiaries from time to time by filing with the Committee (as defined in Section 7.1 below) a new designation of Beneficiary form, and each change so made shall revoke all prior designations by the Member."

8. By deleting the head language of Section 3.1(A) and by substituting therefor the following:

"(A) Amount of Elective Deferrals. During any Enrollment Period, each Member may elect, pursuant to a Salary Reduction Agreement, to direct the Employer to reduce his Compensation, and in lieu thereof, credit to the Elective Deferral Account of such Member an amount equal to such reduction, with such reduction amounts to be integral percentages, determined as follows:"

9. By deleting the last sentence of Section 3.1(A) and by substituting therefor the following:

"Members may elect to have Elective Deferrals applied either to Compensation excluding bonuses, to bonuses, or both, subject to such rules as may be promulgated from time to time by the Committee."

10. By adding a new final sentence to Section 3.1(B), as follows:

"No Salary Reduction Agreement made pursuant to Section 3.1(A)(i) above shall be given effect unless, at that time, the Member has in effect an election for the maximum before- tax contribution permissible pursuant to the terms of the tax-qualified cash or deferred arrangement then maintained by the Employer."

11. By adding the phrase "no later than" to Section 3.1(D) immediately after the phrase "Elective Deferral Account" therein.

12. By deleting Section 3.1(E) and by substituting therefor the following:

"(E) Mandatory Suspension of Elective Deferrals. If the Member obtains an in-service hardship withdrawal under any Employer-sponsored tax-qualified cash or deferred arrangement, then any suspension of deferrals required by such plan shall include the making of Elective Deferrals hereunder."

13. By replacing the phrase "Retirement Savings Plan of Tyson Foods, Inc." with the phrase "tax-qualified cash or deferred arrangement of the Employer" the first, third and fourth time the former phrase appears in Section 3.2(A).

14. By adding the phrase "no later than" to Section 3.2(B) immediately after the phrase "Employer Match Account" therein.

15. By replacing the first clause of the first sentence of Section 4.2 with the following: "No later than as of the last day of each calendar month,".

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

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed as of the day and year first above written.

**TYSON FOODS, INC.**

By:

Title:

**ATTEST:**

By:

Title:

**[CORPORATE SEAL]**

**ELEVEN-YEAR FINANCIAL SUMMARY**  
**TYSON FOODS, INC.**

(In millions except per share data)

OPERATING RESULTS FOR FISCAL YEAR	1999	1998	1997	1996
Sales	\$7,362.9	\$7,414.1	\$6,355.7	\$6,453.8
Cost of Sales	6,054.1	6,260.1	5,318.0	5,505.7
Gross Profit	1,308.8	1,154.0	1,037.7	948.1
Operating Expenses	821.9	950.4	637.8	678.5
Interest Expense	124.0	139.1	110.4	132.9
Provision for Taxes	129.4	45.9	143.9	49.0
Net Income (Loss)	230.1	25.1	185.8	86.9
Diluted Earnings (Loss) Per Share	1.00	0.11	0.85	0.40
Basic Earnings (Loss) Per Share	1.00	0.11	0.86	0.40
Dividends Per Share:				
Class A	0.115	0.100	0.095	0.080
Class B	\$ 0.104	\$ 0.090	\$ 0.086	0.072
Capital Expenditures	\$363.3	\$ 310.4	\$ 291.2	\$ 214.0
Depreciation and Amortization	291.1	276.4	230.4	239.3
Total Assets	5,082.7	5,242.5	4,411.0	4,544.1
Net Property, Plant and Equipment	2,184.5	2,256.5	1,924.8	1,869.2
Total Debt	1,803.8	2,128.9	1,690.1	1,975.1
Shareholders' Equity	\$2,128.0	1,970.4	1,621.5	1,541.7
Year End Shares Outstanding	228.6	230.9	213.4	217.4
Diluted Average Shares Outstanding	231.0	227.9	218.2	218.0
Book Value Per Share	9.31	\$ 8.53	\$ 7.60	\$ 7.09
Total Debt to Capitalization	45.9%	51.9%	51.0%	56.2%
Return on Sales	3.1%	0.3%	2.9%	1.4%
Annual Sales Growth (Decline)	(0.7)%	16.7%	(1.5)%	17.1%
Five-Year Compounded Annual Sales Growth	7.6%	9.5%	8.8%	10.5%
Gross Margin	17.8%	15.6%	16.3%	14.7%
Return on Beginning Assets	4.4%	0.6%	4.1%	2.0%
Return on Beginning Shareholders' Equity	11.7%	1.5%	12.1%	5.9%
Five-Year Return on Beginning Shareholders' Equity	9.6%	7.1%	10.1%	10.9%
Effective Tax Rate	34.9%	64.7%	43.6%	37.0%
Closing Stock Price High	\$25.38	\$ 24.44	\$ 23.63	\$ 18.58
Closing Stock Price Low	15.00	16.50	17.75	13.83

1995	1994	1993	1992	1991	1990	1989
\$5,511.2	\$5,110.3	\$4,707.4	\$4,168.8	\$3,922.1	\$3,825.3	\$2,538.2
4,423.1	4,149.1	3,796.5	3,390.3	3,147.5	3,081.7	2,056.1
1,088.1	961.2	910.9	778.5	774.6	743.6	482.1
616.4	766.0	535.4	446.8	441.4	423.4	271.5
114.9	86.1	72.8	76.9	95.5	128.6	45.0
131.0	120.7	129.3	100.5	97.0	80.1	62.9
219.2	(2.1)	180.3	160.5	145.5	120.0	100.6
1.01	(0.01)	0.81	0.77	0.70	0.60	0.52
1.01	(0.01)	0.82	0.78	0.71	0.61	0.52
0.053	0.047	0.027	0.027	0.020	0.013	0.013
\$ 0.044	\$ 0.039	\$ 0.022	\$ 0.022	\$ 0.017	\$ 0.011	\$ 0.011
\$ 347.2	\$ 232.1	\$ 225.3	\$ 108.0	\$ 213.6	\$ 163.8	\$ 128.9
204.9	188.3	176.6	148.9	135.8	123.4	84.8
4,444.3	3,668.0	3,253.5	2,617.7	2,645.8	2,501.1	2,586.1
2,013.5	1,610.0	1,435.3	1,142.2	1,162.0	1,071.1	1,020.8
1,984.7	1,455.1	1,024.3	825.6	984.0	1,020.5	1,374.4
1,467.7	1,289.4	1,360.7	980.2	822.5	663.0	447.7
217.2	217.8	220.9	206.2	206.1	204.9	194.0
217.7	221.7	222.5	207.6	207.1	199.3	194.6
\$ 6.76	\$ 5.92	\$ 6.16	\$ 4.75	\$ 3.99	\$ 3.24	\$ 2.31
57.5%	53.0%	42.9%	45.7%	54.5%	60.6%	75.4%
4.0%	0.0%	3.8%	3.9%	3.7%	3.1%	4.0%
7.9%	8.6%	12.9%	6.3%	2.5%	50.7%	31.1%
7.6%	15.0%	19.5%	18.5%	21.1%	27.5%	27.6%
19.7%	18.8%	19.4%	18.7%	19.8%	19.4%	19.0%
6.0%	(0.1)%	6.9%	6.1%	5.8%	4.6%	11.3%
17.0%	(0.2)%	18.4%	19.5%	22.0%	26.8%	29.5%
13.8%	14.1%	21.7%	23.9%	26.8%	29.7%	31.8%
38.1%	101.8%	41.8%	38.5%	40.0%	40.0%	38.5%
\$ 18.17	\$ 16.67	\$ 18.08	\$ 15.08	\$ 15.58	\$ 11.79	\$ 8.63
13.83	12.50	12.83	10.17	8.46	7.17	4.92

1. The results for 1999 include \$19.2 million pre-tax charge for loss on sale of seafood assets, \$35.2 million pre-tax impairment charge for loss on the anticipated sale of The Pork Group and a \$22.5 million pre-tax charge for write-down of impaired assets of Mallard's Food Products.

2. Significant business combinations accounted for as purchases: Hudson Foods, Inc., Arctic Alaska Fisheries Corporation and Holly Farms Corporation on Jan. 9, 1998, Oct. 5, 1992 and July 19, 1989, respectively. See Footnote 3 to the Consolidated Financial Statements for acquisitions during the three-year period ended Oct. 2, 1999.
3. The results for 1998 include a \$214.6 million pre-tax charge for asset impairment and other charges.
4. The results for 1997 include a \$41 million pre-tax gain (\$4 million after-tax) from the sale of the beef division assets.
5. The results for 1994 include a \$205 million after-tax charge due to the write-down of certain long-lived assets of Arctic Alaska Fisheries Corporation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**TYSON FOODS, INC.**

**ACQUISITIONS**

On Jan. 9, 1998, the Company completed the acquisition of Hudson Foods, Inc. (Hudson or Hudson Acquisition). At the effective time of the acquisition, the Class A and Class B shareholders of Hudson received approximately 18.4 million shares of the Company's Class A common stock valued at approximately \$363.5 million and approximately \$257.4 million in cash. The Company borrowed funds under its commercial paper program to finance the cash portion of the Hudson Acquisition and to repay approximately \$61 million under Hudson's revolving credit facilities. The Hudson Acquisition has been accounted for as a purchase and the excess of investment over net assets acquired is being amortized straight-line over 40 years. The Company's consolidated results of operations include the operations of Hudson since the acquisition date.

**DISPOSITIONS**

During fiscal 1999, management completed the following transactions in furtherance of the Company's previously stated objective to focus on its core business, chicken.

Effective Sept. 28, 1999, the Company signed a letter of intent to sell its wholly-owned subsidiary The Pork Group, Inc. (The Pork Group) to Smithfield Foods, Inc. (Smithfield). The Company will receive approximately three million shares of Smithfield common stock, subject to certain restrictions. Certain assets of The Pork Group with a fair value of approximately \$70 million are classified as assets held for sale at Oct. 2, 1999. Additionally, the Company has accrued expenses related to the closure of certain assets not purchased by Smithfield. The Company's operating results for the fiscal year ended Oct. 2, 1999, include a pretax charge of \$35.2 million related to the anticipated loss on the sale and closure of these assets. The transaction is subject to the successful negotiation of a definitive agreement and is expected to close by the second quarter of fiscal 2000.

On July 17, 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 net 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 \$19.2 million on the sale of the seafood assets.

Effective Dec. 31, 1998, the Company sold Willow Brook Foods, its integrated turkey production and processing business, and its Albert Lea, Minn., processing facility which primarily produced sausages, lunch and deli meats. In addition, on Dec. 31, 1998, the Company sold its National Egg Products Company operations in Social Circle, Ga. These facilities were sold for amounts that approximated their carrying values. These operations, which were reflected in assets held for sale at Oct. 3, 1998, were acquired as part of the Hudson Acquisition.

**IMPAIRMENT AND OTHER CHARGES**

In July 1999, the Company signed a letter of intent to sell Mallard's Food Products (Mallard's) for an amount less than net book value. The sale of Mallard's was not consummated. However, based upon these negotiations and the Company's cash flow projections, management believes that certain long-lived assets and related excess of investments over net assets acquired are impaired. The Company recorded in the fourth quarter of 1999 pretax charges totaling \$22.5 million (\$0.10 per share) for impairment of property and equipment and write-down of related excess of investments over net assets acquired of Mallard's. Management expects that Mallard's will continue to be a part of the Prepared Foods Group.

In Aug. 28, 1998, the Company's Board of Directors approved management's proposed restructure plan. The restructuring, which resulted in asset impairment and related charges described below, was in furtherance of the Company's previously stated objective to focus on its core business, chicken. The acquisition of Hudson and the assimilation of Hudson's facilities and operations into the Company's business permitted the Company to review and rationalize the productive capabilities and cost structure of its core business. The restructuring included, among other things, the closure of eight plants and feedmills resulting in work force reductions, the write-down of excess of investments over net assets acquired allocated to closed facilities, the reconfiguration of various production facilities and the write-down to estimated net realizable value of certain seafood assets which were sold in fiscal 1999.

