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
CIK	0000100493
Symbol	TSN
SIC Code	2015 - Poultry Slaughtering and Processing
Industry	Food Processing
Sector	Consumer/Non-Cyclical
Fiscal Year	09/30

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

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934
For the fiscal year ended September 27, 1997

[ ] 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)

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

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

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

Securities Registered Pursuant to Section 12(b) of the Act:
     Title of Each Class      Name of Each Exchange on Which Registered
     -------------------      -----------------------------------------
     Class A Common Stock,         New York Stock Exchange, Inc.
      Par Value $.10
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Securities Registered Pursuant to Section 12(g) of the Act:
Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] 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. [X]

On September 27, 1997, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was $2,343,655,485 and $1,659,135, respectively.

On September 27, 1997, there were outstanding 110,774,912 shares of the registrant's Class A Common Stock, $.10 par value, and 102,670,113 shares of its Class B Common Stock, $.10 par value.

Page 1 of 71 Pages The Exhibit Index appears on pages 22 through 28

DOCUMENTS INCORPORATED BY REFERENCE

The following documents or the indicated portions thereof are incorporated herein by reference into the indicated portions of this Annual Report on Form 10-K: (i) pages 26-48 and back cover of the registrant's Annual Report to Shareholders for fiscal year ended September 27, 1997 (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 9, 1998 (the "Proxy Statement").

PART I

Item 1. Business

Pages 28 through 31 of the 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

Page 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 28 through 31 of the Annual Report under the caption "Management's Discussion and Analysis."

Item 8. Financial Statements and Supplementary Data

Pages 32 through 46 of the Annual Report under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors."

Part III

Item 10. Directors and Executive Officers of the Registrant

The information set forth under the 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 prepared foods and other products such as flour and corn tortillas and chips. Additionally, the Company has live swine, animal feed and pet food ingredients 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 5.6 billion pounds of consumer poultry during fiscal 1997.

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 1.8 million head of market weight live swine in fiscal 1997.

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 one of the largest catching and at-sea processing fleets 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.

Mallard's Food Products, Inc., which was acquired in August 1997, and Culinary Foods, Inc., produce specialty pasta and meat dishes. These products are included in the other prepared foods category.

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

Sources of Revenue

The principal revenue sources of the Company include value-enhanced poultry products, fresh and frozen poultry products, Mexican Original products, frozen dinner products, seafood products, live swine operations, animal foods, by-products, and other products. In the first quarter of 1997, the Company sold the beef further-processing plants and closed the pork further-processing plant. Revenue for 1996 and 1995 include value- enhanced beef and pork products. The following table sets forth the relative sources of the Company's revenues for the last three fiscal years.

	For Fiscal Year Ended		
	1997	1996	1995
Consumer poultry products:			
Value-enhanced poultry (1)	69%	63%	64%
Basic poultry (2)	14	15	11
Total consumer poultry	83	78	75
Beef and pork (3)	0	5	9
Mexican Original products and other prepared foods(4)	5	5	7
Seafood (5)	4	5	5
Animal foods, by-products, live swine and other	8	7	4
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 their 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) Previously 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. These products have been discontinued due to the sale of the Company's beef further-processing facilities and closure of the Company's pork further-processing operations in 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 118 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, Lady Aster, Quality Cuisine, Our Finest, 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, Tyson Holly Farms, Mexican Original, Louis Kemp, Crab Delights, Lobster Delights, JAC Creative Foods, Captain JAC, SeaFest and Mallard's 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 and Weaver flavored chicken wings; Tyson complete meal kits; Tyson premium pot pies; Tyson and Mallard's meals; Tyson individually-quick-frozen chicken parts and breaded chicken patties and chunks; (b) refrigerated prepared foods consisting of separate lines of Tyson Holly Farms roasted 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 and chips; (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 throughout the world the full line of Tyson products, including poultry, Mexican Original products and seafood. The international division exported to 61 countries in fiscal 1997. Major markets include Russia, Japan, China/Hong Kong, Puerto Rico, Singapore, South Africa and Mexico. The Company also exported to Canada, 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. A memorandum of understanding has been signed with the Kuok Group to develop up to ten poultry production and processing complexes in China. The Company has also established a joint venture called Fil-Am Foods, Inc. with Aboitiz Equity Ventures, Inc. and PM Nutrition Company, Inc., a subsidiary of Purina Mills, Inc., to create a commercial feed and swine operation in the Philippines. Meanwhile, the Company's joint venture operation in Mexico has grown under economically difficult conditions. The Company has also entered into a distribution agreement for the sale of products 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.

In 1995, the Company's International Division created a wholly-owned subsidiary called "World Resource, Inc." This subsidiary acts as 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 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 and distribution 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 from 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 27, 1997, the Company employed approximately 59,400 persons. The Company believes that its relations with its workforce are good.

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

Location	Union	No. of People	Expiration Date
Chicago, IL	UFCW	1100	August 31, 1997 (1)
Gadsden/Blountsville, AL	Teamsters	28	March 31, 1998
Dardanelle, AR	UFCW	1003	October 31, 1998
Wilkesboro, NC	Teamsters	1507	November 1, 1998
Glen Allen, VA	UFCW	858	November 1, 1998
Gadsden, AL	RWDSU	1130	November 8, 1998
Jacksonville, FL	Teamsters	662	December 31, 1998
Ashland, AL	UFCW	887	February 24, 1999
Pine Bluff, AR	UFCW	247	October 10, 1999
Shelbyville, TN	RWDSU	950	November 13, 1999
Jackson, MS	UFCW	1069	December 31, 1999
Center, TX	UFCW	983	February 5, 2000
Buena Vista, GA	RWDSU	1204	November 1, 2000
Carthage, TX	UFCW	819	November 8, 2000

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

(1) Prior to August 31, 1997, an election was held in which the Chicago Truck Drivers Union was elected to represent the employees of the Company's Chicago, Illinois facility. The UFCW has protested the results of that election to the National Labor Relations Board ("NLRB"). The Company anticipates that, upon a final determination of the matter by the NLRB, the Company will enter into a new collective bargaining agreement with either the UFCW or the Chicago Truck Drivers Union.

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 and 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, California, 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, France, Hong Kong, India, Indonesia, Ireland, Japan, Mexico, the Philippines, Poland, South Africa, Spain, the United Kingdom and Venezuela.

The principal poultry operations of the Company consist of 55 processing plants. These plants are devoted to various phases of slaughtering, dressing, cutting, packaging, deboning or further-processing. The total slaughter capacity is approximately 37 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 owns poultry cold storage facilities with a capacity of approximately 112.3 million pounds.

The Company's Mexican Original products and prepared foods operations consist of eight processing plants, including two Mallard's Food Products, Inc., facilities located in Modesto, California acquired in August 1997. These operations are supported by five additional freezer storage facilities.

The Company's seafood operations consist of 27 catching and at-sea processing vessels along with two freighters. The at-sea processing is supported by nine shore-based processing plants, five of which are dedicated to surimi processing.

The Company's animal feed and pet food processing operations consist of seven rendering plants with the capacity to produce 19.5 million pounds of animal protein products per week supported by three freezer facilities. 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 158 swine farrowing and nursery units and 389 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: one poultry processing plant is leased under an agreement expiring in 2002 and one poultry emulsified operation facility and one poultry emulsified plant are leased month to month, 283 breeder farms are leased under agreements expiring at various dates through 1999, one freezer storage facility is leased under an agreement expiring in 1997, 64 swine farrowing and nursery units and 318 swine finishing units are leased under one to ten year renewable lease agreements and two seafood processing plants are leased under agreements expiring in 1998 and 2001.

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

ITEM 3. LEGAL PROCEEDINGS

As previously announced on June 20, 1997, the Company was notified that it was a target of the Office of Independent Counsel's (OIC) investigation of former Secretary of Agriculture Alphonso Michael Espy. No charges have been filed against the Company related to this investigation. The Company and its legal counsel are unable to estimate the amount or likelihood of potential loss, if any, that may result from the OIC's investigation or any subsequent proceedings.

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	67	1963
Leland E. Tollett	Chairman of the Board of Directors and Chief Executive Officer	60	1966
Donald E. Wray	President and Chief Operating Officer	60	1979
John H. Tyson	Vice Chairman of the Board of Directors	44	1984
Wayne Britt	Executive Vice President and Chief Financial Officer	48	1977
Greg Lee	Executive Vice President, Sales, Marketing and Technical Services	50	1993
David Purtle	Executive Vice President, Operations, Transportation and Warehousing	53	1985
Gerard Dowd	Senior Vice President, Foodservice Sales and Marketing	46	1994
Steven Hankins	Senior Vice President, Financial Planning and Shared Services	39	1997
William Jaycox	Senior Vice President, Human Resources	51	1990
Roy Brown	President, Seafood Division	45	1993
William Kuckuck	President, International Division	43	1996
James Ennis	Vice President, Controller and Chief Accounting Officer	52	1996
Dennis Leatherby	Vice President and Treasurer	37	1990
William Whitfield	Vice President, Business Development and Analysis	45	1997
Mary Rush	Secretary and Director of Investor Relations	63	1982

David L. Van Bebber Assistant Secretary 41 1990

John H. Tyson is the son of Don Tyson. No other family relationships exist among the above officers. Mr. Don Tyson was appointed Senior Chairman of the Board of Directors in 1995 after previously serving as Chairman of the Board and Chief Executive Officer. Mr. 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 and Vice Chairman of the Board of Directors since 1994. 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 Vice Chairman of the Board of Directors in 1997 after serving as President, Beef and Pork Division since 1993 and 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 and Vice President, Wholesale Club Division since 1992. 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. Dowd was appointed Senior Vice President, Foodservice Sales and Marketing in 1994 after serving as Vice President, Foodservice Sales and Marketing since 1993 and Vice President, Foodservice Sales since 1988. Mr. Hankins was appointed Senior Vice President, Financial Planning and Shared Services in 1997 after serving as Vice President, Management Information Systems since 1993 and Director of Data Processing since 1991. Mr. Jaycox was appointed Senior Vice President, Human Resources in 1995 after serving as Group Vice President, Human Resources since 1990. Mr. Brown was appointed President, Seafood Division in 1997 after serving as Senior Vice President, Seafood Division since 1993 and Vice President, Sales and Marketing, International Division since 1992. Mr. Kuckuck was appointed President, International Division in 1997 after serving as Senior Vice President, International Sales, Marketing and Operations since 1996 and Vice President and Managing Director of Southeast Asia since he joined Tyson in 1995. Prior to joining Tyson, 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 Vice President and Treasurer in 1997 after serving as Treasurer since 1994 and Assistant Treasurer since 1990. Mr. Whitfield was appointed Vice President, Business Development and Analysis in 1997 after serving as Director of Accounting Operations since 1994 and Assistant Controller since 1982. Ms. Rush was appointed Secretary and Director of Investor Relations in 1992. Mr. Van Bebber was appointed Assistant Secretary in 1990.

