

# TYSON FOODS INC

## FORM 10-K405

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

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Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
Telephone	479-290-4000
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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 28, 1996

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 28, 1996, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was \$1,884,943,737 and \$1,287,954 respectively.

On September 28, 1996, there were outstanding 76,505,849 shares of the registrants Class A Common Stock, \$.10 par value, and 68,446,742 shares of its Class B Common Stock, \$.10 par value.

Page 1 of 88 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 26-48 of registrant's Annual Report to Shareholders for fiscal year ended September 28, 1996 (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 10, 1997 (the "Proxy Statement").

### PART I

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

Pages 29, 30, 33 and 35 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**

Pages 37 and 48 of the Annual Report under the caption "Capital Stock" and "Price of Company's Common Stock."

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

Pages 26-27 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 29, 30, 33 and 35 of the Annual Report under the caption "Management's Discussion and Analysis."

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

Pages 28, 31, 32, 34, 36-44 and 46 of the Annual Report under the captions "Consolidated Statements of Operations," "Consolidated Statements of Shareholders' Equity," "Consolidated Balance Sheets," "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 seafood products; fresh and frozen seafood products and Mexican Original products such as flour and corn tortillas and chips. Additionally, the Company has live swine, animal feed and pet food operations. The Company's integrated operations consist of breeding and rearing chickens, 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 reduce the impact of the commodity market 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.

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 5.5 billion pounds of consumer poultry during fiscal 1996.

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 1.6 million head of market weight live swine in fiscal 1996. In addition to its live swine operations, the Company historically was engaged in the further-processing of beef and pork. The Company processed approximately 233 million pounds of consumer beef and pork during fiscal 1996. On April 24, 1996, the Company announced plans to sell its beef and pork further-processing operations. The beef further-processing operations included plants located in Harlingen, Texas; Garland, Texas; Sioux Center and Orange City, Iowa. The pork further-processing operations consisted of one plant located in Holland, Michigan. On November 25, 1996, the Company sold its beef further-processing operations. Additionally, on December 13, 1996 the Company closed its pork further-processing plant and anticipates that it will be sold in 1997. Accordingly, the assets of these operations have been classified as a current asset at September 28, 1996. The net proceeds from the dispositions will collectively exceed the current carrying values. The Company intends to use net proceeds from the sale of these operations primarily to fund capital expenditures and reduce debt.

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.

The Company's Mexican Original operations produce flour and corn tortilla products for Mexican restaurants and other major customers.

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

## 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 Original 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		
	1996	1995	1994
Consumer poultry products:			
Value-enhanced poultry	(1) 63%	64%	65%
Basic poultry	(2) 15	11	10
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Total consumer poultry	78	75	75
Beef and pork	(3) 5	9	11
Mexican Original products and other prepared foods	(4) 5	7	5
Seafood	(5) 5	5	5
Animal foods, by-products, live swine and other	7	4	4
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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 1996 results from the acquisition of the U.S. broiler business of Cargill, Incorporated and McCarty Farms, Inc., in September 1995.
- (3) Included value-enhanced beef and pork products such as portion controlled steaks, chops and roasts, ground beef, chicken-fried steaks, meatloaf, hams, bacon and sausages. The previously described sale of the beef further-processing operations and closure of the pork further-processing operations will result in a discontinuance of these products during the first quarter of fiscal 1997.
- (4) Includes flour and corn tortillas, corn chips, taco shells and filled tortilla specialty items; premium frozen dinners and other specialty items.
- (5) Includes surimi-based products as well as breaded and battered seafood, fillets and crab.

## Marketing and Distribution

The Company seeks to develop and increase the demand for and market share of a product or product line through concentrated national and local advertising and other promotional efforts stressing product quality and brand identification and meeting specific customer requirements. The Company's principal marketing strategy is to identify target markets for value-enhanced food products consisting primarily of poultry, Mexican Original 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 and identifies distinct markets through trade and consumer research.

The Company's nationwide distribution system utilizes a network of food distributors which is supported by cold storage warehouses owned or leased by the Company, by public cold storage facilities and by the Company's transportation system. The Company ships products from two Company-owned major frozen food distribution centers having a storage capacity of approximately 58 million pounds, from a network of public cold storages, from other owned or leased facilities or directly from plants. The Company has a total frozen storage capacity in excess of 126 million pounds, excluding public or outside cold storage. The Company's distribution centers facilitate accumulating frozen products so that it can fill and consolidate less-than-truckload orders into full truckloads, thereby decreasing shipping costs while increasing customer service. In addition, customers are provided with a selection of products that do not require large volume orders. The Company's distribution system enables it to supply large or small quantities of products to meet customer requirements anywhere in the continental United States.

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, seafood and tortilla products. Operators serving these products include commercial restaurants, business/industry, colleges/universities, national/regional chains, hotels/lodging, primary/secondary schools, health/elderly care 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, 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, breaded breast and thigh pieces and strips; (b) tortilla items such as flour and corn tortillas and chips; and (c) 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; and Weaver fried chicken; (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; and Mexican Original tortillas, chips, and taco shells; (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 consumers 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; surimi-based seafood products, frozen pollock, cod and crab legs.

The Company's international division markets and sells the full line of Tyson products, including poultry, Mexican Original products and seafood, throughout the world. The international division exported to 71 countries in fiscal 1996. 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 believe that Southeast Asia offers tremendous potential in terms of developing fully-integrated poultry facilities. Several existing Chinese, Indonesian and Philippine operations are currently being researched to determine feasibility. Meanwhile, the Company's joint venture 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 and opened 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 the value-added processing of seafood items.

A new venture was 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 handles the acquisition, certification and transportation 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 and live broilers, it has the capability to purchase live, ice-packed or deboned poultry to meet poultry production requirements.

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 proprietary information regarding its production processes and other product-related matters. The Company utilizes internal procedures and safeguards to protect the confidentiality of such information, and where appropriate, seeks patent protection for the technology it utilizes.

### **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 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 laws relating to the protection of the environment, including provisions relating to the discharge of materials into the environment, and to the health and safety of its employees. The Company's poultry and Mexican

Original 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. In addition, the seafood operations are subject to various federal, state and local laws relating to the protection of the environment and the health and safety of its 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. Three 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 28, 1996, the Company employed approximately 58,300 persons. The Company believes that its relations with its workforce are good.

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

The Company and its representatives may from time to time make written or oral forward-looking statements with respect to their current views and estimates of future economic circumstances, industry conditions, company performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties which could cause the Company's actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Among the factors that may affect the operating results of the Company are the following: (i) fluctuations in the cost and availability of raw materials, such as feed grain costs in relation to historical levels; (ii) changes in the availability and relative costs of labor, including contract growers; (iii) market conditions for finished products, including the supply and pricing of alternative proteins, all of which may impact the Company's pricing power; (iv) effectiveness of advertising and marketing programs; (v) the ability of the Company to make effective acquisitions and

to successfully integrate newly acquired businesses into existing operations; (vi) risks associated with leverage, including cost increases due to rising interest rates; (vii) changes in regulations and laws, including changes in accounting standards, environmental laws, occupational, health and safety laws, and laws regulating fishing and seafood processing activities; (viii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (ix) the effect of, or changes in, general economic conditions.

## **ITEM 2. PROPERTIES**

The Company currently has production and distribution operations in the following states: Alabama, Alaska, Arkansas, Florida, Georgia, Illinois, Indiana, 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 consist of 57 processing plants. These plants are devoted to various phases of slaughtering, dressing, cutting, packaging, deboning or further-processing. The total slaughter capacity is approximately 36 million head per week.

To support the above facilities the Company operates 31 feed mills and 58 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 109.3 million pounds.

The Company's Mexican Original products and prepared foods operations consist of four processing plants supported by three additional freezer storage facilities.

The Company's seafood operations consist of 30 catching and at-sea processing vessels along with two freighters. The at-sea processing is supported by nine shore-based processing plants, four 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. Thirteen ground pet food processing operations in connection with poultry processing plants are capable of producing 7.4 million pounds of product per week.

The Company's live swine operations consist of 163 swine farrowing and nursery units and 383 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: two poultry processing plants are leased under agreements expiring in 1997 and 2002 and one poultry emulsified operation facility is leased month to month, four broiler hatcheries are leased under agreements expiring in 1998, 290 breeder farms are leased under agreements

expiring at various dates through 1999, two freezer storage facilities are leased under agreements expiring in 1997 and 1998, 64 swine farrowing and nursery units and 316 swine finishing units are leased under one to ten year renewable lease agreements and two seafood processing plants are leased under agreements expiring in 1996 and 1998.

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. In 1996, management initiated a seven percent cut in production in response to market conditions. 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 April 13, 1995, a purported shareholder's derivative action (the "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 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	66	1963
Leland E. Tollett	Chairman of the Board of Directors and Chief Executive Officer	59	1966
Donald E. Wray	President and Chief Operating Officer	59	1979
John H. Tyson	President, Beef and Pork Division	43	1984
Wayne Britt	Executive Vice President and Chief Financial Officer	47	1977
Greg Lee	Executive Vice President, Sales, Marketing and Technical Services	49	1993
David Purtle	Executive Vice President, Operations, Transportation and Warehousing	52	1985
Roy Brown	Senior Vice President, Seafood Division	44	1993
William Jaycox	Senior Vice President, Human Resources	50	1990
William Kuckuck	Senior Vice President, International Sales, Marketing and Operations	42	1996
James Ennis	Vice President, Controller and Chief Accounting Officer	51	1996
Dennis Leatherby	Treasurer	36	1994
Mary Rush	Secretary and Director of Investor Relations	62	1982

John H. Tyson is the son of Don Tyson. No other family relationships exist among the above officers. 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 Officer since 1983. Mr. Wray was appointed President and Chief Operating Officer in 1995 after serving as Chief Operating Officer since 1991. Mr. John H. Tyson was appointed President, Beef and Pork Division in 1993 after serving as Vice President since 1987. Mr. Britt was appointed Executive Vice President and Chief Financial Officer in 1996 after serving as Senior Vice President, International Sales and Marketing since 1994, Vice President, Wholesale Club Division since 1992 and Vice President, Secretary/Treasurer since 1982. 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. 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. Kuckuck was appointed Senior Vice President, International Sales, Marketing and Operations in 1996 after serving as Vice President and Managing Director of Southeast Asia since he joined the Company in 1995. Prior to joining the Company, Mr. Kuckuck was Vice President and Chief Operations Officer for Ralston-Purina's International Division since 1991. Mr. Ennis was appointed Vice President, Controller and Chief Accounting Officer in 1996 after serving as Corporate Tax Manager since 1986. Mr. Leatherby was appointed Treasurer in 1994 after serving as Assistant Treasurer since 1990. Ms. Rush was appointed Secretary and Director of Investor Relations in 1992 after serving as Assistant Secretary/Treasurer since 1982.