In 1998, as a result of the restructuring, the Company recorded pretax charges totaling \$214.6 million (\$0.68 per share) consisting of \$142.2 million for asset impairment of property, plant and equipment, write-down of related excess of investments over net assets acquired and severance costs, \$48.4 million for losses in the Company's export business to Russia, which had been adversely affected by the continuing economic problems in Russia, and \$24 million for other charges related primarily to workers compensation and employment practice liabilities. These charges were classified in the Consolidated Statements of Income as \$142.2 million asset impairment and other charges, \$48.4 million in selling expenses, \$20.5 million in cost of sales and \$3.5 million in other expense. During the fourth quarter of 1998, the Russian Ruble devalued resulting in the losses described above. The Company recognizes that conducting business in or selling products into foreign countries, including Russia, entails inherent risks. The Company, however, is continually monitoring its international business practices and, whenever possible, will attempt to minimize the Company's financial exposure to these risks.

## RESULTS OF OPERATIONS

The Company's accounting cycle resulted in a 52-week year for both 1999 and 1997 compared to a 53-week year for 1998.

### 1999 vs. 1998

Sales for 1999 decreased 0.7% from sales for 1998. The operating results for 1999 were affected negatively by the excess supply of chicken and other meats during the last six months of the fiscal year, offset somewhat by the volume gained from the Hudson Acquisition and the inclusion of Tyson de Mexico on a consolidated basis. Management anticipates this excess supply of all meats will continue through the first six months of fiscal 2000.

The following is an analysis of net sales by segment:

	dollars in millions				
	1999	1998	change	% change	% change of total
Food Service	\$3,353.9	\$3,329.4	\$ 24.5	0.7	0.3
Consumer Products	2,251.9	2,074.0	177.9	8.6	2.4
International	645.2	592.5	52.7	8.9	0.7
Swine	109.5	160.4	(50.9)	(31.7)	(0.7)
Seafood	189.2	214.1	(24.9)	(11.6)	(0.3)
Other	813.2	1,043.7	(230.5)	(22.1)	(3.1)
	\$7,362.9	\$7,414.1	\$ (51.2)	(0.7)	(0.7)

Food Service sales accounted for an increase of 0.3% of the total change in sales for 1999 as compared to 1998. This increase was mainly due to a 2.6% increase in tonnage offset mostly by a 1.8% decrease in average sales prices. Consumer Products sales accounted for an increase of 2.4% of the total change in sales for 1999 as compared to 1998. This increase was mainly due to a 10.5% increase in tonnage largely offset by a 1.8% decrease in average sales prices. International sales accounted for an increase of 0.7% of the change in total sales in 1999. This increase is mostly the result of a 29.6% increase in tonnage offset by a 15.9% decrease in average sales prices. The increase in tonnage for the international segment is mainly due to the consolidation of Tyson de Mexico. Swine sales accounted for a decrease of 0.7% of the change in total sales for 1999 as compared to last year. The swine business experienced a significant decrease in market prices during fiscal 1999 compared to fiscal 1998, resulting in a swine group net loss of \$0.18 per share for fiscal 1999. Seafood sales accounted for a decrease of 0.3% of the change in total sales for 1999 as compared to 1998. This decrease mostly was due to the sale of the seafood business at the beginning of the fourth quarter of fiscal 1999. Other miscellaneous sales as a group accounted for a decrease of 3.1% of the change in total sales for 1999 as compared to 1998, mostly due to the sale of non-core businesses at the end of the first quarter.

[GRAPH]

**Expenses as a Percent of Sales**

	1997	1998	1999
Selling	8.1%	8.0%*	7.8%
General and Administrative	1.6%	1.8%	1.8%

\*Excludes \$48.4 million loss

Cost of goods sold decreased 3.3% for 1999 as compared to 1998. This decrease is mainly the result of decreased sales and lower grain costs. As a percent of sales, cost of sales was 82.2% for 1999 compared to 84.4% for 1998 primarily due to lower grain costs.

Operating expenses for 1999 decreased 13.5% from 1998, mostly due to impairment and other charges of \$76.9 million in 1999 compared to \$142.2 million in 1998. As a percent of sales, selling expense decreased to 7.8% in 1999 compared to 8.7% in 1998, mainly due to the \$48.4 million charge in 1998 for losses in the Company's export business to Russia. General and administrative expense, as a percent of sales, was 1.8% in 1999 and 1998. Amortization expense, as a percent of sales, was 0.5% in 1999 compared to 0.4% in 1998.

The following is an analysis of segment profit defined as gross profit less selling expenses:

	dollars in millions		
	1999	1998	change
Food Service	\$311.0	\$232.0	\$ 79.0
Consumer Products	241.7	179.3	62.4
International	67.5	8.4	59.1
Swine	(63.0)	(20.7)	(42.3)
Seafood	22.2	3.2	19.0
Other	154.8	109.6	45.2
	\$734.2	\$511.8	\$222.4

Food Service segment profit increased 34.1% to \$311 million mostly due to lower grain prices, a 2.6% increase in tonnage and a change in product mix. Consumer Products segment profits increased 34.8% to \$241.7 million also due to lower grain prices and a 10.5% increase in tonnage. International segment profits increased \$59.1 million to \$67.5 million due to the consolidation of Tyson de Mexico in 1999 resulting in a 29.6% increase in tonnage. Swine segment loss increased \$42.3 million to a loss of \$63 million due to depressed market conditions. Swine average sales prices decreased 23.2% compared to the same period last year. Seafood segment profits increased \$19 million to \$22.2 million largely due to a 4.9% increase in average sales prices offset somewhat by decreased tonnage due to the sale of the seafood business at the end of the third quarter. Interest expense decreased 10.9% in 1999 compared to 1998. As a percent of sales, interest expense was 1.7% in 1999 compared to 1.9% in 1998. The Company had a lower level of borrowing in 1999, which decreased the Company's average indebtedness by 6.4% over the same period last year. 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 for 1999 was 6.2% compared to 6.6% for 1998. The effective tax rate for 1999 was 34.9% compared to 64.7% for 1998. The effective tax rate for 1999 has decreased due in part to Tyson de Mexico earnings being taxed at the applicable foreign rate. The 1998 effective tax rate was affected by certain costs related to asset impairment and foreign losses not deductible for tax purposes. Return on beginning assets for 1999 was 4.4% compared to 0.6% for 1998. Excluding the \$76.9 million charge for asset impairment and other charges, the return on beginning assets for 1999 was 5.3%. Excluding the \$214.6 million charge for asset impairment and other charges the return for 1998 was 4.1%. The five-year average return on beginning assets is 3.3%. Return on beginning shareholders' equity for 1999 was 11.7% compared to 1.5% for 1998, with a five-year average of 9.6%.

**[GRAPH]**

**Return on Beginning Assets**

1997 4.1%  
 1998 4.1%\*  
 1999 5.3%\*

\*Excluding asset impairment and other charges.

**1998 vs. 1997**

Sales for 1998 increased 16.7% over sales for 1997. A significant portion of the increase in total sales for 1998 compared to 1997 is due to the Hudson Acquisition. The operating results for 1998 were affected negatively by the excess supply of poultry during the first six months of the fiscal year, excess supply of other proteins for the entire fiscal year and the more commodity-based Hudson sales mix. Additionally, the collapse of the Russian economy and the devaluation of the Ruble weakened leg quarter prices and slowed volume.

The following is an analysis of net sales by segment:

	dollars in millions				
	1998	1997	change	% change	% change of total
Food Service	\$3,329.4	\$2,793.3	\$ 536.1	19.2	8.4
Consumer Products	2,074.0	1,829.6	244.4	13.4	3.9
International	592.5	664.1	(71.6)	(10.8)	(1.1)
Swine	160.4	217.6	(57.2)	(26.3)	(0.9)
Seafood	214.1	266.0	(51.9)	(19.5)	(0.8)
Other	1,043.7	585.1	458.6	78.4	7.2
	\$7,414.1	\$6,355.7	\$1,058.4	16.7	16.7

Food Service sales accounted for an increase of 8.4% of the total change in sales for 1998 as compared to 1997. This increase was mainly due to a 34.9% increase in tonnage offset slightly by an 11.6% decrease in average sales prices. Consumer Products sales accounted for an increase of 3.9% of the total change in sales for 1999 as compared to 1998. This was mainly due to a 13.5% increase in tonnage. International sales accounted for a decrease of 1.1% of the change in total sales for 1998 compared to 1997. This was mainly the result of a 19% decrease in average sales prices somewhat offset by a 10.1% increase in tonnage. Swine sales accounted for a decrease of 0.9% of the change in total sales for 1998 as compared 1997. This decrease was due to a 25.6% decrease in average sales prices and a 0.9% decrease in tonnage. The swine business experienced a significant decrease in market prices in 1998, resulting in a swine group net loss of \$0.06 per share for fiscal 1998. Seafood sales accounted for a decrease of 0.8% of the change in total sales for 1998 as compared to 1997. This decrease was due to a 25.9% decrease in tonnage partially offset by an 8.6% increase in average sales prices. Decreased seafood volume was mainly due to weakness in the surimi business caused in large part by the Asian economic crisis. However, this was partially offset by improvements in the analog business. Other miscellaneous sales as a group accounted for an increase of 7.2% of the change in total sales for 1998 as compared to 1997, mostly due to non-core businesses obtained with the Hudson Acquisition.

Cost of goods sold increased 17.7% for 1998 as compared to 1997. This increase is mainly the result of the Hudson Acquisition. As a percent of sales, cost of sales was 84.4% for 1998 compared to 83.7% for 1997.

Operating expenses for 1998 increased 49% from 1997, mostly due to the asset impairment and other charges. As a percent of sales, selling expense increased to 8.7% in 1998 compared to 8.1% in 1997 mainly due to a \$48.4 million charge for losses in the Company's export business to Russia. Selling expense, as a percent of sales, excluding the \$48.4 million loss in 1998, was 8%. General and administrative expense, as a percent of sales, increased to 1.8% in 1998 compared to 1.6% in 1997, partly due to penalties and costs associated with the plea agreement by the Company with respect to the investigation by the Office of Independent Counsel in connection with former Secretary of Agriculture Michael Espy. Amortization expense, as a percent of sales, was 0.4% in 1998 and 1997.

The following is an analysis of segment profit defined as gross profit less selling expenses:

	dollars in millions		
	1998	1997	change
Food Service	\$232.0	\$187.9	\$ 44.1
Consumer Products	179.3	108.3	71.0
International	8.4	28.5	(20.1)
Swine	(20.7)	22.8	(43.5)
Seafood	3.2	24.3	(21.1)
Other	109.6	152.6	(43.0)
	\$511.8	\$524.4	\$(12.6)

Food Service segment profit increased 23.5% to \$232 million mostly due to lower grain prices, a 34.9% increase in tonnage and a change in product mix. Consumer Products segment profits increased 65.6% to \$179.3 million also due to lower grain prices and a 13.5% increase in tonnage. International segment profits decreased \$20.1 million to \$8.4 million due to a 19% decrease in sales prices. Swine segment loss increased \$43.5 million to a loss of \$20.7 million due to depressed market conditions. Swine average sales prices decreased 25.6% compared to the same period last year. Seafood segment profits decreased \$21.1 million to \$3.2 million largely due to a 25.9% decrease in tonnage offset somewhat by an 8.6% increase in average sales prices. Interest expense increased 26% in 1998 compared to 1997. As a percent of sales, interest expense was 1.9% in 1998 compared to 1.7% in 1997. The Company had a higher level of borrowing in 1998, which increased the Company's average indebtedness by 18% over the same period last year mainly due to the Hudson Acquisition. The Company's short-term interest rates were slightly higher than the same period last year, and the net average effective interest rate on total debt for 1998 was 6.6% compared to 6.2% for 1997. The effective tax rate for 1998 was 64.7% compared to 43.6% for 1997. The 1998 effective tax rate was affected by certain costs related to asset impairment and foreign losses not deductible for tax purposes. The 1997 effective tax rate was affected by the taxes on the gain from the sale of the beef division assets. Certain costs were allocated to the beef division which were not deductible for tax purposes, resulting in a higher effective tax rate. Return on beginning assets for 1998 was 0.6% compared to 4.1% for 1997, with a five-year average of 2.5%. Return on beginning assets for 1998, excluding the \$214.6 million for asset impairment and other charges, was 4.1%. Return on beginning shareholders' equity for 1998 was 1.5% compared to 12.1% for 1997, with a five-year average of 7.1%. Return on beginning shareholders' equity for 1998, excluding the \$214.6 million for asset impairment and other charges, was 11.1%.

