

TYSON FOODS INC

FORM 10-K405

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

Filed 12/01/95 for the Period Ending 09/30/95

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

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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934
For the fiscal year ended September 30, 1995

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.)
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2210 West Oaklawn Drive, Springdale, Arkansas (Address of principal executive offices)	72762-6999 (Zip Code)
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Registrant's telephone number, including area code: (501) 290-4000

Securities registered pursuant to Section 12(b) of the Act:
Not Applicable

Securities registered pursuant to Section 12(g) of the Act:
Class A Common Stock, Par Value \$.10

(Title of Class)

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 September 30, 1995, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was \$1,862,645,029 and \$1,487,478 respectively.

On September 30, 1995, there were outstanding 76,335,669 shares of the registrants Class A Common Stock, \$.10 par value, and 68,454,388 shares of its Class B Common Stock, \$.10 par value.

Page 1 of 64 Pages The Exhibit Index appears on pages 19 through 24

DOCUMENTS INCORPORATED BY REFERENCE

The following documents or the indicated portions thereof are incorporated herein by reference into the indicated portions of the Form 10-K: (i) pages 20-43 of registrant's Annual Report to Shareholders for fiscal year ended September 30, 1995 (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 12, 1996 (the "Proxy Statement").

PART I

Item 1. Business

Pages 23-25, 27 and 31 of registrant's Annual Report under the caption "Management's Discussion and Analysis."

PART II

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

Page 33 and 41 of the Annual Report under the caption "Capital Stock" and "Price of Company's Common Stock."

Item 6. Selected Financial Data

Pages 20-21 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 23-25, 27 and 31 of the Annual Report under the caption "Management's Discussion and Analysis."

Item 8. Financial Statements and Supplementary Data

Pages 22, 26, 28-30, 32-41 and 43 of the Annual Report under the captions "Consolidated Statements of Operations," "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 caption "Election of Directors" and "Compliance with Section 16 (a) of the Securities Exchange Act of 1934" 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

General

Tyson Foods, Inc. and its various subsidiaries (collectively, the "Company") produce, market and distribute a variety of food products consisting of value-enhanced poultry; fresh and frozen poultry; value-enhanced beef and pork products; fresh and frozen pork products; value-enhanced seafood products; fresh and frozen seafood products; and flour and corn tortillas, chips and other Mexican food-based products. Additionally, the Company has live swine, animal feed and pet food operations. The Company's integrated operations consists of breeding and rearing chickens and hogs, harvesting seafood, 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, clubs and warehouse stores, military commissaries, industrial food processing companies, national and regional chain restaurants or their distributors, international export companies and domestic distributors who service restaurants, foodservice operations such as plant and school cafeterias, convenience stores, hospitals and other vendors. Sales are made by the Company's sales staffs located in Springdale, Arkansas, in regions throughout the United States and in several foreign countries.

Additionally, sales to the military and a portion of sales to international markets are made through independent brokers and trading companies. The Company conducts the major portion of its business activities on a vertically integrated basis and considers its business to be one industry segment, that of "food products." The Company commenced business in 1935, was incorporated in Arkansas in 1947, and was reincorporated in Delaware in 1986.

Description

Originally, the Company was a producer and distributor of fresh chicken. The Company developed a strategy to insulate itself from the commodity nature of the fresh chicken business through value-enhancement. As the industry leader in value-enhanced poultry 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 poultry 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 or freezing the poultry. As a result, although fluctuations in grain prices impact the Company's operations, management believes the Company's profitability is more dependent upon product quality, marketing and service than on grain and broiler prices.

The Company's integrated poultry 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 are 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 4.4 billion pounds of consumer poultry during fiscal 1995.

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, are conducted in Arkansas, North Carolina, Oklahoma, Missouri and Alabama. The Company sold approximately 987 thousand head of market weight live swine in fiscal 1995. In the fourth quarter of fiscal 1995, the Company exchanged its pork processing facility as part of the consideration for additional broiler operations from Cargill, Incorporated. The Company processed approximately 478 million pounds of consumer beef and pork during fiscal 1995.

The Company's by-products operations convert inedible poultry by-products into high-grade pet food and animal feed.

The Company is the leading manufacturer, marketer and distributor of branded surimi-based seafood offerings including analog crabmeat, lobster, shrimp and scallops. Additionally, the Company's seafood operations consist of the largest catching and at-sea processing fleet in the North Pacific. These vessels harvest a wide range of species of bottomfish and shellfish year-round off the coasts of Alaska, Washington and Oregon. The catch is either processed at sea or in shore-based processing facilities into a variety of product forms. The Company's long-term strategy for seafood products continues to be a plan of using its marketing and distribution channels to expand sales opportunities while using its research and development resources to create additional value-enhanced seafood products.

Sources of Revenue

The principal revenue sources of the Company included value-enhanced poultry products, fresh and frozen poultry products, value-enhanced beef and pork products, Mexican food-based products, frozen dinner products, seafood products, live swine and related operations, animal foods, by-products, and other miscellaneous products. The following table sets forth the relative sources of the Company's revenues for the last three fiscal years.

	For Fiscal Year Ended		
	1995	1994	1993
Consumer poultry products:			
Value-enhanced poultry	(1) 64%	65%	67%
Basic poultry	(2) 11	10	8
	---	---	---
Total consumer poultry	75	75	75
Beef and pork	(3) 9	11	10
Mexican food-based products and other prepared foods	(4) 7	5	5
Seafood	5	5	5
Animal foods, by-products, live swine and other	4	4	5
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Total	100%	100%	100%

- (1) Includes products such as chicken patties and nuggets, pre-cooked chicken, individually-quick-frozen chicken segments, pre-packaged and pre-priced poultry, cornish game hens and other poultry products to which certain processes are added to enhance its value to the Company's customers.
- (2) Includes fresh and frozen poultry products sold without value enhancements. The increase in this category for fiscal 1995 and 1994 results from the acquisition of a controlling interest in Trasgo, S.A. de C.V. (Trasgo) in April 1994. Trasgo currently does not have a significant amount of value-enhanced products.
- (3) Includes value-enhanced beef and pork products such as portion controlled steaks, chops and roasts, ground beef, chicken-fried steaks, meatloaf, hams, bacon and sausages.
- (4) Includes flour and corn tortillas, corn chips, taco shells and filled tortilla specialty items; premium frozen dinners and other specialty items.

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, 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 poultry, beef, pork, Mexican food-based and seafood. 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. The Company 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, from other owned or leased facilities or directly from plants. The Company has a total frozen storage capacity in excess of 120 million pounds, excluding public or outside cold storage. The Company's distribution centers facilitate accumulating frozen products so that the Company 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.

The Company's food products are sold primarily in three broad domestic markets consisting of foodservice, retail and wholesale clubs. The foodservice, retail and wholesale club markets may, in some cases, overlap. The Company's food products are also sold internationally.

In the foodservice market, the Company sells poultry, beef, pork, seafood and tortilla products. Operators serving these products include full service restaurants, fast-food restaurants, hotels/motels, retail/recreation, healthcare, schools/colleges, business and industry and other foodservice accounts. The Company's products are sold through foodservice and specialty distributors who deliver to the above listed operators.

Foodservice products are sold under the following brands and registered trademarks: Tyson, Holly Farms, Weaver, Tastybird Tastybasted, Honey Stung, Tyson's Pride, HoneyBest, Wing Stingers, W.W. Flyers, Signature Specialties, Flavor-Redi, Mexican Original, Tyson beef, Quick-to-Fix, Tyson pork, Louis Kemp, Arctic Ice, Enterprise, Crab Delights, Lobster Delights, Ocean Master and Sure Salad.

Foodservice products include: (a) poultry items such as individually-quick-frozen segments (IQF), 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, split broilers, Cornish hens, commodity breast, flavor marinated breasts, fully-cooked diced chicken products and breaded breast and thigh pieces and strips; (b) beef items such as country-fried steaks, portion-controlled steaks, prime rib and roasts, charbroiled beef patties, ground beef, and beef specialties such as meatballs, Salisbury steaks and meatloaf; (c) pork items such as hams, ham loaf and ham patties, sausages including polish,

knockwurst and bratwurst, frankfurters, bulk and pre-sliced deli-meats, fully-cooked pork specialties including rib and loin products, pork chops, pork roasts and pork ribs; (d) tortilla items such as flour and corn tortillas and chips; and (e) seafood items such as surimi, snow crab, king crab, pollock, cod and several species of flatfish.

In the retail market the Company sells a wide variety of food products to customers that sell food products for at-home consumption. These customers include grocery store chains, independent grocery stores and grocery wholesalers.

Tyson, Weaver, Healthy Portion, Tyson Holly Farms, Mexican Original, Louis Kemp, Crab Delights, Lobster Delights, JAC Creative Foods, Captain JAC and Seafest are registered trademarks under which the Company sells retail products.

Retail products include: (a) 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 premium plated dinners; Tyson flavored chicken wings; Tyson complete meal kits; Tyson premium pot pies; Tyson Healthy Portion meals; Tyson individually-quick-frozen chicken parts and breaded chicken patties and chunks; Weaver fried chicken; and Tyson pork rib and beef rib patties;(b) refrigerated prepared foods consisting of separate lines of Tyson Holly Farms roasted and rotisserie ready-to-eat chicken; Tyson and Weaver sliced lunch meat; Tyson, Weaver and Holly Farms hot dogs; Tyson and Weaver deli meats; Mexican Original tortillas, chips, and taco shells; and Tyson ham and specialty meats;(c) refrigerated Tyson Holly Farms chill pack poultry; (d) frozen and refrigerated Tyson Cornish game hens; and (e) seafood products which are marketed under the Louis Kemp brand of Crab Delights and Lobster Delights, as well as the JAC Creative Foods brands of Captain JAC and Seafest.

In the wholesale club market the Company designs and markets a variety of products targeted to small foodservice operators and large families who frequent club stores. These products are aimed at both foodservice operators who buy in small quantities and want to cut costs of storage and final distribution, as well as retail consumers willing to buy larger than normal quantities to realize cost savings. The Company sells several categories of products including: IQF chicken, fresh chicken, refrigerated roasted ready-to-eat chicken, frozen value-added chicken and canned chicken; frozen value-added beef and pork products; surimi, frozen pollock, cod and crab legs.

The Company's international division markets and sells the full line of Tyson products, including poultry, beef, pork, Mexican food-based products and seafood, throughout the world. The international division exported to 43 countries in fiscal 1995. Major markets include Japan, Russia, Hong Kong, Singapore and China. The Company also exported to Canada, Mexico, certain Middle Eastern countries, and many countries in the Caribbean.

The Company continues to feel that China has tremendous potential in terms of developing fully-integrated poultry facilities. Several existing Chinese operations are currently being researched to determine feasibility. Meanwhile, the Company's existing operation in Mexico has grown under the economically difficult period caused by the sudden devaluation of the peso.

The Company has also entered into a joint venture in Russia to open an office in Moscow allowing the Company to develop more direct contact with its customers. Cobb-Vantress, Inc., a wholly-owned subsidiary, has entered into a joint venture agreement with a Hong Kong company to build a 180 thousand capacity breeder farm in China. The Company also has a seafood processing joint venture in Shanghai, China. This joint venture is engaged in value-added processing of seafood items.

A new venture has been undertaken in 1995 with the creation of a wholly-owned subsidiary of the Company's International Division called "World Resource, Inc.". This venture is a trading company which will handle the acquisition, certification and transporting of primarily agricultural goods worldwide.

