TYSON FOODS INC

FORM 10-K
(Annual Report)

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Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
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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 October 3, 1998

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

Commission File No. 0-3400

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

Delaware	71-0225165
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
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, Par Value $.10	New York Stock Exchange, Inc.

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

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

On October 3, 1998, the aggregate market value of the Class A Common and Class B Common voting stock held by non-affiliates of the registrant was $2,508,274,106 and $2,146,223,295, respectively.

On October 3, 1998, there were outstanding 128,296,821 shares of the registrant's Class A Common Stock, $.10 par value, and 102,645,423 shares of its Class B Common Stock, $.10 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents or the indicated portions thereof are incorporated herein by reference into the indicated portions of this Annual Report on Form 10-K: (i) pages 14-44 and back cover of the registrant's Annual Report to Shareholders for fiscal year ended October 3, 1998 (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 8, 1999 (the "Proxy Statement").

PART I

Item 1. Business

Pages 16 through 23 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 14 and 15, 29 and 44 of the Annual Report under the captions "Eleven-Year Financial Summary", "Capital Stock" and "Closing Price of Company's Common Stock."

Item 6. Selected Financial Data

Pages 14 and 15 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 16 through 23 of the Annual Report under the caption "Management's Discussion and Analysis."

Item 8. Financial Statements and Supplementary Data

Pages 24 through 41 of the Annual Report under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors."

Part III

Item 10. Directors and Executive Officers of the Registrant

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

Item 11. Executive Compensation

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

Item 12. Security Ownership of Certain Beneficial Owners and Management

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

Item 13. Certain Relationships and Related Transactions

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

PART I

ITEM 1. BUSINESS

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 and/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 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 6.4 billion pounds of consumer poultry during fiscal 1998.

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 Alabama, Arkansas, Missouri, North Carolina and Oklahoma. The Company sold approximately 2.0 million head of market weight live swine in fiscal 1998.

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 prepared foods group, consisting of Mexican Original, Culinary Foods and Mallard's Food, produce flour and corn tortilla products and specialty pasta and meat dishes, for restaurants, airlines and other major customers.

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, prepared food 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 its beef further-processing plants and closed its pork further-processing plant. Revenue for 1996 includes 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		
	1998	1997	1996
Consumer Poultry(1)	82%	83%	78%
Prepared Foods(2)	4	4	5
Seafood (3)	3	4	5
Live Swine and Other	11	9	12
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. Also includes fresh and frozen poultry products sold without value enhancements.

(2) Includes flour and corn tortillas, corn chips, taco shells and filled tortilla specialty items; premium frozen dinners and other specialty items.

(3) 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, tortilla products 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 132.5 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, Honey Stung, Tyson's Pride, HoneyBest, Wing Stingers, W.W. Flyers, Signature Specialties, Flavor-Redi, Lady Aster, Quality Cuisine, Our Finest, Mexican Original, McCarty Foods, 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, Cornish hens, flavor marinated breasts, fully cooked diced, pulled and shredded chicken products, breaded breast and thigh pieces, bites and strips; fast food cut-up chicken and marinated deli-chicken; (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 roasted ready-to-eat chicken; Tyson and Weaver sliced lunch meat; Weaver hot dogs; Tyson and Weaver deli meats; and Mexican Original tortillas and chips;(c) refrigerated Tyson Holly Farms fresh tray pack chicken; (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 tray pack chicken, refrigerated roasted ready-to-eat chicken, frozen value-added chicken, canned chicken and surimi-based seafood products.

The Company's international division markets and sells throughout the world the full line of Tyson products, including poultry, prepared food products and seafood. The international division exported to 56 countries in fiscal 1998. Major markets include Canada, China, Georgia, Guatemala, Japan, Puerto Rico, Russia and Singapore as well as certain Middle Eastern countries and countries in the Caribbean.

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

Raw Materials and Sources of Supply

The primary raw materials used by the Company in its poultry operations consist of feed ingredients, cooking ingredients, packaging materials and cryogenic agents. The Company believes that its sources of supply for these materials are adequate for its present needs and the Company does not anticipate any difficulty in acquiring these materials in the future. While the Company produces substantially all of its inventory of breeder chickens and live broilers, it has the capability to purchase live, ice-packed or deboned 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. Additionally, the Company's poultry processing facilities are participants in the government's pilot Hazardous Analysis Critical Control Point (HACCP) program. The cost of compliance with such laws and regulations has not had a material adverse effect upon the Company's capital expenditures, earnings or competitive position and it is not anticipated to have a material adverse effect in the future.

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 HACCP program.