#### 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 1999, net cash of \$546.7 million was provided by operating activities, an increase of \$50.3 million from 1998. The Company used cash from operations to pay down debt and to fund additions to property, plant and equipment. The expenditures for property, plant and equipment were related to acquiring new equipment, upgrading facilities to maintain competitive standing and to position the

Company for future opportunities. Additionally, the Company makes a continuing effort to increase efficiencies, reduce overall cost and meet or exceed environmental laws and regulations, which requires investments.

[GRAPH]

Cash Provided by Operating Activities  
Dollars in Millions

1997 \$541.0  
1998 \$496.4  
1999 \$546.7

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

At 1999 fiscal year end, working capital was \$739.9 million compared to \$934.1 million at the end of 1998, a decrease of \$194.2 million mostly due to an increase in the current portion of long-term debt. The current ratio for 1999 was 1.75 to 1 compared to 2.12 to 1 for 1998.

Working capital levels are adequate to meet the operating needs of the Company. Total assets have increased by \$1.4 billion or 38.6% over the past five years inclusive of acquisitions.

Additions, net of dispositions, to total property, plant and equipment for the last five years were \$1.1 billion including acquisitions, an increase of 43.7% over the last five years. At 1999 fiscal year end, the Company had construction projects in progress that will require approximately \$134.2 million to complete. Cash from operations or additional borrowings will provide funding for these expenditures.

Total debt at 1999 fiscal year end was \$1.8 billion, a decrease of \$325.1 million from fiscal 1998 year end. The Company has an unsecured revolving credit agreement totaling \$1 billion that supports the Company's commercial paper program. This \$1 billion facility expires in May 2002. At Oct. 2, 1999, \$290.5 million in commercial paper was outstanding under this \$1 billion facility. Additional outstanding long-term debt at Oct. 2, 1999, consisted of \$879.8 million of public debt, \$111.6 million of institutional notes, \$154.5 million of leveraged equipment loans and \$78.8 million of other indebtedness. The Company may use funds borrowed under its revolving credit facility, commercial paper program or through the issuance of additional debt securities from time to time in the future to finance acquisitions as opportunities may arise, to refinance other indebtedness or capital leases of the Company, and for other general corporate purposes.

[GRAPH]

Total Capitalization  
Dollars in Billions

	1997	1998	1999
Equity	\$1.6	\$2.0	\$2.1
Debt	\$1.7	\$2.1	\$1.8

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.

The Company prefers to maintain a mix of fixed and floating debt. Management believes that, over the long-term, variable-rate debt may provide more cost-effective financing than fixed-rate debt; however, the Company issues fixed-rate debt when advantageous market opportunities arise.

Shareholders' equity increased 8% during 1999 and has grown at a compounded annual rate of 10.5% over the past five years, inclusive of \$76.9 million loss on the sale of assets and asset impairment in 1999, \$214.6 million in asset impairment and other charges in 1998 and \$363.5 million for the purchase of Hudson in 1998.

### **IMPACT OF YEAR 2000**

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

Because of the nature of the Year 2000 issue, older software is more likely to have issues with Year 2000 readiness, while newer software is more likely to be Year 2000 compliant. The Company has replaced its entire computer software applications portfolio since 1990. Nonetheless, the Company has been working on testing and ensuring application readiness since 1996. Many of the applications that are used to support core business processes have been taken to offsite computer testing facilities to ensure their Year 2000 readiness. This includes core application functionality as well as interfaces to other applications and outside partners.

In addition to the testing that has been done, the Company has been in contact with the providers of packaged software applications to ensure that these packages are also Year 2000 ready. To this point, all suppliers of software have provided some approach for the Company to ensure readiness, either through upgrades or new products. Most of these solutions already have been implemented.

In certain instances, software has been purchased to provide new functionality for the Company replacing software that was not compliant. These purchases were not predicated by the Year 2000 issue; however, the result is that the new systems are compliant and non-compliant systems were ultimately retired. Two examples of this are the implementation of new accounting software from SAP that the Company installed at the beginning of the 1999 fiscal year, and the new payroll and human resource software also from SAP installed at the beginning of the 2000 fiscal year.

Because many of the systems were already compliant, did not require significant modifications to make them compliant, or were replaced for other business reasons, the costs incurred specifically to address Year 2000 readiness are not material to the Company. Since 1996, the expenses that resulted from Year 2000 readiness activities have been absorbed through the annual Management Information Systems operational budget and funded from internally generated funds. These specifically identifiable costs can be described primarily as personnel costs and have increased each year since 1996 because of increased activity from testing. Identifiable costs incurred in fiscal 1999 totaled approximately \$0.4 million and since 1996 are approximately \$1.9 million. No projects under consideration by the Company have been deferred because of Year 2000 efforts.

Because of the rapid pace of change in technology, especially in the area of hardware, the Company regularly upgrades and replaces hardware platforms such as database and application servers. Consequently, all of the servers are Year 2000 ready. In addition, all personal computers in use by the Company are currently Year 2000 ready.

The telephone systems in use by the Company have also been surveyed. There are more than 170 of these systems currently in use. All systems are currently Year 2000 ready.

The embedded technology in the production environment, such as programmable logic controllers, computer-controlled valves and other equipment, has been inventoried, and the Company has contacted the vendors who supplied this technology with respect to their Year 2000 readiness. The Company is confident that all production related technology is Year 2000 ready.

The Company has initiated formal communications with all of its significant suppliers and large customers to determine the extent to which the Company's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. Through written and verbal communications with all suppliers and vendors, all of the issues that have previously been identified with Year 2000 readiness have been addressed.

The Company's total Year 2000 project cost, which is not expected to have a material effect on the Company's results of operations, includes the estimated costs and time associated with the impact of third party Year 2000 issues based upon presently available information. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted in a timely manner or would not have an adverse effect on the Company's systems.

Because the Company's year 2000 compliance is dependent upon key third parties also being Year 2000 compliant on a timely basis, there can be no guarantee that the Company's efforts will prevent a material adverse impact on its results of operations, financial condition and cash flows. The possible consequences to the Company due to its business partners not being fully Year 2000 compliant include temporary plant closings, delays in the delivery of finished products, delays in the receipt of key ingredients, containers and packaging supplies, invoice and collection errors, and inventory and supply obsolescence. These consequences could have a material adverse impact on the Company's results of operations, financial condition and cash flows if the Company is unable to conduct its business in the ordinary course. The Company believes that its readiness program should significantly reduce the adverse effect any such disruptions may have.

To date, the Company has completed 100 percent of the assessment and remediation phases. The Company will continue to test various components of the software portfolio until Dec. 31, 1999. The Company has not established a contingency plan for possible Year 2000 issues. However, all information systems personnel will be available over the New Year's holiday should any unforeseen problem arise. The information systems group has also implemented a technology "quiet period" for the last eight weeks of the year during which changes to the current technology architecture and portfolio will be limited.

#### **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 these risks the Company enters into various hedging transactions as described below. The Company seldom use financial instruments which do not qualify for hedge accounting. In those situations in which instruments do not qualify for hedge accounting, the Company marks the instrument to fair value and recognizes the gains or losses currently in earnings.

## Commodities Risk

The Company is a purchaser of certain commodities, primarily corn and soybeans. 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 the grains. The contracts that effectively meet risk reductions and correlation criteria are recorded using hedge accounting. Gains and losses on closed hedge transactions are recorded as a component of the underlying inventory purchase.

The following table provides information about the Company's corn, soybean and other feed ingredient inventory and financial instruments that are sensitive to changes in commodity prices. The table presents the carrying amounts and fair values at Oct. 2, 1999 and Oct. 3, 1998. Additionally, for puts and futures contracts, the latest of which expires or matures 15 months from the reporting date, the table presents the notional amounts in units of purchase and the weighted average contract prices.

volume and dollars in millions, except per unit amounts

	Volume	Weighted Ave. strike Price Per Unit	Fair Value
-----			
As of October 2, 1999			
Recorded Balance Sheet Commodity Position:			
Commodity Inventory (book value of \$33.8)	-	\$ -	\$33.8
Hedging Positions			
Corn Futures Contracts			
(volume in bushels)			
Long (Buy) Positions	84.4	2.21	(7.7)
Short (Sell) Positions	1.4	2.32	0.3
Soybean Meal Futures Contracts			
(volume in cwt)			
Long (Buy) Positions	0.1	143.14	0.4
Trading Positions			
Corn Puts	27.5	2.10	(2.5)
As of October 3, 1998			
Recorded Balance Sheet Commodity Position:			
Commodity Inventory (book value of \$36.0)	-	\$ -	\$36.0
Hedging Positions			
Corn Futures Contracts			
(volume in bushels)			
Long (Buy) Positions	7.5	2.33	(0.4)
Short (Sell) Positions	9.7	2.11	0.3
Soybean Oil Futures Contracts			
(volume in cwt)			
Long (Buy) Positions	0.1	24.24	-
Short (Sell) Positions	0.1	24.40	-
=====			

**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%.

The Company also periodically enters into foreign exchange forward contracts and option contracts to hedge some of its foreign currency exposure. In 1999, the Company used such contracts to hedge exposure to changes in foreign currency exchange rates, primarily Mexican Peso, associated with debt denominated in U.S. dollars held by Tyson de Mexico. In 1998, the Company used such contracts to hedge exposure to changes in foreign currency exchange rates, primarily Japanese Yen, associated with sales denominated in foreign currency. Gains and losses on these contracts are recognized as an adjustment of the subsequent transaction when it occurs. Forward and option contracts generally have maturities or expirations not exceeding 12 months.