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

On September 28, 1996, there were approximately 36,857 holders of record of the Company's Class A Stock and 22 holders of record of the Company's Class B Stock, excluding holders in the security position 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 48 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 paid on December 15, 1995. The Company has continued to pay quarterly dividends at the same rates through fiscal 1996.

### ITEM 6. SELECTED FINANCIAL DATA

See the information reflected under the caption "Eleven-Year Financial Summary" on pages 26-27 of the Annual Report, which information is incorporated herein by reference.

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

See the information reflected under the caption "Management's Discussion and Analysis" on pages 29, 30, 33 and 35 of the Annual Report, which information is incorporated herein by reference.

### ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 28, 31, 32, 34, 36-44 and 46 of the Annual Report under the caption "Consolidated Statements of Operations," "Consolidated Statements of Shareholders' Equity," "Consolidated Balance Sheets," "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 28, 31, 32, 34 and 36-44 in the Company's Annual Report for the fiscal year ended September 28, 1996, and the Report of Independent Auditors, on page 46 of such Annual Report are incorporated herein by reference. Page references set forth in the index below are to page numbers in Exhibit 13 of this Form 10-K.

Consolidated Statements of Operations for the three years ended September 28, 1996	----- 59
Consolidated Statements of Shareholders' Equity for the three years ended September 28, 1996	63
Consolidated Balance Sheets at September 28, 1996 and September 30, 1995	64
Consolidated Statements of Cash Flows for the three years ended September 28, 1996	67
Notes to Consolidated Financial Statements	70-80
Report of Independent Auditors	82

2. The following additional information for the years 1996, 1995 and 1994 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

Report of Independent Auditors	----- 27
Schedule VIII - Valuation and Qualifying Accounts and Reserves for the three years ended September 28, 1996	28

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. The Company did not file any reports on Form 8-K during the fiscal year ended September 28, 1996.

## 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 -----
3.1	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).	
3.2	Amended and Restated Bylaws of the Company	29-41
4.1	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).	
4.2	Form of 6.75% \$150 million Note due June 1, 2005 (previously filed as Exhibit 4(b) to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.3	Form of Fixed Rate Medium-Term Note (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.4	Form of Floating Rate Medium-Term Note (previously filed as Exhibit 4.3 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.5	Form of Calculation Agent Agreement (previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.6	Amended and Restated Note Purchase Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement, together with the following documents: (a) Form of Series A Note  (b) Form of Series D Note	

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

- 4.7 Amendment Agreement, dated November 1, 1994, to Amended and Restated Note Purchase Agreements, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (previously filed as Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 1994, Commission File No. 0-3400, and incorporated herein by reference).
- 4.8 Second Amendment Agreement, dated as of June 29, 1996, to Amended and Restated Note Purchase Agreements, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement. 42-48
- 4.9 Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement, together with the following related documents:
- (a) Form of Series E Note
  - (b) Form of Series F Note
  - (c) Form of Series G Note
- (previously filed as Exhibit 4(b) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).
- 4.10 Amendment Agreement, dated November 1, 1994, to Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (previously filed as Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 1994, Commission File No. 0-3400, and incorporated herein by reference).
- 4.11 Second Amendment Agreement, dated as of June 29, 1996, to Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement. 49-55
- 10.1 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).

- 10.2 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).
- 10.3 Amendment No. 1 to First Amended and Restated Credit Agreement, dated as of May 24, 1996, by and among the Company, as Borrower, the banks party thereto, The Chase Manhattan Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank, B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminster Bank Plc, Nationsbank of Texas, N.A., and Societe Generale as Co-Agents and Bank of America National Trust and Savings Association, as Agent (previously filed as Exhibit 4(a) to the Company's Form 10-Q for the quarter ended June 29, 1996, Commission File No. 0-3400, and incorporated herein by reference).
- 10.4 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).
- 10.5 Amendment No. 1 to Fourth Amended and Restated Credit Agreement, dated as of May 24, 1996, by and among the Company, as Borrower, the banks party thereto, The Chase Manhattan Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminster Bank Plc, Nationsbank of Texas, N.A., and Societe Generale as Co-Agents and Bank of America National Trust and Savings Association, as Agent (previously filed as Exhibit 4(b) to the Company's Form 10-Q for the quarter ended

June 29, 1996, Commission File No. 0-3400, and incorporated herein by reference).

- 10.6 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).
- 10.7 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).
- 10.8 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).
- 10.9 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).
- 10.10 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).
- 10.11 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).
- 10.12 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).
- 10.13 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).

- 10.14 Profit Sharing Plan and Trust of Tyson Foods, Inc., as amended and restated through April 1, 1993; Amendment No.1 thereto, effective April 1, 1995; and terminating resolution, effective March 31, 1996 (previously filed as Exhibit 10(b) to the Company's Form 10-Q for the quarter ended March 30, 1996, Commission File No. 0-3400, and incorporated herein by reference).
- 10.15 Tyson Foods, Inc. Employee Stock Purchase Plan, as amended and restated through April 1, 1993; and Amendment Nos. 1 and 2 thereto, effective April 1, 1996 (previously filed as Exhibit 10(d) to the Company's Form 10-Q for the quarter ended March 30, 1996, Commission File No. 0-3400, and incorporated herein by reference).
- 10.16 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).
- 10.17 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).
- 10.18 Tyson Foods, Inc. Employee Stock Ownership Plan as amended and restated through April 1, 1993; and terminating resolution, effective March 31, 1996 (previously filed as Exhibit 10(c) to the Company's Form 10-Q for the quarter ended March 30, 1996, Commission File No. 0-3400, and incorporated herein by reference).
- 10.19 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).
- 10.20 Retirement Savings Plan of Tyson Foods, Inc., qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended, originally effective as of October 3, 1987, as amended and restated through

January 1, 1993; and Amendments Nos. 1-5 thereto (previously filed as Exhibit 10(a) to the Company's Form 10-Q for the quarter ended March 30, 1996, Commission File No. 0-3400, and incorporated herein by reference).

10.21	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).	
10.22	Executive Savings Plan of Tyson Foods, Inc. effective April 1, 1991; and Amendment No.1 thereto, effective April 1, 1996 (previously filed and exhibit 10(e) to the Company's Form 10-Q for the quarter ended March 30, 1996, Commission File No. 0-3400, and incorporated herein by reference).	
10.23	Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain of its executive officers.	
11	Statement Regarding Computation of Earnings Per Share.	56
13	Pages 26-48 of the Annual Report to Shareholders for the fiscal year ended September 28, 1996.	57-85
21	Subsidiaries of the Company.	86-87
23	Consent of Independent Auditors.	88
27	Financial Data Schedule.	89

## 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/ Wayne Britt                      December 13, 1996  
-----

Wayne Britt  
Executive Vice President  
and Chief Financial Officer

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

/s/ Wayne Britt ----- Wayne Britt	Executive Vice President and Chief Financial Officer	December 13, 1996
/s/ Neely Cassady ----- Neely Cassady	Private Investor and Arkansas State Senator	December 13, 1996
/s/ James G. Ennis ----- James G. Ennis	Vice President, Controller and Chief Accounting Officer	December 13, 1996
/s/ Lloyd V. Hackley ----- Lloyd V. Hackley	President, North Carolina Community College System	December 13, 1996
/s/ Gerald Johnston ----- Gerald Johnston	Private Investor	December 13, 1996
/s/ Shelby D. Massey ----- Shelby D. Massey	Private Investor	December 13, 1996
/s/ Joe F. Starr ----- Joe F. Starr	Private Investor	December 13, 1996
/s/ Leland E. Tollett ----- Leland E. Tollett	Chairman of the Board of Directors and Chief Executive Officer	December 13, 1996
/s/ Barbara Tyson ----- Barbara Tyson	Vice President	December 13, 1996
/s/ Don Tyson ----- Don Tyson	Senior Chairman of the Board of Directors	December 13, 1996
/s/ John H. Tyson ----- John H. Tyson	President, Beef and Pork Division	December 13, 1996
/s/ Fred S. Vorsanger ----- Fred S. Vorsanger	Vice President (Emeritus), University of Arkansas and Private Investor	December 13, 1996
/s/ Donald E. Wray ----- Donald E. Wray	President and Chief Operating Officer	December 13, 1996

**FINANCIAL STATEMENT SCHEDULES**

## REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of September 28, 1996 and September 30, 1995, and for each of the three years in the period ended September 28, 1996, and have issued our report thereon dated November 15, 1996. 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 15, 1996*

TYSON FOODS, INC.  
 SCHEDULE VIII  
 VALUATION AND QUALIFYING ACCOUNTS AND RESERVES  
 Three Years Ended September 28, 1996

(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					
1996	\$3.6	\$1.9	0	(\$2.0)	\$3.5
1995	\$3.3	\$1.1	0	(\$0.8)	\$3.6
1994	\$2.6	\$1.1	0	(\$0.4)	\$3.3

**AMENDED AND RESTATED BY-LAWS**

**OF**

**TYSON FOODS, INC.**

**ARTICLE I  
OFFICES**

Section 1. Registered Office. The registered office of Tyson Foods, Inc. (the "Corporation") shall be at the Corporation Trust Company, 100 West Tenth Street, in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

**ARTICLE II  
MEETINGS OF STOCKHOLDERS**

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the oard of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting. Written notice of the Annual Meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by either the Senior Chairman of the Board of Directors, the Chairman, the Chief Executive Officer, or the President, and shall be called by any such officer at the request in writing of a majority of the Board of Directors or at the request in writing of stockholders owning a majority of the stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the

stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented; provided, however, that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 5. Voting. When a quorum is present at any meeting, the affirmative vote of a majority of the votes cast shall decide any question brought before such meeting, unless the question is one upon which by express provision of Delaware law or of the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question. Each holder of the Corporation's Class A Common Stock ("Class A Stock") represented at a meeting of stockholders shall be entitled to cast one vote for each share of Class A Stock entitled to vote thereat held by such stockholder. Each holder of the Corporation's Class B Common Stock ("Class B Stock") represented at a meeting of stockholders shall be entitled to cast ten votes for each share of Class B Stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

At any meeting of the Stockholders, the Senior Chairman of the Board of Directors shall preside over a proxy committee which shall be composed of one or more persons as deemed necessary and appropriate by the Senior Chairman, in the exercise of his or her discretion, to facilitate the voting of shares underlying proxies solicited from the Stockholders. At such meetings of the Stockholders, any proxies received in the name of or on behalf of the Stockholders shall be voted by the Senior Chairman of the Board of Directors presiding over such proxy committee, and in the event of the absence of such Senior Chairman, the Board of Directors, in its discretion, may designate one or more persons to serve on such proxy committee who shall vote any proxies received in the name of or on behalf of the Stockholders.