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 27, 1997, there were approximately 35,199 holders of record of the Company's Class A Stock and 20 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 New York Stock Exchange under the symbol "TSN." No public trading market currently exists for the Class B Stock. Information regarding the high and low 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 January 10, 1997, the Board of Directors increased the post-split annual dividend rate on Class A Stock to $.10 per share and fixed an annual dividend rate of $.09 per share for the Class B Stock, effective with the quarterly dividend paid on March 15, 1997. The Company has continued to pay quarterly dividends at the same rates through fiscal 1997.

ITEM 6. SELECTED FINANCIAL DATA

See the information reflected under the caption "Eleven-Year Financial Summary" on page 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 28 through 31 of the Annual Report, which information is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Market risks relating to the Company's operations result primarily from changes in interest rates, foreign exchange rates and commodity prices, as well as credit risk concentrations. To address these risks the Company enters into various hedging transactions as described below. The Company does not use financial instruments for trading purposes and is not a party to any leveraged derivatives.

Foreign Currency and Interest Rate Risks

The Company periodically enters into foreign exchange forward contracts and option contracts to hedge some of its foreign currency exposure. The Company uses such contracts to hedge exposure to changes in foreign currency foreign currency exchange rates, primarily Japanese yen, associated with sales denominated in foreign currency. Gains and losses on these contracts are deferred and recognized as an adjustment of the subsequent transaction when it occurs. Forward and option contracts generally have maturities not exceeding twelve months.

The Company also hedges exposure to changes in interest rates on certain of its financial instruments. Under the terms of various leveraged equipment loans, the Company enters into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings. The maturity dates of these leveraged equipment loans range from 2005 to 2008 with interest rates ranging from 4.9% to 6.0%.

As of September 27, 1997 and September 28, 1996, the stated or notional amounts of the Company's outstanding foreign currency and interest rate derivative financial instruments were as follows:

(IN MILLIONS)

	1997	1996
Interest rate swaps	$147.7	$113.7
Foreign currency options	42.5	
Foreign forward exchange contracts		0.5

Credit Risks

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables. The Company's cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to the large number of customers and their dispersion across geographic areas. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. One customer located in Russia accounts for approximately 11% of total accounts receivable. No other single group or customer represents greater than 10% of total accounts receivable.

The following table provides information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. The table presents for the Company's debt obligations, principal cash flows and related weighted-average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and weighted-average interest rates or strike rates by contractual maturity dates. Notional amounts are used to calculate the contractual cash flows to be exchanged under the contract.

Interest Rate Sensitivity Principal (Notional) Amount by Expected Maturity Average Interest (Swap) Rate

(dollars in millions)	1998	1999	2000	2001	2002	There-after	Total	Fair Value 9/27/97
Liabilities								
Long-term Debt, including Current Portion								
Fixed Rate	$94.6	$72.6	$77.4	$124.5	$31.4	$454.6	$855.1	$855.1
Average Interest Rate	9.42%	9.46%	9.48%	8.27%	7.97%	6.70%	7.76%	
Variable Rate	-	-	-	-	$768.7	$29.0	$797.7	$797.7
Average Interest Rate	-	-	-	-	5.68%	4.25%	5.63%	

Interest Rate Derivative Financial Instruments Related to Debt

	1998	1999	2000	2001	2002	There-after	Total	Fair Value 9/27/97
Interest Rate Swaps								
Pay Fixed	$13.6	$24.7	$15.8	$16.9	$18.0	$58.7	$147.7	$146.4
Average Pay Rate	6.75%	6.87%	6.76%	6.73%	6.77%	6.69%	6.69%	

Average Receive Rate - USD 6 Month Libor.

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

Exposures Related to Derivative Contracts with United States Dollar Functional Currency Principal (Notional) Amount by Expected Maturity Average Forward Foreign Currency Exchange Rate (USD/Foreign Currency)

(dollars in millions)

	1998	1999	2000	2001	2002	There-after	Total	Fair Value 9/27/97
Related Forward Contracts to Sell Foreign Currencies for US$								
Japanese Yen								
Notional Amount	-	-	-	-	-	-	-	-
Average Contract Rate	-	-	-	-	-	-	-	-
Purchased Option Contracts to Sell Foreign Currencies for US$								
Japanese Yen								
Notional Amount	$ 36.0	$ 6.5	-	-	-	-	$42.5	$38.8
Weighted Average Strike Price	113.87	109.48	-	-	-	-	-	-

Commodities Risk

The Company is a purchaser of certain commodities, primarily corn and soybeans. The Company uses commodity futures and purchased options for hedging purposes to reduce the effect of changing commodity prices on a portion of its commodity purchases. The contracts that effectively meet risk reductions and correlation criteria are recorded using hedge accounting. Gains and losses on hedge transactions are recorded as a component of the underlying inventory purchase.

The following table provides information about the Company's corn, soybean meal and other feed ingredient inventory and futures contracts that are sensitive to changes in commodity prices. For inventory, the table presents the carrying amount and fair value at September 27, 1997. For the futures contracts the table presents the notional amounts in bushels, the weighted average contract prices, and the total dollar contract amount by expected maturity dates, the latest of which occurs one year from the reporting date. Contract amounts are used to calculate the contractual payments and quantity of corn and soybean meal to be exchanged under the futures contracts.

(In millions)	Carrying amount	Fair value
On Balance Sheet Commodity Position and Related Derivatives		
Corn, Soybean Meal and Other Feed Ingredient Inventory	$ 28.4	$ 28.4
Corn Futures Contracts		
Contract Volumes (bushels)	3,810,000	-
Weighted Average Price (Per bushel)	$ 2.65	-
Contract Amount ($US in millions)	$ 10.1	$ 9.9
Soybean Meal Futures Contracts		
Contract Volumes (tons)	32,900	-
Weighted Average Price (Per ton)	$ 215.0	-
Contract Amount ($US in millions)	$ 7.1	$ 6.5

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 32 through 46 of the Annual Report under the caption "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors," which information is incorporated herein by reference. Other financial information is filed under Item 14 of Part IV of this report.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

See information set forth under the captions "Election of Directors" and "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 Annual Report on Form 10-K, certain information concerning the Company's executive officers is included under the caption "Executive Officers of the Company" in Part I of this Report. See the information set forth under the caption "Executive Compensation and Other Information" in the Proxy Statement, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the information included under the 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 32 through 45 in the Company's Annual Report for the fiscal year ended September 27, 1997, 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.

	Pages
Consolidated Statements of Income for the three years ended September 27, 1997	47
Consolidated Balance Sheets at September 27, 1997 and September 28, 1996	48
Consolidated Statements of Shareholders' Equity for the three years ended September 27, 1997	49
Consolidated Statements of Cash Flows for the three years ended September 27, 1997	50
Notes to Consolidated Financial Statements	51-63
Report of Independent Auditors	65

2. The following additional information for the years 1997, 1996, and 1995 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

	Pages
Report of Independent Auditors	31
Schedule VIII - Valuation and Qualifying Accounts and Reserves for the three years ended September 27, 1997	32

All other schedules are omitted because they are neither applicable nor required.

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

4. On September 9, 1997, the Company filed a Current Report on Form 8-K related to the definitive agreement and plan of merger with Hudson Foods, Inc.

EXHIBIT INDEX

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

Exhibit No.		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 (previously filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 1996, Commission File No. 0-3400, and incorporated herein by reference).	
4.1	Form of Indenture between the Company and The Chase Manhattan Bank, N.A., as Trustee relating to the issuance of Debt Securities (previously filed as Exhibit 4 to Amendment No. 1 to Registration Statement on Form S-3, filed with the Commission on May 8, 1995, Registration No. 33-58177, and incorporated herein by reference).	
4.2	Form of 6.75% $150 million Note due June 1, 2005 (previously filed as Exhibit 4(b) to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.3	Form of Fixed Rate Medium-Term Note (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
4.4	Form of Floating Rate Medium-Term Note (previously filed as Exhibit 4.3 to the Company's Current Report	

on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).

4.5	Form of Calculation Agent Agreement (previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K, filed with the Commission on July 20, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
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 (previously filed as Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 1996, Commission File No. 0-3400, and incorporated herein by reference).

4.9 Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various

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

(a) Form of Series E Note

(b) Form of Series F Note

(c) Form of Series G Note

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

4.10 Amendment Agreement, dated November 1, 1994, to Amended and Restated Note Agreement, dated June 30, 1993, by and between the Company and various Purchasers as listed in the Purchaser Schedule attached to said agreement (previously filed as Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 1994, Commission File No. 0-3400, and incorporated herein by reference).

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

Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 1996, Commission File No. 0-3400, and incorporated herein by reference).

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 Westminister 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 Manhatten Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank, B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminister 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 Amendment No. 2 to First Amended and Restated Credit Agreement, dated as of May 23, 1997, by and among the Company, as Borrower, the banks party thereto, The Chase Manhatten Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank, B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminister 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 28, 1997, Commission File No. 0-3400, and incorporated herein by reference).

10.5 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 Westminister 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).

10.6 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 Manhatten Bank, N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National Westminister 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).

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

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

10.8 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).

10.9 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).

10.10 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).

10.11 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).

10.12 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).

10.13 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).

10.14 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).

10.15 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).

10.16 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).

10.17	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).	
10.18	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).	
10.19	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).	
10.20	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).	
10.21	Second Amended and Restated Employment Agreement dated August 1, 1997, between the Company and Don Tyson, Senior Chairman of the Board of Directors of the Company.	33-35
10.22	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).	
10.23	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).	
10.24	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).	