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, 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									
	2000	2001	2002	2003	2004	There- after	Total	Fair Value 10/2/99	
As of October 2, 1999									
Liabilities									
Long-term Debt, including Current Portion									
Fixed Rate	\$172.5	\$125.7	\$30.5	\$177.8	\$29.2	\$794.3	\$1,330.0	\$1,299.1	
Average Interest Rate	6.82%	8.18%	7.83%	6.18%	7.08%	6.78%	6.87%		
Variable Rate	\$50.2	\$17.2	\$290.5	-	-	\$50.0	\$407.9	\$407.9	
Average Interest Rate	5.51%	7.67%	5.85%	-	-	3.90%	5.65%		

Interest Rate Derivative  
Financial Instruments  
Related to Debt  
Interest Rate Swaps

Pay Fixed \$17.2 \$18.4 \$19.6 \$21.6 \$21.1 \$29.2 \$127.1 \$(0.7) Avg Pay Rate 6.71% 6.69% 6.73% 6.73% 6.71% 6.50% 6.66% Average Receive  
Rate- USD 6 Month LIBOR

	1999	2000	2001	2002	2003	There- after	Total	Fair Value 10/3/98
As of October 3, 1998								
Liabilities								
Long-term Debt,								
including Current Portion								
Fixed Rate	\$73.6	\$226.7	\$125.2	\$31.4	\$178.5	\$823.3	\$1,458.7	\$1,533.7
Average Interest Rate	9.37%	6.39%	8.25%	7.88%	6.20%	6.79%	6.93%	
Variable Rate	\$4.0	\$24.6	-	\$506.9	-	\$50.0	\$585.5	\$585.5
Average Interest Rate	4.15%	7.67%	-	5.57%	-	3.73%	5.49%	

Interest Rate Derivative  
Financial Instruments  
Related to Debt  
Interest Rate Swaps

Pay Fixed \$16.1 \$17.2 \$18.4 \$19.6 \$20.2 \$50.2 \$141.7 (\$8.1) Avg Pay Rate 6.71% 6.71% 6.69% 6.73% 6.74% 6.59% 6.67% Average Receive  
Rate- USD 6 Month LIBOR

The following tables summarize information on instruments and transactions that are sensitive to foreign currency exchange rates. The tables present the notional amounts, weighted-average exchange rates by expected (contractual) maturity dates and fair values. These notional amounts generally are used to calculate the contractual payments to be exchanged under the contract.

	dollars in millions				
	2000	2001-2004	There- after	Total	Fair Value 10/2/99
As of October 2, 1999					
Sold Option Contracts to Sell					
Foreign Currencies for US\$					
Mexican Peso					
Notional Amount	\$7.3	-	-	\$7.3	\$(0.6)
Weighted Average Strike Price	10.13				
=====					

dollars in millions

	1999	2000-2003	There- after	Total	Fair Value 10/03/98
<hr/>					
Sold Option Contracts to Sell Foreign Currencies for US\$					
Japanese Yen					
Notional Amount	\$6.5	-	-	\$6.5	-
Weighted Average Strike Price	109.48				
Purchased Option Contracts to Sell Foreign Currencies for US\$					
Japanese Yen					
Notional Amount	\$5.6	-	-	\$5.6	\$0.4
Weighted Average Strike Price	126.69				
=====					

### RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which requires adoption in the first quarter of fiscal 2001. The statement establishes accounting and reporting standards which require that all derivative instruments be recorded on the balance sheet at fair value. This statement also establishes "special accounting" for fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in foreign operations. Derivatives that are not hedges must be adjusted to fair value through income. 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 item through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The effect on the Company's financial position and results of operations has not yet been determined. In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use (SOP 98-1). This statement provides guidance on the capitalization of certain costs incurred in developing or acquiring internal-use computer software. The Company believes the adoption of SOP 98-1 in the first quarter of fiscal 2000 will not have a material impact on its financial position or results of operations.

In April 1998, the AICPA issued Statement of Position 98-5, Reporting on the Costs of Start-up Activities. This statement requires that the costs of start-up activities be expensed as incurred. Start-up activities are defined as one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, initiating a new process in an existing facility or beginning some new operation. This statement is effective beginning in the first quarter of fiscal 2000. Upon adoption any capitalized start-up costs are to be written off and reported as a cumulative effect of an accounting change. At Oct. 2, 1999, the Company has no capitalized start-up costs.

## **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 may 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 which could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations, expressed in such forward-looking statements. In light of these risks, uncertainties and assumptions, the Company wishes to caution readers not to place undue reliance on any forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information 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 feed grain costs; (ii) changes in the availability and relative costs of labor and contract growers; (iii) market conditions for finished products, including the supply and pricing of alternative proteins; (iv) effectiveness of advertising and marketing programs; (v) the ability of the Company to make effective acquisitions and to successfully integrate newly acquired businesses into existing operations; (vi) risks associated with leverage, including cost increases due to rising interest rates; (vii) changes in regulations and laws, including changes in accounting standards, environmental laws, occupational, health and safety laws, and laws regulating fishing and seafood processing activities; (viii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (ix) the effect of, or changes in, general economic conditions.

CONSOLIDATED STATEMENTS OF INCOME  
 TYSON FOODS, INC.  
 THREE YEARS ENDED OCTOBER 2, 1999  
 (IN MILLIONS, EXCEPT PER SHARE DATA)

	1999	1998	1997
Sales	\$7,362.9	\$7,414.1	\$6,355.7
Cost of Sales	6,054.1	6,260.1	5,318.0
	1,308.8	1,154.0	1,037.7
Operating Expenses:			
Selling	574.6	642.2	513.3
General and administrative	134.5	132.7	96.9
Amortization	35.9	33.3	27.6
Asset impairment and other charges impairment	76.9	142.2	
	821.9	950.4	637.8
Operating Income	486.9	203.6	399.9
Other Expense (Income):			
Interest	124.0	139.1	110.4
Foreign currency exchange	(2.7)		
Other	(5.4)	(6.5)	(40.2)
	115.9	132.6	70.2
Income Before Taxes on Income and Minority Interest	371.0	71.0	329.7
Provision for Income Taxes	129.4	45.9	143.9
Minority Interest in Net Loss of Consolidated Subsidiary	11.5		
Net Income	\$ 230.1	\$ 25.1	\$ 185.8
Basic Earnings Per Share	\$ 1.00	\$ 0.11	\$ 0.86
Diluted Earnings Per Share	\$ 1.00	\$ 0.11	\$ 0.85

SEE ACCOMPANYING NOTES.

CONSOLIDATED BALANCE SHEETS  
 TYSON FOODS, INC.

OCT. 2, 1999 AND OCT. 3, 1998	(IN MILLIONS, EXCEPT PER SHARE DATA)	
ASSETS	1999	1998
Current Assets:		
Cash and cash equivalents	\$ 30.3	\$ 46.5
Accounts receivable	602.5	631.0
Inventories	989.4	984.1
Assets held for sale	74.5	65.2
Other current assets	30.2	38.3
-----		
Total Current Assets	1,726.9	1,765.1
Net Property, Plant and Equipment	2,184.5	2,256.5
Excess of Investments Over Net Assets Acquired	962.5	1,035.8
Other Assets	208.8	185.1
-----		
Total Assets	\$5,082.7	\$5,242.5
=====		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 65.9	\$ 84.7
Current portion of long-term debt	222.7	77.6
Trade accounts payable	351.9	330.6
Accrued salaries and wages	102.0	98.4
Federal and state income taxes payable	13.0	0.9
Accrued interest payable	22.9	22.3
Other current liabilities	208.6	216.5
-----		
Total Current Liabilities	987.0	831.0
Long-Term Debt	1,515.2	1,966.6
Deferred Income Taxes	398.0	434.4
Other Liabilities	54.5	40.1
Shareholders' Equity:		
Common stock (\$.10 par value):		
Class A-authorized 900 million shares:		
Issued 137.9 million shares in 1999 and 1998	13.8	13.8
Class B-authorized 900 million shares:		
Issued 102.7 million shares in 1999 and 1998	10.3	10.3
Capital in excess of par value	740.0	740.5
Retained earnings	1,599.0	1,394.2
Other accumulated comprehensive income	(1.5)	(1.0)
	2,361.6	2,157.8
Less treasury stock, at cost-		
12 million shares in 1999 and		
9.7 million shares in 1998	232.0	185.1
Less unamortized deferred compensation	1.6	2.3
-----		
Total Shareholders' Equity	2,128.0	1,970.4
-----		
Total Liabilities and Shareholders' Equity	\$5,082.7	\$5,242.5
=====		

SEE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
 TYSON FOODS, INC.  
 THREE YEARS ENDED OCT. 2, 1999

(IN MILLIONS, EXCEPT PER SHARE DATA)

	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>CLASS A COMMON STOCK</b>						
Beginning Balance	137.9	\$ 13.8	119.5	\$ 11.9	79.7	\$ 8.0
Three-for-two stock split					39.8	3.9
Acquisition			18.4	1.9		
Ending Balance	137.9	13.8	137.9	13.8	119.5	11.9
<b>CLASS B COMMON STOCK</b>						
Beginning Balance	102.7	10.3	102.7	10.3	68.5	6.8
Three-for-two stock split					34.2	3.5
Ending Balance	102.7	10.3	102.7	10.3	102.7	10.3
<b>CAPITAL IN EXCESS OF PAR VALUE</b>						
Beginning Balance		740.5		379.1		375.4
Exercise of Options		(0.5)		(0.2)		(0.3)
Acquisitions				361.6		4.0
Ending Balance		740.0		740.5		379.1
<b>RETAINED EARNINGS</b>						
Beginning Balance		1,394.2		1,390.8		1,232.4
Net income		230.1		25.1		185.8
Three-for-two stock split						(7.4)
Dividends		(25.3)		(21.7)		(20.0)
Ending Balance		1,599.0		1,394.2		1,390.8
<b>OTHER ACCUMULATED COMPREHENSIVE INCOME</b>						
Beginning Balance		(1.0)		(2.5)		(2.8)
Currency translation adjustment		(0.5)		1.5		0.3
Ending Balance		(1.5)		(1.0)		(2.5)
<b>TREASURY STOCK</b>						
Beginning Balance	9.7	(185.1)	8.8	(165.6)	3.2	(75.4)
Purchases	2.7	(52.1)	1.1	(22.3)	5.2	(109.6)
Exercise of options	(0.4)	5.7	(0.2)	2.8	(0.2)	2.6
Acquisition					(1.0)	16.8
Three-for-two stock split					1.6	
Restricted shares cancelled		(0.5)				
Ending Balance	12.0	(232.0)	9.7	(185.1)	8.8	(165.6)

UNAMORTIZED DEFERRED COMPENSATION				
Beginning Balance		(2.3)	(2.5)	(2.7)
Amortization of deferred compensation		0.2	0.2	0.2
Cancellation of shares		0.5		
-----				
Ending Balance		(1.6)	(2.3)	(2.5)
-----				
Total Shareholders' Equity	228.6	\$2,128.0	\$1,970.4	\$1,621.5
=====				
Total Comprehensive Income		\$ 229.6	\$ 26.6	\$ 186.1
=====				

SEE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 TYSON FOODS, INC.

THREE YEARS ENDED OCT. 2, 1999

( IN MILLIONS )

	1999	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 230.1	\$ 25.1	\$185.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	255.2	243.1	202.8
Amortization	35.9	33.3	27.6
Asset impairment and other charges	76.9	214.6	
Deferred income taxes	(13.5)	(144.5)	10.5
Minority interest	11.5		
Foreign currency exchange loss	(2.7)		
Gain on dispositions of property, plant and equipment	(0.5)	(2.3)	(34.8)
Decrease (increase) in accounts receivable	24.8	32.8	(68.4)
(Increase) decrease) in inventories	(98.8)	79.8	143.6
Increase (decrease) in trade accounts payable	20.4	(6.6)	19.2
Net change in other current assets and liabilities	7.4	21.1	54.7
<b>Cash Provided by Operating Activities</b>	<b>546.7</b>	<b>496.4</b>	<b>541.0</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash paid for acquisitions	-	(258.5)	(4.3)
Additions to property, plant and equipment	(363.3)	(310.4)	(291.2)
Proceeds from sale of assets	233.8	136.0	223.4
Net change in other assets and liabilities	(36.4)	(13.3)	(63.8)
<b>Cash Used for Investing Activities</b>	<b>(165.9)</b>	<b>(446.2)</b>	<b>(135.9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Decrease in notes payable	(18.8)	(74.4)	(2.2)
Proceeds from long-term debt	76.1	1,027.1	131.4
Repayments of long-term debt	(382.4)	(954.7)	(420.8)
Purchase of treasury shares	(52.1)	(22.3)	(109.6)
Other	(17.6)	(2.9)	(17.2)
<b>Cash Used for Financing Activities</b>	<b>(394.8)</b>	<b>(27.2)</b>	<b>(418.4)</b>
Effect of Exchange Rate Change on Cash	(2.2)	(0.1)	0.3
<b>(Decrease) Increase in Cash</b>	<b>(16.2)</b>	<b>22.9</b>	<b>(13.0)</b>
Cash and Cash Equivalents at Beginning of Year	46.5	23.6	36.6
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 30.3</b>	<b>\$ 46.5</b>	<b>\$23.6</b>

SEE ACCOMPANYING NOTES.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**TYSON FOODS, INC.**

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

Description of Business: The Company is a fully integrated producer, processor and marketer of chicken and chicken-based food products. The Company is a comprehensive supplier of value-added chicken products through food service, retail grocery stores, club stores and international distribution channels. Although its core business is chicken, in the United States the Company is also the second largest maker of corn and flour tortillas under the Mexican Original brand and through its subsidiary Cobb Vantress, a leading chicken breeding stock supplier.