Raw Materials and Sources of Supply

The primary raw materials used by the Company in its poultry operations consists 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, live broilers and swine, it has the capability to purchase live, ice-packed or deboned poultry to meet poultry production requirements. Raw materials for the Company's beef and pork operations are purchased through the open market.

In addition, raw material requirements for the Company's seafood operations are met by either purchasing in the open market or by the Company's vessels harvesting a wide range of species of bottomfish and shellfish year-round off the coasts of Alaska, Washington and Oregon. A large supply of bottomfish, one of the principal groups of fish harvested for human consumption, is found in the 200-mile U.S. exclusive economic zone off the coast of Alaska. This area also provides a significant quantity of crab for commercial harvesting; however, crab quotas have been severely limited in recent years. Following passage of the Magnuson Fishery Conservation and Management Act of 1976 (the "Magnuson Act"), the United States extended control over the management of offshore fishing resources from a 12-mile to a 200-mile exclusive economic zone by, among other things, establishing annual catch limits and allocating the available resources between U.S. and foreign catchers and processors. As a result of these government actions, the Company's ability to harvest seafood is subject to these limitations.

Patents and Trademarks

The Company has registered a number of trademarks relating to its products which either have been approved or are in the process of application. Because the Company does a significant amount of brand name and product line advertising to promote its products, it considers the protection of such trademarks to be important to its marketing efforts. The Company has also developed non-public propriety information regarding its production processes and other product-related matters. While the Company utilizes internal procedures and safeguards to protect the confidentiality of such information, it does not generally seek patent protection for the technology it utilizes.

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, verbal agreements due primarily to the perishable nature of its products, industry practice and the fluctuation in demand and price 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. 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 poultry breeding stock, the genetic qualities of swine, and finished product development. Additionally, a separate staff of research and development personnel is maintained to develop and provide for product needs. 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 poultry and for housing live poultry and swine are subject to a variety of federal, state and local environmental protection laws and regulations, including provisions relating to the discharge of materials into the environment. The Company's poultry, beef, pork and Mexican food-based processing facilities are also subject to extensive inspection and regulation by the United States Department of Agriculture. 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.

Fishing activities and seafood processing activities of the Company's seafood operations are closely regulated by the United States Department of Commerce and various other state and governmental agencies. These agencies, among other things, establish fishing seasons and resource depletion restrictions and regulate legal gear types. Violations of the Magnuson Act and state laws can result in substantial penalties, ranging from fines to seizure of catch and vessels. See "Legal Proceedings" under item 3. In addition, the seafood operations are subject to various federal, state and local laws relating to protection of the environment and the health and safety of employees.

To provide consumer reassurance of product integrity and safety, to create a quality point of difference with the competition, and to assume a position of measured industry leadership in production standards, the Company's seafood operation voluntarily complies with certain United States Department of Commerce regulations which enable it to show the United States Department of Commerce seal of approval (PUFI) on its primary products. Four of the Company's seafood manufacturing facilities are United States Department of Commerce inspected and are participants in the government's pilot Hazard Analysis Critical Control Point (HACCP) program.

Employees and Labor Relations

As of September 30, 1995, the Company employed approximately 64,000 persons. The Company believes that its relations with its workforce are good.

ITEM 2. PROPERTIES

The Company currently has production and distribution operations in the following states: Alabama, Alaska, Arkansas, Florida, Georgia, Illinois, Iowa, Maryland, Michigan, Minnesota, Mississippi, Missouri, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and Washington. Additionally, the Company, either directly or through its subsidiaries, has facilities in or participates in joint venture operations in Argentina, Brazil, Canada, China, Denmark, Hong Kong, India, Indonesia, Japan, Mexico, the Philippines, Russia, South Africa, Spain, the United Kingdom and Venezuela.

The principal poultry operations of the Company consists 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 38 million head per week.

To support the above facilities the Company operates 29 feed mills and 57 broiler hatcheries with sufficient capacity to meet the needs of the poultry growout operations. In addition, the Company has poultry cold storage facilities owned or leased with a capacity of approximately 103.7 million pounds.

The Company's beef and pork operations consist of six plants with a capacity to process 7.5 million pounds per week, supported by six freezer storage facilities.

The Company's Mexican food-based products and prepared foods consists of six processing plants supported by four additional freezer storage facilities.

The Company's seafood operations consist of 32 catching and at-sea processing vessels along with two freighters. The at-sea processing is supported by nine shore-based processing plants, five of which are dedicated to surimi processing.

The Company's animal feed and pet food processing operations consist of six rendering plants with the capacity to produce 18.5 million pounds of animal protein products per week. Twelve ground pet food processing operations in connection with poultry processing plants are capable of producing 6.9 million pounds of product per week.

The Company's live swine operations consists of 118 swine farrowing and nursery units and 575 swine finishing units. These swine growout operations are supported by three dedicated feed mills supplemented by the production from the poultry 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 and vessels with the following exceptions: three poultry processing plants are leased under agreements expiring in 1996 and 2002 and one poultry emulsified operation facility is leased until 1996, four broiler hatcheries are leased under agreements expiring in 1998, 257 breeder farms are leased under agreements expiring at various dates through 1999, 38 pullet farms and 91 broiler farms are leased under year-to-year leases, four freezer storage facilities are leased under agreements expiring in 1996, 1997, 1998 and 1999, 52 swine farrowing and nursery units and 378 swine finishing units are leased under one to ten year renewable lease agreements and one seafood processing plant is leased under an agreement expiring in 1996.

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. 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 September 8, 1993, the State of Alaska, after conducting investigations, filed a Complaint for Forfeiture and Damages alleging that certain Arctic Alaska Fisheries Corporation vessels participated in the use of certain fishing gear during 1990, 1991, and 1992. While management is not able at the present time to determine the outcome of these matters, based upon information currently available, management presently believes that the probability is remote that its resolution will have a material adverse effect on the Company's financial position or results of operations.

On April 13, 1995, a purported shareholder's derivative action was filed by a single shareholder on the Company's behalf in the Court of Chancery of Delaware against the directors and principal shareholders of the Company (the "Action"). The Action alleges that such persons breached their fiduciary duties to the Company as a result of their approval and/or participation in certain transactions in fiscal year 1994 between the Company and various officers and directors or their affiliates, including certain lease, poultry supply, poultry grow-out, wastewater treatment and research and development service arrangements (such transactions being more fully described under the caption "Certain Transactions" in the Company's Proxy Statement for its 1995 Annual Meeting). Additionally, the Action alleges that the compensation and expense reimbursements paid to the Company's Senior Chairman in fiscal year 1994, and the expense reimbursements paid to him in fiscal year 1993, were excessive. The Action seeks various remedies, including (i) voiding of the challenged transactions and an accounting of profits derived therefrom, (ii) damages resulting from the challenged transactions and (iii) costs, expenses and attorney fees. The Company is named as a nominal defendant in the Action, but no claim has been asserted against it.

On May 10, 1995, the defendants filed a Motion to Dismiss the Action claiming failure by the plaintiff to (i) make a pre-suit demand for action by the directors of the Company, (ii) obtain personal jurisdiction over certain shareholder defendants, and (iii) state a claim upon which relief can be granted. On July 6, 1995, the Court of Chancery entered a stipulated order dismissing the Action without prejudice as to certain of the non-director defendants. The Motion to Dismiss as to the remaining defendants is currently pending before the Court of Chancery. By Stipulation Order of said Court dated October 18, 1995, and pursuant to agreement of the parties, said Motion to Dismiss is being held in abeyance while settlement discussions occur.

Since the Action purports to be a shareholder's derivative suit, any recovery (except attorneys' fees or other costs and expenses, if allowed) would not be paid to the plaintiff, but rather would be paid directly to the Company. The Company has undertaken to advance certain expenses of the director defendants and, if applicable, may be required to satisfy certain indemnification obligations with respect to such individuals. However, management does not believe that the Action or such indemnification obligations will have a material adverse effect on the Company's financial position or results of operations.

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 of the Company's executive officers are listed below:

Name -----	Title -----	Age ---	Year Elected -----
Don Tyson	Senior Chairman of the Board of Directors	65	1963
Leland E. Tollett	Chairman of the Board of Directors and Chief Executive Officer	58	1966
Donald E. Wray	President and Chief Operating Officer	58	1979
Wayne Britt	Senior Vice President, International Sales, Marketing and Operations	46	1977
Roy Brown	Senior Vice President, Seafood Division	43	1993
William Jaycox	Senior Vice President, Human Resources	49	1990
Gary Johnson	Corporate Controller	51	1982
Gerald Johnston	Executive Vice President, Finance	53	1972
Dennis Leatherby	Treasurer	35	1994
Greg Lee	Executive Vice President, Sales, Marketing and Technical Services	48	1993
David Purtle	Executive Vice President, Operations, Transportation and Warehousing	51	1985
Mary Rush	Secretary and Director of Investor Relations	61	1982
John H. Tyson	President, Beef and Pork Division	42	1984

John H. Tyson is the son of Don Tyson. No other family relationships exist among the above officers. Messrs. Johnson and Johnston have served the Company in essentially the indicated capacities for more than the past five years. Mr. Tyson was appointed Senior Chairman of the Board of Directors in 1995 after serving as Chairman of the Board. Mr. Tollett was appointed Chief Executive Officer and Chairman of the Board of Directors in 1995 after serving as Chief Executive Officer and President since 1991, Vice Chairman of the Board of Directors since 1994, and President and Chief Operating Office since 1983. Mr. Wray was appointed President and Chief Operating Officer in 1995 after serving as Chief Operating Officer since 1991 and Senior Vice President, Sales and Marketing Division since 1985. Mr. Britt was appointed Senior Vice President, International Sales and Marketing in 1994 after serving as Vice President, Wholesale Club Division since 1992 and Vice President, Secretary/Treasurer since 1982. Mr. Brown was appointed Senior Vice President, Seafood Division in 1993 after serving as Vice President, Sales and Marketing, International Division since 1992. Mr. Jaycox was appointed Senior Vice President, Human Resources in 1995 after serving as Group Vice President, Human Resources since 1990. Mr. Leatherby was appointed Treasurer in 1994 after serving as Assistant Treasurer since 1990. Mr. Lee was appointed Executive Vice President, Sales, Marketing and Technical Services in 1995 after serving as Senior Vice President, Sales and Marketing since 1993 and Division Vice President of Foodservice Sales and Marketing since 1988. Mr. Purtle was appointed Executive Vice President, Operations, Transportation and Warehousing in 1995 after serving as Senior Vice President, Operations since 1991 and Group Vice President, Operations since 1985. Ms. Rush was appointed Secretary and Director of Investor Relations in 1992 after serving as Assistant Secretary/Treasurer since 1982. Mr. John H. Tyson was appointed President, Beef and Pork Division in 1993 after serving as Vice President since 1987.

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

On September 30, 1995, there were approximately 35,163 holders of record of the Company's Class A Stock and 24 holders of record of the Company's Class B Stock, excluding holders in the security positions listings held by nominees. The Company's Class A Stock is traded on the Nasdaq stock market's National Market System under the symbol "TYSNA." No public trading market currently exists for the Class B Stock. Information regarding the high and low sales prices of the Company's Class A Stock is set forth in the table on page 41 of the Annual Report under the caption "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 November 20, 1995 the Board of Directors increased the annual dividend rate on Class A Stock to \$.12 per share and fixed an annual dividend rate of \$.108 per share for the Class B Stock, effective with the quarterly dividend to be paid on December 15, 1995. Prior to that, quarterly dividends were paid at an annual rate of \$.08 for Class A Stock and \$.0667 for Class B Stock.