Employees and Labor Relations

As of October 3, 1998, the Company employed approximately 70,500 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
Albert Lea, MN	UFCW	350	January 24, 1999
Albertville, AL	UFCW	900	December 31, 1998
Ashland, AL	UFCW	750	February 24, 1999
Berlin, MD	UFCW	450	December 31, 2001
Berlin, MD	Teamsters	100	December 16, 2001
Buena Vista, GA	RWDSU	1,300	November 4, 2000
Carthage, TX	UFCW	700	November 11, 2000
Center, TX	UFCW	1,025	November 4, 2000
Chicago, IL	Truck Drivers	1,100	October 6, 2001
Cleveland, MS	RWDSU	475	February 20, 2000
Corydon, IN	UFCW	375	December 4, 1998
Corydon, IN	Steelworkers	75	October 10, 1999
Dardanelle, AR	UFCW	1,000	November 3, 2001
Gadsden/Blountsville, AL	Teamsters	23	March 31, 2001
Gadsden, AL	RWDSU	1,200	November 8, 2001
Glen Allen, VA	UFCW	850	November 3, 2001
Henderson, KY	UFCW	1,150	April 21, 2001
Hope, AR	UFCW	1,400	March 3, 1999
Jackson, MS	UFCW	1,050	December 31, 1999
Jacksonville, FL	Teamsters	650	December 31, 1999
Noel, MO	UFCW	1,225	April 25, 2000
Pine Bluff, AR	UFCW	250	October 10, 1999
Shelbyville, TN	RWDSU	950	November 12, 1999
Shelbyville, TN	Teamsters	35	July 14, 2001
Social Circle, GA	GMPPAW	200	November 30, 1998
Wilkesboro, NC	Teamsters	35	November 4, 2001
Wilkesboro, NC	Teamsters	25	November 4, 2001
Wilkesboro, NC	Teamsters	125	November 4, 2001

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

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; (ii) changes in the availability and relative costs of labor and contract growers; (iii) market conditions for finished products, including the supply and pricing of alternative proteins; (iv) effectiveness of advertising and marketing programs; (v) the ability of the Company to make effective acquisitions and to successfully integrate newly acquired businesses into existing operations; (vi) risks associated with leverage, including cost increases due to rising interest rates; (vii) changes in regulations and laws, including changes in accounting standards, environmental laws, occupational, health and safety laws, and laws regulating fishing and seafood processing activities; (viii) access to foreign markets together with foreign economic conditions, including currency fluctuations; and (ix) the effect of, or changes in, general economic conditions.

ITEM 2. PROPERTIES

The Company currently has production and distribution operations in the following states: Alabama, Alaska, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, 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, 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 58 processing plants. These plants are devoted to various phases of slaughtering, dressing, cutting, packaging, deboning or further-processing. The total slaughter capacity is approximately 43 million head per week.

To support the above facilities the Company operates 37 feed mills and 65 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 126.8 million pounds.

The Company's prepared foods operations consist of eight processing plants. These operations are supported by five additional freezer storage facilities.

The Company's seafood operations consist of 23 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 eleven rendering plants with the capacity to produce 26.6 million pounds of animal protein products per week supported by three freezer facilities. Fourteen ground pet food processing operations in connection with poultry processing plants are capable of producing 7.3 million pounds of product per week.

The Company's live swine operations consist of 158 swine farrowing and nursery units and 385 swine finishing units. These swine growout operations are supported by three dedicated feed mills supplemented by the production from the 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 emulsified operation facility and one poultry emulsified plant are leased month to month, 355 breeder farms are leased under agreements expiring at various dates through 1999, 52 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 2000 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

On December 29, 1997, the Company entered into a plea agreement resolving the Office of Independent Counsel's (OIC) investigation of the Company in connection with its investigation of former Secretary of Agriculture Michael Espy. The Company entered a guilty plea to a single count of violating the illegal gratuity statute, 18 U.S.C. 201(c)(1). The Company was sentenced on January 12, 1998 to pay a fine of $4 million, costs of prosecution of $2 million and was placed on probation for four years. At the time of its plea, the Company also entered a Compliance Agreement with OIC and the U.S. Department of Agriculture requiring it to implement a compliance program.

Following the entry of its guilty plea, the Company and others were named as defendants in a putative class action suit brought on behalf of all individuals who sold beef cattle to beef packers for processing between certain dates in 1993 and 1998. This action, captioned Wayne Newton, et al. v. Tyson Foods, Inc., et al., U.S. District Court, Northern District of Iowa, Civil Action No. 98-30, asserts claims under the Racketeer Influenced and Corrupt Organizations statute as well as a common -law claim for intentional interference with prospective economic advantage. Plaintiffs allege that the gratuities which were the subject of the Company's plea resulted in a competitive advantage for poultry products vis-a-vis beef products. Plaintiffs request trebled damages in excess of $3 billion, plus attorney's fees and costs. While management is not able at the present time to determine the outcome of this matter, based upon information currently available, management presently does not believe that this lawsuit has merit and will not have a material adverse effect on the Company's financial position or its results of operations.