Consolidation: The consolidated financial statements include the accounts of subsidiaries including the Company's majority ownership in Tyson de Mexico. All significant intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year: The Company utilizes a 52- or 53- week accounting period which ends on the Saturday closest to Sept. 30.

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 \$135.4 million at Oct. 2, 1999, and \$158.8 million at Oct. 3, 1998, are included in trade accounts payable, accrued salaries and wages and other current liabilities.

Inventories: Live poultry consists of broilers and breeders. Broilers are stated at the lower of cost (first-in, first-out) or market and breeders are stated at cost less amortization. Breeder costs are accumulated up to the production stage and amortized into broiler costs over the estimated production lives based on historical egg production. Live hogs consist of breeding stock and finishing hogs which are carried at lower of cost (first- in, first-out) or market. The cost of live hogs is included in cost of sales when the hogs are sold. Broilers, live hogs, dressed and further-processed products, seafood-related products, hatchery eggs and feed and supplies are valued at the lower of cost (first-in, first-out) or market. At Oct. 2, 1999, live hog inventory is classified on the Consolidated Balance Sheets as assets held for sale.

(IN MILLIONS)

	1999	1998
Dressed and further-processed products	\$ 549.2	\$ 410.4
Live poultry	290.8	286.9
Seafood and swine	-	136.5
Hatchery eggs and feed	67.4	71.5
Supplies	82.0	78.8
	\$ 989.4	\$ 984.1

**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, vessels of 16 to 30 years and other of three to 20 years.

**Excess of Investments Over Net Assets Acquired:** Costs in excess of net assets of businesses purchased are amortized on a straight-line basis over periods ranging from 15 to 40 years. The Company reviews the carrying value of excess of investments over net assets acquired at each balance sheet date to assess recoverability from future operations using undiscounted cash flows. Impairments are recognized in operating results to the extent that carrying value exceeds fair value. At Oct. 2, 1999 and Oct. 3, 1998, the accumulated amortization of excess of investments over net assets acquired was \$225.4 million and \$196.4 million, respectively.

**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, and 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 \$0.115, \$0.10 and \$0.095 and Class B dividends per share of \$0.104, \$0.09 and \$0.086 in 1999, 1998 and 1997, respectively.

On Jan. 10, 1997, the Company's Board of Directors authorized a three- for-two stock split in the form of a stock dividend, effective Feb. 15, 1997, for shareholders of record on Feb. 1, 1997.

**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. Contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Financial instruments which do not meet the criteria for hedge accounting are marked-to-market with gains or losses reported currently in earnings. Interest rate swaps are used to hedge exposure to changes in interest rates under various leveraged equipment loans. Settlements of interest rate swaps are accounted for as an adjustment to interest expense. Commodity futures and options are used to hedge a portion of the Company's purchases of certain commodities for future processing requirements. Such contracts are accounted for as hedges, with gains and losses recognized as part of cost of goods sold, and generally have terms of less than 15 months. Foreign currency forwards and option contracts are used to hedge sale and debt transactions denominated in foreign currencies to reduce the currency risk associated with fluctuating exchange rates. Such contracts generally have terms of less than one year. Unrealized gains and losses are deferred as part of the basis of the underlying transaction.

Advertising and Promotion Expenses: Advertising and promotion expenses are charged to operations in the period incurred. Advertising and promotion expenses for 1999, 1998 and 1997 were \$300.6 million, \$294.2 million and \$233.2 million, respectively.

Use of Estimates: The consolidated financial statements are prepared in conformity with generally accepted accounting principles 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.

#### **NOTE 2: DISPOSITIONS AND ASSETS HELD FOR SALE**

Effective Sept. 28, 1999, the Company signed a letter of intent to sell its wholly-owned subsidiary, The Pork Group, Inc. (The Pork Group) to Smithfield Foods, Inc. (Smithfield). The Company will receive approximately three million shares of Smithfield common stock, subject to certain restrictions. Certain assets of The Pork Group with a fair value of approximately \$70 million are classified as assets held for sale at Oct. 2, 1999. Additionally, the Company has accrued expenses related to the closure of certain assets not purchased by Smithfield. The Company's operating results for the fiscal year ended Oct. 2, 1999 include a pre-tax charge of \$35.2 million related to the anticipated loss on the sale and closure of these assets. The transaction is subject to the successful negotiation of a definitive agreement and is expected to close by the second quarter of fiscal 2000.

On July 17, 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 \$19.2 million on the sale of the seafood assets.

Effective Dec. 31, 1998, the Company sold Willow Brook Foods, its integrated turkey production and processing business, and its Albert Lea, Minn., processing facility which primarily produced sausages, lunch and deli meats. In addition, on Dec. 31, 1998, the Company sold its National Egg Products Company operations in Social Circle, Ga. These facilities were sold for amounts that approximated their carrying values. These operations, which were reflected in assets held for sale at Oct. 3, 1998, were acquired as part of the acquisition of Hudson Foods, Inc. (Hudson or Hudson Acquisition) in January 1998. The remaining balance of assets held for sale at Oct. 3, 1998, relates to facilities identified for closing under the Company's restructuring program which are expected to be disposed of within the next 12 months.

Effective Nov. 25, 1996, the Company sold its beef further-processing operations, known as Gorges/Quik-to-Fix Foods, resulting in a pretax gain of \$41 million which was recorded in other income for fiscal 1997 in the Consolidated Statements of Income. The operating results of this facility were not material to the Company in 1997.

#### **NOTE 3: ACQUISITIONS**

On Jan. 9, 1998, the Company completed the acquisition of Hudson Foods, Inc. At the effective time of the acquisition, the Class A and Class B shareholders of Hudson received approximately 18.4 million shares of the Company's Class A common stock valued at approximately \$363.5 million and approximately \$257.4 million in cash. The Company borrowed funds under its commercial paper program to finance the cash portion of the Hudson

Acquisition and repay approximately \$61 million under Hudson's revolving credit facilities. The Hudson Acquisition has been accounted for as a purchase and the excess of investment over net assets acquired is being amortized straight-line over 40 years. The Company's consolidated results of operations include the operations of Hudson since the acquisition date. The following unaudited pro forma information shows the results of operations as though the purchase of Hudson had been made at the beginning of fiscal 1997.

(In millions, except per share data)

	----- 1998	1997 -----
Net sales	\$7,831.0	\$8,020.8
Net income	16.8	140.3
Basic Earnings Per Share	0.07	0.60
Diluted Earnings Per Share	\$ 0.07	\$ 0.59
	=====	=====

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 1997, or the results that may occur in the future.

#### **NOTE 4: IMPAIRMENT AND OTHER CHARGES**

In July 1999, the Company signed a letter of intent to sell Mallard's Food Products (Mallard's) for an amount less than net book value. The sale of Mallard's was not consummated. However, based upon these negotiations and the Company's cash flow projections, management believes that certain long-lived assets and related excess of investments over net assets acquired are impaired. The Company recorded in the fourth quarter of 1999 pretax charges totaling \$22.5 million (\$0.10 per share) for impairment of property and equipment and write-down of related excess of investments over net assets acquired of Mallard's. Management expects that Mallard's will continue to be a part of the Prepared Foods Group.

On Aug. 28, 1998, the Company's Board of Directors approved management's proposed restructure plan. The restructuring, which resulted in asset impairment and other charges described below, was in furtherance of the Company's previously stated objective to focus on its core business, chicken. The acquisition of Hudson in 1998, and the assimilation of Hudson's facilities and operations into the Company's business permitted the Company to review and rationalize the productive capabilities and cost structure of its core business. The restructuring included, among other things, the closure of eight plants and feedmills resulting in work force reductions, the writedown of excess of investments over net assets acquired allocated to closed facilities, the reconfiguration of various production facilities and the writedown to estimated net realizable value of certain seafood assets which were sold in fiscal 1999.

In 1998, as a result of the restructuring, the Company recorded pretax charges totaling \$214.6 (\$0.68 per share) consisting of \$142.2 million for asset impairment of property, plant and equipment, writedown of related excess of investments over net assets acquired and severance costs, \$48.4 million for losses in the Company's export business to Russia which had been adversely affected by the continuing economic problems in Russia and \$24 million for other charges related primarily to workers compensation and employment practice liabilities. These charges were classified in the Consolidated Statements of Income as \$142.2 million in asset impairment and other charges, \$48.4 million in selling expenses, \$20.5 million in cost of sales and \$3.5 million in other expense. Additionally, the foreign losses were netted with accounts receivable on the Consolidated Balance Sheets.

During the fourth quarter of fiscal 1998, the Russian Ruble was devalued from 6.3 to 16.0. This event and other related economic factors in Russia resulted in the Company recognizing losses of \$48.4 million.

The majority of the \$24 million charge noted above relates primarily to revisions to the Company's estimated liabilities for workers compensation and employment practice related matters. This charge is based upon two separate actuarial studies completed during the fourth quarter of fiscal 1998.

The major components of the asset impairment and related charges consisted of the following:

(IN MILLIONS)

	1999	1998
Impairment of property, plant and equipment	\$36.2	\$120.7
Writedown of related excess of investments over net assets acquired	21.5	19.3
Loss on sale of seafood assets	19.2	-
Severance and other related costs	-	2.2
	\$76.9	\$142.2

The impairment charge represents the excess of the carrying value of those assets discussed above over their fair value less cost to sell. Impaired assets that are expected to be disposed of within the next 12 months are included in assets held for sale.

The writedown of excess of investments over net assets acquired is related to plant closings and related book value impairments, which originated from prior business acquisitions. Substantially, all of the severance and related costs were paid in fiscal 1999.

#### **NOTE 5: FINANCIAL INSTRUMENTS**

**Interest Rate Instruments:** The Company uses interest rate swap contracts on certain borrowing transactions. Interest rate swaps with notional amounts of \$127.1 million and \$141.7 million were in effect at Oct. 2, 1999, and Oct. 3, 1998, respectively. Fair values of these swaps were (\$0.7)million and (\$8.1) million at Oct. 2, 1999, and Oct. 3, 1998, respectively. Fair values of interest rate instruments are estimated amounts the Company would receive or pay to terminate the agreements at the reporting dates. These swaps mature from 2005 to 2008.

**Commodity and Foreign Currency Contracts:** At Oct. 2, 1999, and Oct. 3, 1998, the Company held the following commodity and foreign currency contracts:

NOTIONAL AMOUNTS AND FAIR VALUES IN MILLIONS

	UNITS	NOTIONAL AMOUNTS		WEIGHTED AVERAGE CONTRACT/STRIKE PRICE		FAIR VALUE	
		1999	1998	1999	1998	1999	1998
Hedging Positions:							
Long position in corn	bushels	84.4	7.5	\$2.21	\$2.33	\$(7.7)	\$(0.4)
Short position in corn	bushels	1.4	9.7	\$2.32	2.11	0.3	(0.3)
Long positions in soybean oil	cwt	-	0.1	-	24.24	-	-
Short positions in soybean oil	cwt	-	0.1	-	24.40	-	-
Long position in soybean meal	tons	0.1	-	143.14	-	0.4	-
Sold option contracts to sell Japanese Yen for US\$	dollars	-	\$6.5	-	109.48	-	-
Purchased option contracts to sell Japanese Yen for US\$	dollars	-	\$5.6	-	126.69	-	0.4
Foreign forward exchange contracts	dollars	\$7.3	-	\$10.13	-	7.9	-
Trading Positions:							
Short positions in corn puts	bushels	27.5	-	2.10	-	(2.5)	-

Fair Value of Financial Instruments: The Company's significant financial instruments include cash and cash equivalents, investments and debt. In evaluating the fair value of significant financial instruments, the Company generally uses quoted market prices of the same or similar instruments or calculates an estimated fair value on a discounted cash flow basis using the rates available for instruments with the same remaining maturities. As of Oct. 2, 1999, and Oct. 3, 1998, the fair value of financial instruments held by the Company approximated the recorded value except for long-term debt. Fair value of long-term debt including current portion was \$1.7 billion and \$2.1 billion at Oct. 2, 1999, and Oct. 3, 1998, respectively.