Section 6. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 7. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 8. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 7 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 9. Stockholder Nominations for Director. Any stockholder wishing to nominate a person to serve as a candidate for election to the Board of Directors must submit the name of such candidate in writing to the current Board of Directors on or before September 30 of any year.

Section 10. Business to be Conducted. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must (a) be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) be otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) satisfy the notice requirements set forth below in this Section 10 and otherwise be properly brought before the meeting by a stockholder.

For business to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive office of the Corporation not less than 75 days nor more than 100 days prior to the meeting; provided, however, that in the event that less than 85 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business.

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 10. The chairman of an annual meeting shall, if the facts warrant, determine and declare at the meeting that a matter of business was not properly brought before the meeting in accordance with the provisions of Section 10 of this Article II or otherwise, and if he should so determine, he shall so declare at the meeting that any such business not properly brought before this meeting shall not be transacted.

#### ARTICLE III DIRECTORS

Section 1. Number and Election of Directors. The number of persons which shall constitute the Board of Directors of the Corporation shall be such number as initially fixed by the Incorporator and thereafter from time to time by resolution of the Board of Directors. Except as provided in

Section 2 of this Article, directors shall be elected by a majority of the votes cast at Annual Meetings of Stockholders, and each director so elected shall hold office until the next Annual Meeting and until his successor is duly elected and qualified, or until his earlier resignation or removal. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, and each of the directors so chosen shall hold office until the next Annual Meeting of Stockholders and until his successor is elected and qualified or until his earlier resignation or removal.

Section 3. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 4. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the Chief Executive Officer, the President, or any two directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. The notice need not specify the business to be transacted. In the event of an emergency which in the judgment of the Chairman, Chief Executive Officer or President requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors one-third of the full number of directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Actions of Board Without a Meeting. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 7. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 7 shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 9. Executive Committee. The Board of Directors shall establish an Executive Committee of its members to consist of not less than three directors, which group shall include the Senior Chairman of the Board of Directors, and may authorize the delegation to any such committee of any of the authority of the Board of Directors in the management of the ordinary business affairs of the Corporation. The Executive Committee shall not, however, be authorized to amend the Certificate of Incorporation or the By-Laws of the Corporation; to adopt an agreement of merger or consolidation pursuant to Sections 251 and 252 of the Delaware Corporation Law; to recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, or to recommend

to the stockholders a dissolution of the Corporation or a revocation of a dissolution. The Executive Committee may, to the extent authorized by the Board of Directors in a resolution providing for the issuance of shares of stock, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series. The Executive Committee may, if so authorized by a resolution of the Board of Directors, declare dividends, authorize the issuance of stock, and adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware Corporation Law with respect to the Corporation's 90%-owned subsidiaries. The Executive Committee shall serve at the pleasure of the Board of Directors and shall act only in intervals between meetings of the Board of Directors, and shall in all respects be subject to the control and direction of the Board of Directors. The Executive Committee may act by a majority of its members at a meeting or informally without a meeting, provided that all members thereof sign a writing reflecting such informal action. Any act or authorization of any act by the Executive Committee, within the authority delegated above, shall be as effective for all purposes as the act or authorization of the Board of Directors; provided that the designation of such an Executive Committee and the delegation of authority thereto shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law.

Section 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 11. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

## **ARTICLE IV OFFICERS**

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a Senior Chairman and Chairman of the Board of Directors (each of whom must be a director), one or more Vice Chairmen of the Board of Directors, a Chief Executive Officer, a Chief Operating Officer, one or more Vice Presidents, Controller, Assistant Controllers, Assistant Secretaries, Assistant Treasurers, and any other officers deemed to be necessary. In addition to any powers expressly provided by these By-laws, the Senior Chairman of the Board of Directors shall, without limitation, have all powers of a vice chairman of a board of directors under Delaware General Corporate Law. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the executive officers of the Corporation, who shall be comprised of the President, the Secretary, the Treasurer and, if there be such, the Chief Executive Officer, the Chief Operating Officer, and any Executive or Senior Vice Presidents. Such executive officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. The President of the Corporation shall have the authority to appoint such other officers as he may in his discretion deem necessary to carry out the business of the Corporation, including, but not limited to, Group Vice Presidents, Vice Presidents, Controller, Assistant Controllers, Assistant Secretaries, Assistant Treasurers and any other officers. All officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any officer appointed by the President may be removed at any time by the President. Any vacancy occurring in any executive office of the Corporation shall be filled by the Board of Directors. Any vacancy occurring in any other office of the Corporation shall be filled by the President.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the President and Chief Operating Officer, or any Vice President, and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any company in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chief Executive Officer. The Chief Executive Officer of the Corporation shall have, subject to the supervision and direction of the Board of Directors or of the Executive Committee, if any, general supervision of the business, property, and affairs of the Corporation and the powers vested in him by the Board of Directors, by law or by these By-Laws or which usually attach or pertain to such office, including, but not limited to, the authority to sign documents on behalf of the Corporation the effect of which shall be legally binding upon the Corporation. During the absence or disability of the Chairman of the Board of Directors, the Chief Executive Officer shall preside at meetings of the stockholders and of the Board of Directors. During the absence or disability of the President, the Chief Executive Officer shall exercise all the powers and discharge all the duties of the President.

Section 5. President. The President shall, subject to the control of the Board of Directors and the Chief Executive Officer, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall preside at all meetings of the stockholders and the Board of Directors. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws, the Board of Directors or by the Chief Executive Officer.

Section 6. Chief Operating Officer. The Chief Operating Officer shall answer directly to the President and shall perform any and all acts under the direction and supervision of the President as the President may require in connection with the execution of the general business of the Corporation.

Section 7. Vice Presidents. At the request of the President and Chief Operating Officer or in his absence or in the event of his inability or refusal to act (and if there be no Chief Executive Officer), the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) shall perform the duties of the President and Chief Operating Officer, and when so acting shall have all the powers of and be subject to all the restrictions upon the President and Chief Operating Officer.

Section 8. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chief Executive Officer or the President and Chief Operating Officer, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the

President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation, and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 9. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 10. Assistant Secretaries. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, the President and Chief Operating Officer, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 11. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, the President and Chief Operating Officer, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. Other Officers. Such other officers as the Board of Directors or President may choose shall perform such duties and have such powers as from time to time may be assigned to them. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

## **ARTICLE V STOCK**

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Senior Chairman or Chairman of the Board of Directors, by the Chief Executive Officer, by the President and Chief Operating Officer, or by a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor

more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## **ARTICLE VI NOTICES**

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## **ARTICLE VII GENERAL PROVISIONS**

Section 1. Dividends. Dividends upon the stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the Corporation's stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall end on the Saturday nearest the 30th day of September of each year.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

## **ARTICLE VIII INDEMNIFICATION**

Section 1. Indemnification Rights. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit, or proceedings, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under and pursuant to any procedure specified in the General Corporation Law of the State of Delaware, as amended from time to time, against all expenses, liabilities, and losses (including attorney's fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right that may be enforced in any lawful manner by such person. Such right of indemnification shall not be exclusive of any other right which such directors or officers may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any agreement, vote of stockholders, provision of law, or otherwise, as well as their rights under this paragraph.

Section 2. Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3. Advance Payment of Expenses. Expenses incurred by a director or officer of the Corporation in defending a civil or criminal action, suit or proceeding by reason of the fact that he is or was a director or officer of the Corporation (or was serving at the Corporation's request as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized by relevant sections of the General Corporation Law of Delaware.

**ARTICLE IX  
AMENDMENTS**

Subject to provisions contained in the Certificate of Incorporation pertaining to amendment of the Corporation's By-Laws, these By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders of the Corporation. The Board of Directors by a unanimous vote of the whole Board at any meeting may amend these By-laws, including By-laws adopted by the stockholders.

**APPROVED this \_\_\_ day of November, 1996.**

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**Senior Chairman of the Board of Directors**

**Attest:**

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**Secretary**

TYSON FOODS, INC.

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**SECOND AMENDMENT AGREEMENT**

**Dated as of July 29, 1996**

to

**AMENDED AND RESTATED NOTE PURCHASE AGREEMENTS**

**Dated as of June 30, 1993**

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**EXHIBIT A -- AMENDED PROVISION**

**TYSON FOODS, INC.**  
2210 West Oaklawn Drive  
Springdale, Arkansas 72762-6999

**SECOND AMENDMENT AGREEMENT**

**As of July 29, 1996**

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

Gentlemen:

Reference is made to the separate Amended and Restated Note Purchase Agreements, each dated as of June 30, 1993, as amended by the separate Amendment Agreements dated as of November 1, 1994 (the "Note Agreements"), between Tyson Foods, Inc., a Delaware corporation (the "Company"), and the respective institutional investors listed in the Purchaser Schedule and Schedule of Holders respectively attached thereto, which amended and restated the separate Note Purchase Agreements dated as of August 15, 1986, as amended, pursuant to which the Company has issued 8.90% Notes, Series A, due October 15, 1996, in the original aggregate principal amount of \$85,000,000 (as amended pursuant to the Amendment Agreement dated as of September 29, 1989, the "Series A Notes"), 8.75% Notes, Series B, due October 15, 1991, in the original aggregate principal amount of \$10,000,000 (the "Series B Notes"), 8.75% Notes, Series C, due October 15, 1992, in the original aggregate principal amount of \$45,000,000 (the "Series C Notes"), and 9.50% Notes, Series D, due October 15, 2001, in the original aggregate principal amount of \$35,000,000 (as amended pursuant to the Amendment Agreement dated as of September 29, 1989, the "Series D Notes"). The institutional investors named in the attached Schedule of Holders (the "Holders") are the holders of all Series A Notes and Series D Notes. As of the date hereof, an aggregate principal amount of \$13,000,000 of the Series A Notes and \$25,700,000 of the Series D Notes is outstanding. No Series B Notes or Series C Notes are outstanding. Capitalized terms used in this Second Amendment Agreement (the "Second Amendment Agreement") without definition have the meanings specified in the Note Agreements, as amended hereby.