On July 28, 1997, Hudson received notice from the U.S. Department of Justice (DOJ) that it was prepared to bring an action against Hudson for the alleged violation of the Clean Water Act at Hudson's Berlin, Md., poultry processing facility. The DOJ alleged that over the past five years, Hudson had repeatedly discharged pollutants in quantities in excess of its National Pollutant Discharge Elimination System (NPDES) permit limits, violated monitoring and sampling requirements of its NPDES permit and failed to provide notice of NPDES violations. On September 19, 1997, Hudson entered into an agreement in principle with the DOJ for the settlement of these claims. On May 8, 1998, a Consent Decree between the United States, Hudson and the Company was filed with the U.S. District Court together with a Complaint alleging these violations. On October 6, 1998, the U.S. District Court approved and entered the Consent Decree. The Consent Decree, while stating that Hudson denies the violations alleged in the Complaint, provides for the payment to the United States of $4 million and the expenditure of $2 million in supplemental environmental projects (SEPs).

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

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

Not applicable.

Executive Officers of the Company

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

Name	Title	Age	Year Elected
Don Tyson	Senior Chairman of the Board of Directors	68	1963
John H. Tyson	Chairman of the Board of Directors	45	1984
Wayne Britt	Chief Executive Officer	49	1977
Donald E. Wray	President and Chief Operating Officer	61	1979
Greg Lee	Executive Vice President, Sales, Marketing and Technical Services	51	1993
David Purtle	Executive Vice President, Operations, Transportation and Warehousing	54	1985
Steven Hankins	Executive Vice President and Chief Financial Officer	40	1997
Dennis Leatherby	Senior Vice President, Finance and Treasurer	38	1990
James G. Ennis	Vice President, Controller and Chief Accounting Officer	53	1996
David L. Van Bebber	Vice President and Director of Legal Services	42	1990
R. Read Hudson	Secretary	40	1998

Louis C. Gottsponer, Jr. Assistant Secretary and 34 1998 Director of Investor Relations

John H. Tyson is the son of Don Tyson. No other family relationships exist among the above officers. Mr. Don Tyson was appointed Senior Chairman of the Board of Directors in 1995 after previously serving as Chairman of the Board and Chief Executive Officer. Mr. John H. Tyson was appointed Chairman of the Board of Directors in 1998 after serving as Vice Chairman of the Board of Directors since 1997 and President, Beef and Pork Division since 1993. Mr. Britt was appointed Chief Executive Officer in 1998 after serving as Executive Vice President and Chief Financial Officer since 1996, Senior Vice President, International Sales and Marketing since 1994 and Vice President, Wholesale Club Division since 1992. Mr. Wray was appointed President and Chief Operating Officer in 1995 after serving as Chief Operating Officer since 1991. 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. Mr. Purtle was appointed Executive Vice President, Operations, Transportation and Warehousing in 1995 after serving as Senior Vice President, Operations since 1991. Mr. Hankins was appointed Chief Financial Officer in 1998 after serving as Senior Vice President, Financial Planning and Shared Services since 1997 and Vice President, Management Information Systems since 1993. Mr. Leatherby was appointed Senior Vice President, Finance and Treasurer in 1998 after serving as Vice President and Treasurer since 1997, Treasurer since 1994 and Assistant Treasurer since 1990. Mr. Ennis was appointed Vice President, Controller and Chief Accounting Officer in 1996 after serving as Corporate Tax Manager since 1986. Mr. Van Bebber was appointed Vice President and Director of Legal Services in 1998 after serving as Assistant Secretary since 1990. Mr. Hudson was appointed Secretary in 1998 after serving as Corporate Counsel since 1992. Mr. Gottsponer was appointed Assistant Secretary and Director of Investor Relations in 1998 after serving as Corporate Finance Manager since 1996 and Cash Manager since 1993.

PART II

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

The Company currently has issued and outstanding two classes of capital stock, Class A Common Stock (the "Class A Stock") and Class B Common Stock (the "Class B Stock"). Information regarding the voting rights and dividend restrictions are set forth on page 29 of the Annual Report under the caption "Capital Stock," which information is incorporated herein by reference.

On October 3, 1998, there were approximately 33,683 holders of record of the Company's Class A Stock and 17 holders of record of the Company's Class B Stock, excluding holders in the security position listings held by nominees. The Class A Stock is traded on the New York Stock Exchange under the symbol "TSN." No public trading market currently exists for the Class B Stock. Information regarding the high and low closing prices of the Class A Stock is set forth on pages 14 and 15 and in the table on page 44 of the Annual Report under the captions "Eleven-Year Financial Summary" and "Closing Price of Company's Common Stock," which information is incorporated herein by reference.

The Company has paid uninterrupted quarterly dividends on its common stock each year since 1977. On 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 1998.

ITEM 6. SELECTED FINANCIAL DATA

See the information reflected under the caption "Eleven-Year Financial Summary" on pages 14 and 15 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 16 through 23 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.

Commodities Risk

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 and as a mechanism to procure the grains. The contracts that effectively meet risk reductions and correlation criteria are recorded using hedge accounting. Gains and losses on closed hedge transactions are recorded as a component of the underlying inventory purchase.