10.25	Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain of its executive officers (previously filed as Exhibit 10(t) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
11	Statement Regarding Computation of Earnings Per Share.	36
12	Ratio of Earnings to Fixed Charges.	37
13	Pages 26-48 and back cover of the Annual Report to Shareholders for the fiscal year ended September 27, 1997.	38-68
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23	Consent of Independent Auditors.	71
27	Financial Data Schedule.	

SIGNATURES

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

TYSON FOODS, INC.

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By /s/ Wayne Britt         December 10, 1997
   -------------------
   Wayne Britt
   Executive Vice President
   and Chief Financial Officer
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ Wayne Britt -------------------- *Wayne Britt*	*Executive Vice President and Chief Financial Officer*	*December 10, 1997*
/s/ Neely Cassady -------------------- *Neely Cassady*	*Private Investor and Arkansas State Senator*	*December 10, 1997*
/s/ James G. Ennis -------------------- *James G. Ennis*	*Vice President, Controller and Chief Accounting Officer*	*December 10, 1997*
/s/ Lloyd V. Hackley -------------------- *Lloyd V. Hackley*	*President and CEO of Lloyd V. Hackley and Associates, Inc.*	*December 10, 1997*
/s/ Gerald Johnston -------------------- *Gerald Johnston*	*Private Investor*	*December 10, 1997*
/s/ Shelby D. Massey -------------------- *Shelby D. Massey*	*Private Investor*	*December 10, 1997*
/s/ Joe F. Starr -------------------- *Joe F. Starr*	*Private Investor*	*December 10, 1997*
/s/ Leland E. Tollett --------------------- *Leland E. Tollett*	*Chairman of the Board of Directors and Chief Executive Officer*	*December 10, 1997*
/s/ Barbara Tyson --------------------- *Barbara Tyson*	*Vice President*	*December 10, 1997*
/s/ Don Tyson --------------------- *Don Tyson*	*Senior Chairman of the Board of Directors*	*December 10, 1997*
/s/ John H. Tyson --------------------- *John H. Tyson*	*Vice Chairman of the Board of Directors*	*December 10, 1997*
/s/ Fred S. Vorsanger --------------------- *Fred S. Vorsanger*	*Vice President(Emeritus) University of Arkansas and Private Investor*	*December 10, 1997*
/s/ Donald E. Wray --------------------- *Donald E. Wray*	*President and Chief Operating Officer*	*December 10, 1997*

FINANCIAL STATEMENT SCHEDULE

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of September 27, 1997 and September 28, 1996, and for each of the three years in the period ended September 27, 1997, and have issued our report thereon dated November 14, 1997. Our audits also included the financial statement schedule listed in Item 14(a) in this annual report (Form 10-K). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

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

Little Rock, Arkansas
November 14, 1997

/s/ERNST & YOUNG LLP

ERNST & YOUNG LLP

TYSON FOODS, INC.
SCHEDULE VIII
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
Three Years Ended September 27, 1997

(Dollars in Millions)

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

Allowance for
Doubtful Accounts

1997	$3.5	$2.0	0	($1.1)	$4.4
1996	$3.6	$1.9	0	($2.0)	$3.5
1995	$3.3	$1.1	0	($0.8)	$3.6

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Second Amended And Restated Employment Agreement (the "Agreement") is made as of August 1, 1997 by and between Tyson Foods, Inc., a Delaware corporation (the "Company"), and Donald J. Tyson, an individual and Florida resident ("Tyson"). This Agreement supersedes and replaces that certain Amended and Restated Employment Agreement between the parties dated July 1, 1994.

W I T N E S S E T H :

Whereas, during Tyson's employment by the Company he has been primarily responsible for promoting the overall growth of the Company; and

Whereas, the Company believes that the future services of Tyson will be of great value to the Company, and by this Agreement proposes to ensure his continued employment; and

Whereas, Tyson hereby expresses his willingness to continue in the employment of the Company as is hereby provided;

Now Therefore, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Period of Active Employment. Tyson shall continue in the active employment of the Company until December 31, 1998 (the "Initial Term"), which employment shall be automatically extended for successive periods of one year, commencing January 1, 1999 and each January 1 thereafter ("the Anniversary Date") following said Initial Term. Said employment may be terminated upon written notice by either party at least 10 days prior to any Anniversary Date (the "Termination Date").

2. Duties. During the period of this Agreement, and subject to the limitations hereinafter expressed, Tyson agrees to serve the Company faithfully and to the best of his ability, under the direction of the Board of Directors of the Company, devoting his time, energy and skill to the Company's business.

3. Compensation. The Company agrees to pay to Tyson during the period of his employment the sum of Six Hundred Thousand Dollars ($600,000) per annum, payable in equal monthly installments, subject to adjustment at any time by mutual agreement of the parties hereto. Additional annual compensation may be paid Tyson from time to time by majority vote of the Compensation Committee of the Board of Directors of the Company, with members of the Tyson family or any other interested director abstaining.

4. Disability. If, while in the active employ of the Company, Tyson becomes disabled to the extent that he is no longer capable of performing his services fully as herein contemplated, the Company shall pay to him an annual salary, in equal monthly installments, equal to one-half (1/2) of his average total annual compensation (i.e., regular salary, bonuses and payments relating to travel and entertainment expense) for the three (3) years immediately preceding the date of his disability (the "Average Compensation").

5. Death. In the event of Tyson's death during the term of this Agreement, the Company shall pay to the surviving of his three children, John Tyson, Cheryl Tyson and Carla Tyson, in equal shares, an annual sum, in equal monthly installments, equal to one-half (1/2) of his Average Compensation. These payments shall continue for a period of ten (10) years from the date of Tyson's death.

In the event of Tyson's death while drawing payments under the provisions of Paragraph 4, the Company shall pay to the surviving children in equal shares an annual sum, in equal monthly installments, which sum shall be the same as Tyson was drawing during his disability period, for a period of time which shall end ten (10) years from the date of Tyson's disability.

6. Retirement. The Company hereby retains Tyson to perform and Tyson agrees to perform, during the period beginning with Tyson's retirement from active employment on the Termination Date, and continuing to the end of his life, such advisory and consultative services on a part time basis as may be required by the Board of Directors of the Company, subject, however, to the condition that Tyson shall not be required to render such services during periods of illness or other incapacity.

The Company shall pay Tyson and Tyson shall accept from the Company for his services during this period, annual compensation, payable in equal monthly installments, equal to one-half his Average Compensation. If Tyson dies during the consultative period, the Company shall continue to pay to his same surviving children the aforesaid monthly payments for a period of time which shall end ten (10) years from the date of Tyson's retirement.

7. Restrictive Covenant. Tyson expressly agrees, as a condition to the performance by the Company of its obligations hereunder, that during the term of this Agreement and during the further period providing for consultative services, he will not, directly or indirectly, enter into or in any manner take part in any business competitive with any business of the Company, without the prior written consent of the Company.

8. Prohibition Against Assignment. Neither Tyson nor his children shall have the right to commute, encumber or dispose of the right to receive payments hereunder, which payments and the right thereto are expressly declared to be non-assignable and non-transferable, and in the event of any attempted assignment or transfer, the Company shall have no further liability hereunder.

9. Reorganization. The Company shall not merge (unless the Company is the surviving corporation) or consolidate with any other organization or organizations until such organization or organizations expressly assume the duties of the Company herein set forth.

10. Independence of Other Agreements. This Agreement is hereby declared to be independent of the cumulative of any other retirement or deferred compensation plans now or hereafter adopted by the Company, and shall not, unless mutually agreed upon in writing, be supplanted or replaced by any other such plan or agreement.

In Witness Whereof, the parties have executed this Agreement in duplicate original the day and year first above recited.

Tyson Foods, Inc.

By:/s/Leland Tollett

Leland Tollett,
Chairman and
Chief Executive Officer

Attest:

/s/ Mary Rush

Mary Rush, Secretary

/s/ Donald J. Tyson

Donald J. Tyson

EXHIBIT 11

TYSON FOODS, INC.

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

	1997	1996	1995
Primary:			
Average common shares outstanding during the period	216.3	217.3	216.8
Net effect of dilutive stock options based on the treasury stock method using average market price	1.9	.7	.9
Total common and common equivalent shares outstanding	218.2	218.0	217.7
Net income	$185.8	$86.9	$219.2
Earnings per share	$0.85	$0.40	$1.01
Fully Diluted:			
Average common shares outstanding during the period	216.3	217.3	216.8
Net effect of dilutive stock options based on the treasury stock method using the quarter-end market price, if higher than average market price	2.5	1.1	1.1
Total common and common equivalent shares outstanding	218.8	218.4	217.9
Net income	$185.8	$86.9	$219.2
Earnings per share	$0.85	$0.40	$1.01

Exhibit 12

Tyson Foods, Inc.
Ratio of Earnings to Fixed Charges
September 27, 1997
(Dollars in thousands)

	1997	1996	1995	1994	1993
Fixed Charges:					
Interest Expense	118,514	137,841	114,840	86,343	73,111
Interest Capitalized	3,434	3,774	3,068	1,822	1,285
Amortization of Debt Discount	4,471	3,414	3,747	5,003	5,697
Interest Portion of Rental Expense (33%)	11,333	11,909	12,637	9,543	8,414
Total Fixed Charges (A)	137,752	156,938	134,292	102,711	88,507
Earnings:					
Net Income(Loss)	185,799	86,867	219,191	(2,128)	180,334
Provision for Income Taxes	143,922	49,048	131,036	120,745	129,301
Fixed Charges	137,752	156,938	134,292	102,711	88,507
Less Capitalized Interest	(3,434)	(3,774)	(3,068)	(1,822)	(1,285)
Earnings and Fixed Charges (B)	464,039	289,079	481,451	219,506	396,857
Ratio of Earnings to Fixed Charges (B/A)	3.37	1.84	3.59	2.14	4.48

For purposes of computing the above ratios of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes and fixed charges (excluding capitalized interest). "Fixed charges" consist of (i) interest on indebtedness, whether expensed or capitalized, but excluding interest to fifty-percent owned subsidiaries (ii) the Company's proportionate share of interest of fifty-percent owned subsidiaries, (iii) that portion of rental expense the Company believes to be representative of interest (one-third of rental expense) and (iv) amortization of debt discount and expense.