The Company agrees with you as follows:

1. Amendment of the Note Agreements. The Company hereby requests and the Holders hereby agree to the amendment of the Note Agreements, and the same is hereby amended, as set forth in Exhibit A attached hereto.
2. Effectiveness. The provisions of this Second Amendment Agreement shall not become effective until completion of (a) the execution and delivery of this Second Amendment Agreement by the Required Holders, (b) the execution and delivery of a second amendment agreement in substantially the same form by the Required Holders under the New Note Agreements, and

(c) the payment to the Holders of the fees described in the separate Fee Letter of even date herewith from the Company to the Holders. Upon completion of the foregoing, this Second Amendment Agreement shall be considered effective as of June 29, 1996.

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

4. GOVERNING LAW. THIS SECOND AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK.

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

**TYSON FOODS, INC.**

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

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

**TEACHERS INSURANCE AND ANNUITY  
ASSOCIATION OF AMERICA**

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

**AETNA LIFE INSURANCE COMPANY**

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

**THE NORTHWESTERN MUTUAL LIFE  
INSURANCE COMPANY**

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

**JOHN HANCOCK MUTUAL LIFE  
INSURANCE COMPANY**

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

**ALLSTATE LIFE INSURANCE COMPANY**

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

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

**THE AETNA CASUALTY AND  
SURETY COMPANY**

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

**SCHEDULE OF HOLDERS**

**TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA AETNA LIFE INSURANCE COMPANY**  
THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY  
ALLSTATE LIFE INSURANCE COMPANY  
THE AETNA CASUALTY AND SURETY COMPANY

**EXHIBIT A**  
**AMENDED PROVISION**

Paragraph 6A(3) of the Note Agreements is hereby amended to read, in its entirety, as follows:

"6A(3). Interest Coverage Ratio. The Company shall not permit, at any time during any Measurement Period, the ratio of (i) EBIT plus rental expenses of the Company and its consolidated Subsidiaries to (ii) Interest Expense plus rental expenses of the Company and its consolidated Subsidiaries to be less than 1.75 to 1."

TYSON FOODS, INC.

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**SECOND AMENDMENT AGREEMENT**

**Dated as of July 29, 1996**

to

**AMENDED AND RESTATED NOTE AGREEMENTS**

**Dated as of June 30, 1993**

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**EXHIBIT A -- AMENDED PROVISION**

**TYSON FOODS, INC.**  
2210 West Oaklawn Drive  
Springdale, Arkansas 72762-6999

**SECOND AMENDMENT AGREEMENT**

As of July 29, 1996

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

Gentlemen:

Reference is made to the separate Amended and Restated Note Agreements, each dated as of June 30, 1993, as amended by the separate Amendment Agreements dated as of November 1, 1994 (the "Note Agreements"), between Tyson Foods, Inc., a Delaware corporation (the "Company"), and the respective institutional investors listed in the Purchaser Schedule and Schedule of Holders respectively attached thereto, which amended and restated the separate Note Agreements dated as of September 29, 1989, as amended, pursuant to which the Company has issued Series E 10.33% Senior Secured Notes due September 29, 1999 in the original aggregate principal amount of \$135,000,000 (the "Series E Notes"), Series F 10.61% Senior Secured Notes due September 29, 2001 in the original aggregate principal amount of \$125,000,000 (the "Series F Notes"), and Series G 10.84% Senior Secured Notes due September 29, 2006 in the original aggregate principal amount of \$50,000,000 (the "Series G Notes"). The institutional investors named in the attached Schedule of Holders (the "Holders") are the holders of all Series E Notes, Series F Notes and Series G Notes. As of the date hereof, an aggregate principal amount of \$135,000,000 of Series E Notes, \$125,000,000 of Series F Notes and \$50,000,000 of Series G Notes is outstanding. Capitalized terms used herein without definition have the meanings specified in the Note Agreements, as amended by this Second Amendment Agreement.

The Company agrees with you as follows:

1. Amendment of the Note Agreements. The Company hereby requests and the Holders hereby agree to the amendment of the Note Agreements, and the same is hereby amended, as set forth in Exhibit A attached hereto.
2. Effectiveness. The provisions of this Second Amendment Agreement shall not become effective until completion of (a) the execution and delivery of this Second Amendment Agreement by the Required Holders, (b) the execution and delivery of a second amendment agreement in substantially the same form by the Required Holders under the Existing Note Agreements relating to the Series A Notes and the Series D Notes, and (c) the payment to the Holders of the fees described in the separate Fee Letter of even date herewith from the Company to the Holders. Upon completion of the foregoing, this Second Amendment Agreement shall be considered effective as of June 29, 1996.

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

4. GOVERNING LAW. THIS SECOND AMENDMENT AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK.

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

**TYSON FOODS, INC.**

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

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

**THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

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

**TEACHERS INSURANCE AND ANNUITY  
ASSOCIATION OF AMERICA**

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

**JOHN HANCOCK MUTUAL LIFE  
INSURANCE COMPANY**

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

**THE NORTHWESTERN MUTUAL LIFE  
INSURANCE COMPANY**

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

**THE GREAT-WEST LIFE & ANNUITY INSURANCE CO.**

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

**NATIONWIDE LIFE INSURANCE CO.**

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

**ALLSTATE LIFE INSURANCE COMPANY**

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

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

**THE CANADA LIFE ASSURANCE COMPANY**

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

## **SCHEDULE OF HOLDERS**

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY THE GREAT-WEST LIFE & ANNUITY INSURANCE CO. NATIONWIDE LIFE INSURANCE CO.  
ALLSTATE LIFE INSURANCE COMPANY  
THE CANADA LIFE ASSURANCE COMPANY

**EXHIBIT A**

**AMENDED PROVISION**

Paragraph 6A(3) of the Note Agreements is hereby amended to read, in its entirety, as follows:

"6A(3). Interest Coverage Ratio. The Company shall not permit, at any time during any Measurement Period, the ratio of (i) EBIT plus rental expenses of the Company and its consolidated Subsidiaries to (ii) Interest Expense plus rental expenses of the Company and its consolidated Subsidiaries to be less than 1.75 to 1."

**EXHIBIT 11**

TYSON FOODS, INC.  
 COMPUTATION OF EARNINGS PER SHARE  
 (In millions except per share data)

	1996	1995	1994
	-----	-----	-----
Primary:			
Average common shares outstanding during the period	144.9	144.5	147.0
Net effect of dilutive stock options based on the treasury stock method using average market price	.5	.6	.8
	-----	-----	-----
Total common and common equivalent shares outstanding	145.4	145.1	147.8
	=====	=====	=====
Net income (loss)	\$86.9	\$219.2	(\$2.1)
	=====	=====	=====
Earnings (loss) per share	\$0.60	\$1.51	(\$0.01)
	=====	=====	=====
Fully Diluted:			
Average common shares outstanding during the period	144.9	144.5	147.0
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	.7	1.0
	-----	-----	-----
Total common and common equivalent shares outstanding	145.6	145.2	148.0
	=====	=====	=====
Net income (loss)	\$86.9	\$219.2	(\$2.1)
	=====	=====	=====
Earnings (loss) per share	\$0.60	\$1.51	(\$0.01)
	=====	=====	=====

ELEVEN-YEAR FINANCIAL SUMMARY  
 TYSON FOODS, INC.  
 (IN MILLIONS EXCEPT PER SHARE DATA)

OPERATING RESULTS FOR FISCAL YEAR:	1996	1995	1994	1993
Sales	\$6,453.8	\$5,511.2	\$5,110.3	\$4,707.4
Cost of Sales	5,505.7	4,423.1	4,149.1	3,796.5
Gross Profit	948.1	1,088.1	961.2	910.9
Operating Expenses	678.5	616.4	766.0	535.4
Interest Expense	132.9	114.9	86.1	72.8
Foreign Currency Exchange	9.0	15.6		
Other Expense (Income)	(4.9)	(2.4)	(9.5)	(6.9)
Income Before Taxes on Income and Minority Interest	132.6	343.6	118.6	309.6
Provision for Income Taxes	49.0	131.0	120.7	129.3
Minority Interest in Net Loss of Consolidated Subsidiary	3.3	6.6		
Net Income (Loss)	\$ 86.9	\$ 219.2	\$(2.1)	\$ 180.3
Earnings (Loss) Per Share	\$ 0.60	\$ 1.51	\$(0.01)	\$ 1.22
Dividends Per Share:				
Class A	0.1200	0.0800	0.0700	0.0400
Class B	0.1080	0.0667	0.0583	0.0333
Capital Expenditures	214.0	347.2	232.1	225.3
Depreciation and Amortization	239.3	204.9	188.3	176.6
Return on Sales	1.35%	3.98%	(0.04)%	3.83%
Annual Sales Growth	17.10%	7.85%	8.56 %	12.92%
Five Year Compounded Annual Sales Growth	10.47%	7.58%	15.02 %	19.45%
Gross Margin	14.69%	19.74%	18.81 %	19.35%
Return on Beginning Assets	1.95%	5.98%	(0.07)%	6.89%
Return on Beginning Shareholders' Equity	5.92%	17.00%	(0.16)%	18.40%
Five-Year Return on Beginning Shareholders' Equity	10.89%	13.75%	14.14%	21.72%
Effective Tax Rate	37.0 %	38.1 %	101.8 %	41.8 %
FINANCIAL CONDITION AT FISCAL YEAR END:				
Total Assets	\$4,544.1	\$4,444.3	\$3,668.0	\$3,253.5
Net Property, Plant and Equipment	1,869.2	2,013.5	1,610.0	1,435.3
Long-Term Debt	1,806.4	1,620.5	1,381.5	920.5
Shareholders' Equity	1,541.7	1,467.7	1,289.4	1,360.7
Book Value Per Share	\$ 10.63	\$ 10.14	\$ 8.88	\$ 9.24
Long-Term Debt to Capitalization	53.95%	52.47%	51.72%	40.35%
Shares Outstanding	145.0	144.8	145.2	147.3
Average Shares Outstanding	145.4	145.1	147.8	148.3