The following table provides information about the Company's corn, soybean oil and other feed ingredient inventory and futures contracts that are sensitive to changes in commodity prices. The table presents the carrying amounts and fair values at October 3, 1998. Additionally, for the futures contracts, the latest which matures 15 months from the reporting date, the table presents the notional amounts in units of purchase, the weighted average contract prices and the total dollar contract amounts. Contract amounts are used to calculate the contractual payments and quantity of corn and soybean oil to be exchanged under the futures contracts.

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

	Volume	Contract/ Book Value	Weighted Average Price Per Unit	Fair Value	Weighted Average Price Per Unit
Commodity Inventory	-	$36.0	$ -	$36.0	$ -
Corn Futures Contracts (volume in bushels)					
Long (Buy) Positions	7.5	17.4	2.33	17.0	2.27
Short (Sell) Positions	9.7	20.5	2.11	20.2	2.08
Soybean Oil Futures Contracts (volume in cwt)					
Long (Buy) Positions	0.1	2.1	24.24	2.1	24.05
Short (Sell) Positions	0.1	1.5	24.40	1.5	24.06

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 exchange rates, primarily Japanese Yen, associated with sales denominatedin foreign currency. Gains and losses on these contracts are recognized as an adjustment of the subsequent transaction when it occurs. Forward and option contracts generally have maturities not exceeding 12 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 4.7% to 6%.

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

Interest Rate Sensitivity Principal (Notional) Amount by Expected Maturity

Average Interest (Swap) Rate

(dollars in millions)	1999	2000	2001	2002	2003	There-after	Total	Fair Value 10/3/98
Liabilities								
Long-term Debt, including Current Portion								
Fixed Rate	$73.6	$226.7	$125.2	$31.4	$178.5	$823.3	$1,458.7	$1,533.7
Average Interest Rate	9.37%	6.39%	8.25%	7.88%	6.20%	6.79%	6.93%	
Variable Rate	$4.0	$24.6	-	$506.9	-	$50.0	$585.5	$585.5
Average Interest Rate	4.15%	7.67%	-	5.57%	-	3.73%	5.49%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest Rate Swaps								
Pay Fixed	$16.1	$17.2	$18.4	$19.6	$20.2	$50.2	$141.7	($8.1)
Average Pay Rate	6.71%	6.71%	6.69%	6.73%	6.74%	6.59%	6.67%	

Average Receive Rate- USD 6 Month Libor.

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

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)

	1999	2000 - 2003	There-after	Total	Fair Value 10/3/98
Sold Option Contracts to Sell Foreign Currencies for US$					
Japanese Yen					
Notional Amount	$6.5	-		$6.5	-
Weighted Average Strike Price	Y109.48				
Purchased Option Contracts to Sell Foreign Currencies for US$					
Japanese Yen					
Notional Amount	$5.6	-		$5.6	$0.4
Weighted Average Strike Price	Y126.69				

Credit Risks

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the information on pages 24 through 41 of the Annual Report under the caption "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements" and "Report of Independent Auditors," which information is incorporated herein by reference. Other financial information is filed under Item 14 of Part IV of this report.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

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

1. The following consolidated financial statements of the registrant included on pages 24 through 40 in the Company's Annual Report for the fiscal year ended October 3, 1998, and the Report of Independent Auditors, on page 41 of such Annual Report are incorporated herein by reference. Page references set forth in the index below are to page numbers in

Exhibit 13 of this Form 10-K.

	Pages
Consolidated Statements of Income for the three years ended October 3, 1998	62
Consolidated Balance Sheets at October 3, 1998 and September 27, 1997	63
Consolidated Statements of Shareholders' Equity for the three years ended October 3, 1998	64
Consolidated Statements of Cash Flows for the three years ended October 3, 1998	65
Notes to Consolidated Financial Statements	66-81
Report of Independent Auditors	83

2. The following additional information for the years 1998, 1997, and 1996 is submitted herewith. Page references are to the consecutively numbered pages of this Report on Form 10-K:

	Pages
Report of Independent Auditors	32
Schedule VIII Valuation and Qualifying Accounts and Reserves for the three years ended October 3, 1998	33

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 4, 1998, the Company filed a Current Report on Form 8-K related to the Board of Directors' approval of a combined financial program.

EXHIBIT INDEX

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

Exhibit No.		Pages
2.1	Agreement and Plan of Merger dated September 4, 1997 by and among the Company, HFI Acquisition Sub, Inc. and Hudson Foods, Inc. (previously filed as Exhibit 2.1 to the Company's Registration Statement on Form S-4, filed with the Securities and Exchange Commission on December 10, 1997, Registration No. 333-41887, and incorporated herein by reference).	
3.1	Restated Certificate of Incorporation of the Company	34-43
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).