ITEM 6. SELECTED FINANCIAL DATA

See the information reflected under the caption "Eleven-Year Financial Summary" at pages 20-21 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" at pages 23-25, 27 and 31 of the Annual Report, which information is incorporated herein by reference.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 22, 26, 28-30, 32-41 and 43 of the Annual Report under the caption "Consolidated Statements of Operations," "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

The information set forth under the captions "Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" 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 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 caption "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 22, 26, 28-30, 32-41 in the Company's Annual Report for the fiscal year ended September 30, 1995 and the Report of Independent Auditors, on page 43 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 Operations for the three years ended September 30, 1995	37
Consolidated Balance Sheets at September 30, 1995 And October 1, 1994	42
Consolidated Statements of Shareholders' Equity for the three years ended September 30, 1995	44-45
Consolidated Statements of Cash Flows for the three years ended September 30, 1995	46
Notes to Consolidated Financial Statements	48-57
Report of Independent Auditors	59

2. The following additional information for the years 1995, 1994 and 1993 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

Report of Independent Auditors	28
Schedule VIII - Valuation and Qualifying Accounts and Reserves for the three years ended September 30, 1995	29

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 July 20, 1995, the Company filed a Current Report on Form 8-K related to the offer of medium-term notes due from nine months to thirty years from the date of issuance in the principal amount of up to \$350 million.

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.		Page
-----		----
3(a)	Certificate of Incorporation of the Company as amended (previously filed as Exhibit 3(a) to the Company's Registration Statement on Form S-4 filed with the Commission on July 8, 1992, Commission File No. 33-49368, and incorporated herein by reference).	
3(b)	Amended and Restated Bylaws of the Company (previously filed as Exhibit 3(a) 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).	
4(a)	Form of Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee relating to the issuance of up to \$500 million 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(b)	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(c)	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(d)	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(e)	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).	

- 4(f) Amended and Restated Note Purchase Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement, together with the following documents:
- (i) Form of Series A Note
 - (ii) 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(g) 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(h) 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:
- (i) Form of Series E Note
 - (ii) Form of Series F Note
 - (iii) 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(i) 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).
- 10(a) Master Shelf Agreement dated January 13, 1995, between the Company and the Prudential Insurance Company of America (previously filed as Exhibit 10(c) 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).

- 10(b) First Amended and Restated Credit Agreement, dated 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(g) 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(c) 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(d) 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(e) 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(f) 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(g) 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(h) 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(i) 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(j) 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(k) 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(l) Profit Sharing Plan and Trust of Tyson Foods, Inc., as amended and restated effective April 1, 1987, (previously filed as Exhibit 10(a) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).
- 10(m) Tyson Foods, Inc. Employee Stock Purchase Plan, effective April 1, 1979, as amended and restated effective November 1, 1986, (previously filed as Exhibit 10(b) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).

10(n)	Tyson Foods, Inc. Incentive Stock Option Plan of 1982, as amended and restated on September 5, 1987, (previously filed as Exhibit 10(c) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).	
10(o)	Tyson Foods, Inc. Nonstatutory 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(p)	Tyson Foods, Inc. Employee Stock Ownership Plan as amended and restated on September 5, 1987, (previously filed as Exhibit 10(e) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).	
10(q)	Amended and Restated Employment Agreement dated July 1, 1994, between the Company and Don Tyson, Senior Chairman of the Board of Directors of the Company (previously filed as Exhibit 10(r) 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(r)	Retirement Savings Plan of Tyson Foods, Inc., qualified under Section 401(k) of the Internal Revenue Code, effective October 1, 1987, and Trust Agreement related thereto (previously filed as Exhibit 10(g) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).	
10(s)	Tyson Employee Retirement Income Savings Plan, as amended and restated effective April 1, 1987, (previously filed as Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1987, Commission File No. 0-3400, and incorporated herein by reference).	
10(t)	Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain of its executive officers.	30-33
11	Statement Regarding Computation of Earnings Per Share.	34

13	Pages 20-43 of the Annual Report to Shareholders for the fiscal year ended September 30, 1995.	35-61
21	Subsidiaries of the Company.	62
23	Consent of Independent Auditors.	63
27	Financial Data Schedule.	64

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/ Gerald Johnston

November 20, 1995

Gerald Johnston
Executive Vice President,
Finance

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.

/s/Neely Cassady ----- Neely Cassady	Private Investor and Arkansas State Senator	November 20, 1995
/s/ Lloyd V. Hackley ----- Lloyd V. Hackley	President, North Carolina Community College System	November 20, 1995
/s/ Gary Johnson ----- Gary Johnson	Corporate Controller (Principal Accounting Officer)	November 20, 1995
/s/Gerald Johnston ----- Gerald Johnston	Executive Vice President, Finance (Principal Financial Officer)	November 20, 1995
/s/ Shelby D. Massey ----- Shelby D. Massey	Private Investor	November 20, 1995
/s/ Joe F. Starr ----- Joe F. Starr	Vice President	November 20, 1995
/s/ Leland E. Tollett ----- Leland E. Tollett	Chairman of the Board of Directors and Chief Executive Officer	November 20, 1995
/s/ Barbara Tyson ----- Barbara Tyson	Vice President	November 20, 1995
/s/ Don Tyson ----- Don Tyson	Senior Chairman of the Board of Directors	November 20, 1995
/s/ John H. Tyson ----- John H. Tyson	President, Beef and Pork Division	November 20, 1995
/s/ Fred S. Vorsanger ----- Fred S. Vorsanger	Vice President(Emeritus) University of Arkansas and Private Investor	November 20, 1995
/s/ Donald E. Wray ----- Donald E. Wray	President and Chief Operating Officer	November 20, 1995

FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of September 30, 1995 and October 1, 1994, and for each of the three years in the period ended September 30, 1995, and have issued our report thereon dated November 13, 1995. 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.

/s/ERNST & YOUNG LLP

ERNST & YOUNG LLP
Little Rock, Arkansas

November 13, 1995

TYSON FOODS, INC.
 SCHEDULE VIII
 VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
 Three Years Ended September 30, 1995

(Dollars in Millions)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Additions (Deductions)	Balance at End of Period
Allowance for Doubtful Accounts					
1995	\$3.3	\$1.1	0	(\$0.8)	\$3.6
1994	\$2.6	\$1.1	0	(\$0.4)	\$3.3
1993	\$2.5	\$1.0	0	(\$0.9)	\$2.6

INDEMNITY AGREEMENT

This Agreement is made as of the day of , 19 , among Tyson Foods, Inc., a Delaware corporation (the "Corporation"), and ("Indemnitee"), with reference to the following facts:

RECITALS

A. Indemnitee is currently serving as of the Corporation and the Corporation wishes Indemnitee to continue in such capacity. Indemnitee is willing, under certain circumstances, to continue in such capacity.

B. Indemnitee has indicated that he does not regard the indemnities available under the Corporation's bylaws and available insurance, if any, as adequate to protect him against the risks associated with his service to the Corporation. Indemnitee may not be willing to continue in office in the absence of the benefits afforded to Indemnitee under this Agreement.

AGREEMENT

In order to induce Indemnitee to continue to serve as _____ for the Corporation and in consideration for his continued service, the Corporation hereby agrees to indemnify Indemnitee as follows:

1. The Corporation will pay on behalf of Indemnitee, and his executors, administrators or assigns, any amount which he is or becomes legally obligated to pay because of any claim or claims made against him because of any act or omission or neglect or breach of duty, including any actual or alleged error or misstatement or misleading statement, which he commits or suffers while acting in his capacity as a of the Corporation and solely because of his being a The payments which the Corporation will be obligated to make hereunder shall include, inter alia, damages, judgements, settlements and costs, costs of investigation (excluding salaries of officers or employees of the Corporation) and costs of defense of legal actions, claims or proceedings and appeals therefrom, and costs of attachment of similar bonds.

2. In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

3. Notwithstanding the provisions of Paragraph 1, the Corporation shall not be liable under this Agreement to make any payment in connection with any claim made against the Indemnitee:

(a) for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(b) for which the Indemnitee is entitled to indemnity and/or payment by reason of having given notice of any circumstance which might give rise to a claim under any policy of insurance, the terms of which have expired prior to the effective date of this Agreement;

(c) for which the Indemnitee is indemnified by the Corporation otherwise than pursuant to this Agreement;

(d) based upon or attributable to the Indemnitee gaining in fact any remuneration, personal profit or advantage to which he was not legally entitled;

(e) for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Corporation within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;

(f) brought about or contributed to by the dishonesty of Indemnitee; however, notwithstanding the foregoing, Indemnitee shall be protected under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to Indemnitee shall establish that he committed acts of active and deliberate dishonesty with actual dishonest purpose and intent which were material to the cause of action so adjudicated; or

(g) if a final decision by a court having jurisdiction in the matter shall determine that such payment is not lawful.

4. If the Indemnification provided hereunder is unavailable and may not be paid to Indemnitee for any reason other than those set forth in paragraphs (a) through (f) of Section 3, then in respect of any threatened, pending or completed action, suit or proceeding in which Corporation is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Corporation shall contribute to the amount of expenses (including attorneys' fees), judgements, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by Corporation on the one hand and Indemnitee on the other hand from the transaction from which such action, suit or proceeding arose, and (ii) the relative fault of Corporation on the one hand and of Indemnitee on the other in connection with the events which resulted in such expenses, judgements, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Corporation on the one hand and of Indemnitee on the other shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgements, fines or settlement amounts. Corporation agrees that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro-rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

5. Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee will, if a claim in respect thereof is to be made against Corporation under this Agreement, notify Corporation of the commencement thereof; but the omission so to notify Corporation will not relieve it from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which Indemnitee notifies Corporation of the commencement thereof:

(a) Corporation will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, to the extent that it may wish, Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from Corporation to Indemnitee of its election so as to assume the defense thereof, Corporation will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by Corporation, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between Corporation and Indemnitee in the conduct of the defense of such action or (iii) Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of Corporation. Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of Corporation or as to which Indemnitee shall have made the conclusion provided for in (ii) above; and

(c) Corporation shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. Corporation shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither Corporation or Indemnitee will unreasonably withhold its consent to any proposed settlement.

6. In the event that Indemnitee employs his own counsel pursuant to Section 5(b) (i) through (iii) above, Corporation shall advance to Indemnitee, prior to any final disposition of any threatened or pending action, suit or proceeding, whether civil, criminal, administrative or investigative, any and all reasonable expenses (including legal fees and expenses) incurred in investigating or defending any such action, suit or proceeding within ten (10) days after receiving copies of invoices presented to Indemnitee for such expenses. Indemnitee agrees that Indemnitee will reimburse Corporation for all reasonable expenses paid by Corporation in defending any civil or criminal action, suit or proceedings against Indemnitee in the event and only to the extent that a final decision by a court having jurisdiction in the matter shall determine that it is unlawful for Indemnitee to be indemnified by Corporation for such expenses.

7. The Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on Corporation hereby in order to induce Indemnitee to continue as a _____ of Corporation, and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity. In the event Indemnitee is required to bring any action to enforce rights or to collect moneys due under this Agreement and is successful in such action, Corporation shall

reimburse Indemnitee for all of Indemnitee's reasonable fees and expenses in bringing and pursuing such action.

8. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the other, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof.

9. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

10. This Agreement shall be binding upon Indemnitee and upon Corporation, its successors and assigns, and shall inure to the benefit of Indemnitee, his heirs, personal representative and assigns and to the benefits of Corporation, its successors and assigns.

11. No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

TYSON FOODS, INC.

BY:
TITLE:

-----, Indemnitee

TYSON FOODS, INC.

COMPUTATION OF EARNINGS PER SHARE
(In thousands except per share data)

	1995	1994	1993
	-----	-----	-----
Primary:			
Average common shares outstanding during the period	144.5	147.0	147.2
Net effect of dilutive stock options based on the treasury stock method using average market price	.6	.8	1.1
	-----	-----	-----
Total common and common equivalent shares outstanding	145.1	147.8	148.3
	=====	=====	=====
Net income (loss)	\$219.2	(\$2.1)	\$180.3
	=====	=====	=====
Earnings (loss) per share	\$1.51	(\$0.01)	\$1.22
	=====	=====	=====
Fully Diluted:			
Average common shares outstanding during the period	144.5	147.0	147.2
Net effect of dilutive stock options based on the treasury stock method using the quarter-end market price, if higher than average market price	.7	1.0	1.1
	-----	-----	-----
Total common and common equivalent shares outstanding	145.2	148.0	148.3
	=====	=====	=====
Net income (loss)	\$219.2	(\$2.1)	\$180.3
	=====	=====	=====
Earnings (loss) per share	\$1.51	(\$0.01)	\$1.22
	=====	=====	=====

Tyson Foods, Inc.
ELEVEN-YEAR FINANCIAL SUMMARY
(In millions except per share data)

Operating Results for Fiscal Year:	1995	1994	1993	1992
Sales	\$5,511.2	\$5,110.3	\$4,707.4	\$4,168.8
Cost of Sales	4,423.1	4,149.1	3,796.5	3,390.3
Gross Margin	1,088.1	961.2	910.9	778.5
Operating Expenses	616.4	766.0	535.4	446.8
Interest Expense	114.9	86.1	72.8	76.9
Foreign Currency Exchange	15.6			
Other Expense (Income)	(2.4)	(9.5)	(6.9)	(6.2)
Income Before Taxes on Income and Minority Interest	343.6	118.6	309.6	261.0
Provision for Income Taxes	131.0	120.7	129.3	100.5
Minority Interest in Net Loss of Consolidated Subsidiary	6.6			
Net Income (Loss)	\$ 219.2	\$ (2.1)	\$ 180.3	\$ 160.5
Earnings (Loss) Per Share	\$ 1.51	\$ (0.01)	\$ 1.22	\$ 1.16
Dividends Per Share:				
Class A	0.0800	0.0700	0.0400	0.0400
Class B	0.0667	0.0583	0.0333	0.0333
Capital Expenditures	347.2	232.1	225.3	108.0
Depreciation and Amortization	204.9	188.3	176.6	148.9
Return on Sales	3.98%	(0.04)%	3.83%	3.85%
Annual Sales Growth	7.85%	8.56 %	12.92%	6.29%
Five Year Compounded Annual Sales Growth	7.58%	15.02 %	19.45%	18.48%
Gross Profit Margin	19.74%	18.81 %	19.35%	18.67%
Return on Average Quarterly Equity	16.01%	(0.16)%	14.65%	17.92%
Five Year Return on Average Quarterly Equity	12.57%	12.75 %	18.60%	21.34%
Effective Tax Rate	38.1 %	101.8 %	41.8 %	38.5 %
Financial Condition at Fiscal Year End:				
Total Assets	\$4,444.3	\$3,668.0	\$3,253.5	\$2,617.7
Net Property, Plant and Equipment	2,013.5	1,610.0	1,435.3	1,142.2
Long-Term Debt	1,620.5	1,381.5	920.5	726.5
Shareholders' Equity	1,467.7	1,289.4	1,360.7	980.2
Book Value Per Share	10.14	8.88	9.24	7.13
Long-Term Debt to Capitalization	52.47%	51.72%	40.35%	42.57%

1991	1990	1989	1988	1987	1986	1985
\$3,922.1	\$3,825.3	\$2,538.2	\$1,936.0	\$1,786.0	\$1,503.7	\$1,135.7
3,147.5	3,081.7	2,056.1	1,627.6	1,483.0	1,271.9	954.4
774.6	743.6	482.1	308.4	303.0	231.8	181.3
441.4	423.4	271.5	184.0	156.8	116.7	92.3
95.5	128.6	45.0	19.5	22.9	20.6	19.5
(4.8)	(8.5)	2.1	0.5	0.1	(3.4)	(0.6)
242.5	200.1	163.5	104.4	123.2	97.9	70.1
97.0	80.1	62.9	23.0	55.4	47.6	35.3
\$ 145.5	\$ 120.0	\$ 100.6	\$ 81.4	\$ 67.8	\$ 50.3	\$ 34.8
\$ 1.05	\$ 0.90	\$ 0.78	\$ 0.64	\$ 0.53	\$ 0.39	\$ 0.29
0.0300	0.0200	0.0200	0.0200	0.0185	0.0117	0.0077
0.0250	0.0165	0.0165	0.0165	0.0125	N/A	N/A
213.6	163.8	128.9	86.3	132.9	117.5	56.6
135.8	123.4	84.8	70.3	60.4	42.2	29.7
3.71%	3.14%	3.96%	4.21%	3.79%	3.34%	3.07%
2.53%	50.71%	31.11%	8.40%	18.77%	32.40%	51.41%
21.13%	27.49%	27.61%	26.25%	26.15%	24.55%	23.81%
19.75%	19.44%	19.00%	15.93%	16.96%	15.41%	15.96%
19.76%	22.92%	25.95%	26.77%	28.77%	28.27%	30.49%
23.48%	25.64%	27.43%	27.77%	27.22%	25.59%	21.50%
40.0%	40.0%	38.5%	22.0%	45.0%	48.6%	50.4%
\$2,645.8	\$2,501.1	\$2,586.1	\$ 889.1	\$ 806.8	\$ 760.7	\$ 471.5
1,162.0	1,071.1	1,020.8	430.0	415.9	347.9	226.4
845.9	950.4	1,319.4	205.8	211.3	211.9	118.6
822.5	663.0	447.7	341.4	269.5	203.6	154.7
5.99	4.85	3.46	2.67	2.10	1.59	1.21
50.70%	58.91%	74.66%	37.62%	43.95%	50.99%	43.38%

Tyson Foods, Inc.
Consolidated Statements of Operations
Three Years Ended September 30, 1995
(In million except per share data)

	1995	1994	1993
Sales	\$5,511.2	\$5,110.3	\$4,707.4
Cost of Sales	4,423.1	4,149.1	3,796.5
	1,088.1	961.2	910.9
Operating Expenses:			
Selling	478.8	426.5	397.4
General and administrative	111.7	95.9	107.2
Amortization	25.9	29.7	30.8
Write-down of excess of investments over net assets acquired and certain long-lived assets		213.9	
	616.4	766.0	535.4
Operating Income	471.7	195.2	375.5
Other Expense (Income):			
Interest	114.9	86.1	72.8
Foreign currency exchange	15.6		
Other	(2.4)	(9.5)	(6.9)
	128.1	76.6	65.9
Income Before Taxes on Income and Minority Interest	343.6	118.6	309.6
Provision for Income Taxes	131.0	120.7	129.3
Minority Interest in Net Loss of Consolidated Subsidiary	6.6		
Net Income (Loss)	\$219.2	\$(2.1)	\$180.3
Earnings (Loss) Per Share	\$1.51	\$(0.01)	\$1.22
Average Shares Outstanding	145.1	147.8	148.3

See accompanying notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS

ACQUISITIONS

On January 19, 1995, Tyson Foods, Inc. (the Company or Tyson) completed the purchase of the Star of Kodiak, a fish processing facility in Kodiak, Alaska, from All Alaskan Seafoods, Inc. On June 26, 1995, the Company completed the purchase of Multifoods Seafood, Inc. and JAC Creative Foods, Inc., with combined annual sales of approximately \$65 million, from International Multifoods Corporation. On September 1, 1995, the Company acquired the U.S. broiler business of Cargill, Incorporated (Cargill), with operations in Georgia and Florida. The U.S. broiler business of Cargill had 1994 sales of approximately \$268 million. On September 5, 1995, the Company acquired all of the outstanding stock of McCarty Farms, Inc. (McCarty), an integrated poultry company with all of its operations in Mississippi. McCarty's 1994 sales were approximately \$320 million. The total cost of all of these acquisitions was approximately \$368.7 million including cash paid and assets exchanged.

On January 6, 1994, the Company acquired Gorges Foodservice, Inc. (Gorges) and certain related assets. Gorges is a beef further-processing company with 1993 sales of approximately \$55 million. On April 19, 1994, the Company increased its 18% ownership interest to 50.1% in Trasgo, S.A. de C.V. (Trasgo). With 1993 sales of approximately \$140 million, Trasgo is the third largest poultry producer and processor in Mexico, serving both retail and foodservice markets. Effective July 3, 1994, the Company acquired certain assets of Culinary Foods, Inc. (Culinary), a manufacturer and processor of value-added specialty frozen foods with 1993 sales of approximately \$70 million. On August 18, 1994, the Company increased its 50% ownership interest to 100% in Cobb-Vantress, Inc., one of the world's leading suppliers of breeding stock to the broiler industry with 1993 sales of approximately \$35 million, excluding sales to Tyson.

These transactions have been accounted for as purchases, and the results of operations for these entities have been included in the Company's consolidated results of operations since the acquisition dates, but are not included in the results of operations for prior years. These factors should be considered when making comparisons to fiscal 1994 and 1993.

RESULTS OF OPERATIONS

Sales for fiscal 1995 increased 7.8% over fiscal 1994. This increase was mainly due to an increase in consumer poultry sales which increased fiscal 1995 sales by 6.1%. The increase in consumer poultry sales was primarily attributable to a 13.6% increase in tonnage partially offset by a 4.7% decrease in average sales prices. Lower average sales prices for consumer poultry primarily resulted from an increased supply of poultry and alternative red meats in the market. Trasgo accounted for 13.5% of the increase in consumer poultry sales. Beef and pork sales decreased fiscal 1995 total sales by 1.5%. The decrease in beef and pork sales was due to a 7.7% decrease in tonnage and a 6.0% decrease in average sales prices. Sales of Mexican food-based products and prepared foods as a group increased sales for fiscal 1995 compared to fiscal 1994 by 1.9%. Culinary accounted for 76.1% of the increase in prepared foods. Seafood sales increased fiscal 1995 total sales by 0.3% due to an 8.6% increase in average sales prices partially offset by a 1.1% decrease in tonnage. Sales of live swine, animal foods, by-products and other sales as a group increased fiscal 1995 total sales by 1.0%

compared to fiscal 1994. Over the past five years total sales have grown at a compounded annual rate of 7.6%.