1992	1991	1990	1989	1988	1987	1986
\$4,168.8	\$3,922.1	\$3,825.3	\$2,538.2	\$1,936.0	\$1,786.0	\$1,503.7
3,390.3	3,147.5	3,081.7	2,056.1	1,627.6	1,483.0	1,271.9
778.5	774.6	743.6	482.1	308.4	303.0	231.8
446.8	441.4	423.4	271.5	184.0	156.8	116.7
76.9	95.5	128.6	45.0	19.5	22.9	20.6
(6.2)	(4.8)	(8.5)	2.1	0.5	0.1	(3.4)
261.0	242.5	200.1	163.5	104.4	123.2	97.9
100.5	97.0	80.1	62.9	23.0	55.4	47.6
\$ 160.5	\$ 145.5	\$ 120.0	\$ 100.6	\$ 81.4	\$ 67.8	\$ 50.3
\$ 1.16	\$ 1.05	\$ 0.90	\$ 0.78	\$ 0.64	\$ 0.53	\$ 0.39
0.0400	0.0300	0.0200	0.0200	0.0200	0.0185	0.0117
0.0333	0.0250	0.0165	0.0165	0.0165	0.0125	N/A
108.0	213.6	163.8	128.9	86.3	132.9	117.5
148.9	135.8	123.4	84.8	70.3	60.4	42.2
3.85%	3.71%	3.14%	3.96%	4.21%	3.79%	3.34%
6.29%	2.53%	50.71%	31.11%	8.40%	18.77%	32.40%
18.48%	21.13%	27.49%	27.61%	26.25%	26.15%	24.55%
18.67%	19.75%	19.44%	19.00%	15.93%	16.96%	15.41%
6.07%	5.82%	4.64%	11.31%	10.09%	8.91%	10.67%
19.52%	21.95%	26.81%	29.46%	30.22%	33.28%	32.50%
23.90%	26.77%	29.65%	31.79%	32.42%	32.22%	30.32%
38.5 %	40.0 %	40.0 %	38.5 %	22.0 %	45.0 %	48.6 %
\$2,617.7	\$2,645.8	\$2,501.1	\$2,586.1	\$ 889.1	\$ 806.8	\$ 760.7
1,142.2	1,162.0	1,071.1	1,020.8	430.0	415.9	347.9
726.5	845.9	950.4	1,319.4	205.8	211.3	211.9
980.2	822.5	663.0	447.7	341.4	269.5	203.6
\$ 7.13	\$ 5.99	\$ 4.85	\$ 3.46	\$ 2.67	\$ 2.10	\$ 1.59
42.57%	50.70%	58.91%	74.66%	37.62%	43.95%	50.99%
137.5	137.4	136.6	129.3	127.6	128.2	127.8
138.4	138.0	132.9	129.8	128.0	128.0	127.7

CONSOLIDATED STATEMENTS OF OPERATIONS  
 TYSON FOODS, INC.  
 THREE YEARS ENDED SEPTEMBER 28, 1996

(IN MILLIONS EXCEPT PER SHARE DATA)

	1996	1995	1994
Sales	\$6,453.8	\$5,511.2	\$5,110.3
Cost of Sales	5,505.7	4,423.1	4,149.1
	948.1	1,088.1	961.2
Operating Expenses:			
Selling	550.0	478.8	426.5
General and administrative	100.9	111.7	95.9
Amortization	27.6	25.9	29.7
Write-down of excess of investments over net assets acquired and certain long-lived assets			213.9
	678.5	616.4	766.0
Operating Income	269.6	471.7	195.2
Other Expense (Income):			
Interest	132.9	114.9	86.1
Foreign currency exchange	9.0	15.6	
Other	(4.9)	(2.4)	(9.5)
	137.0	128.1	76.6
Income Before Taxes on Income and Minority Interest	132.6	343.6	118.6
Provision for Income Taxes	49.0	131.0	120.7
Minority Interest in Net Loss of Consolidated Subsidiary	3.3	6.6	
Net Income (Loss)	\$86.9	\$219.2	\$(2.1)
Earnings (Loss) Per Share	\$0.60	\$1.51	\$(0.01)
Average Shares Outs	145.4	145.1	147.8

SEE ACCOMPANYING NOTES.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - RESULTS OF OPERATIONS TYSON FOODS, INC.

Sales for 1996 increased 17.1% over sales for 1995. This increase was mainly due to an increase in consumer poultry sales which increased 1996 sales by 16.0%. The increase in consumer poultry sales was primarily attributable to a 24.3% increase in tonnage partially offset by a 2.5% decrease in average sales price. The increase in tonnage and the decrease in average sales price for consumer poultry are mainly due to the acquisitions in September 1995 of two poultry operations which changed the overall product mix toward lower priced products.

Beef and pork sales decreased 1996 total sales by 3.5%. The decrease in beef and pork sales was due to a 51.2% decrease in tonnage partially offset by a 27.6% increase in average sales price. The decrease in tonnage is mainly due to the sale in the fourth quarter of 1995 of a swine slaughter facility. In addition, the sale of this swine slaughter facility eliminated lower priced fresh pork from the product mix which accounts for the significant increase in average sales price. On April 24, 1996, Tyson Foods, Inc. (the Company) announced its intention to sell its beef and pork further-processing operations. The beef further-processing operations include plants located in Iowa and Texas. The pork further-processing operation consists of a plant located in Michigan. The Company has signed a definitive purchase agreement to sell the beef further-processing plants and anticipates that the pork processing plant will be sold in 1997.

Sales of Mexican Original products and prepared foods as a group decreased sales by 0.3% for 1996. This decrease was largely due to a 2.4% decrease in average sales price as well as a change in product mix and a 1.5% decrease in tonnage. Seafood sales increased 1996 total sales by 0.9% due to a 23.5% increase in tonnage slightly offset by a 3.3% decrease in average sales price. The increase in seafood tonnage is mainly due to acquisitions at the end of the third quarter of 1995. Sales of live swine, animal foods and by-products as a group increased 1996 total sales by 4.0%. Over the past five years total sales have grown at a compounded annual rate of 10.5%.

Sales for 1995 increased 7.8% over 1994. This increase was mainly due to an increase in consumer poultry sales which increased 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 price. Lower average sales price for consumer poultry primarily resulted from an increased supply of poultry and alternative red meats in the marketplace. Trasgo S.A. de C.V. (Trasgo), acquired in the third quarter of 1994, accounted for 13.5% of the increase in consumer poultry sales. Beef and pork sales decreased 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 price. Sales of Mexican Original products and prepared foods as a group increased sales for 1995 compared to 1994 by 1.9%. Culinary Foods, Inc., acquired in the fourth quarter of 1994, accounted for 76.1% of the increase in prepared foods. Seafood sales increased 1995 total sales by 0.3% due to an 8.6% increase in average sales price partially offset by a 1.1% decrease in tonnage. Sales of live swine, animal foods and by-products as a group increased 1995 total sales by 1.0%.

The increase in cost of goods sold for 1996 over 1995 of 24.5% was mainly the result of the increase in sales volume and a significant increase in the cost of grain used in the Company's operations. Increases in the cost of ingredients used in feed for poultry and swine and the ingredients used in the Mexican Original operations are estimated to have increased cost of sales by \$445 million in 1996 compared to 1995. Above-average ingredient costs are anticipated to continue for a period of time and the effect on the Company's cost of sales will continue to be significant as these costs pass through inventories. The impact of high ingredient 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 ingredient costs. Furthermore, the Company is making an effort to recover a portion of increased grain costs through increased sales prices. However, because of the current excess supply of poultry and alternative red meats in the marketplace there can be no assurance that such costs can be passed on to the consumer in the near future through higher sales prices. As a percent of sales, cost of sales increased to 85.3% in 1996 compared to 80.3% in 1995.

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 and swine. As a percent of sales, cost of sales decreased to 80.3% in 1995 compared to 81.2% in 1994.

Operating expenses for 1996 increased 10.1% from 1995. As a percent of sales, selling expense decreased to 8.5% in 1996 compared to 8.7% in 1995. As a percent of sales, general and administrative expense was 1.6% in 1996 compared to 2.0% in 1995, due to a decrease in legal costs and cost reduction initiatives. Amortization expense, as a percent of sales, was 0.4% in 1996 compared to 0.5% in 1995.

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 1994, operating expenses increased 11.6% when compared to 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 was 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.

Interest expense increased 15.7% in 1996 compared to 1995. The Company had a higher level of borrowing, which increased the Company's average indebtedness by 35.2% over the same period last year. The Company's short-term interest rates were approximately 5.1% lower than the same period last year, which lowered the weighted average interest rate of all Company debt in 1996 compared to 1995. As a percent of sales, interest expense was 2.1% in 1996 and 1995. The average interest rate on the Company's total debt for 1996 was 6.7% compared to 7.7% for 1995.

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 in 1995 compared to 1994 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 borrowings as a result of acquisitions which increased the Company's average indebtedness by 13.4% in 1995 compared to 1994. 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 1995 was 7.7% compared to 6.6% for 1994.

The effective tax rate for 1996 was 37.0% compared to 38.1% in 1995. The rate for 1994 was 101.8%, which was unusually high due to the nondeductibility of the write-down of Arctic's excess of investments over net assets acquired. Excluding the write-down in 1994, the rate would have been 39.0%. In addition to reduced state income taxes, the tax rate was impacted by an adjustment to the liability for deferred income taxes to reflect the Company's current assessment of tax contingencies provided for in prior years.