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 group or customer represents greater than 10% of total accounts receivable. Allowance for doubtful accounts was \$21.8 million and \$85.3 million at Oct. 2, 1999 and Oct. 3, 1998, respectively.

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

The major categories of property, plant and equipment and accumulated depreciation, at cost, are as follows:

(IN MILLIONS)

	1999	1998
Land	\$ 56.8	\$ 57.8
Buildings and leasehold improvements	1,179.7	1,163.0
Machinery and equipment	2,033.5	2,004.6
Vessels	-	83.8
Land improvements and other	111.7	112.6
Buildings and equipment under construction	223.8	262.6
	3,605.5	3,684.4
Less accumulated depreciation	1,421.0	1,427.9
	\$2,184.5	\$2,256.5

The Company capitalized interest costs of \$5.2 million in 1999, \$1.8 million in 1998 and \$3.4 million in 1997 as part of the cost of major asset construction projects. Approximately \$134.2 million will be required to complete construction projects in progress at Oct. 2, 1999.

**NOTE 7: 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.

On June 22, 1999, 11 current and/or former employees of the Company filed the case of "M.H. Fox, et al. v. Tyson Foods, Inc." in the U.S. District Court for the Northern District of Alabama claiming that the Company has violated the requirements of the Fair Labor Standards Act. The suit alleges that the Company has failed to pay employees for all hours worked and/or has improperly paid them for overtime hours. The suit alleges that employees should be paid for the time it takes them to put on and take off certain working supplies at the beginning and end of their shifts and breaks. The suit also alleges that the use of "mastercard" or "line" time fails to pay employees for all time actually worked. Plaintiffs purport to represent themselves and a class of all similarly situated current and former employees of the Company. A total of 159 consents were filed with the complaint on behalf of persons to join the lawsuit and, to date, approximately 3,100 consents have been filed with the court. The Company believes it has substantial defenses to the claims made in this case 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.

On Feb. 20, 1998, the Company and others were named as defendants in a putative class action suit brought on behalf of all individuals who sold beef cattle to beef packers for processing between certain dates in 1993 and 1998.

This action, captioned "Wayne Newton, et al. v. Tyson Foods, Inc., et al.," U.S. District Court, Northern District of Iowa, Civil Action No. 98-30, asserts claims under the Racketeer Influenced and Corrupt Organizations statute as well as a common-law claim for intentional interference with prospective economic advantage. Plaintiffs allege that the gratuities which were the subject of a prior plea agreement by the Company resulted in a competitive advantage for poultry products vis-a-vis beef products. Plaintiffs' request trebled damages in excess of \$3 billion, plus attorney's fees and costs. The U.S. District Court for the Northern District of Iowa granted the Company's Motion to Dismiss on March 26, 1999, holding that plaintiffs lacked standing to sue. Plaintiffs timely appealed to the U.S. Court of Appeals for the Eighth circuit. The Company is vigorously contesting the case. Briefing of the appeal was completed in August 1999, but no date has been set for oral argument. Based on the current status of the matter, the Company does not believe any significant exposure exists.

On or about July 23, 1998, the Maryland Department of the Environment (MDE) filed a Complaint for Injunctive Relief and Civil Penalty (the Complaint) against the Company in the Circuit Court of Worcester County, Md., for the alleged violation of certain Maryland water pollution control laws with respect to the Company's land application of sludge to Company owned agricultural land near Berlin, Md. The MDE seeks, in addition to injunctive and equitable relief, civil penalties of up to \$10,000 per day for each day the Company had allegedly operated in violation of the Maryland water pollution control laws. The Company does not believe any penalties, if imposed, would have a material adverse effect on the Company's results of operations or financial condition.

On Dec. 16, 1998, Hudson Foods, Inc., Michael Gregory, Hudson's former Director of Customer Relations and Quality Control, and Brent Wolke, the former plant manager of Hudson's Columbus, Nebraska facility, were indicted by a federal grand jury in Omaha, Nebraska on two counts - making false statements to the U.S. Department of Agriculture and conspiracy to make such statements - in connection with the August 1997 recall of Hudson beef products suspected of containing E-Coli 0157:H7. The charges arise out of presentations made on behalf of Hudson between Food Safety Inspection Service officials during Hudson's cooperation with the government in attempting to identify potentially contaminated product. The government has conceded that the contamination did not originate in the Hudson plant and it does not appear that any statements at issue in the indictment resulted in or are alleged to have resulted in any illnesses. All defendants have entered not guilty pleas and intend to vigorously defend the case at a trial which will be held in the federal courthouse in Lincoln, Neb. According to the government, the potential penalty for Hudson is a fine of up to \$500,000 and the individual defendants each face the possibility of up to 5 years imprisonment and fines of up to \$250,000.

The Company received notice from the Environmental Crimes Section of the Department of Justice and the U.S. Attorney's Office for the Southern District of Mississippi indicating that McCarty Farms, Inc. (McCarty), a former subsidiary of the Company which has been merged into the Company, may be pursued for alleged violations of the Federal Clean Water Act arising out of its partial ownership of Central Industries, Inc. (Central), which operates a rendering plant in Forest, Miss. The allegations arise from the alleged discharge of pollutants from Central's rendering facility in Forest, Miss. in the summer of 1995, which was prior to the Company's purchase of McCarty in September 1995. 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.

**NOTE 8: COMMITMENTS**

The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated \$64.2 million in 1999, \$46.7 million in 1998 and \$34 million in 1997. 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 Oct. 2, 1999, total \$133.8 million composed of \$45.2 million for 2000, \$33.8 million for 2001, \$25.3 million for 2002, \$16.4 million for 2003, \$8 million for 2004 and \$5.1 million for later years. These future commitments are expected to be offset by future minimum lease payments to be received under subleases of approximately \$15.5 million. The Company assists certain of its swine and poultry 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 \$64.8 million.

**NOTE 9: LONG-TERM DEBT**

The Company has an unsecured revolving credit agreement totaling \$1 billion that supports the Company's commercial paper program. This \$1 billion facility expires in May 2002. At Oct. 2, 1999, \$290.5 million in commercial paper was outstanding under this facility.

At Oct. 2, 1999, the Company had outstanding letters of credit totaling approximately \$112.6 million issued primarily in support of workers' compensation insurance programs, industrial revenue bonds and the leveraged equipment loans.

Under the terms of the leveraged equipment loans, the Company had restricted cash totaling approximately \$47 million which is included in other assets at Oct. 2, 1999. 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 Oct. 2, 1999 are: 2000-\$222.7 million; 2001-\$142.9 million; 2002-\$321.1; 2003- 177.8 million and 2004-\$29.2 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 \$69.5 million at Oct. 2, 1999. The weighted average interest rate on all outstanding short-term borrowing was 5.5% at Oct. 2, 1999, and Oct. 3, 1998.

Long-term debt consists of the following:

(in millions)	Maturity	1999	1998
Commercial paper (5.9% effective rate at 10/2/99)	2002	\$ 290.5	\$ 506.9
Debt securities:			
6.75% notes	2005	149.5	149.3
6.625% notes	2005	149.6	149.5
6.39-6.41% notes	2000	50.0	50.0
6% notes	2003	147.7	146.8
7% notes	2028	146.3	145.9
7% notes	2018	236.5	236.3
Institutional notes:			
10.61% notes	1999-2001	53.1	106.3
10.84% notes	2002-2006	50.0	50.0
11.375% notes	1999-2002	8.5	12.8
Mandatory Par Put Remarketed Securities (5.5% effective rate at 10/2/99)	2010	0.1	50.2
6.08% notes	2010	0.1	100.4
Leveraged equipment loans (rates ranging from 4.7% to 6.0%)	2005-2008	154.5	170.5
Other	various	78.8	91.7
		\$1,515.2	\$1,966.6

**NOTE 10: RESTRICTED STOCK AND STOCK OPTIONS**

The Company has outstanding 141,750 restricted shares of Class A stock. The restriction expires over periods ranging from 10 to 26 years. The unamortized portion of the restricted stock is classified on the Consolidated Balance Sheets as deferred compensation in shareholders' equity. The Company has a nonqualified stock option plan that provides for granting options for shares of Class A stock at a price not less than the fair market value at the date of grant. The options generally become exercisable ratably over three to eight years from the date of grant and must be exercised within 10 years of the grant date.

A summary of the Company's stock option activity for the plan is as follows:

	Shares Under Option	Weighted Average Exercise Price Per Share
-----		
Outstanding, Sept. 28, 1996	5,468,261	\$14.55
Exercised	(163,906)	13.83
Canceled	(560,296)	15.06
Granted	3,598,275	17.92
-----		
Outstanding, Sept. 27, 1997	8,342,334	15.99
Exercised	(178,467)	14.18
Canceled	(313,019)	15.84
Granted	504,700	18.00
-----		
Outstanding, Oct. 3, 1998	8,355,548	16.15
Exercised	(359,999)	14.23
Canceled	(631,717)	16.35
Granted	4,722,500	15.00
-----		
Outstanding, Oct. 2, 1999	12,086,332	\$15.74
=====		

The number of options exercisable was as follows: Oct. 2, 1999-1,870,893, Oct. 3, 1998- 1,202,498 and Sept. 27, 1997- 806,837. The remainder of the options outstanding at Oct. 2, 1999, are exercisable ratably through November 2007. The number of shares available for future grants was 2,368,619 and 6,459,402 at Oct. 2, 1999 and Oct. 3, 1998, respectively.

The following table summarizes information about stock options outstanding at Oct. 2, 1999:

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
-----					
\$ 4.82- 6.58	7,902	3.3	\$ 6.43	7,902	\$ 6.43
14.33-14.50	2,265,105	5.0	14.40	1,485,741	14.40
14.58-15.17	6,291,350	7.0	15.01	327,750	15.04
17.92-18.00	3,521,975	7.1	17.93	49,500	17.93
-----					
	12,086,332			1,870,893	

The weighted average fair value of options granted during 1999 and 1998 is approximately \$5.06 and \$7.10, respectively. 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 5.5 years in 1999 and eight years in 1998 and prior years, risk-free interest rates ranging from 5.5% to 6.4%, expected volatility of 0.2% and dividend yield of 0.5% in both 1999 and 1998.

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)

	1999	1998	1997
Net Income			
As reported	\$230.1	\$25.1	\$185.8
Pro forma	226.3	21.0	182.0
Earnings Per Share			
As reported			
Basic	1.00	0.11	0.86
Diluted	1.00	0.11	0.85
Pro forma			
Basic	0.98	0.09	0.84
Diluted	0.98	0.09	0.83

Pro forma net income reflects only options granted in 1999, 1998 and 1997. Additionally, the pro forma disclosures are not likely to be representative of the effects on reported net income for future years.

**NOTE 11: BENEFIT PLANS**

The Company has defined contribution retirement and incentive benefit programs for various groups of Company personnel. Company discretionary contributions, which are determined by the Board of Directors, totaled \$33.1 million, \$31.8 million and \$26.8 million in 1999, 1998 and 1997, respectively.