Low market prices, which were below the Company's rearing costs, adversely affected both sales and profit margins for live swine during fiscal year 1995. As a result, the Company's integrated pork processing operations suffered a cost disadvantage against non-integrated pork processors who were able to source their raw materials at lower costs. The Company's live swine and pork operations reported an after-tax loss for fiscal 1995 of \$18.0 million. This loss was partially offset by contributions from other lines in the beef and pork division. Processed pork sales will decrease significantly in the future due to the exchange of the Marshall, Missouri, pork processing facility as part of the purchase price for the acquisition of additional broiler capacity from Cargill. However, the decrease in processed pork sales will be substantially offset by an increase in live swine sales as the Company's pork operations cease to be fully integrated. Market prices for live swine improved during the fourth quarter of fiscal 1995.

Sales for fiscal 1994 increased 8.6% over fiscal 1993. Consumer poultry sales accounted for a 6.6% increase in total sales. The increase in consumer poultry sales was primarily attributable to a 7.7% increase in tonnage and a 1.0% increase in average sales prices. Trasgo accounted for 18.4% of the increase in consumer poultry sales. Beef and pork sales increased fiscal 1994 total sales by 2.9%. The increase in beef and pork sales was due to the acquisition during the year of a beef further-processing company and additional production from the Marshall, Missouri, pork processing facility which was not fully-operational during fiscal 1993. Sales of Mexican food-based products and prepared foods as a group decreased slightly for fiscal 1994 compared to fiscal 1993. Seafood sales decreased fiscal 1994 total sales by 0.4% due to a 5.1% decrease in tonnage and a 2.5% decrease in average sales prices. Live swine, animal foods, by-products and other sales as a group decreased fiscal 1994 total sales by 0.5% compared to fiscal 1993.

The increase in cost of goods sold for 1995 over 1994 of 6.6% was mainly the result of the increase in sales volume partially offset by a 10.5% decrease in the cost of feed for live poultry. Grain costs are anticipated to increase into next fiscal year. The impact of rising grain costs on the Company's operations is difficult to predict and is dependent upon various factors in the commodity grain market as well as the market for finished products. The Company's strategy of adding value to its products through further-processing helps to offset a portion of the impact of increased grain costs. However, until such time as these increased costs are passed through to the consumer or grain costs subsidy, operations may be negatively impacted. As a percent of sales, cost of sales decreased to 80.3% in 1995 compared to 81.2% in 1994.

The increase in cost of goods sold for 1994 over 1993 of 9.3% was mainly the result of the increase in sales plus a 6% increase in the cost of feed for live poultry. Although grain costs began decreasing during the third quarter of 1994, past increases affected the production cost of poultry, swine and Mexican food-based products. As a percent of sales, cost of sales increased to 81.2% in 1994 compared to 80.6% in 1993.

Operating expenses for 1995 decreased 19.5% from 1994. Excluding the write-down of excess of investments over net assets acquired and certain long-lived assets related to Arctic Alaska Fisheries Corporation (Arctic), which occurred in the third quarter of fiscal 1994, operating expenses increased 11.6% when compared to fiscal 1994. As a percent of sales, selling expense

increased to 8.7% in 1995 compared to 8.3% in 1994. Selling expense increased primarily due to increased storage and distribution costs, a portion of which is related to international sales and acquisitions, as well as increased commission and promotional expenses. As a percent of sales, general and administrative expense was 2.0% in 1995 compared to 1.9% in 1994, and amortization expense was 0.5% in 1995 compared to 0.6% in 1994.

The devaluation of the Mexican peso adversely affected Trasgo's fiscal 1995 operating results. The Company's share of Trasgo's net loss for fiscal 1995 reduced the Company's consolidated net income by \$6.6 million (\$0.05 per share). Management will continue to evaluate the effect of exchange rates on Trasgo's results to determine its impact, if any, on the Company's future results.

Operating expenses increased 43.1% for 1994 over 1993. The write-down of excess of investments over net assets acquired and certain long-lived assets related to Arctic accounted for 92.7% of this increase in operating expenses. As a percent of sales, selling expense decreased to 8.3% in 1994 compared to 8.4% in 1993. Selling expense decreased primarily due to decreased sales promotional and advertising expenditures offset slightly by increased expenses related to Trasgo. Costs incurred in connection with the sale of accounts receivable, which are classified as general and administrative expense, were \$1.4 million in 1994 compared to \$9.6 million in 1993. This decrease was due to the discontinuance of the sale of accounts receivable. Certain other administrative costs decreased compared to 1993 due to cost control and administrative initiatives instituted by management. As a percent of sales, general and administrative expense was 1.9% in 1994 compared to 2.3% in 1993, and amortization expense was 0.6% in 1994 compared to 0.7% in 1993.

Interest expense increased 33.4% in 1995 compared to 1994 with Trasgo accounting for 17.8% of the increase. The Company's short-term interest rates were approximately 54.1% higher than the same period last year, which raised the weighted average interest rate of all Company debt in 1995 compared to 1994. In addition, the Company had a higher level of borrowing as a result of acquisitions which increased the Company's average indebtedness by 13.4% over the same period last year. As a percent of sales, interest expense increased to 2.1% in 1995 compared to 1.7% in 1994. The average interest rate on the Company's total debt for fiscal year 1995 was 7.7% compared to 6.6% for 1994.

Interest expense increased 18.3% in 1994 compared to 1993. Short-term interest rates were lower compared to 1993, due to market conditions and the Company's use of less costly borrowing alternatives which lowered the weighted average interest rate of all Company debt in 1994 compared to 1993. These lower rates were offset by a higher level of borrowing due to the discontinuance of the sale of accounts receivable, as the Company's average indebtedness increased 28.7% compared to 1993. As a percent of sales, interest expense increased to 1.7% in 1994 compared to 1.5% in 1993. The average interest rate on the Company's total debt for fiscal year 1994 was 6.6% compared to 7.2% for 1993.

The effective tax rate for 1995 was 38.1% compared to 101.8% in 1994. The rate for 1994 was unusually high due to the non-deductibility of the write-down of Arctic's excess of investments over net assets acquired. Excluding the write-down of assets in 1994, the rate would have been 39%. The effective tax rate generally reflects the statutory federal income tax rate

plus the impact of the non-deductibility of amortization of excess of investments over net assets acquired.

Return on average quarterly assets for 1995 was 5.6% compared to (0.1%) for 1994, with a five-year average of 4.4%. The return on average quarterly assets for 1994 would have been 5.7% without the Arctic write-down. Return on average quarterly equity for 1995 was 16.0% compared to (0.2%) for 1994. The return on average quarterly equity for 1994 would have been 14.1% without the Arctic write-down. The five-year return on average quarterly equity was 12.6%.

ENVIRONMENTAL MATTERS

The Company has many environmentally responsible practices. Consequently, management believes that they have no incidence of environmental contamination or damages requiring material expenditures. The Company has a strong financial commitment to clean water. During fiscal 1995, the Company invested approximately \$43.2 million in water quality, including both capital outlays totaling \$9.3 million to build and upgrade facilities and an additional \$33.9 million for day-to-day operations.

Tyson Foods, Inc.
Consolidated Balance Sheets
September 30, 1995 and October 1, 1994
(In millions except per share data)

ASSETS	1995	1994
Current Assets:		
Cash and cash equivalents	\$33.1	\$27.0
Accounts receivable	494.7	444.2
Inventories	949.4	754.2
Other current assets	42.6	35.9

Total Current Assets	1,519.8	1,261.3
Net Property, Plant and Equipment	2,013.5	1,610.0
Excess of Investments Over Net Assets Acquired	808.1	741.6
Investments and Other Assets	102.9	55.1

Total Assets	\$4,444.3	\$3,668.0

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
	\$ 95.2	\$ 49.4
Notes payable		
Current portion of long-term debt	269.0	24.2
Trade accounts payable	274.7	258.6
Accrued salaries and wages	74.6	71.8
Federal and state income taxes payable	14.6	19.7
Accrued interest payable	7.9	4.2
Other current liabilities	129.8	111.9

Total Current Liabilities	865.8	539.8
Long-Term Debt	1,620.5	1,381.5
Deferred Income Taxes	479.7	440.5
Other Liabilities	10.6	16.8
Shareholders' Equity:		
Common stock (\$.10 par value) authorized 900 shares:		
Class A-issued 79.7 shares in 1995 and 1994	8.0	8.0
Class B-issued 68.5 shares in 1995 and 1994	6.8	6.8
Capital in excess of par value	377.9	391.4
Retained earnings	1,162.3	953.8
Currency translation adjustment	(5.2)	1.2

	1,549.8	1,361.2
Less treasury stock, at cost- 3.4 shares in 1995 and 2.9 shares in 1994	79.2	68.7
Less unamortized deferred compensation	2.9	3.1

Total Shareholders' Equity	1,467.7	1,289.4

Total Liabilities and Shareholders' Equity	\$4,444.3	\$3,668.0

See accompanying notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS - FINANCIAL CONDITION

During fiscal 1995, working capital, noncurrent assets and long-term debt were all impacted by various acquisitions. These factors should be considered when analyzing the Company's financial condition.

At 1995 fiscal year end, working capital was \$654 million compared to \$721.5 million at the end of 1994, a decrease of \$67.5 million. The current ratio for 1995 was 1.76 to 1 compared to 2.34 to 1 for 1994. Working capital and the current ratio have decreased from 1994 mainly due to an increase in current portion of long-term debt mostly offset by increases in inventories. Total assets have increased by \$1.9 billion or 77.7% over the past five years inclusive of acquisitions. Additions, net of dispositions, to total property, plant and equipment for the last five years were \$1.5 billion including acquisitions, an increase of 103.3% over the last five years. At fiscal year end, the Company had construction projects in progress that will require approximately \$104.3 million to complete. Funding for these expenditures will be provided by cash from operations or additional borrowings.

Long-term debt at fiscal year end was \$1.62 billion, an increase of \$239 million from fiscal 1994. The increase in long-term debt is mainly due to funds used for acquisitions. The Company's unsecured revolving credit facilities provide up to \$1 billion of financing which support the Company's commercial paper program. At September 30, 1995, \$1 billion was outstanding under or supported by the financing facilities consisting of \$955.3 million of commercial paper and \$44.7 million drawn under the revolving credit facilities. Additional outstanding debt at September 30, 1995, consisted of \$148.8 million of senior notes, \$348.7 million of institutional notes, \$35 million of bank notes and \$88 million of other indebtedness. Additionally, at September 30, 1995, the Company had \$269.7 million available under a \$500 million short-term revolving credit facility which supports the Company's commercial paper program.

The revolving credit agreements 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.

The Company prefers maintaining a 50/50 fixed-to-floating debt ratio. Management believes that, over the long-term, variable-rate debt may provide more cost effective financing than fixed-rate debt; however, the Company will issue fixed-rate debt if advantageous market opportunities arise. At fiscal year end, the Company had authority to issue \$350 million of long-term debt and had facilities in place to take advantage of marketplace opportunities.

Shareholders' equity increased 13.8% during 1995 and has grown at a compounded annual rate of 17.2% over the past five years, inclusive of a \$213.9 million write-down of assets in 1994 and \$205.2 million of Class A stock issued in 1993.

During 1994, the Company initiated an open market stock repurchase program which authorized the purchase of up to 15 million shares of the Company's Class A common stock. The Company intends to utilize shares repurchased to fund employee benefit plans and increase treasury stock. No timetable has been set for completion of the repurchase program. Through September 30, 1995, the Company had purchased approximately 3.7 million shares under this repurchase program.