Return on beginning assets for 1996 was 2.0% compared to 6.0% for 1995, with a five-year average of 3.9%. Return on beginning shareholders' equity for 1996 was 5.9% compared to 17.0% for 1995. The five-year return on beginning shareholders' equity was 10.9%.

## **ACQUISITIONS**

On January 19, 1995, the Company completed the purchase of the Star of Kodiak, a fish processing facility in Kodiak, Alaska. 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. On September 1, 1995, the Company acquired the U.S. broiler division of Cargill, Incorporated, with operations in Georgia and Florida and 1994 sales of approximately \$268 million. On September 5, 1995, the Company acquired all of the outstanding stock of McCarty Farms, Inc., an integrated poultry company with all of its operations in Mississippi and 1994 sales of approximately \$320 million. The total cost of all of these acquisitions was approximately \$368.7 million including cash paid and assets exchanged.

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 1995 and 1994.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
 TYSON FOODS, INC.  
 THREE YEARS ENDED SEPTEMBER 28, 1996  
 (IN MILLIONS EXCEPT PER SHARE DATA)

	1996		1995		1994	
	Shares	Amount	Shares	Amount	Shares	Amount
CLASS A COMMON STOCK	79.7	\$8.0	79.7	\$8.0	79.7	\$8.0
CLASS B COMMON STOCK	68.5	6.8	68.5	6.8	68.5	6.8
CAPITAL IN EXCESS OF PAR VALUE						
Beginning Balance		377.9		391.4		392.7
Exercise of Options		(2.5)		(13.5)		(1.3)
Ending Balance		375.4		377.9		391.4
RETAINED EARNINGS						
Beginning Balance		1,162.3		953.8		965.5
Net income(loss)		86.9		219.2		(2.1)
Dividends		(16.8)		(10.7)		(9.6)
Class A per share (1996-\$ .12; 1995-\$ .08; 1994-\$ .07)						
Class B per share (1996-\$ .1080; 1995-\$ .0667; 1994-\$ .0583)						
Ending Balance		1,232.4		1,162.3		953.8
CURRENCY TRANSLATION ADJUSTMENT						
Beginning Balance		(5.2)		1.2		0.0
Currency Translation Adjustment		2.4		(6.4)		1.2
Ending Balance		(2.8)		(5.2)		1.2
TREASURY STOCK						
Beginning Balance	3.4	(79.2)	2.9	(68.7)	0.9	(11.4)
Shares purchased	0.1	(1.3)	1.4	(32.0)	2.8	(66.9)
Shares issued for exercise of options	(0.3)	5.1	(0.9)	21.5	(0.6)	6.5
Shares Awarded for stock plans					(0.2)	3.1
Ending Balance	3.2	(75.4)	3.4	(79.2)	2.9	(68.7)
UNAMORTIZED DEFERRED COMPENSATION						
Beginning Balance		(2.9)		(3.1)		(0.9)
Amortization of deferred compensation		0.2		0.2		0.9
Shares Issued for exercise of options						(3.1)
Ending Balance		(2.7)		(2.9)		(3.1)
Total Shareholders' Equity		\$1,541.7		\$1,467.7		\$1,289.4

=====  
 SEE ACCOMPANYING NOTES.

CONSOLIDATED BALANCE SHEETS		
TYSON FOODS, INC.		
SEPTEMBER 28, 1996 AND SEPTEMBER 30, 1995 (IN MILLIONS EXCEPT PER SHARE DATA)		
ASSETS	1996	1995
Current Assets:		
Cash and cash equivalents	\$36.6	\$33.1
Accounts receivable	547.1	494.7
Inventories	1,027.4	949.4
Assets held for sale	155.5	
Other current assets	43.7	42.6
-----		
Total Current Assets	1,810.3	1,519.8
Net Property, Plant and Equipment	1,869.2	2,013.5
Excess of Investments Over Net Assets Acquired	731.5	808.1
Investments and Other Assets	133.1	102.9
-----		
Total Assets	\$4,544.1	\$4,444.3
=====		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 39.5	\$ 95.2
Current portion of long-term debt	129.2	269.0
Trade accounts payable	269.7	274.7
Accrued salaries and wages	65.6	74.6
Federal and state income taxes payable	17.4	14.6
Accrued interest payable	29.4	7.9
Other current liabilities	135.0	129.8
-----		
Total Current Liabilities	685.8	865.8
Long-Term Debt	1,806.4	1,620.5
Deferred Income Taxes	495.6	479.7
Other Liabilities	14.6	10.6
Shareholders' Equity:		
Common stock (\$.10 par value):		
Class A-authorized 900 shares:		
issued 79.7 shares in 1996 and 1995	8.0	8.0
Class B-authorized 900 shares:		
issued 68.5 shares in 1996 and 1995	6.8	6.8
Capital in excess of par value	375.4	377.9
Retained earnings	1,232.4	1,162.3
Currency translation adjustment	(2.8)	(5.2)
-----		
	1,619.8	1,549.8
Less treasury stock, at cost-		
3.2 shares in 1996 and 3.4 shares in 1995	75.4	79.2
Less unamortized deferred compensation	2.7	2.9
-----		
Total Shareholders' Equity	1,541.7	1,467.7
Total Liabilities and Shareholders' Equity	\$4,544.1	\$4,444.3
=====		

SEE ACCOMPANYING NOTES.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - FINANCIAL CONDITION TYSON FOODS, INC.

On April 24, 1996, the Company announced plans to sell its beef and pork further-processing operations. The beef further-processing operations include plants located in Harlingen, Texas; Garland, Texas; Sioux Center, Iowa and Orange City, Iowa. The pork further-processing operations consist of one plant located in Holland, Michigan. On October 17, 1996, the Company signed a definitive purchase agreement to sell the beef further-processing plants. Additionally, the Company anticipates that the pork further-processing plant will be sold in 1997. Accordingly, the assets of these operations have been classified as a current asset at September 28, 1996. The net proceeds from these dispositions are expected to exceed the current carrying value. The Company intends to use net proceeds from the sale of these operations primarily to fund capital expenditures and reduce debt. The assets of these operations total \$155.5 million and consist of inventories, net property, plant and equipment and excess of investments over net assets acquired.

At 1996 year end, working capital was \$1,124.5 million compared to \$654 million at the end of 1995, an increase of \$470.5 million. The current ratio for 1996 was 2.64 to 1 compared to 1.76 to 1 for 1995. Working capital and the current ratio have increased from 1995 mainly due to assets held for sale and increases in accounts receivable and inventories as well as a decrease in the current portion of long-term debt. Total assets have increased by \$1.9 billion or 71.7% over the past five years inclusive of acquisitions. Additions, net of dispositions, to total property, plant and equipment for the last five years were \$1.3 billion including acquisitions, an increase of 77.6% over the last five years. At 1996 year end, the Company had construction projects in progress that will require approximately \$121.8 million to complete. Funding for these expenditures will be provided by cash from operations, additional borrowings or proceeds from dispositions of the beef and pork further-processing facilities.

Long-term debt at 1996 year end was \$1.8 billion, an increase of \$185.9 million from the end of 1995. Total debt at 1996 year end was comparable to that of 1995. The Company has unsecured revolving credit facilities totaling \$1.5 billion which support the Company's commercial paper program. In May 1996, the maturity date of the \$1 billion facility was extended to May 2001 and the maturity date of the \$500 million facility was extended to May 1997. At September 28, 1996, all of the \$1 billion facility was outstanding and consisted of \$835 million of commercial paper and \$165 million drawn under the revolver. At September 28, 1996, the Company had \$435.5 million available under the \$500 million facility. Additional outstanding long-term debt at September 28, 1996, consisted of \$348.5 million of public debt, \$297.6 million of institutional notes, \$127.1 million of leveraged equipment loans and \$33.2 million of other indebtedness.

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.

Shareholders' equity increased 5.0% during 1996 and has grown at a compounded annual rate of 13.4% 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 October 1992.

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 28, 1996, the Company had purchased approximately 3.7 million shares under this repurchase program.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 TYSON FOODS, INC.  
 THREE YEARS ENDED SEPTEMBER 28, 1996 (IN MILLIONS)

	1996	1995	1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$86.9	\$219.2	\$(2.1)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation	211.7	179.0	158.6
Amortization	27.6	25.9	29.7
Write-down of excess of investments over net assets acquired and certain long-lived assets			213.9
Deferred income taxes	15.9	10.9	(2.4)
Minority interest	(3.3)	(6.6)	
Foreign currency exchange loss	9.0	15.6	
Loss on dispositions of property and equipment	2.2	3.6	2.8
Increase in accounts receivable	(66.9)	(29.6)	(307.4)
Increase in inventories	(126.7)	(140.5)	(34.0)
Increase (decrease) in trade accounts payable	(4.7)	12.8	35.6
Net change in other current assets and liabilities	21.6	1.0	(44.5)
Cash Provided by Operating Activities	173.3	291.3	50.2
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash paid for acquisitions		(350.1)	(82.9)
Additions to property, plant and equipment	(214.0)	(347.2)	(232.1)
Proceeds from sale of property, plant and equipment	21.1	20.1	8.5
Net change in other assets and liabilities	(29.5)	(53.8)	(3.7)
Cash Used for Investing Activities	(222.4)	(731.0)	(310.2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase (decrease) in notes payable	(55.7)	45.9	3.5
Proceeds from long-term debt	475.6	628.1	412.3
Repayments of long-term debt	(351.5)	(189.5)	(81.1)
Purchase of treasury shares	(1.3)	(32.0)	(66.9)
Other	(15.0)	(1.1)	(2.3)
Cash Provided by Financing Activities	52.1	451.4	265.5
Effect of Exchange Rate Change on Cash	0.5	(5.6)	
Increase in Cash	3.5	6.1	5.5
Cash and Cash Equivalents at Beginning of Year	33.1	27.0	21.5
Cash and Cash Equivalents at End of Year	\$36.6	\$33.1	\$27.0

SEE ACCOMPANYING NOTES.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - CASH FLOWS TYSON FOODS, INC.**

In 1996, net cash of \$173.3 million was provided by operating activities. This was a decrease of \$118.0 million from 1995. Finished inventories have increased in 1996 compared to 1995 due to increased grain costs, more volume from recent acquisitions and other general inventory increases. 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. Financing activities provided net cash of \$52.1 million, primarily due to increased long-term debt. The Company used funds generated from operating and financing activities to fund additions to property, plant and equipment and cash payments for grain purchases. The expenditures for property, plant and equipment were related to acquiring new equipment and building and upgrading facilities in order to maintain competitive standing and position the Company for future opportunities. Additionally, the Company makes a continuing effort to increase efficiencies, reduce overall cost and meet or exceed environmental laws and regulations. Approximately \$121.8 million will be required to complete construction projects in progress at 1996 year-end.