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This report contains forward-looking statements and reflects management's current views and estimates of economic circumstances, industry conditions, company performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties which would cause the Company's actual results and experience to differ from the anticipated results and expectations expressed in such forward-looking statements. A description of certain factors which have affected or may affect operating results may be found in the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 1997, as filed with the Securities and Exchange Commission, and in subsequent quarterly reports filed by the Company.

ELEVEN-YEAR FINANCIAL SUMMARY
TYSON FOODS,INC.
In millions except per share data

	1997	1996	1995	1994
Sales	$6,355.7	$6,453.8	$5,511.2	$5,110.3
Cost of Sales	5,318.0	5,505.7	4,423.1	4,149.1
Gross Profit	1,037.7	948.1	1,088.1	961.2
Operating Expenses	637.8	678.5	616.4	766.0
Interest Expense	110.4	132.9	114.9	86.1
Provision for Taxes	143.9	49.0	131.0	120.7
Net Income (Loss)	$ 185.8	$ 86.9	$ 219.2	$ (2.1)
Earnings (Loss) Per Share	$ 0.85	$ 0.40	$ 1.01	$ (0.01)
Dividends Per Share:				
Class A	0.095	0.080	0.053	0.047
Class B	0.086	0.072	0.044	0.039
Capital Expenditures	291.2	214.0	347.2	232.1
Depreciation and Amortization	230.4	239.3	204.9	188.3
Total Assets	$ 4,411.0	$4,544.1	$4,444.3	$3,668.0
Net Property, Plant and Equipment	1,924.8	1,869.2	2,013.5	1,610.0
Total Debt	1,690.1	1,975.1	1,984.7	1,455.1
Shareholders' Equity	1,621.5	1,541.7	1,467.7	1,289.4
Shares Outstanding	213.4	217.4	217.2	217.8
Average Shares Outstanding	218.2	218.0	217.7	221.7
Book Value Per Share	$ 7.60	$ 7.09	$ 6.76	$ 5.92
Total Debt to Capitalization	51.0%	56.2%	57.5%	53.0%
Return on Sales	2.9%	1.4%	4.0%	0.0%
Annual Sales Growth (Decline)	(1.5)%	17.1%	7.9%	8.6%
Five-Year Compounded Annual Sales Growth	8.8%	10.5%	7.6%	15.0%
Gross Margin	16.3%	14.7%	19.7%	18.8%
Return on Beginning Assets	4.1%	2.0%	6.0%	(0.1)%
Return on Beginning Shareholders' Equity	12.1%	5.9%	17.0%	(0.2)%
Five-Year Return on Beginning Shareholders' Equity	10.1%	10.9%	13.8%	14.1%
Effective Tax Rate	43.6%	37.0%	38.1%	101.8%
Stock Price High	23.63	18.58	18.17	16.67
Stock Price Low	17.75	13.83	13.83	12.50

1993	1992	1991	1990	1989	1988	1987
$4,707.4	$4,168.8	$3,922.1	$3,825.3	$2,538.2	$1,936.0	$1,786.0
3,796.5	3,390.3	3,147.5	3,081.7	2,056.1	1,627.6	1,483.0
910.9	778.5	774.6	743.6	482.1	308.4	303.0
535.4	446.8	441.4	423.4	271.5	184.0	156.8
72.8	76.9	95.5	128.6	45.0	19.5	22.9
129.3	100.5	97.0	80.1	62.9	23.0	55.4
$ 180.3	$ 160.5	$ 145.5	$ 120.0	$ 100.6	$ 81.4	$ 67.8
$ 0.81	$ 0.77	$ 0.70	$ 0.60	$ 0.52	$ 0.42	$ 0.35
0.027	0.027	0.020	0.013	0.013	0.013	0.012
0.022	0.022	0.017	0.011	0.011	0.011	0.008
225.3	108.0	213.6	163.8	128.9	86.3	132.9
176.6	148.9	135.8	123.4	84.8	70.3	60.4
$3,253.5	$2,617.7	$2,645.8	$2,501.1	$2,586.1	$ 889.1	$ 806.8
1,435.3	1,142.2	1,162.0	1,071.1	1,020.8	430.0	415.9
1,024.3	825.6	984.0	1,020.5	1,374.4	211.3	217.0
1,360.7	980.2	822.5	663.0	447.7	341.4	269.5
220.9	206.2	206.1	204.9	194.0	191.4	192.3
222.5	207.6	207.1	199.3	194.6	192.0	192.1
$ 6.16	$ 4.75	$ 3.99	$ 3.24	$ 2.31	$ 1.78	$ 1.40
42.9%	45.7%	54.5%	60.6%	75.4%	38.2%	44.6%
3.8%	3.9%	3.7%	3.1%	4.0%	4.2%	3.8%
12.9%	6.3%	2.5%	50.7%	31.1%	8.4%	18.8%
19.5%	18.5%	21.1%	27.5%	27.6%	26.3%	26.2%
19.4%	18.7%	19.8%	19.4%	19.0%	15.9%	17.0%
6.9%	6.1%	5.8%	4.6%	11.3%	10.1%	8.9%
18.4%	19.5%	22.0%	26.8%	29.5%	30.2%	33.3%
21.7%	23.9%	26.8%	29.7%	31.8%	32.4%	32.2%
41.8%	38.5%	40.0%	40.0%	38.5%	22.0%	45.0%
18.08	15.08	15.58	11.79	8.63	7.25	7.79
12.83	10.17	8.46	7.17	4.92	3.63	5.29

1. Significant business combinations accounted for as purchases: Holly Farms Corporation and Arctic Alaska Fisheries Corporation on July 19, 1989 and October 5, 1992, respectively. See Footnote 3 to the Consolidated Financial Statements for acquisitions during the three-year period ended September 27, 1997.
2. The results for 1994 include a $205 million after-tax charge, or $1.38 per share due to the writedown of certain long-lived assets of Arctic Alaska Fisheries Corporation.
3. The results for 1997 include a $41 million pre-tax gain ($4 million after-tax) from the sale of the beef division assets.
4. All shares and per share data have been restated for a three-for-two stock split in 1997.

RESULTS OF OPERATIONS

Sales for 1997 decreased 1.5% from sales for 1996. This decrease is largely attributable to the sale of the Company's beef division assets in the first quarter of 1997 and the discontinuance of consolidation of Trasgo, S.A. de C.V. (Trasgo) due to a change in voting stock ownership, which resulted in Tyson becoming a minority shareholder on April 1, 1996. Excluding sales related to these operations, total sales for 1997 increased 4.5% over comparable sales for 1996. Consumer poultry sales accounted for an increase of 4.1% of the total change in sales for 1997 as compared to 1996. This increase was mainly due to a 0.8% increase in average sales prices and a 4.2% increase in tonnage.

[GRAPH]

1997 Sources of Revenue

Consumer Poultry	83%
Mexican & Prepared Foods	5%
Seafood	4%
Animal Foods, Live Swine and Other	8%

The Company has experienced intermittent sales disruptions and lower than expected prices for leg quarters and related dark meat products in its Russian markets. Although shipments to Russia are currently moving at acceptable levels, such lower prices, together with tariffs, custom regulations and other increased costs associated with these exports, have diminished net returns. The Company is unable to predict when such returns will improve. Further disruptions of shipments to, or the temporary loss of these markets could also result in inventory accumulations.

The Company recognizes that conducting business in or selling products into foreign countries, including Russia, entails inherent risks including various political, credit, inventory and currency risks. The Company, however, is continually monitoring its international business practices and, whenever possible, will attempt to minimize the Company's financial exposure to these risks.

Mexican Original products and prepared foods sales together accounted for a decrease of 0.1% of the total change in sales for 1997 as compared to 1996. This decrease was primarily due to a 2.1% decrease in tonnage partially offset by a 0.8% increase in average sales prices. Seafood sales accounted for a decrease of 0.5% of the change in total sales for 1997 as compared to 1996. This decrease was due to an 11.7% decrease in average sales prices, partially offset by a 0.5% increase in tonnage. The decrease in average sales prices is mainly due to a shift in product mix. The seafood operations continue to be affected by the availability of some species of fish as well as reduced pricing on some products and regulations which limit supply sources. Sales of live swine, animal foods, by-products and other as a group, accounted for an increase of 1.0% of the change in total sales for 1997 as compared to 1996.

Sales for 1996 increased 17.1% over sales for 1995. Consumer poultry sales accounted for an increase of 16.0% of the total change in sales for 1996 as compared to 1995. 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 prices. The increase in tonnage and the decrease in average sales prices 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 accounted for a decrease of 3.5% of the total change in sales for 1996 compared to 1995. 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 prices. 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 prices.

Mexican Original products and prepared foods sales together accounted for a decrease of 0.3% of the total change in sales for 1996 as compared to 1995. This decrease was largely due to a 2.4% decrease in average sales prices as well as a change in product mix and a 1.5% decrease in tonnage. Seafood sales accounted for an increase of 0.9% of the change in total sales for 1996 due to a 23.5% increase in tonnage slightly offset by a 3.3% decrease in average sales prices. 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, by-products and other as a group accounted for 4.0% of the increase in total sales for 1996 compared to 1995.

Cost of goods sold for 1997 decreased 3.4% compared to 1996, which is largely attributable to the sale of the Company's beef division assets in the first quarter of 1997 and the discontinuance of consolidation of Trasgo. Excluding cost of sales related to these operations, total cost of sales for 1997 increased 2.5% over last year's comparable cost of sales. The cost of ingredients used in feed for poultry and swine and the ingredients used in Mexican Original operations during 1997 decreased in comparison with last fiscal year. However, these costs did not moderate as much as management anticipated. As a percent of sales, cost of sales was 83.7% for 1997 compared to 85.3% in 1996.

Cost of goods sold for 1996 increased 24.5% compared to 1995, mainly due to 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. As a percent of sales, cost of sales increased to 85.3% in 1996 compared to 80.3% in 1995.