**NOTE 12: TRANSACTIONS WITH RELATED PARTIES**

The Company has operating leases for farms, equipment and other facilities with the 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 \$7.4 million in 1999, \$5.4 million in 1998 and \$5.6 million in 1997. Other facilities have been leased from the Company's profit sharing plan and other officers and directors for rentals totaling \$3.3 million in 1999, \$3.4 million in 1998 and \$5.3 million in 1997.

Certain officers and directors are engaged in poultry 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 \$10.4 million in 1999, \$11.5 million in 1998 and \$12.3 million in 1997.

**NOTE 13: INCOME TAXES**

Detail of the provision for income taxes consists of:

(IN MILLIONS)

	1999	1998	1997
Federal	\$121.2	\$ 50.1	\$129.7
State	8.2	(4.2)	14.2
	\$129.4	\$ 45.9	\$143.9
Current	\$142.9	\$ 80.6	\$133.4
Deferred	(13.5)	(34.7)	10.5
	\$129.4	\$ 45.9	\$143.9

The reasons for the difference between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

	1999	1998	1997
U.S. federal income tax rate	35.0%	35.0%	35.0%
Amortization of excess of investments Over net assets acquired	5.3	23.6	8.6
State income taxes (benefit)	1.6	(3.8)	2.8
Foreign losses (benefit)	(6.3)	10.9	-
Other	(0.7)	(1.0)	(2.8)
	34.9%	64.7%	43.6%

The Company follows the liability method in accounting for deferred income taxes. The liability method provides that deferred tax liabilities are recorded at current tax rates based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes referred to as temporary differences. Significant components of the Company's deferred tax liabilities as of Oct. 2, 1999, and Oct. 3, 1998, are as follows:

(IN MILLIONS)	1999	1998
Basis difference in property, plant and equipment	\$236.8	\$289.9
Suspended taxes from conversion to accrual method	127.6	135.1
Other	33.6	9.4
	\$398.0	\$434.4

The Omnibus Budget Reconciliation Act of 1987 required family-owned farming businesses to use the accrual method of accounting for tax purposes. Internal Revenue Code Section 447(i) provides that if any family corporation is required to change its method of accounting for any taxable year, such corporation shall establish a suspense account in lieu of taking the adjustments into taxable income. The suspense account, which represents the initial catch-up adjustment to change from the cash to accrual method of accounting, is not currently includable in the Company's taxable income and any related income taxes are deferred. However, legislation was enacted in 1997 that now requires the Company to pay down the suspense account over 20 years.

**NOTE 14: EARNINGS PER SHARE**

The Company adopted Financial Accounting Standards Board (FASB) Statement No. 128, "Earnings Per Share," effective for the year ending Oct. 3, 1998. All prior-period earnings per share data have been restated. This Statement requires dual presentation of basic and diluted earnings per share on the face of the income statement. Stock options issued pursuant to Company compensation plans are the only dilutive securities in all periods presented.

The following table sets forth the computation of basic and diluted earnings per share:

(In millions, except per share data)

	1999 ----	1998 ----	1997 ----
Numerator:			
Net Income	\$230.1 =====	\$ 25.1 =====	\$185.8 =====
Denominator:			
Denominator for basic earnings per share-weighted average shares	229.9	226.7	216.3
Effect of dilutive securities:			
Employee stock options	1.1 -----	1.2 -----	1.9 -----
Denominator for diluted earnings per share-adjusted weighted average shares and assumed conversions	231.0 =====	227.9 =====	218.2 =====
Basic earnings per share	\$ 1.00 =====	\$ 0.11 =====	\$ 0.86 =====
Diluted earnings per share	\$ 1.00 =====	\$ 0.11 =====	\$ 0.85 =====

**NOTE 15: COMPREHENSIVE INCOME**

Effective at the beginning of fiscal 1999, the Company adopted the provisions of FASB Statement No. 130, Reporting Comprehensive Income, which modifies the financial statement presentation of comprehensive income and its components. This statement requires companies to classify items of comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and capital in excess of par value in the consolidated financial statements. The Company's comprehensive income item consists of foreign currency translation adjustments.

**NOTE 16: SEGMENT REPORTING**

In 1999, the Company adopted FASB Statement No. 131, Disclosures about Segments of an Enterprise and Related Information. Under the provisions of Statement No. 131, public business enterprises must report financial and descriptive information about its reportable segments. The Company is a fully integrated producer, processor and marketer of a variety of food products. The Company identifies segments based on the products offered and the nature of customers which results in five reported business segments: Food Service, Consumer Products, International, Swine and Seafood. Food service includes fresh, frozen and value-enhanced poultry products sold through food service and specialty

distributors who deliver to restaurants, schools and other accounts. Consumer products include fresh, frozen and value-enhanced poultry products sold through retail markets for at-home consumption and through wholesale club markets targeted to small foodservice operators, individuals and small businesses. The Company's international segment markets and sells the full line of Tyson chicken products throughout the world. The Company's swine segment includes feeder pig finishing, and marketing of swine to regional and national packers. The Company has signed a letter of intent to sell the swine business which is expected to close in the second quarter of fiscal 2000. Seafood, which was sold on July 17, 1999, includes branded surimi-based seafood offerings, such as analog crabmeat, lobster, shrimp and scallops marketed both domestically and internationally. The Company measures segment profit as gross profit less selling expenses. The majority of revenue included in the other category is derived from the Company's Specialty Products and Prepared Foods groups, the Company's wholly-owned subsidiaries involved in supplying poultry breeding stock and trading agricultural goods worldwide as well as the Company's turkey and egg products facilities which were sold on Dec. 31, 1998. Sales between reportable segments are recorded at cost. The majority of identifiable assets in the other category includes excess of investments over net assets acquired, investments and other assets and other corporate unallocated assets. Information on segments and a reconciliation to income before taxes and minority interest are as follows:

	in milli						
	Food Service	Consumer Products	International	Swine	Seafood	Other	Consolidated
Fiscal year ended October 2, 1999							
Sales	\$3,353.9	\$2,251.9	\$645.2	\$109.5	\$189.2	\$ 813.2	\$7,362.9
Gross profit less selling expenses	311.0	241.7	67.5	(63.0)	22.2	154.8	734.2
Other operating expenses							247.3
Other expense							115.9
Income before taxes on Income and Minority Interest							371.0
Depreciation	114.2	57.6	0.7	3.8	28.7	50.2	255.2
Asset impairment and other charges	-	-	-	35.2	19.2	22.5	76.9
Identifiable Assets	1,924.8	1,161.4	194.0	70.0	-	1,732.5	5,082.7
Additions to Property, Plant and Equipment	153.2	129.8	15.5	4.5	6.1	54.2	363.3
Fiscal year ended October 3, 1998							
Sales	\$3,329.4	\$2,074.0	\$592.5	\$160.4	\$214.1	\$1,043.7	\$7,414.1
Gross profit less selling expenses	232.0	179.3	8.4	(20.7)	3.2	109.6	511.8
Other operating expenses							308.2
Other expense							132.6
Income Before Taxes on Income and Minority Interest							71.0
Depreciation	108.1	62.1	1.2	3.7	22.8	45.2	243.1
Asset impairment and other charges	50.7	38.6	48.3	-	47.0	30.0	214.6
Identifiable Assets	1,822.2	1,037.7	188.4	128.2	221.0	1,845.0	5,242.5
Additions to Property, Plant and Equipment	154.6	69.0	0.1	5.0	26.9	54.8	310.4

Fiscal year ended September 27, 1997							
Sales	\$2,793.3	\$1,829.6	\$664.1	\$217.6	\$266.0	\$585.1	\$6,355.7
Gross profit less selling expenses	187.9	108.3	28.5	22.8	24.3	152.6	524.4
Other operating expenses							124.5
Other expense							70.2
Income Before Taxes on							
Income and Minority Interest							329.7
Depreciation	84.6	49.6	1.1	3.5	20.8	43.2	202.8
Identifiable Assets	1,538.3	824.2	179.9	134.6	288.1	1,445.9	4,411.0
Additions to Property,							
Plant and Equipment	168.8	49.3	0.4	3.6	21.7	47.4	291.2

The majority of the Company's operations are domiciled in the United States. More than 97% of sales to external customers for the fiscal years ended 1999, 1998 and 1997 were sourced from the United States. Approximately \$3 billion of long-lived assets were located in the United States at fiscal years ended 1999, 1998, and 1997. Approximately \$74 million, \$64 million, and \$9 million of long-lived assets were located in foreign countries, primarily Mexico, at fiscal years ended 1999, 1998, and 1997, respectively.

The Company sells certain of its products in foreign markets, primarily Canada, China, Georgia, Guatemala, Japan, Puerto Rico, Russia and Singapore as well as certain Middle Eastern countries and Caribbean countries. The Company's export sales for 1999, 1998 and 1997 totaled \$546 million, \$687 million and \$762.5 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 1999, 1998 and 1997, respectively.

**NOTE 17: SUPPLEMENTAL INFORMATION**  
(IN MILLIONS)

	1999	1998	1997
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	\$128.3	\$159.9	\$123.4
Income Taxes	125.4	196.9	124.1

**NOTE 18: QUARTERLY FINANCIAL DATA (UNAUDITED)**

&lt;CAPTION

(IN MILLIONS EXCEPT PER SHARE DATA)

1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	\$1,824.7	\$1,841.3	\$1,881.3	\$1,815.6
Gross Margin	305.3	322.2	350.2	331.1
Net Income	55.8	64.6	68.4	41.3
Basic Earnings Per Share	0.24	0.28	0.30	0.18
Diluted Earnings Per Share	0.24	0.28	0.30	0.18
=====				
1998				
Sales	\$1,520.8	\$1,870.8	\$1,953.6	\$2,068.9
Gross Margin	260.7	268.8	308.4	316.1
Net Income (Loss)	44.9	23.3	46.6	(89.7)
Basic Earnings (Loss) Per Share	0.21	0.10	0.20	(0.39)
Diluted Earnings (Loss) Per Share	0.21	0.10	0.20	(0.39)
=====				

**REPORT OF MANAGEMENT  
TYSON FOODS, INC.**

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 generally accepted accounting principles 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. During 1999, certain of these controls were reviewed and strengthened. Additionally, the Company has adopted a code of conduct and has hired 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 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. Ernst & Young LLP, independent auditors, have audited the accompanying consolidated financial statements.

*November 18, 1999*

*/s/Wayne Britt*

-----  
*Wayne Britt*  
*Chief Executive Officer*

*/s/Steven Hankins*

-----  
*Steven Hankins*  
*Executive Vice President and*  
*Chief Financial Officer*

**REPORT OF INDEPENDENT AUDITORS**

**BOARD OF DIRECTORS AND SHAREHOLDERS**

**Tyson Foods, Inc.**

We have audited the accompanying consolidated balance sheets of Tyson Foods, Inc., as of October 2, 1999, and October 3, 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended October 2, 1999. 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 generally accepted auditing standards. 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 October 2, 1999, and October 3, 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 2, 1999, in conformity with generally accepted accounting principles.

Ernst & Young

*Tulsa, Oklahoma  
November 18, 1999*

*/s/Ernst & Young LLP  
-----  
Ernst & Young LLP*

**BOARD OF DIRECTORS  
TYSON FOODS, INC.**

DON TYSON, 69, senior chairman of the board of directors, served as chairman of the board until April 1995 when he was named senior chairman. Mr. Tyson served as chief executive officer until March 1991 and has been a member of the board since 1952. (1)

JOE STARR, 66, a private investor, served as a vice president of Tyson until 1996. Mr. Starr has been a member of the board since 1969.