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 October 10, 1995, the Company issued \$50 million of debt securities in the form of 6.39-6.41% medium-term notes due October 10, 2000, and on October 17, 1995, issued \$150 million of debt securities in the form of 6.625% medium-term notes due October 17, 2005. The net proceeds from the sale of the medium-term notes or other forms of debt securities were used by the Company to refinance existing indebtedness.

### **WRITE-DOWN OF ASSETS**

During the third quarter of 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 years prior to the write-down. 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.

## **ENVIRONMENTAL MATTERS**

The Company has a strong financial commitment to clean water and has many environmentally responsible practices. Consequently, management believes that they have no incidence of environmental contamination or damages requiring material expenditures. During 1996, the Company invested approximately \$42.9 million in water quality, including both capital outlays totaling \$4.6 million to build and upgrade facilities and an additional \$38.3 million for day-to-day operations.

**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.

**Description of Business:** The Company is a 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 Company's food products are sold in the domestic foodservice, retail and wholesale club markets as well as internationally.

**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 \$131.2 million at September 28, 1996, and \$129.9 million at September 30, 1995, 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: (IN MILLIONS)

	1996	1995
Dressed and further-processed products	\$ 481.1	\$417.6
Live poultry and hogs	362.2	321.0
Seafood related products	51.4	75.1
Hatchery eggs and feed	63.8	58.6
Supplies	68.9	77.1
	\$1,027.4	\$949.4

**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 Company capitalized interest costs of \$3.8 million in 1996, \$3.1 million in 1995 and \$2 million in 1994 as part of the cost of major asset construction projects. Approximately \$121.8 million will be required to complete construction projects in progress at September 28, 1996.

The major categories of property, plant and equipment and accumulated depreciation, at cost are as follows:

(IN MILLIONS)

	1996	1995
Land	\$ 51.9	\$ 56.7
Buildings and leasehold improvements	847.1	866.4
Machinery and equipment	1,764.6	1,725.9
Vessels	111.3	110.0
Land improvements and other	89.6	86.9
Buildings and equipment under construction	113.6	200.7
	2,978.1	3,046.6
Less accumulated depreciation	1,108.9	1,033.1
	\$1,869.2	\$2,013.5

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 28, 1996 and September 30, 1995, the accumulated amortization of excess of investments over net assets acquired was \$142.6 million and \$128.9 million, respectively.

Capital Stock: Holders of Class B Common Stock (Class B stock) may convert such stock into Class A Common Stock (Class A stock) on a share-for-share basis. Holders of Class B stock are entitled to ten votes per share while holders of Class A stock are entitled to one vote per share on matters submitted to shareholders for approval. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock, and the per share amount of the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock.

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 28, 1996, 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 1996, 1995 and 1994 were \$228.0 million, \$193.3 million and \$183.6 million, respectively.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Change in Accounting Principle:** Effective October 1, 1995, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS No. 121). Under the provisions of 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 are based on the excess of the carrying amount of the asset over the asset's fair value. Assets held for sale, except for discontinued operations, are carried at the lower of carrying amount, or fair value less cost to sell. The effect of adopting SFAS No. 121 was not material.

**Stock-Based Compensation:** In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). Under the provisions of SFAS No. 123, companies can elect to account for stock-based compensation plans using a fair value based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied. SFAS No. 123 will be effective for the Company's year ending September 1997. The Company currently accounts for its stock-based compensation plans and intends to continue to account for stock-based compensation using the intrinsic value method, and accordingly, this pronouncement will not have an effect on the Company's financial position or results of operations.

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

On April 24, 1996, the Company announced its intention to sell its beef and pork further-processing operations in its effort to return to its core business. The beef further-processing operations include plants located in Harlingen, Texas; Garland, Texas; Sioux Center, Iowa and Orange City, Iowa.

The pork further-processing operations consist of one plant located in Holland, Michigan. On October 17, 1996, the Company signed a definitive purchase agreement to sell the beef further-processing plants. Additionally, the Company anticipates that the pork further-processing plant will be sold in 1997. Accordingly, the assets of these operations have been classified as a current asset at September 28, 1996. The net proceeds from the disposition are expected to exceed the current carrying value. The Company intends to use net proceeds from the sale of these operations primarily to fund capital expenditures and reduce debt. The assets of these operations total \$155.5 million and consist of inventories, net property, plant and equipment and excess of investment over net assets acquired.

### **NOTE 3: ACQUISITIONS AND WRITE-DOWN OF ASSETS**

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

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 and 1994.

Government restrictions on fishing, intense industry competition and fluctuations in market prices continued to adversely affect Arctic Alaska Fisheries Corporation (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 assumed 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 historic trends and market conditions, was 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 4: FINANCIAL INSTRUMENTS AND CREDIT RISK CONCENTRATION**

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.

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 28, 1996, the Company did not have significant credit risk concentrations. No single group or customer represents greater than 10% of total accounts receivable.

#### **NOTE 5: CONTINGENCIES AND COMMITMENTS**

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.

The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated \$35.7 million in 1996, \$37.9 million in 1995 and \$29.6 million in 1994. 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 payments of insurance and property taxes.

Minimum lease commitments under noncancelable leases at September 28, 1996 total \$87.3 million composed of \$30.2 million for 1997, \$22.3 million for 1998, \$13.2 million for 1999, \$9.2 million for 2000, \$5.2 million for 2001 and \$7.2 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.

**NOTE 6: LONG-TERM DEBT**

Long-term debt consists of the following:

		( IN MILLIONS )	
	Maturity	1996	1995
Commercial paper (5.5% effective rate at 9/28/96)	2001	\$835.0	\$955.3
Debt securities:			
6.75% notes	2005	149.1	148.8
6.625% notes	2005	149.3	
6.39-6.41% notes	2000	50.1	
Institutional notes:			
10.33% notes	1996-1999	101.2	135.0
10.61% notes	1999-2001	125.0	125.0
10.75% notes	1996		13.0
10.84% notes	2002-2006	50.0	50.0
11.375% notes	1996-2000	21.4	25.7
Revolving credit facility (5.5% effective rate at 9/28/96)	2001	165.0	44.7
Leveraged equipment loans (rates ranging from 4.9% to 6.0%)	2005-2007	127.1	38.9
Bank loans			35.0
Other	various	33.2	49.1
		\$1,806.4	\$1,620.5

The Company has unsecured revolving credit agreements totaling \$1.5 billion which support the Company's commercial paper program. The \$1 billion facility expires in May 2001. At September 28, 1996, \$1 billion was outstanding under this facility consisting of \$835 million in commercial paper and \$165 million drawn under the revolver. The \$500 million facility expires in May 1997. At September 28, 1996, the Company had \$435.5 million available under this revolving credit facility.

At September 28, 1996, the Company had outstanding letters of credit totaling approximately \$41 million issued primarily in support of workers' compensation insurance programs, industrial revenue bonds and the leveraged equipment loans.

Under the terms of the leveraged equipment loans, the Company had restricted cash totaling approximately \$28 million which is included in Investments and Other Assets at September 28, 1996. Under these leveraged loan agreements, the Company entered into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings. At September 28, 1996, the notional amounts of these swap agreements totaled approximately \$113.7 million.

Annual maturities of long-term debt for the five years subsequent to September 28, 1996 are: 1997-\$129.2 million; 1998-\$91.0 million; 1999-\$71.3 million; 2000-\$72.6 million and 2001-\$1,121.5 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 28, 1996, 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 \$1.9 billion.

The weighted average interest rate on all outstanding short-term borrowings was 5.0% at September 28, 1996 and 6.7% at September 30, 1995.

#### NOTE 7: INCOME TAXES

The Company accounts for income taxes using the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). SFAS No. 109 requires that 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 at the beginning of 1994 did not affect the Company's financial position or results of operations.

Detail of the provision for income taxes consists of:

	( IN MILLIONS )		
	1996	1995	1994
Federal	\$49.9	\$117.2	\$107.4
State	(0.9)	13.8	13.3
	\$49.0	\$131.0	\$120.7
Current	\$33.1	\$120.1	\$123.1
Deferred	15.9	10.9	(2.4)
	\$49.0	\$131.0	\$120.7

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

	1996	1995	1994
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	5.9	2.1	2.8
State income taxes (benefit)	(0.4)	2.6	2.8
Other differences, net	(3.5)	(1.6)	(1.4)
	37.0%	38.1%	101.8%

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 28, 1996 and September 30, 1995 are as follows:

( IN MILLIONS )		
	1996	1995
Basis difference in property, plant and equipment	\$268.1	\$255.7
Suspended taxes from conversion to accrual method	150.2	150.2
Other	77.3	73.8
	\$495.6	\$479.7

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 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 8: 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, restrictions were removed from 73,119 shares 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 1996, 1995 and 1994 was as follows:

	Shares Under Option	Option Price Per Share
-----		
Outstanding, October 2, 1993	3,533,029	6.92-21.63
Exercised	(599,804)	6.92-11.94
Canceled	(156,073)	6.93-21.63
Granted	790,400	21.50
-----		
Outstanding, October 1, 1994	3,567,552	7.19-21.63
Exercised	(963,510)	7.19-11.94
Canceled	(156,445)	7.25-21.63
Granted	297,850	21.75
-----		
Outstanding, September 30, 1995	2,745,447	7.24-21.75
Exercised	(213,690)	7.25-21.75
Canceled	(306,100)	11.94-22.75
Granted	1,419,850	21.88-22.75
-----		
Outstanding, September 28, 1996	3,645,507	\$7.24-22.75
Exercisable, September 28, 1996	295,077	
-----		

The remainder of the options are exercisable ratably through March, 2006.