Operating expenses for 1997 decreased 5.7% from 1996. This decrease is mainly the result of the sale of the beef division assets in the first quarter of fiscal 1997, the discontinuance of consolidation of Trasgo and cost reductions. As a percent of sales, selling expense decreased to 8.1% in 1997 compared to 8.5% in 1996; general and administrative expense was 1.6% in 1997 and 1996; and amortization expense was 0.4% in 1997 and 1996.

[GRAPH]

Expenses as a Percent of Sales

	1995	1996	1997
Selling	8.7%	8.5%	8.1%
General and Administrative	2.0%	1.6%	1.6%

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 mainly due to increased sales volume; 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; and amortization expense was 0.4% in 1996 compared to 0.5% in 1995.

Interest expense decreased 16.9% in 1997 compared to 1996. As a percent of sales, interest expense was 1.7% in 1997 compared to 2.1% in 1996. The Company had a lower level of borrowing in 1997, which decreased the Company's average indebtedness by 12.8% over the same period last year due to paying down debt with funds generated from operations and proceeds from the sale of the beef division assets. The Company's short-term interest rates were slightly lower than the same period last year and the average interest rate on total debt for 1997 was 6.8% compared to 6.9% for 1996.

Interest expense increased 15.7% in 1996 compared to 1995. As a percent of sales, interest expense was 2.1% in 1996 and 1995. The Company had a higher level of borrowing, in 1996, which increased the Company's average indebtedness by 35.2% over 1995. The Company's short-term interest rates were approximately 5.1% lower in 1996 than 1995, which lowered the weighted average interest rate on total debt for 1996 was 6.9% compared to 7.7% for 1995.

Included in other income in 1997 is a $41.0 million pre-tax gain from the sale of the beef division assets.

The effective tax rate for 1997 was 43.6% compared to 37.0% in 1996. The 1997 effective tax rate was impacted by the taxes on the gain from the sale of the beef division assets. Certain costs were allocated to the beef division which are not deductible for tax purposes, resulting in a higher effective tax rate. The 1996 effective tax rate was impacted by reduced state income taxes and 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 1997 was 4.1% compared to 2.0% for 1996, with a five-year average of 3.6%. Return on beginning shareholders' equity for 1997 was 12.1% compared to 5.9% for 1996. The five-year return on beginning shareholders' equity was 10.1%.

[GRAPH]

Return on Beginning Assets

1995 6.0%
1996 2.0%
1997 4.1%

ACQUISITIONS

On August 1, 1997, the Company acquired Mallard's Food Products, Inc. (Mallard's) for a combination of Company Class A common stock and cash. Mallard's, with annual sales of approximately $33 million, is the nation's third largest producer of refrigerated gourmet pasta and sauce products and has two processing plants located in Modesto, California.

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. These factors should be considered when making comparisons between years.

On September 4, 1997, the Company signed a definitive agreement to acquire all of the stock of Hudson Foods, Inc. The total purchase price will consist of 18.4 million shares of Class A common stock and cash of approximately $257 million. This acquisition is expected to be finalized in January 1998 and will be accounted for as a purchase.

LIQUIDITY AND CAPITAL RESOURCES

In 1997, net cash of $541.0 million was provided by operating activities, an increase of $367.7 million over 1996. The Company used cash from operations and proceeds from the sale of the beef division assets to pay down debt and to fund additions to property, plant and equipment. The expenditures for property, plant and equipment were related to acquiring new equipment, upgrading facilities 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.

[GRAPH]

Cash Provided by Operating Activities Dollars in Millions

1995	$291.3
1996	$173.3
1997	$541.0

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

At 1997 year end, working capital was $851.5 million compared to $1.1 billion at the end of 1996, a decrease of $273.0 million. The current ratio for 1997 was 2.18 to 1 compared to 2.64 to 1 for 1996. Working capital and the current ratio have decreased from 1996 primarily due to decreases in inventories and assets held for sale. Total assets have increased by $1.8 billion or 68.5% over the past five years inclusive of acquisitions. Additions, net of dispositions, to total property, plant and equipment for the last five years were $1.4 billion including acquisitions, an increase of 80.0% over the last five years. At 1997 year end, the Company had construction projects in progress that will require approximately $89.1 million to complete. Funding for these expenditures will be provided by cash from operations or additional borrowings.

Total debt at 1997 year end was $1.7 billion, a decrease of $285 million from the end of 1996. The Company has two unsecured revolving credit agreements totaling $1.25 billion which support the Company's commercial paper program. The $1 billion facility expires in May 2002. At September 27, 1997, $768.7 million was outstanding under the $1 billion facility consisting of $638.7 million of commercial paper and $130.0 million drawn under the revolver. The $250 million facility expires in May 1998. At September 27, 1997, all of the $250 million facility was available. Additional outstanding long-term debt at September 27, 1997, consisted of $348.5 million of public debt, $225.8 million of institutional notes, $166.5 million of leveraged equipment loans and $48.7 million of other indebtedness.

[GRAPH]

Total Capitalization
Dollars in Billions

	1995	1996	1997
Equity	1.5	1.5	1.6
Debt	2.0	2.0	1.7
	---	---	---
Total	3.5	3.5	3.3

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 at year end.

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.

In January 1997, the Company re-instituted its stock repurchase program which authorized the purchase of up to 17 million shares (on a post-split basis) of the Company's Class A common stock in open market or privately negotiated transactions. The Company intends to utilize shares repurchased to fund employee benefit plans and acquisitions. No timetable has been set for completion of the repurchase program. During 1997, the Company purchased approximately 5.2 million shares under this repurchase program, which included the purchase of 2.3 million shares from the Tyson Foods, Inc. Profit Sharing Plan and Trust on September 25, 1997.

Shareholders' equity increased 5.2% during 1997 and has grown at a compounded annual rate of 10.6% over the past five years, inclusive of $20.8 million for the purchase of Mallard's in 1997, a $213.9 million write-down of assets in 1994 and $205.2 million of Class A common stock issued in 1993.

On January 10, 1997, the Company's Board of Directors authorized a three-for- two stock split in the form of a stock dividend, effective February 15, 1997, for shareholders of record on February 1, 1997. Additionally, the Board of Directors increased the post-split quarterly dividend to $.025 per share for Class A common stock and $.0225 per share for Class B common stock, payable March 15, 1997, to holders of record on March 1, 1997.

ENVIRONMENTAL MATTERS

The Company has a strong financial commitment to clean water and has many environmentally responsible practices. Consequently, management believes that the Company has no incidence of environmental contamination or damages requiring material expenditures. During 1997, the Company invested approximately $34.6 million for capital outlays to build and upgrade facilities as well as for day-to-day operations for water quality.

CONSOLIDATED STATEMENTS OF INCOME
TYSON FOODS, INC.
THREE YEARS ENDED SEPTEMBER 27, 1997

(IN MILLIONS EXCEPT PER SHARE DATA)

	1997	1996	1995
Sales	$6,355.7	$6,453.8	$5,511.2
Cost of Sales	5,318.0	5,505.7	4,423.1
	1,037.7	948.1	1,088.1
Operating Expenses:			
Selling	513.3	550.0	478.8
General and administrative	96.9	100.9	111.7
Amortization	27.6	27.6	25.9
	637.8	678.5	616.4
Operating Income	399.9	269.6	471.7
Other Expense (Income):			
Interest	110.4	132.9	114.9
Foreign currency exchange		9.0	15.6
Other	(40.2)	(4.9)	(2.4)
	70.2	137.0	128.1
Income Before Taxes on Income and Minority Interest	329.7	132.6	343.6
Provision for Income Taxes	143.9	49.0	131.0
Minority Interest in Net Loss of Consolidated Subsidiary		3.3	6.6
Net Income	$ 185.8	$ 86.9	$ 219.2
Earnings Per Share	$0.85	$0.40	$1.01
Average Shares Outstanding	218.2	218.0	217.7

SEE ACCOMPANYING NOTES.

CONSOLIDATED BALANCE SHEETS
TYSON FOODS, INC.

SEPTEMBER 27, 1997 AND SEPTEMBER 28, 1996 (IN MILLIONS EXCEPT PER SHARE DATA)

ASSETS	1997	1996
Current Assets:		
Cash and cash equivalents	$ 23.6	$ 36.6
Accounts receivable	617.8	547.1
Inventories	886.1	1,027.4
Assets held for sale	6.2	155.5
Other current assets	38.8	43.7
Total Current Assets	1,572.5	1,810.3
Net Property, Plant and Equipment	1,924.8	1,869.2
Excess of Investments Over Net Assets Acquired	731.1	731.5
Investments and Other Assets	182.6	133.1
Total Assets	$4,411.0	$4,544.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 37.3	$ 39.5
Current portion of long-term debt	94.6	129.2
Trade accounts payable	290.3	269.7
Accrued salaries and wages	80.9	65.6
Federal and state income taxes payable	27.2	17.4
Accrued interest payable	27.3	29.4
Other current liabilities	163.4	135.0
Total Current Liabilities	721.0	685.8
Long-Term Debt	1,558.2	1,806.4
Deferred Income Taxes	506.1	495.6
Other Liabilities	4.2	14.6
Shareholders' Equity:		
Common stock ($.10 par value):		
Class A-authorized 900 million shares: Issued 119.5 million shares in 1997 and 79.7 million shares in 1996	11.9	8.0
Class B-authorized 900 million shares: Issued 102.7 million shares in 1997 and 68.5 million shares in 1996	10.3	6.8
Capital in excess of par value	379.1	375.4
Retained earnings	1,390.8	1,232.4
Currency translation adjustment	(2.5)	(2.8)
	1,789.6	1,619.8
Less Class A treasury stock, at cost-8.8 million shares in 1997 and 3.2 million shares in 1996	165.6	75.4
Less unamortized deferred compensation	2.5	2.7
Total Shareholders' Equity	1,621.5	1,541.7
Total Liabilities and Shareholders' Equity	$4,411.0	$4,544.1

SEE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
TYSON FOODS, INC.
THREE YEARS ENDED SEPTEMBER 27, 1997
(IN MILLIONS EXCEPT PER SHARE DATA)