Tyson Foods, Inc.
Consolidated Statements of Shareholders' Equity Three years ended September 30, 1995
(In millions except per share data)

	Common Stock				Capital in Excess of Par Value
	Class A		Class B		
	Shares	Amount	Shares	Amount	
Balance-October 3, 1992	70.1	\$7.0	68.5	\$6.8	\$187.4
Purchase of treasury shares					
Stock issued:					
Exercise of options					1.1
Business acquisitions	9.6	1.0			204.2
Net income					
Amortization of deferred compensation					
Cash dividends paid:					
(\$.04 per share, Class A; \$.033 per share, Class B)					
Balance-October 2, 1993	79.7	8.0	68.5	6.8	392.7
Purchase of treasury shares					
Shares awarded for employee stock plans					
Stock issued for exercise of options					(1.3)
Net loss					
Amortization of deferred compensation					
Currency translation adjustment					
Cash dividends paid:					
(\$.07 per share, Class A; \$.0583 per share, Class B)					
Balance-October 1, 1994	79.7	8.0	68.5	6.8	391.4
Purchase of treasury shares					
Stock issued for exercise of options					(13.5)
Net income					
Amortization of deferred compensation					
Currency translation adjustment					
Cash dividends paid:					
(\$.08 per share, Class A; \$.0667 per share, Class B)					
Balance - September 30, 1995	79.7	\$8.0	68.5	\$6.8	\$377.9

See accompanying notes.

<caption)

Retained Earnings	Currency Translation Adjustment	Treasury Stock Shares	Treasury Stock Amount	Unamortized Deferred Compensation	Total
\$790.6	\$	1.1	\$(9.7)	\$(1.9)	\$980.2
		0.2	(4.2)		(4.2)
		(0.4)	2.5		3.6
180.3					205.2
				1.0	180.3
					1.0
(5.4)					(5.4)
965.5		0.9	(11.4)	(0.9)	1,360.7
		2.8	(66.9)		(66.9)
		(0.2)	3.1	(3.1)	5.2
(2.1)		(0.6)	6.5		(2.1)
	1.2			0.9	0.9
					1.2
(9.6)					(9.6)
953.8	1.2	2.9	(68.7)	(3.1)	1,289.4
		1.4	(32.0)		(32.0)
		(0.9)	21.5		8.0
219.2					219.2
				0.2	0.2
	(6.4)				(6.4)
(10.7)					(10.7)
\$1,162.3	\$(5.2)	3.4	\$(79.2)	\$(2.9)	\$1,467.7

Tyson Foods, Inc.
Consolidated Statements of Cash Flows
Three Years Ended September 30, 1995 (In millions)

	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$219.2	\$(2.1)	\$180.3
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation	179.0	158.6	145.8
Amortization	25.9	29.7	30.8
Write-down of excess of investments over net assets acquired and certain long-lived assets		213.9	
Deferred income taxes	10.9	(2.4)	5.4
Minority interest	(6.6)		
Foreign currency exchange loss	15.6		
Loss on dispositions of property & equipment	3.6	2.8	0.7
(Increase) decrease in accounts receivable	(29.6)	(307.4)	35.3
Increase in inventories	(140.5)	(34.0)	(66.9)
Increase (decrease) in trade accounts payable	12.8	35.6	(41.0)
Net change in other current assets and liabilities	1.0	(44.5)	18.0
Cash Provided by Operating Activities	291.3	50.2	308.4
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash paid for acquisitions	(350.1)	(82.9)	(43.4)
Additions to property, plant and equipment	(347.2)	(232.1)	(225.3)
Proceeds from sale of property, plant and equipment	20.1	8.5	7.4
Net change in other assets and liabilities	(53.8)	(3.7)	(41.4)
Cash Used for Investing Activities	(731.0)	(310.2)	(302.7)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in notes payable	45.9	3.5	(29.2)
Proceeds from long-term debt	628.1	412.3	977.4
Repayments of long-term debt	(189.5)	(81.1)	(954.5)
Purchase of treasury shares	(32.0)	(66.9)	(4.2)
Other	(1.1)	(2.3)	(0.8)
Cash Provided by (Used for) Financing Activities	451.4	265.5	(11.3)
Effect of Exchange Rate Change on Cash	(5.6)		
Increase (Decrease) in Cash	6.1	5.5	(5.6)
Cash and Cash Equivalents at Beginning of Year	27.0	21.5	27.1
Cash and Cash Equivalents at End of Year	\$33.1	\$27.0	\$21.5

See accompanying notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CASH FLOWS

In fiscal 1995, net cash of \$291.3 million was provided by operating activities. This was an increase of \$241.1 million from 1994. Comparability between 1995 and 1994 was affected by a substantial increase in accounts receivable in 1994 resulting from management's decision to discontinue an accounts receivable sale agreement. The increase in inventories in 1995 was largely due to servicing the sales growth base created by acquisitions and internal expansion. Additionally, competitive pressures caused by increased supplies of poultry and alternative red meats, along with shifts in product mix have increased inventories. Financing activities provided net cash of \$451.4 million, primarily due to additional long-term debt. The Company used funds generated from operating and financing activities to fund additions to property, plant and equipment and acquisitions. The expenditures for property, plant and equipment were related to new equipment and building and upgrading facilities to take advantage of marketing opportunities as well as the Company's continuing effort to increase efficiencies, reduce overall cost and meet or exceed environmental laws and regulations.

The Company's foreseeable cash needs for operations and capital expenditures will continue to be met through cash flows from operations and additional borrowings which are available to the Company. On June 7, 1995, the Company issued \$150 million of debt securities in the form of 6.75% notes due June 1, 2005. The net proceeds of the 6.75% notes were used to repay a portion of the Company's borrowings under its commercial paper program. On July 20, 1995, the Company commenced a program for the offering of debt securities in the form of medium-term notes due from nine months to thirty years from the date of issuance in the aggregate principal amount of up to \$350 million. The net proceeds from the sale of the medium-term notes or other forms of debt securities may be used by the Company to refinance existing indebtedness, to finance acquisitions as opportunities may arise or for other general corporate purposes.

Subsequent to September 30, 1995, the Company issued \$200 million of the \$350 million medium-term notes, including \$50 million in the form of 6.39-6.41% medium-term notes due October 10, 2000 and \$150 million in the form of 6.625% medium-term notes due October 17, 2005.

WRITE-DOWN OF ASSETS

During the third quarter of fiscal 1994 the Company wrote down \$191 million of the excess of investments over net assets acquired, plus an additional \$23 million for impaired long-lived assets of Arctic. The after-tax impact of this write-down was approximately \$205 million or \$1.38 per share. Arctic consistently performed below pre-acquisition expectations. The Company's management attempted to open marketing and distribution channels for this business, initiated cost reduction and efficiency measures, and explored global expansion opportunities. Competition for the allowable resource of fish in the waters of the Pacific Northwest became very intense in the past few years. More vessels with greater production capacities were competing for the limited quotas set by government regulatory agencies. Allocations toward onshore processing created a competitive disadvantage for Arctic due to its significant at-sea processing capabilities. Global expansion failed to materialize in spite of extensive management efforts. Market prices which rose significantly during the two years prior to acquisition declined to more modest levels. These conditions led to shorter fishing seasons, less production per vessel, significant excess production capacity and continuing losses. After continued evaluation of business opportunities for Arctic, management concluded that there was permanent impairment of the carrying value of Arctic's intangible assets and certain other long-lived assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Tyson Foods, Inc.****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation: The consolidated financial statements include the accounts of Tyson Foods, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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

Cash and Cash Equivalents: Cash equivalents consist of investments in short-term, highly liquid securities having original maturities of three months or less made as part of the Company's cash management activity. The carrying values of these assets approximate their fair 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 \$129.9 million at September 30, 1995 and \$117.6 million at October 1, 1994, are included in trade accounts payable, accrued salaries and wages and other current liabilities.

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

	1995	1994
Dressed and further-processed products	\$417.6	\$346.8
Live poultry and hogs	321.0	255.9
Seafood related products	75.1	36.5
Hatchery eggs and feed	58.6	44.1
Supplies	77.1	70.9
	-----	-----
	\$949.4	\$754.2
	-----	-----

Property, Plant and Equipment and 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 3 to 12 years; vessels of 16 to 30 years; and other of 3 to 20 years. The major categories of property, plant and equipment and accumulated depreciation, at cost are as follows:

	1995	1994
Land	\$ 56.7	\$ 56.1
Buildings and leasehold improvements	866.4	676.1
Machinery and equipment	1,725.9	1,452.2
Vessels	110.0	111.7
Land improvements and other	86.9	70.5
Buildings and equipment under construction	200.7	143.2
	-----	-----
	3,046.6	2,509.8
Less accumulated depreciation	1,033.1	899.8
	-----	-----
	\$2,013.5	\$1,610.0

The Company capitalized interest costs of \$3.1 million in 1995, \$2 million in 1994 and \$1.6 million in 1993 as part of the cost of major asset construction projects. Approximately \$104.3 million will be required to complete construction projects in progress at September 30, 1995.

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 carrying value of excess of investments over net assets acquired is reviewed at each balance sheet date to determine if facts and circumstances suggest that it may be impaired. If this review indicates that the excess of investments over net assets acquired may not be recoverable, an estimate of the undiscounted cash flows of the entity acquired is prepared and the Company's carrying value of excess of investments over net assets acquired will be reduced by the estimated shortfall of cash flows. At September 30, 1995 and October 1, 1994, the accumulated amortization of excess of investments over net assets acquired was \$128.9 million and \$106.7 million, respectively.

Capital Stock: Holders of Class B stock may convert such stock into Class A stock on a share for share basis. The holders of Class B stock are entitled to ten votes per share while the 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 the holders of Class B stock unless they are simultaneously paid to the holders of Class A stock, and the per share amount of the cash dividend paid to the holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to the holders of Class A stock.

During 1994, the Company initiated an open market stock repurchase program which authorized the purchase of up to 15 million shares of the Company's Class A stock. The Company intends to utilize shares repurchased to fund employee benefit plans and increase treasury stock. No timetable has been set for completion of the repurchase program. Through September 30, 1995, the Company had purchased approximately 3.7 million shares under this repurchase program.

Foreign Currency Translation: All foreign affiliates have a foreign functional currency. Assets and liabilities of the Company's foreign affiliates are translated at current exchange rates, while income and expenses are translated at average rates for the period. Translation gains and losses are reported as a component of shareholders' equity.

Earnings Per Share: Earnings per share is computed by dividing net income by the weighted average number of shares and share equivalents outstanding during each year.

Income Taxes: The Company follows the liability method in accounting for deferred income taxes. The liability method provides that deferred tax liabilities are recorded at currently enacted 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.

Advertising and Promotion Expenses: Advertising and promotion expenses are charged to operations in the period incurred. Advertising and promotion expenses for 1995, 1994 and 1993 were \$193.3 million, \$183.6 million and \$193.5 million, respectively.

Future Accounting Change: The Company plans to adopt Statement of Financial Accounting Standards No. 121 (SFAS No. 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", effective October 1, 1995. Under SFAS No. 121, impairment losses are recognized when information indicates the carrying amount of long-lived assets, identifiable intangibles and goodwill related to those assets will not be recovered through future operations or sale. Impairment losses for assets to be held or used in operations will be based on the excess of the carrying amount of the asset over the assets fair value. Assets held for disposal, except for discontinued operations, will be carried at the lower of carrying amount or fair value less cost to sell. SFAS No. 121 will be applied prospectively from the date of adoption and, based on current circumstances, management does not believe the effect of adoption will be material.