4.12 Form of $150 million 6% Note due January 15, 2003 (previously filed as Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

4.13 Form of $150 million 7% Note due January 15, 2028 (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

4.14 Form of $100 million 6.08% MOPPRS, due February 1, 2010 (previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

4.15 Remarketing Agreement dated January 28, 1998 between the Company and Merrill Lynch, Pierce, Fenner & Smith,

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

4.16 Form of $50 million Floating Rate MOPPRS, due February 1, 2010 (previously filed as Exhibit 4.5 to the

Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

4.17 Remarketing Agreement dated January 28, 1998 between the Company and Merrell Lynch, Pierce, Fenner & Smith, Incorporated, relating to the Floating Rate MOPPRS due February 1, 2010 (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 4, 1998 and incorporated herein by reference).

4.18 Form of 7.0% $200 million Note due May 1, 2018 (previously filed as Exhibit 4.1 to the Company's

Quarterly Report on Form 10-Q for the period ended March 28, 1998, Commission File No. 0-3400, and incorporated herein by reference).

4.19 Form of 7.0% $40 million Note due May 1, 2018 (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 28, 1998, Commission File No. 0-3400, and incorporated herein by reference).

10.1 Fourth Amended and Restated Credit Agreement, including all exhibits thereto, dated as of May 26, 1995, by and among the Company, as Borrower, The Chase Manhattan Bank N.A., Chemical Bank, Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Morgan Guaranty Trust Company of New York, National 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).

10.2 Amendment No. 1 to Fourth Amended and Restated Credit Agreement, dated as of May 24, 1996, by and among the Company, as Borrower, the banks party thereto, The Chase 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).

10.3 Amendment No. 2 to Fourth Amended and Restated Credit Agreement, dated as of May 23, 1997, by and among the Company, as Borrower, the banks party thereto, The Chase 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).

10.4 Issuing and Paying Agency Agreement dated July 1, 1993, between the Company and Morgan Guaranty Trust Company of New York, (previously filed as Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

10.5 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and Merrill Lynch Money Markets, Inc. (previously filed as Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

10.6 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and the First Boston Corporation (previously filed as Exhibit 10(g) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

10.7 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and J.P. Morgan Securities, Inc. (previously filed as Exhibit 10(h) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

10.8 Commercial Paper Dealer Agreement dated July 1, 1993, between the Company and Bank of America National Trust and Savings Association (previously filed as Exhibit 10(i) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1993, Commission File No. 0-3400, and incorporated herein by reference).

10.9 Commercial Paper Dealer Agreement dated September 1, 1994, between the Company and Chase Securities, Inc. (previously filed as Exhibit 10(j) to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference).

10.10 Tyson Foods, Inc. Senior Executive Performance Bonus Plan adopted November 18, 1994 (previously filed as

Exhibit 10(k) to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference).

10.11 Tyson Foods, Inc. Restricted Stock Bonus Plan, effective August 21, 1989, as amended and restated on April 15, 1994; and Amendment to Restricted Stock Bonus Plan effective November 18, 1994 (previously filed as Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended

October 1, 1994, Commission File No. 0-3400, and incorporated herein by reference).

10.12 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).

10.13 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).

10.14 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).

10.15 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).

10.16 Second Amended and Restated Employment Agreement dated August 1, 1997, between the Company and Don Tyson, Senior Chairman of the Board of Directors of the

Company (previously filed as Exhibit 10.21 to the Company's Form 10-K for the fiscal year ended September 27, 1997, Commission File No. 0-3400, and incorporated herein by reference).

10.17 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).

10.18 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).

10.19 Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain of its executive officers (previously filed as Exhibit 10(t) to the Company's Annual Report on Form 10-K for the fiscal

	year ended September 30, 1995, Commission File No. 0-3400, and incorporated herein by reference).	
10.20	Senior Executive Employment Agreement dated November 20, 1998 between the Company and Leland E. Tollett.	44-45
10.21	Senior Executive Employment Agreement dated November 20, 1998 between the Company and Donald E. Wray.	46-47
12	Ratio of Earnings to Fixed Charges.	48
13	Pages 14-44 and back cover of the Annual Report to Shareholders for the fiscal year ended October 3, 1998.	49-88
21	Subsidiaries of the Company.	89-90
23	Consent of Independent Auditors.	91
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/ Steven Hankins      December 16, 1998
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   Steven Hankins
   Executive Vice President
     and Chief Financial Officer
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ Wayne Britt -------------------- Wayne Britt	Chief Executive Officer and Director	December 16, 1998
/s/ Neely Cassady -------------------- Neely Cassady	Director	December 16, 1998
/s/ James G. Ennis -------------------- James G. Ennis	Vice President, Controller and Chief Accounting Officer	December 16, 1998
/s/ Lloyd V. Hackley -------------------- Lloyd V. Hackley	Director	December 16, 1998
/s/ Steven Hankins -------------------- Steven Hankins	Executive Vice President and Chief Financial Officer	December 16, 1998
/s/ Gerald Johnston -------------------- Gerald Johnston	Director	December 16, 1998
/s/ Shelby D. Massey -------------------- Shelby D. Massey	Director	December 16, 1998
/s/ Joe F. Starr -------------------- Joe F. Starr	Director	December 16, 1998
/s/ Leland E. Tollett --------------------- Leland E. Tollett	Director	December 16, 1998
/s/ Barbara Tyson --------------------- Barbara Tyson	Vice President and Director	December 16, 1998
/s/ Don Tyson --------------------- Don Tyson	Senior Chairman of the Board of Directors	December 16, 1998
/s/ John H. Tyson --------------------- John H. Tyson	Chairman of the Board of Directors	December 16, 1998
/s/ Fred S. Vorsanger --------------------- Fred S. Vorsanger	Director	December 16, 1998
/s/ Donald E. Wray --------------------- Donald E. Wray	President, Chief Operating Officer and Director	December 16, 1998