NEELY CASSADY, 71, is chairman of the board of Cassady Investments, Inc. and served as a senator in the Arkansas General Assembly from 1983 to 1996. Mr. Cassady has been a member of the board since 1974. (2,3,4)

FRED VORSANGER, 71, is a private business consultant, manager of Bud Walton Arena and vice president emeritus of finance and administration at the University of Arkansas. He is a director of McIlroy Bank & Trust Co. of Fayetteville, Ark. Mr. Vorsanger was a city director and mayor of Fayetteville and was a vice president at the U of A from 1968 until 1988. He has been a member of the board since 1977. (2,3,4)

LELAND TOLLETT, 62, retired as chairman and chief executive officer Oct. 1, 1998. He had been chairman of the board since April 1995. He had served as vice chairman, president and chief executive officer since March 1991 and as president and chief operating officer from 1983 until 1991. Mr. Tollett has been a member of the board since 1984. (1)

JOHN TYSON, 46, was named chairman of the board of directors effective Oct. 1, 1998. He had served as vice chairman since 1997. Previously he was president of the beef and pork division and director of governmental, media and public relations. He also has served as vice president and director of engineering/environmental/capital spending, as vice president of marketing/corporate accounts and as special projects manager. Mr. Tyson has been a member of the board since 1984. (1)

SHELBY MASSEY, 66, is a farmer and a private investor. He served as senior vice chairman of the board of directors from 1985 to 1988 and has been a member of the board since 1985. (3,4)

BARBARA TYSON, 50, is vice president of the company. Ms. Tyson has served in related capacities for the past eight years and was previously a regional sales manager in the food service division. Ms. Tyson has been a member of the board since 1988.

LLOYD HACKLEY, 58, is president and chief executive officer of Lloyd V. Hackley and Associates, Inc. He was president of the North Carolina Community College System from 1995 to 1997 and was chancellor and a tenured professor of political science at Fayetteville State University, Fayetteville, N.C., from 1988 to 1995. Mr. Hackley has been a member of the board since 1992. (2,4)

DONALD WRAY, 62, is president of Tyson Foods. He was named president and chief operating officer in April 1995 after serving as COO since 1991 and as senior vice president of the sales and marketing division since 1985. Mr. Wray has been a member of the board since 1994. Although he plans to retire in March 2000, Mr. Wray will remain a member of the board. (1)

GERALD JOHNSTON, 56, a private investor, was executive vice president of finance for Tyson from 1981 to 1996 when he stepped down and became a consultant to the company. Mr. Johnston has been a member of the board since 1996.

WAYNE BRITT, 50, was named chief executive officer and was elected to the board of directors of Tyson effective Oct. 1, 1998. In his 27 years with Tyson, Mr. Britt has served as executive vice president and chief financial officer; senior vice president, international division; vice president, wholesale club sales and marketing; secretary-treasurer; controller; cost and budget manager; and complex controller. (1)

JIM KEVER, 46, founder of ENVOY Corporation of Nashville, Tenn., was elected to the Tyson Board of Directors in May 1999. ENVOY Corporation, an innovator in electronic claims processing, merged with Quintiles Transnational, a multi-national clinical research organization. Mr. Kever serves as head of the ENVOY division of Quintiles and serves on the Quintiles Board of Directors. (2)

- (1) Executive Committee
- (2) Audit Committee
- (3) Compensation Committee
- (4) Special Committee

**CORPORATE AND EXECUTIVE OFFICERS  
TYSON FOODS, INC.**

Mike Baker  
President, Production Services

Les R. Baledge  
Executive Vice President and Associate General Counsel

James Bell  
President, Cobb-Vantress, Inc.

Wayne Britt  
Chief Executive Officer

Roy D. Brister  
Vice President, Poultry Research and Nutrition

Ellis Brunton  
Vice President, Research and Quality Assurance

Wayne Butler  
President, Prepared Foods Group

Jim Cate  
President, Specialty Products Group

Gary D. Cooper  
Vice President and Chief Information Officer

John D. Copeland  
Executive Vice President, Ethics, Food Safety and Environmental Compliance

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

Louis C. Gottsponer, Jr.  
Assistant Secretary and Director of Investor Relations

Steven Hankins  
Executive Vice President and Chief Financial Officer

R. Read Hudson  
Secretary

Greg Huett  
Senior Vice President and General Manager, Wholesale Club Division

Clark Irwin  
Senior Vice President and General Manager, Food Service Distribution and Chain Accounts

Carl G. Johnson  
Executive Vice President, Administrative Services

John S. Lea  
Executive Vice President and  
Chief Marketing Officer

Dennis Leatherby  
Senior Vice President, Finance and Treasurer

Greg W. Lee  
Chief Operating Officer

Bernard Leonard  
Senior Vice President and General Manager, QSR Chain Division

Bob E. Love  
Vice President, Research and Development

Bill Lovette  
President, International Group

Joe Moran  
Senior Vice President and General Manager, Food Service Refrigerated and Deli Divisions

Cary Richardson  
Senior Vice President and General Manager, Retail Division

Donnie Smith  
Executive Vice President, Supply Chain Management

Randy Smith  
Senior Vice President and General Manager, QSR Chain Division

John Thomas  
President, The Pork Group, Inc.

John H. Tyson  
Chairman of the Board of Directors

David L. Van Bebber  
Vice President and Director of Legal Services

William E. Whitfield III  
Senior Vice President and General Manager of Accounting, Poultry Operations

Donald E. Wray  
President, Tyson Foods, Inc.

**CORPORATE INFORMATION**  
**TYSON FOODS, INC.**

**Closing Price of Company's Common Stock**

	Fiscal Year 1999		Fiscal Year 1998	
	High	Low	High	Low
First Quarter	\$25.38	\$19.56	\$23.88	\$17.88
Second Quarter	21.75	18.56	20.81	18.06
Third Quarter	23.56	19.19	24.13	18.94
Fourth Quarter	23.31	15.00	24.44	16.50

As of Oct. 2, 1999, the Company had 34,828 Class A common shareholders of record and 17 Class B common shareholders of record.

DirectService Shareholder Investment Program Tyson has authorized First Chicago Trust Company 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 First Chicago Trust Company P.O. Box 2598  
Jersey City, New Jersey 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 First Chicago Trust Company.

**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 First Chicago Trust Company.

**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 First Chicago Trust Company 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.

#### Corporate Data

Tyson Foods, Inc., which employs approximately 69,000 people, is the world's largest fully integrated producer, processor and marketer of chicken and chicken-based food products. Tyson is a comprehensive supplier of value-added chicken products through food service, retail grocery stores, club stores and international distribution channels. Although its core business is chicken, in the United States, Tyson is also the second largest maker of corn and flour tortillas under the Mexican Originalr brand and, through its subsidiary, Cobb Vantress, a leading chicken breeding stock supplier.

#### 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 1999, 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, January 14, 2000, at the Walton Arts Center, Fayetteville, Arkansas. Shareholders who cannot attend the meeting are urged to exercise their right to vote by proxy.

#### General Counsel

James B. Blair, Esq.

5200 S. Thompson

Springdale, Arkansas 72764

#### Independent Auditors

Ernst & Young LLP

3900 One Williams Center

Tulsa, Oklahoma 74101

Telephone (918)560-3600

#### Transfer Agent

First Chicago Trust Company of New York, a division of EquiServe

P.O. Box 2500

Jersey City, New Jersey 07303

Telephone (800) 317-4445

Hearing Impaired Telephone TDD(201)222-4955

Shareholders also may contact First Chicago Trust Company via the Internet at [www.equiserve.com](http://www.equiserve.com).

#### Investor Relations

Financial analysts and others seeking investor-related information should contact:

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](mailto:tysonir@tyson.com)

#### News Releases

News releases and other information concerning Tyson Foods can be faxed by calling PR Newswire at (800)758-5804, ext. 113769.

#### Tyson on the Internet

Information about Tyson Foods is available on the Internet at [www.tyson.com](http://www.tyson.com).

#### Legal Notice

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.

**EXHIBIT 21 - SUBSIDIARIES OF TYSON FOODS, INC.**

Name	Jurisdiction of Incorporation	Names Under Which Subsidiary Does Business
Cobb-Vantress, Inc.	Delaware	Cobb-Vantress, Inc.
Cobb Breeding Company Limited	United Kingdom	Cobb Breeding Company Limited
Hudson Foods, Inc.	Delaware	Hudson Foods, Inc.
The Pork Group, Inc.	Delaware	The Pork Group, Inc.
Tyson Breeders, Inc.	Delaware	Tyson Breeders, Inc.
Tyson Farms, Inc.	North Carolina	Tyson Farms, Inc.
Tyson Farms of Texas, Inc.	Texas	Tyson Farms of Texas, Inc.
Tyson Foreign Sales, Inc.	Barbados	
Tyson International Company, Ltd.	Bermuda	Tyson International Company, Ltd.
Tyson International Holding Company	Delaware	Tyson International Holding Company
Tyson Mexican Original, Inc.	Delaware	Tyson Mexican Original, Inc.
Tyson Poultry, Inc.	Delaware	Tyson Poultry, Inc.
Tyson Shared Services, Inc.	Delaware	Tyson Shared Services, Inc.

World Resource, Inc. Delaware World Resource, Inc.

The Company considers the foregoing to be its primary operating subsidiaries. Certain other subsidiaries which do not meet in the aggregate the definition of a significant subsidiary as defined in Rule 1-02 (v) of Regulation S-X are as follows:

AAFC International, Inc.	U.S. Virgin Islands
Benton Sales, Ltd.	British Virgin Islands
Cobb Denmark A/S	Denmark
Cobb-Espanola, S.A.	Spain
Cobb France E.U.R.L.	France
Cobb-Poland B.V.	Poland
Cobb (Straffon)Ireland, Ltd	Ireland
Global Employment Services Inc.	Delaware
Gorges Foodservice, Inc.	Texas
Hudson Development Company	Arkansas
Hudson Foods Foreign Sales, Inc.	US Virgin Islands
Hudson Midwest Foods, Inc.	Nebraska
Meat Products Exports, Inc.	US Virgin Islands
National Comp Care, Inc.	Delaware
Oaklawn Capital Corporation	Delaware
Oaklawn Capital-Mississippi, LLC	Mississippi

Oaklawn Sales, Ltd.	British Virgin Islands
TPM Holding Company	Delaware
TyNet Corporation	Delaware
Tyson Export Sales,	U.S. Virgin
Inc.	Islands
Tyson Foreign Sales, Inc.	Barbados
Tyson Marketing, Ltd.	Ontario, Canada
Tyson Seafood Group-	Japan
Japan, Inc.	
Universal Plan	Hong Kong
Investments, Ltd.	

**Exhibit 23**

**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 18, 1999, included in the 1999 Annual Report to Shareholders of Tyson Foods, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-30680; 333-02135; 2-81928; 2-44550; 33-53028; 333-22883; 333-22881; 33-54716; and 33-53026, as amended by 33-57515) pertaining to certain employee benefit plans of Tyson Foods, Inc. and the Registration Statement (Form S-3 No. 333-53171) and the related prospectus of our reports dated November 18, 1999, 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 October 2, 1999.

*December 15, 1999*  
*Tulsa, Oklahoma*

*/s/ Ernst & Young LLP*  
-----  
*Ernst & Young LLP*

**ARTICLE 5**

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FISCAL 1999 ANNUAL REPORT TO SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000100493

NAME: TYSON FOODS, INC.

MULTIPLIER: 1,000,000

PERIOD TYPE	YEAR
FISCAL YEAR END	OCT 02 1999
PERIOD END	OCT 02 1999
CASH	30
SECURITIES	0
RECEIVABLES	603
ALLOWANCES	0
INVENTORY	989
CURRENT ASSETS	1,727
PP&E	2,185
DEPRECIATION	0
TOTAL ASSETS	5,083
CURRENT LIABILITIES	987
BONDS	1,515
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	24
OTHER SE	2,104
TOTAL LIABILITY AND EQUITY	5,083
SALES	7,363
TOTAL REVENUES	7,363
CGS	6,054
TOTAL COSTS	6,054
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	124
INCOME PRETAX	371
INCOME TAX	129
INCOME CONTINUING	230
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	230
EPS BASIC	1.00
EPS DILUTED	1.00

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