NOTE 2: ACQUISITIONS AND WRITE-DOWN OF ASSETS

On January 19, 1995, the Company completed the purchase of the Star of Kodiak, a fish processing facility in Kodiak, Alaska, from All Alaskan Seafoods, Inc. On June 26, 1995, the Company completed the purchase of Multifoods Seafood, Inc. and JAC Creative Foods, Inc., with combined annual sales of \$65 million, from International Multifoods Corporation. On September 1, 1995, the Company acquired the U.S. broiler business of Cargill with operations in Georgia and Florida. The U.S. broiler business of Cargill had 1994 sales of approximately \$268 million. On September 5, 1995, the Company acquired all of the outstanding stock of McCarty, an integrated poultry company with all of its operations in Mississippi. McCarty's 1994 sales were approximately \$320 million. The total cost of all of these acquisitions was approximately \$368.7 million including cash paid and assets exchanged.

On January 6, 1994, the Company acquired Gorges and certain related assets. Gorges is a beef further-processing company with 1993 sales of approximately \$55 million. On April 19, 1994, the Company increased its 18% ownership interest to 50.1% in Trasgo. With 1993 sales of approximately \$140 million, Trasgo is the third largest poultry producer and processor in Mexico, serving both retail and foodservice markets. Effective July 3, 1994, the Company acquired certain assets of Culinary, a manufacturer and processor of value-added specialty frozen foods with 1993 sales of approximately \$70 million. On August 18, 1994, the Company increased its 50% ownership interest to 100% in Cobb-Vantress, Inc., one of the world's leading suppliers of breeding stock to the broiler industry with 1993 sales of approximately \$35 million, excluding sales to Tyson.

These transactions have been accounted for as purchases, and the results of operations for these acquisitions have been included in the Company's consolidated results of operations since the acquisition dates. Pro forma operating results are not presented as they would not differ materially from actual results for 1995, 1994 and 1993.

During the third quarter of fiscal 1994, the Company recorded the write-down of the excess of investments over net assets acquired totaling approximately \$191 million plus an additional \$23 million for impaired long-lived assets of Arctic. The impact of this write-down after-tax was approximately \$205 million or \$1.38 per share.

Government restrictions on fishing, intense industry competition and fluctuations in market prices continued to adversely affect Arctic. Based on Arctic's continued performance below pre-acquisition expectations, the Company made an impairment evaluation and determined that Arctic's balance of excess of investments over net assets acquired would not be recovered.

The methodology used to assess the recoverability of Arctic's excess of investments over net assets acquired involved projecting aggregate cash flows. The Company's projection assumes that Arctic's sales volumes and prices would be comparable to the results for 1994. Due to government restrictions on fishing and the addition into the fishing waters of the North Pacific of new higher production capacity vessels by competitors, the Company did not assume any increases in volume for the projected cash flows. The aggregate undiscounted value of these projected cash flows were sufficient only to recover a portion of the carrying value of the tangible net assets of Arctic and would not provide any recovery of the \$191 million of excess of investments over net assets acquired related to Arctic. Additionally, the Company's projection indicated that approximately \$23 million of Arctic's long-lived assets were impaired. The Company believes that its projection, based on recent historic trends and current market conditions, is its best estimate of Arctic's future performance, although there can be no assurances that such estimates will be indicative of future results, which ultimately may be less than or greater than these estimates.

NOTE 3: FINANCIAL INSTRUMENTS AND CREDIT RISK CONCENTRATION

Off-Balance Sheet Risk: The Company periodically enters into foreign exchange forward contracts to hedge some of its foreign currency exposure. Foreign exchange forward contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. The Company uses such contracts to hedge exposure to changes in foreign currency exchange rates associated with certain assets and obligations denominated in foreign currency. The Company also hedges exposure to changes in interest rates on certain of its financial instruments. At September 30, 1995, the Company had outstanding \$200 million in treasury lock transactions. These contracts matured in October, 1995. Gains and losses are recognized concurrently with the transaction gains and losses from the associated exposures.

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. At September 30, 1995, the Company did not have significant credit risk concentrations. No single group or customer represents greater than 10% of total accounts receivable.

NOTE 4: INCOME TAXES

At the beginning of fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). This statement supersedes Statement of Financial Accounting Standards No. 96 (SFAS No. 96), the method previously followed by the Company. Both SFAS No. 109 and SFAS No. 96 require the liability method be used to account for deferred income taxes. The liability method provides that deferred tax

liabilities are recorded at current tax rates based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes referred to as temporary differences. The effect of adoption of SFAS No. 109 did not affect the Company's financial position or results of operations.

Detail of the provision for income taxes consists of:

	1995	1994	1993
Federal	\$117.2	\$107.4	\$114.5
State	13.8	13.3	14.8

	\$131.0	\$120.7	\$129.3

Current	\$120.1	\$123.1	\$123.9
Deferred	10.9	(2.4)	5.4

	\$131.0	\$120.7	\$129.3

The reasons for the difference between the effective income tax rate and the statutory U.S. federal income tax rate are as follows:

	1995	1994	1993

U.S. federal income tax rate	35.0 %	35.0 %	35.0 %
Write-down of excess of investments over net assets acquired		62.6	
Amortization of excess of investments over net assets acquired	2.1	2.8	2.8
State income taxes	2.6	2.8	3.1
Effect of tax rate increase on deferred income taxes			2.9
Other differences, net	(1.6)	(1.4)	(2.0)

	38.1 %	101.8 %	41.8 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities as of September 30, 1995 and October 1, 1994 are as follows: (In millions)

	1995	1994
Basis difference in property, plant and equipment	\$255.7	\$227.4
Suspended taxes from conversion to accrual method	150.2	150.2
Other	73.8	62.9

	\$479.7	\$440.5

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, the deferred amount will be included in taxable income if the business ceases to be family-owned or if gross receipts from farming activities in future years drop below certain 1987 levels. A corporation is family-owned when at least 50 percent of the total combined voting power of all classes of stock of the corporation are owned by family members of the same family. Both of the deferral conditions relative to ownership and gross receipts continue to be met by the Company. The Company also believes that these conditions will continue to be met for the foreseeable future.

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following: (In millions)

	Maturity	1995	1994
Commercial paper: (5.90% effective rate at 9/30/95)	2000	\$955.3	\$852.2
Debt securities:			
6.75% notes	2005	148.8	
Institutional notes:			
10.33% notes	1996-1999	135.0	135.0
10.61% notes	1999-2001	125.0	125.0
10.75% notes	1996	13.0	26.0
10.84% notes	2002-2006	50.0	50.0
11.375% notes	1996-2001	25.7	30.0
Revolving credit facility (5.95% effective rate at 9/30/95)	2000	44.7	57.0
Bank loans (8.90% effective rate at 9/30/95)	1997	35.0	30.0
Other	various	88.0	76.3
		-----	-----
		\$1,620.5	\$1,381.5
		-----	-----

The Company has unsecured revolving credit agreements totaling \$1 billion which support the Company's commercial paper program. These credit agreements expire in May, 2000. At September 30, 1995, \$1 billion was outstanding under the financing facilities. Additionally, at September 30, 1995, the Company had \$269.7 million available under a \$500 million short-term revolving credit facility which supports the Company's commercial paper program.

On June 7, 1995, the Company issued \$150 million of debt securities in the form of 6.75% notes due June 1, 2005. On July 20, 1995, the Company commenced a program for the offer of debt securities in the form of medium-term notes due from nine months to thirty years from the date of issuance in the aggregate principal amount of up to \$350 million.

Subsequent to September 30, 1995, the Company issued \$200 million of the \$350 million medium-term notes, including \$50 million in the form of 6.39-6.41% medium-term notes due October 10, 2000 and \$150 million in the form of 6.625% medium-term notes due October 17, 2005.

Annual maturities of long-term debt for the five years subsequent to September 30, 1995 are: 1996-\$269 million; 1997-\$103.7 million; 1998-\$84.6 million; 1999-\$66.4 million and 2000-\$1,067.2 million.

The revolving credit agreements 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.

The fair value of long-term debt, at September 30, 1995, determined based upon quoted market prices for the same or similar issues or on the Company's incremental borrowing rate for debt of the same remaining maturities, was approximately \$1.7 billion.

The weighted average interest rate on all outstanding short-term borrowings was 6.7% at September 30, 1995 and 5.0% at October 1, 1994.

NOTE 6: CONTINGENCIES AND COMMITMENTS

Contingencies: The Company is involved in various lawsuits and claims made by third parties on an ongoing basis as a result of its day-to-day operations, including the following matter relating to Arctic. On September 8, 1993, the State of Alaska, after conducting investigations, filed a Complaint for Forfeiture and Damages alleging that certain Arctic vessels participated in the use of certain fishing gear during 1990, 1991 and 1992. While management is not able at the present time to determine the outcome of these matters, based upon information currently available, management presently believes that the probability is remote that its resolution will have a material adverse effect on the Company's financial position or results of operations.

Operating Leases: The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated \$37.9 million in 1995, \$29.6 million in 1994, and \$26.5 million in 1993. Most farm leases are for a three year term and are renewable for a total of nine additional years. The most significant obligations assumed under the terms of the leases are the upkeep of the facilities and payment of insurance and property taxes.

Lease Commitments: Minimum lease commitments under noncancelable leases at September 30, 1995 total \$107.1 million composed of \$35.8 million for 1996, \$26.1 million for 1997, \$16.9 million for 1998, \$11.5 million for 1999, \$8.2 million for 2000 and \$8.6 million for later years.

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.

Redeemable Preferred Stock: Trasgo has a class of mandatorily redeemable preferred stock, for which the redemption price is cumulative and determined based upon "excess profits" in years from 1994 to 1999, as defined in the shareholders agreement. This price cannot be reasonably estimated at this

time, but cannot exceed \$29.5 million. Trasgo cannot pay dividends until all of this preferred stock is redeemed. This redemption must take place by the year 2000. This preferred stock is included in minority interests in subsidiaries classified as other liabilities on the consolidated balance sheets.

NOTE 7: RESTRICTED STOCK AND STOCK OPTIONS

In 1994, the Company awarded 130,000 restricted shares of Class A stock to employees. The restrictions expire over periods ranging from ten to twenty- six years. The unamortized portion is classified on the consolidated balance sheet as deferred compensation in shareholders' equity. In 1989, the Company issued 615,912 restricted shares of Class A stock to employees which are no longer restricted as to transferability. In 1994 and 1993, restrictions were removed from 73,119 shares and 82,943 shares, respectively, and the related unamortized deferred compensation was expensed.

The Company has qualified (6 million shares authorized) and nonqualified (1.5 million shares authorized) stock option plans, both of which provide for the granting of 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 five to eight years from the date of grant and must be exercised within ten years of the grant date. Activity for the plans for 1995, 1994 and 1993 was as follows:

	Shares Under Option	Option Price	
		Per Share	Total (In millions)
Outstanding, October 3, 1992	1,786,507	\$7.50-11.94	\$16.1
Exercised	(415,699)	6.91-11.94	(3.6)
Canceled	(85,291)	6.94-21.63	(0.9)
Granted	2,247,512	6.91-21.63	40.9

Outstanding, October 2, 1993	3,533,029	6.92-21.63	52.5
Exercised	(599,804)	6.92-11.94	(5.2)
Canceled	(156,073)	6.93-21.63	(2.9)
Granted	790,400	21.50	17.0

Outstanding, October 1, 1994	3,567,552	7.19-21.63	61.4
Exercised	(963,510)	7.19-11.94	(8.0)
Canceled	(156,445)	7.25-21.63	(3.1)
Granted	297,850	21.75	6.5

Outstanding, September 30, 1995	2,745,447	\$7.24-21.75	\$56.8
Exercisable, September 30, 1995	247,342		

The remainder of the options are exercisable ratably through April, 2005.