FINANCIAL STATEMENT SCHEDULE

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Tyson Foods, Inc. as of October 3, 1998 and September 27, 1997, and for each of the three years in the period ended October 3, 1998, and have issued our report thereon dated November 20, 1998. Our audits also included the financial statement schedule listed in Item 14(a) in this annual report (Form 10-K). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

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

Tulsa, Oklahoma
November 20, 1998

/s/ERNST & YOUNG LLP

ERNST & YOUNG LLP

TYSON FOODS, INC.
SCHEDULE VIII
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
Three Years Ended October 3, 1998

(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

1998	$4.4	$2.2	0	$78.7(1)	$85.3
1997	$3.5	$2.0	0	($1.1)	$4.4
1996	$3.6	$1.9	0	($2.0)	$3.5

(1) Includes $48.4 million reserve for international currency devaluation.

RESTATED

CERTIFICATE OF INCORPORATION
OF
TYSON FOODS, INC.

Tyson Foods, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Tyson Foods, Inc. The Corporation was originally incorporated under the same name, and the original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on January 31, 1986, as amended on March 5, 1987, and further amended on March 1, 1991.

2. Pursuant to Section 245 of the General Corporation Law of the State of Delaware ("Section 245"), this Restated Certificate of Incorporation restates and integrates the provisions of the Certificate of Incorporation of the Corporation and does not further amend the provisions of the Corporation's Certificate of Incorporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of the Restated Certificate of Incorporation (except for omissions allowed by Section 245).

3. The Restated Certificate of Incorporation has been duly adopted by the Board of Directors of the Corporation in accordance with Section 245 at a duly held meeting thereof on November 20, 1998.

4. The text of the Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated without further amendment to read in its entirety as follows:

FIRST: The name of the Corporation is Tyson Foods, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City Wilmington, County of New Castle. The name of its registered agent at that address is the Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware as set forth in Title 8 of the Delaware Code (the "GCL").

FOURTH: The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 1,800,000,000 shares, consisting of 900,000,000 shares of Class A Common Stock, par value $.10 per share (the "Class A Stock"), and 900,000,000 shares of Class B Common Stock, par value $.10 per share (the "Class B Stock").

The relative rights, preferences and limitations of each class of Common Stock are as follows:

I. Class A Stock and Class B Stock

A. Dividends. Subject to any other provisions of the Certificate of Incorporation, as it may be amended from time to time, holders of Class A Stock and Class B Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, provided that no cash dividend shall be declared and paid on the Class B Stock unless (i) a cash dividend is simultaneously declared and paid on the Class A Stock and
(ii) the per share amount of such dividend declared and paid on the Class B Stock does not exceed 90% of the per share amount of the dividend declared and paid on the Class A Stock. In the case of dividends or other distributions payable in stock of the Corporation, including distributions pursuant to stock splits or divisions of stock of the Corporation which occur after the initial issuance of shares of Class B Stock by the Corporation, such distributions or divisions shall be in the same proportion with respect to each class of stock, but only shares of Class A Stock shall be distributed with respect to Class A Stock and only shares of Class B Stock shall be distributed with respect to Class B Stock. In the case of any combination or reclassification of Class A Stock, the shares of Class B Stock shall also be combined or reclassified so that the relationship between the number of shares of Class B Stock and Class A Stock outstanding immediately following such combination or reclassification shall be the same as the relationship between the Class B Stock and the Class A Stock immediately prior to such combination or reclassification.

B. Voting.

(1) At every meeting of the shareholders, every holder of Class A Stock shall be entitled to one (1) vote in person or by proxy for each share of Class A Stock standing in his name on the transfer books of the Corporation, and every holder of Class B Stock shall be entitled to ten (10) votes in person or by proxy for each share of Class B Stock standing in his name on the transfer books of the Corporation.

(2) Following the initial issuance of shares of Class B Stock, the Corporation may not effect the issuance of any additional shares of Class B Stock (except in connection with stock splits and stock dividends) unless and until such issuance is authorized by the holders of a majority of the voting power of the shares of Class A Stock and of Class B Stock entitled to vote, each voting separately as a class.

(3) No shareholder shall have the right to cumulate votes in the election of directors.

(4) Except as may be otherwise required by law or this Certificate of Incorporation, the holders of Class A Stock and Class B Stock shall vote together as a single class.