	1997		1996		1995	
	Shares	Amount	Shares	Amount	Shares	Amount
CLASS A COMMON STOCK						
Beginning Balance	79.7	8.0	79.7	$8.0	79.7	$8.0
Three-for-two stock split	39.8	3.9				
Ending Balance	119.5	11.9	79.7	$8.0	79.7	$8.0
CLASS B COMMON STOCK						
Beginning Balance	68.5	6.8	68.5	6.8	68.5	6.8
Three-for-two stock split	34.2	3.5				
Ending Balance	102.7	10.3	68.5	6.8	68.5	6.8
CAPITAL IN EXCESS OF PAR VALUE						
Beginning Balance		375.4		377.9		391.4
Exercise of Options		(0.3)		(2.5)		(13.5)
Acquisition		4.0				
Ending Balance		379.1		375.4		377.9
RETAINED EARNINGS						
Beginning Balance		1,232.4		1,162.3		953.8
Net income		185.8		86.9		219.2
Three-for-two stock split		(7.4)				
Dividends Class A per share (1997-$.095;1996-$.080;1995-$.053) Class B per share (1997-$.086; 1996-$.072; 1995-$.044)		(20.0)		(16.8)		(10.7)
Ending Balance		1,390.8		1,232.4		1,162.3
CURRENCY TRANSLATION ADJUSTMENT						
Beginning Balance		(2.8)		(5.2)		1.2
Currency translation adjustment		0.3		2.4		(6.4)
Ending Balance		(2.5)		(2.8)		(5.2)
CLASS A TREASURY STOCK						
Beginning Balance	3.2	(75.4)	3.4	(79.2)	2.9	(68.7)
Purchases	5.2	(109.6)	0.1	(1.3)	1.4	(32.0)
Exercise of options	(0.2)	2.6	(0.3)	5.1	(0.9)	21.5
Acquisition	(1.0)	16.8				
Three-for-two stock split	1.6					
Ending Balance	8.8	(165.6)	3.2	(75.4)	3.4	(79.2)
UNAMORTIZED DEFERRED COMPENSATION						
Beginning Balance		(2.7)		(2.9)		(3.1)
Amortization of deferred compensation		0.2		0.2		0.2
Ending Balance		(2.5)		(2.7)		(2.9)
Total Shareholders' Equity		$1,621.5		$1,541.7		$1,467.7

SEE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF CASH FLOWS
TYSON FOODS, INC.

THREE YEARS ENDED SEPTEMBER 27, 1997	(IN MILLIONS)		
	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$185.8	$86.9	$219.2
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	202.8	211.7	179.0
Amortization	27.6	27.6	25.9
Deferred income taxes	10.5	15.9	10.9
Minority interest		(3.3)	(6.6)
Foreign currency exchange loss		9.0	15.6
(Gain) Loss on dispositions of property and equipment	(34.8)	2.2	3.6
Increase in accounts receivable	(68.4)	(66.9)	(29.6)
Decrease (increase) in inventories	143.6	(126.7)	(140.5)
Increase (decrease) in trade accounts payable	19.2	(4.7)	12.8
Net change in other current assets and liabilities	54.7	21.6	1.0
Cash Provided by Operating Activities	541.0	173.3	291.3
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash paid for acquisitions	(4.3)		(350.1)
Additions to property, plant and equipment	(291.2)	(214.0)	(347.2)
Proceeds from sale of property, plant and equipment	223.4	21.1	20.1
Net change in other assets and liabilities	(63.8)	(29.5)	(53.8)
Cash Used for Investing Activities	(135.9)	(222.4)	(731.0)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in notes payable	(2.2)	(55.7)	45.9
Proceeds from long-term debt	131.4	475.6	628.1
Repayments of long-term debt	(420.8)	(351.5)	(189.5)
Purchase of treasury shares	(109.6)	(1.3)	(32.0)
Other	(17.2)	(15.0)	(1.1)
Cash (Used for) Provided by Financing Activities	(418.4)	52.1	451.4
Effect of Exchange Rate Change on Cash	0.3	0.5	(5.6)
(Decrease) Increase in Cash	(13.0)	3.5	6.1
Cash and Cash Equivalents at Beginning of Year	36.6	33.1	27.0
Cash and Cash Equivalents at End of Year	$23.6	$36.6	$33.1

SEE ACCOMPANYING NOTES.

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 chicken and chicken-based food products as well as a 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, which are made as part of the Company's cash management activity. The carrying values of these assets approximate their fair market values. As a result of the Company's cash management system, checks issued, but not presented to the banks for payment, may create negative cash balances. Checks outstanding in excess of related cash balances totaling approximately $147.0 million at September 27, 1997, and $131.2 million at September 28, 1996, are included in trade accounts payable, accrued salaries and wages and other current liabilities.

Inventories: Live poultry consists of broilers and breeders. Breeders are stated at cost less amortization. Breeders costs are accumulated up to the production stage and amortized into broiler costs over the estimated production lives based on historical egg production. Live hogs consist of breeding stock and finishing hogs. The cost of live hogs is included in cost of sales when the hogs are sold. Broilers, live hogs, dressed and further- processed products, seafood-related products, hatchery eggs and feed and supplies are valued at the lower of cost (first-in, first-out) or market.

	(IN MILLIONS)	
	1997	1996
Dressed and further-processed products	$ 366.1	$ 481.1
Live poultry and hogs	353.4	362.2
Seafood related products	39.5	51.4
Hatchery eggs and feed	57.8	63.8
Supplies	69.3	68.9
	$ 886.1	$1,027.4

The Company is a purchaser of certain commodities, primarily corn and soybeans. The Company periodically uses commodity futures and purchased options for hedging purposes to reduce the effect of changing commodity prices on a portion of its commodity purchases. The contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Gains or losses on hedged transactions are recorded as a component of the underlying inventory purchase.

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 $3.4 million in 1997, $3.8 million in 1996 and $3.1 million in 1995 as part of the cost of major asset construction projects. Approximately $89.1 million will be required to complete construction projects in progress at September 27, 1997.

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

	(IN MILLIONS)	
	1997	1996
Land	$ 47.7	$ 51.9
Buildings and leasehold improvements	931.9	847.1
Machinery and equipment	1,838.9	1,764.6
Vessels	101.7	111.3
Land improvements and other	90.7	89.6
Buildings and equipment under construction	152.3	113.6
	3,163.2	2,978.1
Less accumulated depreciation	1,238.4	1,108.9
	$1,924.8	$1,869.2

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 27, 1997 and September 28, 1996, the accumulated amortization of excess of investments over net assets acquired was $165.8 million and $142.6 million, respectively.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of:
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, including 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 in 1996 was not material.

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.

In January 1997, the Company re-instituted its stock repurchase program which authorizes the purchase of up to 17 million shares (on a post-split basis) of the Company's Class A stock in open market or privately negotiated transactions. The Company intends to utilize shares repurchased to fund employee benefit plans and acquisitions. No timetable has been set for completion of the repurchase program. During 1997, the Company purchased approximately 5.2 million shares under this repurchase program, which included the purchase of 2.3 million shares from the Tyson Foods, Inc. Profit Sharing Plan and Trust on September 25, 1997.

On January 10, 1997, the Company's Board of Directors authorized a three-for- two stock split in the form of a stock dividend, effective February 15, 1997, for shareholders of record on February 1, 1997. All references to number of shares, per share amounts and average shares outstanding in the Consolidated Statements of Income and Notes to Consolidated Financial Statements have been restated to reflect this split.

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.

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128), which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements, primary earnings per share will be renamed basic earnings per share and will exclude the dilutive effect of stock options. The impact of adopting SFAS No. 128 will not change primary earnings per share materially as primary earnings per share for the year ended September 27, 1997, will increase to $0.86 and for the year ended September 28, 1996, will remain unchanged. The Company will also be required to disclose diluted earnings per share which will be reported as $0.85 and $0.40 for 1997 and 1996, respectively.

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 1997, 1996 and 1995 were $233.2 million, $228.0 million and $193.3 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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Comprehensive Income: In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). The provisions of SFAS No. 130 require companies to classify items of comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and capital in excess of par value in the consolidated financial statements. The Company's comprehensive income items are not material; accordingly, the effect of adopting this statement will not be material when it becomes effective for fiscal 1999.

Segment Reporting: In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131). Under the provisions of SFAS No. 131, public business enterprises must report financial and descriptive information about its reportable segments. Management is currently studying and analyzing SFAS No. 131 as well as the Company's operations to determine all of the Company's reportable segments. Based upon current analysis, the Company believes consumer poultry will account for at least 75% of revenue and operating income. This statement will be effective for fiscal 1999.

NOTE 2: ASSETS HELD FOR SALE

During 1996, the Company announced its intention to sell its beef and pork further-processing operations in its effort to return to its core business. On November 25, 1996, the Company sold its beef further-processing operations, known as Gorges/Quik-to-Fix Foods, resulting in a pre-tax gain of

$41.0 million which has been recorded in other income in the Consolidated Statements of Income. The Company is still in the process of selling its pork further-processing plant in Holland, Michigan, and accordingly these assets have been classified as current assets in the Consolidated Balance Sheets. The operating results of this facility were not material to the Company in 1997. During 1997, the Company recorded an impairment loss of $11.2 million on the pork further-processing assets, which has been classified as an operating charge in the Consolidated Statements of Income. The Company expects to dispose of these assets in 1998.

NOTE 3: ACQUISITIONS

On August 1, 1997, the Company acquired Mallard's Food Products, Inc., (Mallard's) for a combination of 1.0 million shares of the Company's Class A stock valued at $20.8 million and cash of $4.0 million. Mallard's, with two plants in Modesto, California, has annual sales of approximately $33 million.

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 $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 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 1997, 1996 and 1995.

On September 4, 1997, the Company signed a definitive agreement to acquire all of the stock of Hudson Foods, Inc. The total purchase price will consist of 18.4 million shares of Class A common stock and cash of approximately $257 million. This acquisition is expected to be finalized in January 1998 and will be accounted for as a purchase.