## NOTE 9: 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 1996, \$7.0 million in 1995 and \$6.8 million in 1994. 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 \$6.6 million in 1996, \$7.1 million in 1995 and \$6.7 million in 1994.

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 \$11.7 million in 1996, \$11.2 million in 1995 and \$11.4 million in 1994.

#### NOTE 10: BENEFIT PLANS

The Company has defined contribution retirement and incentive benefit programs for various groups of Company personnel. Company discretionary contributions, which are determined by the Board of Directors, totaled \$24.0 million, \$25.1 million and \$21.7 million for 1996, 1995 and 1994, respectively.

#### NOTE 11: SUPPLEMENTAL INFORMATION

Supplemental cash flow information and noncash investing and financing activities are as follows:

	( IN MILLIONS )		
	1996	1995	1994
-----			
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	\$114.1	\$115.0	\$ 89.9
Income Taxes	\$ 40.5	\$124.4	\$123.2
-----			
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES			
Acquisitions:			
Fair value of assets acquired			\$124.0
Liabilities assumed			(109.2)
Fair value of assets exchanged		\$ 18.6	\$(14.8)
-----			

SUPPLEMENTAL SALES INFORMATION: The Company sells certain of its products in foreign markets, primarily Russia, Japan, Hong Kong/China and Singapore as well as Canada, Mexico, certain Middle Eastern countries and countries in the Caribbean. The Company's export sales for 1996, 1995 and 1994 totaled \$790.9 million, \$606.1 million and \$472.7 million, respectively. Substantially all of the Company's export sales are transacted through unaffiliated brokers, marketing associations and foreign sales staffs. Foreign sales were less than 10% of total consolidated sales for 1996, 1995 and 1994, respectively.

**NOTE 12: QUARTERLY FINANCIAL DATA (UNAUDITED)**

( IN MILLIONS EXCEPT PER SHARE DATA )

Quarter Ended	Sales	Gross Margin	Net Income	Earnings Per Share
12-30-95	\$1,546.8	\$ 267.1	\$ 43.3	\$ .30
03-30-96	\$1,587.7	\$ 229.3	\$ 14.4	\$ .10
06-29-96	\$1,628.2	\$ 229.3	\$ 14.6	\$ .10
09-28-96	\$1,691.1	\$ 222.4	\$ 14.6	\$ .10
Fiscal 1996	\$6,453.8	\$ 948.1	\$ 86.9	\$ .60
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

**REPORT OF MANAGEMENT  
TYSON FOODS, INC.**

The management of Tyson Foods, Inc. (the Company) has the responsibility of preparing the accompanying financial statements and is responsible for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles applied on a consistent basis. Such financial statements are necessarily based, in part, on best estimates and judgments.

The Company maintains a system of internal accounting controls, and a program of internal auditing designed to provide reasonable assurance that the Company's assets are protected and that transactions are executed in accordance with 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.

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

*/s/Wayne Britt*  
-----  
*Wayne Britt*  
*Executive Vice President and*  
*Chief Financial Officer*

*November 15, 1996*

**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 28, 1996 and September 30, 1995, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended September 28, 1996. 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 28, 1996 and September 30, 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 28, 1996, in conformity with generally accepted accounting principles.

*Little Rock, Arkansas  
November 15, 1996*

*/s/Ernst & Young LLP*  
-----  
*Ernst & Young LLP*

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

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

CORPORATE AND OPERATIONAL OFFICERS

Wayne Britt Executive Vice President, Finance	Steven Hankins Senior Vice President, Financial Planning and Shared Services	Greg Lee Executive Vice Sales, Marketing and Technical Services	John H. Tyson President, Beef and Pork Division
Roy Brown Senior Vice President, Seafood Division	William P. Jaycox Senior Vice President, Human Resources	David S. Purtle Executive Vice Operations, Transportation and Warehousing	David L. Van Bebber Assistant Secretary
Gerard Dowd Senior Vice President, Foodservice Sales and Marketing	William Kuckuck Senior Vice President, International Sales, Marketing and Operations	Mary Rush Secretary and Director of Investor Relations	William Whitfield Vice President, Business Development and Analysis
James G. Ennis Vice President, Controller and Chief Accounting Officer	Dennis Leatherby Treasurer	Leland E. Tollett Chairman of the Board and Chief Executive Officer	Donald E. Wray President and Chief Operating Officer

**CORPORATE INFORMATION**  
**TYSON FOODS, INC.**

Price of Company's Common Stock (Nasdaq stock market)

	Fiscal Year 1996		Fiscal Year 1995	
	High	Low	High	Low
First Quarter	27 1/8	22 3/4	24 1/8	20 7/8
Second Quarter	26 5/8	20 3/4	25	20 3/4
Third Quarter	27 5/8	21 7/8	24 7/8	21 3/4
Fourth Quarter	27 7/8	23 3/4	27 1/4	22 3/4

**DIRECTSERVICE**

SHAREHOLDER INVESTMENT PROGRAM MULTIPLE DIVIDEND CHECKS AND Tyson Foods has authorized First Chicago DUPLICATE MAILINGS Trust Company to implement its program If your Tyson Foods stock is for dividend reinvestment and direct registered in similar but different purchase of shares for current as well as names, e.g. Jane A. Doe & J.A. Doe, new investors of Tyson Class "A" Common we are required to create separate Stock. This program provides alternatives accounts and mail dividend checks and

to traditional retail brokerage methods of purchasing, holding and selling Tyson stock. All inquiries concerning this program should be directed to:

DirectSERVICE Program  
for Shareholders of Tyson Foods, Inc.  
c/o First Chicago Trust Company  
P.O. Box 2598  
Jersey City, NJ 07303-2598

**CHANGE OF ADDRESS**

If your Tyson Foods stock is registered in your own name(s), please send change of address information to First Chicago Trust Company.

proxy materials separately even if the mailing addresses are the same. To consolidate accounts, please contact First Chicago Trust Company.

**LOST OR STOLEN STOCK CERTIFICATES OR LEGAL TRANSFERS**

If your stock certificates are lost, stolen, or in some way destroyed, or if you wish to transfer registration, please notify First Chicago Trust Company in writing. Please include the exact name(s) and Social Security or tax identification number(s) in which the stock is registered and, if possible, the numbers and issue dates of the certificates.

## CORPORATE INFORMATION

CORPORATE DATA INDEPENDENT AUDITORS Tyson Foods, Inc. is the world's largest Ernst & Young LLP

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.

### STOCK EXCHANGE LISTINGS

The common stock of the Company is traded on the Nasdaq stock market's National Market under the symbol "TYSNA."

### CORPORATE HEADQUARTERS

2210 West Oaklawn Drive  
Springdale, Arkansas 72762-6999  
Telephone (501) 290-4000  
Fax (501) 290-4061

### AVAILABILITY OF FORM 10-K

A copy of the Company's Form 10-K Report, as filed with the Securities and Exchange Commission for 1996, 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

425 West Capitol, Suite 3600  
Little Rock, Arkansas 72201

### TRANSFER AGENT & DIVIDEND DISBURSING AGENT

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

### INVESTOR RELATIONS

Financial analysts and others seeking investor-related information should contact:  
Director of Investor Relations  
Tyson Foods, Inc.  
P.O. Box 2020  
Springdale, Arkansas 72765-2020  
Telephone (501) 290-4351

### NEWS AND PRESS RELEASES

Press Releases and other information concerning Tyson Foods can be delivered direct via fax by calling PR Newswire at (800) 758-5804, ext. 113769.

### TYSON ON THE INTERNET

Shareholders and others can access various information about Tyson

be held at 10 a.m., January 10, 1997, at Foods via the Internet. Tyson the Walton Arts Center, Fayetteville, Foods' Internet address is Arkansas. Shareholders who cannot attend <http://www.tyson.com/> the meeting are urged to exercise their

right to vote by proxy.

### GENERAL COUNSEL

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

### LEGAL NOTICE

The term "Tyson" and such terms as "the Company", "our", "we" and "us" may refer to Tyson Foods, Inc., to one or more of its consolidated subsidiaries or to all of them taken as a whole. These terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

**EXHIBIT 21 - SUBSIDIARIES OF TYSON FOODS, INC.**

Name -----	Jurisdiction of Incorporation -----	Names Under Which Subsidiary Does Business -----
Cobb-Vantress, Inc.	Delaware	Cobb-Vantress, Inc.
Cobb Breeding Company Limited	United Kingdom	Cobb Breeding Company Limited
Cobb Denmark A/S	Denmark	Cobb Denmark A/S
Cobb France E.U.R.L.	France	Cobb France E.U.R.L.
Cobb-Poland B.V.	Poland	Cobb-Poland B.V.
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.
Oaklawn Capital Corporation	Delaware	Oaklawn Capital
Oaklawn Capital-Mississippi, LLC	Mississippi	Oaklawn Capital-Mississippi
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.
Tyson Seafood Group-Japan, Inc.	Japan	Tyson Seafood Group-Japan
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
OffShore Ventures, Inc.	Washington corporation
Oaklawn Sales, Ltd.	British Virgin Islands

**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 15, 1996, included in the 1996 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; 33-02135; 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 15, 1996, 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 28, 1996.

*/s/ ERNST & YOUNG LLP*

-----  
*ERNST & YOUNG LLP*

*December 16, 1996*  
*Little Rock, Arkansas*

**ARTICLE 5**

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FISCAL 1996 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 28 1996
PERIOD END	SEP 28 1996
CASH	37
SECURITIES	0
RECEIVABLES	547
ALLOWANCES	0
INVENTORY	1027
CURRENT ASSETS	1810
PP&E	2978
DEPRECIATION	1109
TOTAL ASSETS	4544
CURRENT LIABILITIES	686
BONDS	1806
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	15
OTHER SE	1527
TOTAL LIABILITY AND EQUITY	4544
SALES	6454
TOTAL REVENUES	6454
CGS	5506
TOTAL COSTS	5506
OTHER EXPENSES	4
LOSS PROVISION	0
INTEREST EXPENSE	133
INCOME PRETAX	133
INCOME TAX	49
INCOME CONTINUING	87
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	87
EPS PRIMARY	0.60
EPS DILUTED	0.60

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