C. Transfer.

(1) No person holding shares of Class B Stock of record (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee. A Permitted Transferee shall mean:

(a) With respect to a Class B Holder who is a natural person,

(i) The spouse of such Class B Holder, any lineal descendant of an ancestor of such Class B Holder which ancestor was born on or after January 1, 1905, and any spouse of such a lineal descendant;

(ii) The trustee of a trust (including a voting trust) principally for the benefit of such Class B holder and/or one or more of his or her Permitted Transferees described in this clause C.(1)(a);

(iii) Any organization described in Section 170(c) of the Internal Revenue Code, as it may from time to time be amended (the "Code") or any split-interest trust described in
Section 4947 of the Code (hereinafter called a "Charitable Organization");

(iv) A corporation, a majority of the beneficial ownership of outstanding capital stock of which entitled to vote for the election of directors is owned by, or a partnership a majority of the beneficial ownership of the partnership interests of which entitled to participate in the management of the partnership are held by, such Class B holder or his or her Permitted Transferees determined under this clause C.(1)(a), provided that if by reason of any change in the ownership of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Stock then held by such corporation or partnership shall, upon the election of the Corporation given by written notice to such corporation or partnership, without further act on anyone's part, be converted into shares of Class A Stock effective upon the date of the giving of such notice, and stock certificates formerly representing such shares of Class B Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Stock; and

(v) The executor, administrator or personal representative of the estate of such Class B Holder or the Guardian of the estate of such Class B Holder.

(b) In the case of a Class B Holder holding shares of Class B Stock as trustee pursuant to a trust (other than a Charitable Organization or a trust described in clause (c) below), "Permitted Transferee" means (i) any person transferring Class B Stock to such trust and (ii) any Permitted Transferee of any such transferor determined pursuant to clause C.(1)(a) above.

(c) In the case of a Class B Holder holding shares of Class B Stock as trustee pursuant to a trust (other than a Charitable Organization) which was irrevocable on the record date for determining the persons to whom such shares of Class B Stock are first issued by the Corporation, "Permitted Transferee" means (i) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (ii) any Permitted Transferee of any such person determined pursuant to clause C.(1)(a) above.

(d) In the case of a Class B Holder that is a Charitable Organization holding record and beneficial ownership of the amount of shares of Class B Stock in question, "Permitted Transferee" means (i) any person transferring such amount of shares of Class B Stock to such Charitable Organization and (ii) any Permitted Transferee of such transferor as determined under clause C.(1)(a) above.

(e) In the case of a Class B Holder that is a trustee of a thrift or profit sharing plan acquiring record ownership of shares of Class B Stock for the benefit of participants in such thrift or profit sharing plan upon its initial issuance by the Corporation, "Permitted Transferee" means (i) the employee for whose account such shares of Class B Stock are held by such trustee and (ii) any "Permitted Transferee" of such employee as determined under clause C.(1)(a) above.

(f) In the case of a Class B Holder that is a corporation or partnership (other than a Charitable Organization) acquiring record and beneficial ownership of shares of Class B Stock upon its initial issuance by the Corporation, "Permitted Transferee" means (i) any partner of such partnership, or shareholder of such corporation, on the record date for determining the persons to whom such shares of Class B Stock are first issued by the Corporation, (ii) any person transferring shares of Class B Stock to such corporation or partnership, and (iii) any Permitted Transferee of any such person, partner, or shareholder referred to in subclauses (i) and (ii) of this clause (f), as determined under clause C.(1)(a) above.

(g) In the case of a Class B Holder that is a corporation or partnership (other than a Charitable Organization or a corporation or partnership described in clause (f) above) holding record and beneficial ownership of shares of Class B Stock, "Permitted Transferee" means (i) any person transferring shares of Class B Stock to such corporation or partnership and (ii) any Permitted Transferee of any such transferor as determined under clause C.(1)(a) above.

(h) In the case of a Class B Holder that is the executor, administrator, personal representative or guardian of the estate of a deceased Class B Holder, or that is the trustee or receiver of the estate of a bankrupt or insolvent Class B Holder, which holds record or beneficial ownership of the shares of Class B Stock, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to clause (a), (b), (c), (d), (e), (f) or (g) above, as the case may be.

(2) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such holder's shares of Class B Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this Section C. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Stock, as the pledgee may elect.

(3) For purposes of this Section C.:

(a) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(b) Each joint owner of shares of Class B Stock shall be considered a "Class B Holder" of such shares.

(c) A minor for whom shares of Class B Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(d) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(e) Without derogating from the election conferred upon the Corporation pursuant to subclause (iv) of clause C.(1)(a) above, each reference to a corporation shall include any successor corporation resulting from merger or consolidation; each reference to a partnership shall include any successor partnership resulting from the death or withdrawal of a partner; and each reference to a trustee shall include any successor trustee.