NOTE 8: 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 \$7.0 million in 1995, \$6.8 million in 1994 and \$6.4 million in 1993. Other facilities, including a cold storage distribution facility, are also leased

from the Company's profit sharing plan and other officers and directors for rentals totaling \$7.1 million in 1995, \$6.7 million in 1994 and \$6.2 million in 1993.

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 \$11.2 million in 1995, \$11.4 million in 1994 and \$11.3 million in 1993.

NOTE 9: BENEFIT PLANS

The Company has defined contribution retirement and incentive benefit programs for various groups of Company personnel. Discretionary Company contributions which are determined by the Board of Directors totaled \$25.1 million, \$21.7 million and \$19.6 million for the years ending 1995, 1994 and 1993, respectively.

NOTE 10: SUPPLEMENTAL INFORMATION

Supplemental cash flow information and noncash investing and financing activities are as follows: (In millions)

	1995	1994	1993

SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	\$115.0	\$ 89.9	\$ 72.3
Income Taxes	\$124.4	\$123.2	\$117.6

SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES			
Capital asset and lease obligation additions	\$ 40.0		
Acquisitions:			
Fair value of assets acquired		\$124.0	
Liabilities assumed		(109.2)	
Fair value of assets exchanged	\$ 18.6	\$(14.8)	
Stock issued			\$(205.2)

Supplemental Sales Information: The Company sells certain of its products in foreign markets, primarily Japan, Hong Kong, Singapore and other Far Eastern and certain Middle Eastern countries, as well as in Canada, Russia and the Caribbean Islands. The Company's export sales for fiscal 1995, 1994 and 1993 totaled \$606.1 million, \$472.7 million and \$352 million, respectively. Substantially all of the Company's export sales are transacted through unaffiliated brokers and marketing associations. Foreign sales were less than 10% of total consolidated sales for fiscal 1995, 1994 and 1993, respectively.

NOTE 11: QUARTERLY FINANCIAL DATA (Unaudited)

(In millions except per share data)

Quarter Ended	Sales	Gross Margin	Net Income (Loss)	Earnings (Loss) Per Share
12-31-94	\$1,326.3	\$ 268.9	\$ 52.2	\$.36
04-01-95	1,343.1	270.1	50.5	.35
07-01-95	1,362.3	267.8	57.7	.40
09-30-95	1,479.5	281.3	58.8	.40
Fiscal 1995	\$5,511.2	\$1,088.1	\$219.2	\$1.51
01-01-94	\$1,152.8	\$217.4	\$ 44.4	\$.30
04-02-94	1,261.9	222.5	43.1	.29
07-02-94	1,307.7	256.7	(148.4)	(1.00)
10-01-94	1,387.9	264.6	58.8	.40
Fiscal 1994	\$5,110.3	\$961.2	\$ (2.1)	\$ (.01)

PRICE OF COMPANY'S COMMON STOCK (Nasdaq stock market)

	Fiscal Year 1995		Fiscal Year 1994	
	High	Low	High	Low
First Quarter	24 1/8	20 7/8	24 1/8	21 1/8
Second Quarter	25	20 3/4	25	18 3/4
Third Quarter	24 7/8	21 3/4	23 3/4	18 7/8
Fourth Quarter	27 1/4	22 3/4	25	22 7/8

Report of Management

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 established authorization, and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to changing business conditions and operations and to recommendations made by the independent auditors and the internal auditors. The 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.

The accompanying consolidated financial statements have been audited by Ernst & Young LLP, independent auditors.

November 13, 1995

/s/Leland Tollett
- -----
Leland Tollett
Chairman of the Board and
Chief Executive Officer

/s/Gerald Johnston
- -----
Gerald Johnston
Executive Vice President, Finance

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 September 30, 1995 and October 1, 1994, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 1995. 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 September 30, 1995 and October 1, 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 1995, in conformity with generally accepted accounting principles.

*Little Rock, Arkansas
November 13, 1995*

*/s/Ernst & Young LLP

Ernst & Young LLP*

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Neely Cassady Private Investor and Arkansas State Senator	Leland E. Tollett Chairman of the Board and Chief Executive Officer, Tyson Foods, Inc.	John H. Tyson President, Beef and Pork Division, Tyson Foods, Inc.
Lloyd V. Hackley President, North Carolina Community College System	Barbara Tyson Vice President, Tyson Foods, Inc.	Fred S. Vorsanger Vice President (Emeritus) University of Arkansas and Private Investor
Shelby D. Massey Private Investor	Don Tyson Senior Chairman of the Board, Tyson Foods, Inc.	Donald E. Wray President and Chief Operating Officer, Tyson Foods, Inc.
Joe F. Starr Vice President, Tyson Foods, Inc.		

CORPORATE OFFICERS

Leland E. Tollett Chairman of the Board and Chief Executive Officer	Gerald Johnston Executive Vice President, Finance	Gary Johnson Corporate Controller
Donald E. Wray President and Chief Operating Officer	Mary Rush Secretary and Director of Investor Relations	William Whitfield Operations Controller
	Dennis Leatherby Treasurer	David L. Van Bebber Assistant Secretary

OPERATIONAL OFFICERS

Wayne Britt Senior Vice President, International Sales, Marketing and Operations	William P. Jaycox Senior Vice President, Human Resources	David S. Purtle Executive Vice President, Operations, Transportation and Warehousing
Roy Brown Senior Vice President, Seafood Division	Greg Lee Executive Vice President, Sales, Marketing and Technical Services	John H. Tyson President, Beef and Pork Division

CORPORATE INFORMATION

CORPORATE DATA

Tyson Foods, Inc. is the world's largest fully-integrated producer, processor and marketer of poultry-based food products as well as a significant producer and marketer of other center-of-the-plate and convenience food items. The common stock of the Company is traded on the Nasdaq stock market's National Market under the symbol "TYSNA".

FORM 10-K REPORT AVAILABLE

A copy of Tyson Foods, Inc.'s Form 10-K Report, as filed with the Securities and Exchange Commission for 1995, may be obtained by Tyson shareholders by writing to:

Corporate Secretary
Tyson Foods, Inc.
P.O. Box 2020
Springdale, Arkansas 72765-2020

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10 a.m., January 12, 1996, at the Walton Arts Center, Fayetteville, Arkansas. Shareholders who cannot attend the meeting are urged to exercise their right to vote by proxy.

Tyson Foods, Inc.'s DirectSERVICE Shareholder Investment Program

During the second quarter of fiscal 1996, Tyson Foods will be implementing its DirectSERVICE Shareholder Investment Program for current shareholders and any individual investor wishing to become a Tyson Foods shareholder. The program will provide many flexible features to allow you to customize

HEADQUARTERS

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TRANSFER AGENT

First Chicago Trust Company
of New York
P.O. Box 2506
Jersey City, New Jersey 07303

GENERAL COUNSEL

James B. Blair, Esquire
3422 N. College
Suite 3
Fayetteville, Arkansas 72703

INDEPENDENT AUDITORS

Ernst & Young LLP
425 West Capitol
Suite 3600
Little Rock, Arkansas 72201

your account to reflect your individual financial situation and accomplish your investment objectives. More details will be available shortly.

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 Ltd	United Kingdom	Cobb Breeding Company Ltd
Cobb Denmark A/S	Denmark	Cobb Denmark A/S
Cobb France E.U.R.L.	France	Cobb France E.U.R.L.
Culinary Foods, Inc.	Delaware	Culinary Foods, Inc.
Global Employment Services Inc.	Delaware	Global Employment Services Inc.
Gorges Foodservice, Inc.	Texas	Gorges Foodservice, Inc.
Henry House, Inc.	Michigan	Henry House, Inc.
JAC Creative Foods, Inc.	California	JAC Creative Foods, Inc.
JAC Creative Foods (Canada) Inc.	Ontario	JAC Creative Foods, Inc.
JAC Creative Foods of Minnesota, Inc.	Delaware	JAC Creative Foods of Minnesota, Inc.
McCarty Farms, Inc.	Mississippi	McCarty Farms, Inc.
McCarty Foods, Inc.	Mississippi	McCarty Foods, Inc.
National Comp Care Inc.	Delaware	National Comp Care Inc.
TyNet Corporation	Delaware	Tynet Corporation
Tyson Breeders, Inc.	Delaware	Tyson Breeders, Inc.
Tyson Enterprise Seafood, Inc.	Alaska	Tyson Enterprise Seafood, Inc.
Tyson Enterprise Protein, Inc.	Alaska	Tyson Enterprise Protein, Inc.
Tyson Export Sales, Inc.	U.S. Virgin Islands	Tyson Export Sales, Inc.
Tyson Farms, Inc.	North Carolina	Tyson Farms, Inc.
Tyson Farms of Texas, Inc.	Texas	Tyson Farms of Texas, Inc.
Tyson Foods of Alabama Inc.	Alabama	Tyson Foods of Alabama Inc.
Tyson Holding Company	Delaware	Tyson Holding Company
Tyson International Company, Ltd.	Bermuda	Tyson International Company, Ltd.
Tyson International Holding Company	Delaware	Tyson International Holding Company
Tyson Marketing, Ltd.	Ontario	Tyson Marketing, Ltd.
Tyson Seafood Group, Inc.	Washington	Tyson Seafood Group, Inc.
We Care Workers Compensation, Inc.	Delaware	We Care Workers Compensation, Inc.
WLR Acquisition Corp.	Delaware	WLR Acquisition Corp.
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 have been excluded from this exhibit.

AAFC Holdings, Ltd.	Yukon corporation
AAFC International, Inc.	U.S. Virgin Islands corporation
Arctic Fisheries	Washington corporation
Off Shore Ventures, Inc.	Washington corporation

CONSENT OF 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 13, 1995, included in the 1995 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; 33-20586; 2-81928; 2-44550; 33-53028; 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. 33-58177) and the related Prospectus of our reports dated November 13, 1995, with respect to the consolidated financial statements and schedule of Tyson Foods, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended September 30, 1995.

/s/ ERNST & YOUNG LLP

ERNST & YOUNG LLP

December 1, 1995
Little Rock, Arkansas

ARTICLE 5

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FISCAL 1995 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	SEP 30 1995
PERIOD END	SEP 30 1995
CASH	33
SECURITIES	0
RECEIVABLES	498
ALLOWANCES	4
INVENTORY	949
CURRENT ASSETS	1,520
PP&E	3,047
DEPRECIATION	1,033
TOTAL ASSETS	4,444
CURRENT LIABILITIES	866
BONDS	1,621
COMMON	15
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	1,453
TOTAL LIABILITY AND EQUITY	4,444
SALES	5,511
TOTAL REVENUES	5,511
CGS	4,423
TOTAL COSTS	4,423
OTHER EXPENSES	13
LOSS PROVISION	0
INTEREST EXPENSE	115
INCOME PRETAX	344
INCOME TAX	131
INCOME CONTINUING	219
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	219
EPS PRIMARY	1.51
EPS DILUTED	1.51

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