NOTE 4: FINANCIAL INSTRUMENTS AND CREDIT RISK CONCENTRATION

The Company periodically enters into foreign exchange forward contracts and option contracts to hedge some of its foreign currency exposure. The Company uses such contracts, which generally have maturities not exceeding twelve months, to hedge exposure to changes in foreign currency exchange rates, primarily Japanese yen, associated with sales denominated in foreign currency. Gains and losses on these contracts are deferred and recognized as an adjustment to the subsequent transaction when it occurs. The Company also hedges exposure to changes in interest rates on certain of its financial instruments.

At September 27, 1997, and September 28, 1996, the stated or notional amounts of the Company's outstanding foreign currency and interest rate derivative financial instruments were as follows:

	(In millions)	
	1997	1996
Interest rate swaps	$147.7	$113.7
Foreign currency options	42.5	
Foreign forward exchange contracts		0.5

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. One customer located in Russia accounts for approximately 11% of total accounts receivable. No other 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. Although the outcome of such items cannot be determined with certainty, the Company's general counsel and management are of the opinion that the final outcome should not have a material effect on the Company's results of operations or financial position.

As previously announced on June 20, 1997, the Company was notified that it was a target of the Office of Independent Counsel's (OIC) investigation of former Secretary of Agriculture Alphonso Michael Espy. No charges have been filed against the Company related to this investigation. The Company and its legal counsel are unable to estimate the amount or likelihood of potential loss, if any, that may result from the OIC's investigation or any subsequent proceedings.

The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated $34.0 million in 1997, $35.7 million in 1996 and $37.9 million in 1995. Most farm leases have terms ranging from one to ten years with various renewal periods. The most significant obligations assumed under the terms of the leases are the upkeep of the facilities and payments of insurance and property taxes.

Minimum lease commitments under noncancelable leases at September 27, 1997, total $102.8 million composed of $28.0 million for 1998, $22.0 million for 1999, $19.2 million for 2000, $15.9 million for 2001, $11.8 million for 2002 and $5.9 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

The Company has unsecured revolving credit agreements totaling $1.25 billion which support the Company's commercial paper program. The $1 billion facility expires in May 2002. At September 27, 1997, $768.7 million was outstanding under this facility consisting of $638.7 million in commercial paper and $130.0 million drawn under the revolver. The $250 million facility expires in May 1998. At September 27, 1997, the Company had $250 million available under this revolving credit facility.

At September 27, 1997, the Company had outstanding letters of credit totaling approximately $76.6 million issued primarily in support of workers' compensation insurance programs, industrial revenue bonds and the leveraged equipment loans.

Under the terms of the leveraged equipment loans, the Company had restricted cash totaling approximately $38.9 million which is included in investments and other assets at September 27, 1997. Under these leveraged loan agreements, the Company entered into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings.

Annual maturities of long-term debt for the five years subsequent to September 27, 1997 are: 1998-$94.6 million; 1999-$72.6 million; 2000-$73.6 million; 2001-$124.5 million and 2002-$800.1 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 at year end.

The fair value of long-term debt, at September 27, 1997, based upon quoted market prices for the same or similar issues or on the Company's incremental borrowing rate for debt of the same remaining maturities, was approximately $1.7 billion.

The weighted average interest rate on all outstanding short-term borrowing was 5.6% at September 27, 1997, and 5.0% at September 28, 1996.

Long-term debt consists of the following:

(IN MILLIONS)

	Maturity	1997	1996
Commercial paper			
(5.5% effective rate at 9/27/97)	2002	$ 638.7	$ 835.0
Debt securities:			
6.75% notes	2005	149.1	149.1
6.625% notes	2005	149.3	149.3
6.39-6.41% notes	2000	50.1	50.1
Institutional notes:			
10.33% notes	1999	33.7	101.2
10.61% notes	1999-2001	125.0	125.0
10.84% notes	2002-2006	50.0	50.0
11.375% notes	1999-2002	17.1	21.4
Revolving credit facility			
(5.5% effective rate at 9/27/97)	2002	130.0	165.0
Leveraged equipment loans			
(rates ranging from 4.9% to 6.0%)	2005-2008	166.5	127.1
Other	Various	48.7	33.2
		$1,558.2	$1,806.4

NOTE 7: INCOME TAXES

Detail of the provision for income taxes consists of:

(IN MILLIONS)

	1997	1996	1995
Federal	$129.7	$49.9	$117.2
State	14.2	(0.9)	13.8
	$143.9	$49.0	$131.0
Current	$133.4	$33.1	$120.1
Deferred	10.5	15.9	10.9
	$143.9	$49.0	$131.0

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

	1997	1996	1995
U.S. federal income tax rate	35.0%	35.0%	35.0%
Amortization of excess of investments over net assets acquired	8.6	5.9	2.1
State income taxes (benefit)	2.8	(0.4)	2.6
Other differences, net	(2.8)	(3.5)	(1.6)
	43.6%	37.0%	38.1%

The Company follows the liability method in accounting for deferred income taxes. The liability method provides that deferred tax liabilities are recorded at current tax rates based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes referred to as temporary differences.

Significant components of the Company's deferred tax liabilities as of September 27, 1997 and September 28, 1996 are as follows:

	(IN MILLIONS)	
	1997	1996
Basis difference in property, plant and equipment	$267.9	$268.1
Suspended taxes from conversion to accrual method	142.7	150.2
Other	95.5	77.3
Total deferred tax liabilities	$506.1	$495.6

The Omnibus Budget Reconciliation Act of 1987 required family-owned farming businesses to use the accrual method of accounting for tax purposes. Internal Revenue Code Section 447(i) provides that if any family corporation is required to change its method of accounting for any taxable year, such corporation shall establish a suspense account in lieu of taking the adjustments into taxable income. The suspense account, which represents the initial catch-up adjustment to change from the cash to accrual method of accounting, is not currently includable in the Company's taxable income and any related income taxes are deferred. However, legislation was enacted in 1997 which now requires the Company to pay down the suspense account over 20 years beginning in 1998.

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 Sheets as deferred compensation in shareholders' equity.

The Company has a nonqualified stock option plan which provides 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 four to eight years from the date of grant and must be exercised within ten years of the grant date.

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 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. The Company currently accounts for its stock-based compensation plan and intends to continue to account for stock-based compensation using the intrinsic value method. Had compensation cost for the Company's grants for stock-based compensation been determined consistent with SFAS No. 123, the Company's net income and net income per common share would not differ materially from the amounts reported.

A summary of the Company's stock option activity for the plan is as follows:

	Shares Under Option	Weighted Average Option Price Per Share
Outstanding, October 1, 1994	5,351,328	$11.47
Exercised	(1,445,265)	5.57
Canceled	(234,667)	13.13
Granted	446,775	14.50
Outstanding, September 30, 1995	4,118,171	13.79
Exercised	(320,535)	8.05
Canceled	(459,150)	14.49
Granted	2,129,775	15.04
Outstanding, September 28, 1996	5,468,261	14.55
Exercised	(163,906)	13.83
Canceled	(560,296)	15.06
Granted	3,598,275	17.92
Outstanding, September 27, 1997	8,342,334	$15.99

The number of options exercisable was as follows: September 27, 1997- 806,837, September 28, 1996- 442,616, September 30, 1995- 371,013. The remainder of the options outstanding at September 27, 1997 are exercisable ratably through October 2006. The number of shares available for future grants was 6,651,083 and 3,689,063 at September 27, 1997 and September 28, 1996, respectively.

The following table summarizes information about stock options outstanding at September 27, 1997:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life(in years)	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
\$ 4.83-\$ 6.58	35,741	4.3	\$ 5.94	35,741	\$ 5.94
14.33- 14.50	2,909,968	6.9	14.40	771,096	14.42
14.58- 15.17	1,887,975	9.0	15.03		
17.92	3,508,650	9.0	17.92		
	8,342,334			806,837	

The weighted average fair value of options granted during 1997 and 1996 is approximately \$7.15 and \$5.86, respectively. The fair value of each option grant is established on the date of grant using the Black-Scholes option- pricing model. Assumptions include an expected life of eight years, weighted average risk-free interest rates ranging from 5.5% to 6.4%, expected volatility of 0.2% and dividend yield of 0.5% in both 1997 and 1996.

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 \$5.6 million in 1997, \$7.0 million in 1996 and \$7.0 million in 1995. Other facilities, including a cold storage distribution facility, have been leased from the Company's profit sharing plan and other officers and directors for rentals totaling \$5.3 million in 1997, \$6.6 million in 1996 and \$7.1 million in 1995. In 1997, the Company purchased the cold storage distribution facility as well as other facilities from the profit sharing plan.

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 \$12.3 million in 1997, \$11.7 million in 1996 and \$11.2 million in 1995.

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 $26.8 million, $24.0 million and $25.1 million for 1997, 1996 and 1995, respectively.

NOTE 11: SUPPLEMENTAL INFORMATION

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

(IN MILLIONS)	1997	1996	1995
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	$123.4	$114.1	$115.0
Income Taxes	124.1	40.5	124.4
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES			
Fair value of assets exchanged			$ 18.6

SUPPLEMENTAL SALES INFORMATION: The Company sells certain of its products in foreign markets, primarily Russia, Japan, China/Hong Kong, Puerto Rico, Singapore, South Africa, Mexico as well as certain Middle Eastern countries and countries in the Caribbean. The Company's export sales for 1997, 1996 and 1995 totaled $762.5 million, $790.9 million and $606.1 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 1997, 1996 and 1995, respectively.

NOTE 12: QUARTERLY FINANCIAL DATA (UNAUDITED)

(IN MILLIONS EXCEPT PER SHARE DATA)

1997	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	$1,527.9	$1,574.3	$1,591.2	$1,662.3
Gross Margin	248.4	262.2	268.0	259.1
Net Income	44.6	48.2	45.2	47.8
Earnings Per Share	0.20	0.22	0.21	0.22
1996				
Sales	$1,546.8	$1,587.7	$1,628.2	$1,691.1
Gross Margin	267.1	229.3	229.3	222.4
Net Income	43.3	14.4	14.6	14.6
Earnings Per Share	0.20	0.07	0.07	0.07

REPORT OF MANAGEMENT
TYSON FOODS, INC.

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

The Company maintains a system of internal accounting controls, and a program of internal auditing designed to provide reasonable assurance that the Company's assets are protected and that transactions are executed in accordance with proper authorization, and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to changing business conditions and operations and to recommendations made by the independent auditors and the internal auditors. The management of the Company believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

The Audit Committee of the Board of Directors meets regularly with the Company's financial management and counsel, with the Company's internal auditors, and with the independent auditors engaged by the Company. These meetings include discussions of internal accounting controls and the quality of financial reporting. The independent auditors and the Internal Audit Department have free and independent access to the Audit Committee to discuss the results of their audits or any other matters relating to the Company's financial affairs.

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

November 14, 1997

/s/Leland Tollett	/s/Wayne Britt
Leland Tollett	Wayne Britt
Chairman of the Board and Chief Executive Officer	Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS AND SHAREHOLDERS
TYSON FOODS, INC.

We have audited the accompanying consolidated balance sheets of Tyson Foods, Inc., as of September 27, 1997 and September 28, 1996, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 27, 1997. 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 27, 1997 and September 28, 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 27, 1997, in conformity with generally accepted accounting principles.

Little Rock, Arkansas
November 14, 1997

/s/Ernst & Young LLP

Ernst & Young LLP

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Neely Cassady * & #
Private Investor and
Arkansas State Senator

Lloyd Hackley * #
President and Chief
Executive Officer,
Lloyd V. Hackley and
Associates, Inc.

Gerald Johnston
Private Investor

Shelby D. Massey & #
Private Investor

Joe Starr
Private Investor

Leland Tollett @
Chairman of the Board
and Chief Executive Officer,
Tyson Foods, Inc.

Barbara Tyson
Vice President,
Tyson Foods, Inc.

Don Tyson @
Senior Chairman
of the Board of Directors,
Tyson Foods, Inc.

John Tyson @
President,
Pork Division,
Tyson Foods, Inc.

Fred Vorsanger * & #
Vice President Emeritus)
University of Arkansas
and Private Investor

Donald Wray
President and
Chief Operating Officer,
Tyson Foods, Inc.

@ Executive Committee
* Audit Committee
& Compensation Committee
# Special Committee

CORPORATE AND OPERATIONAL OFFICERS

Wayne Britt
Executive Vice President,
Finance

Roy Brown
President,
Seafood Division

Gerard Dowd
Senior Vice President,
Foodservice Sales and
Marketing

James Ennis
Vice President,
Controller and
Chief Accounting Officer

Steven Hankins
Senior Vice President,
Financial Planning
and Shared Services

William Jaycox
Senior Vice President,
Human Resources

William Kuckuck
President,
International Division

Dennis Leatherby
Treasurer

Greg Lee
Executive Vice President,
Sales, Marketing and
Technical Services

David Purtle
Executive Vice President,
Operations, Transportation
and Warehousing

Mary Rush
Secretary and Director of
Investor Relations

Leland Tollett
Chairman of the Board and
Chief Executive Officer

John Tyson
President,
Beef and Pork Division

David Van Bebber
Assistant Secretary

William Whitfield
Vice President,
Business Development
and Analysis

Donald Wray
President and
Chief Operating Officer

Price of Company's Common Stock

	Fiscal Year 1997		Fiscal Year 1996	
	High	Low	High	Low
First Quarter	$22.42	$17.79	$18.08	$15.17
Second Quarter	23.63	19.88	17.75	13.83
Third Quarter	21.56	17.75	18.42	14.58
Fourth Quarter	23.56	19.00	18.58	15.83

As of September 27, 1997, the Company had 35,199 Class A common shareholders of record and 20 Class B common shareholders of record.

DIRECTSERVICE SHAREHOLDER INVESTMENT PROGRAM- Tyson has authorized First Chicago Trust Company to implement its program for dividend reinvestment and direct purchase of shares for current as well as new investors of Tyson Class A common stock. This program provides alternatives to traditional retail brokerage methods of purchasing, holding and selling Tyson stock. All inquiries concerning this program should be directed to:

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

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

MULTIPLE DIVIDEND CHECKS AND DUPLICATE MAILINGS- If your Tyson stock is registered in similar but different names, e.g. Jane A. Doe and J.A. Doe, we are required to create separate accounts and mail dividend checks and proxy materials separately even if the mailing addresses are the same. To consolidate accounts, contact First Chicago Trust Company.

LOST OR STOLEN STOCK CERTIFICATES OR LEGAL TRANSFERS- If your stock certificates are lost, stolen, or in some way destroyed, or if you wish to transfer registration, notify First Chicago Trust Company in writing. 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
TYSON FOODS, INC.

CORPORATE DATA
Tyson Foods, Inc., which employs approximately 59,400 people, is the

world's largest fully integrated producer, Little Rock, Arkansas 72201 processor and marketer of chicken and chicken-based food products as well as a TRANSFER AGENT & DIVIDEND producer and marketer of other center-of- DISBURSING AGENT

the-plate and convenience food items.

STOCK EXCHANGE LISTINGS
The Class A common stock of the Company is traded on the New York Stock Exchange under the symbol TSN. Prior to October 17, 1997, the Company's Class A common stock was 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 1997, may be obtained by Tyson shareholders by writing to:
Corporate Secretary
Tyson Foods, Inc.
P.O. Box 2020
Springdale, Arkansas 72765-2020

ANNUAL MEETING
The Annual Meeting of Shareholders will be held at 10 a.m., January 9, 1998, at the Walton Arts Center, Fayetteville, Arkansas. Shareholders who cannot attend the meeting are urged to exercise their right to vote by proxy.

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

INDEPENDENT AUDITORS
Ernst & Young LLP
425 West Capitol, Suite 3600

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

Shareholders may also communicate with First Chicago Trust Company through the Internet at http://www.fctc.com

INVESTOR RELATIONS
Financial analysts and others seeking investor-related information should contact:
Director of Investor Relations
Tyson Foods, Inc.
P.O. Box 2020
Springdale, 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 Foods via the Internet. Tyson Foods' Internet address is http://www.tyson.com

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

EXHIBIT 21 - SUBSIDIARIES OF TYSON FOODS, INC.

Name	Jurisdiction of Incorporation	Names Under Which Subsidiary Does Business
Cobb-Vantress, Inc.	Delaware	Cobb-Vantress, Inc.
Cobb Breeding Company Limited	United Kingdom	Cobb Breeding Company Limited
Culinary Foods, Inc.	Delaware	Culinary Foods, Inc.
JAC Creative Foods of Minnesota, Inc.	Delaware	JAC Creative Foods Of, Minnesota, Inc.
Mallard's Food Products, Inc.	California	Mallard's Food Products, Inc.
McCarty Farms, Inc.	Mississippi	McCarty Farms, Inc.
McCarty Foods, Inc.	Mississippi	McCarty Foods, Inc.
Tyson Breeders, Inc.	Delaware	Tyson Breeders, Inc.
Tyson Enterprise Seafood, Inc.	Alaska	Tyson Enterprise Seafood, Inc.
Tyson Export Sales, Inc.	U.S. Virgin Islands	Tyson Export Sales, Inc.
Tyson Farms, Inc.	Delaware	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, Canada	Tyson Marketing, Ltd.
Tyson Seafood Group, Inc.	Washington	Tyson Seafood Group, Inc.
World Resource, Inc.	Delaware	World Resource, Inc.

The Company considers the foregoing to be its primary operating subsidiaries. Certain other subsidiaries which do not meet in the aggregate the definition of a significant subsidiary as defined in Rule 1-02 (w) of Regulation S-X are as follows:

AAFC Holdings, Ltd.	Yukon
AAFC International, Inc.	U.S. Virgin Islands
Arctic Fisheries	Washington
Benton Sales, Ltd.	British Virgin Islands
Cobb Denmark A/S	Denmark
Cobb-Espanola, S.A.	Spain
Cobb France E.U.R.L.	France
Cobb-Poland B.V.	Poland
Cobb (Straffon)Ireland, Ltd	Ireland
Global Employment Services Inc.	Delaware
Gorges Foodservice, Inc.	Texas
Henry House, Inc.	Michigan

HFI Acquisition Sub Inc.	Delaware
JAC Creative Foods, Inc.	California
JAC Creative Foods (Canada) Inc.	Ontario
National Comp Care, Inc.	Delaware
Oaklawn Capital Corporation	Delaware
Oaklawn Capital-Mississippi, LLC	Mississippi
Oaklawn Sales, Ltd.	British Virgin Islands
Offshore Ventures, Inc.	Washington
Tri-Venture Trucking, Ltd	British Columbia
TPM Holding Company	Delaware
TyNet Corporation	Delaware
Tyson Enterprise Protein, Inc.	Alaska
Tyson Seafood Group-Japan, Inc.	Japan
Ucluelet Seafood Processors, Ltd.	British Columbia
Universal Plan Investments	Hong Kong
WLR Acquisition Corp.	Delaware

Exhibit 23

Consent of Ernst & Young LLP, Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Tyson Foods, Inc. of our report dated November 14, 1997, included in the 1997 Annual Report to Shareholders of Tyson Foods, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-30680; 333-02135; 2-81928; 2-44550; 33-53028; 333-22883; 333-22881; 33-54716; and 33-53026, as amended by 33-57515) pertaining to certain employee benefit plans of Tyson Foods, Inc. and the Registration Statement (Form S-3 No. 33-58177) and the related prospectus of our reports dated November 14, 1997, 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 27, 1997.

December 10, 1997
Little Rock, Arkansas

/s/ Ernst & Young LLP
Ernst & Young LLP

ARTICLE 5

This schedule contains summary financial information extracted from the fiscal 1997 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 27 1997
PERIOD END	SEP 27 1997
CASH	24
SECURITIES	0
RECEIVABLES	618
ALLOWANCES	0
INVENTORY	886
CURRENT ASSETS	1573
PP&E	3163
DEPRECIATION	1238
TOTAL ASSETS	4411
CURRENT LIABILITIES	721
BONDS	1558
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	22
OTHER SE	1600
TOTAL LIABILITY AND EQUITY	4411
SALES	6356
TOTAL REVENUES	6356
CGS	5318
TOTAL COSTS	5318
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	110
INCOME PRETAX	330
INCOME TAX	144
INCOME CONTINUING	186
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	186
EPS PRIMARY	0.85
EPS DILUTED	0.85

End of Filing