(4) Any transfer of shares of Class B Stock not permitted hereunder shall result in the conversion of the transferee's shares of Class B Stock into shares of Class A Stock, effective the date on which certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of shareholders entitled to vote at any meeting of shareholders, or as a condition to the transfer or the registration of shares of Class B Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Stock or is a Permitted Transferee.

(5) Except as provided above, shares of Class B Stock shall be registered in the names of the beneficial owners thereof and not in "street" or "nominee" name. For this purpose, a "beneficial owner" of any shares of Class B Stock shall mean a person who, or an entity which, possesses the power, either singly or jointly, to direct the voting or disposition of such shares. The Corporation shall note on the certificates for shares of Class B Stock the restrictions on transfer and registration of transfer imposed by this Section C.

D. Conversion Rights.

(1) Subject to the terms and conditions of this Section D, each share of Class B Stock shall be convertible at any time or from time to time at the option of the respective holders thereof, at the office of any transfer agent for Class B Stock, and at such other place or places, if any, as the Board of Directors may designate, or, if the Board of Directors shall fail so to designate, at the principal office of the Corporation (attention of the Secretary of the Corporation), into one (1) fully paid and nonassessable share of Class A Stock. Upon conversion the Corporation shall make no payment or adjustment on account of dividends accrued or in arrears on Class B Stock surrendered for conversion or on account of any dividends on the Class A Stock issuable on such conversion. Before any holder of Class B Stock shall be entitled to convert the same into Class A Stock, he shall surrender the certificate or certificates for such Class B Stock at the office of said transfer agent (or other place as provided above) which certificate or certificates, if the Corporation shall so request, shall be duly endorsed to the Corporation or in blank or accompanied by proper instruments of transfer to the Corporation (such endorsements or instruments of transfer to be in form satisfactory to the Corporation), and shall give written notice to the Corporation at said office that he elects so to convert said Class B Stock in accordance with the terms of this Section D, and shall state in writing therein the name or names in which he wishes the certificate or certificates for Class A Stock to be issued. Every such notice of election to convert shall constitute a contract between the holder of such Class B Stock and the Corporation, whereby the holder of such Class B Stock shall be deemed to subscribe for the amount of Class A Stock which he shall be entitled to receive upon such conversion, and, in satisfaction of such subscription, to deposit the Class B Stock to be converted and to release the Corporation from all liability thereunder, and thereby the Corporation shall be deemed to agree that the surrender of the certificate or certificates therefor and the extinguishment of liability thereon shall constitute full payment of such subscription for Common Stock to be issued upon such conversion. The Corporation will as soon as practicable after such deposit of a certificate or certificates for Class B Stock, accompanied by the written notice and the statement above prescribed, issue and deliver at the office of said transfer agent (or other place as provided above) to the person for whose account such Class B Stock was so surrendered, or to his nominee or nominees, a certificate or certificates for the number of full shares of Class A Stock to which he shall be entitled as aforesaid. Subject to the provision of subsection (3) of this Section D, such conversion shall be deemed to have been made as of the date of such surrender of the Class B Stock to be converted; and the person or persons entitled to receive the Class A Stock issuable upon conversion of such Class B Stock shall be treated for all purposes as the record holder or holders of such Class A Stock on such date.

(2) The issuance of certificates for shares of Class A Stock upon conversion of shares of Class B Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Stock converted, the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

(3) The Corporation shall not be required to convert Class B Stock, and no surrender of Class B Stock shall be effective for that purpose, while the stock transfer books of the Corporation are closed for any purpose; but the surrender of Class B Stock for conversion during any period while such books are so closed shall become effective for conversion immediately upon the reopening of such books, as if the conversion had been made on the date such Class B Stock was surrendered.

(4) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issue upon conversion of the outstanding shares of Class B Stock, such number of shares of Class A Stock as shall be issuable upon the conversion of all such outstanding shares, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Stock by delivery of shares of Class A Stock which are held in the treasury of the Corporation. The Corporation covenants that all shares of Class A Stock which shall be issued upon conversion of the shares of Class B Stock, will, upon issue, be fully paid and nonassessable and not entitled to any preemptive rights. All shares of Class A Stock acquired in exchange for shares of Class B Stock and all shares of Class B Stock converted into Class A Stock shall be cancelled and restored to the status of authorized but unissued shares of Class A Stock or Class B Stock, as the case may be.

(5) At any time when the Board of Directors and the holders of a majority of the outstanding shares of Class B Stock approve the conversion of all of the Class B Stock into Class A Stock, then the outstanding shares of Class B Stock shall be converted into shares of Class A Stock. In the event of such a conversion, certificates formerly representing outstanding shares of Class B Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Stock.

E. Liquidation Rights.

In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the remaining assets and funds of the Corporation, if any, shall be divided among and paid ratably to the holders of Class A Stock and the holders of Class B Stock. A merger or consolidation of the Corporation with or into any other corporation or a sale or conveyance of all or any part of the assets of the Corporation (which shall not in fact result in the liquidation of the Corporation and the distribution of assets to shareholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this Section E.

F. Preemptive Rights.

Subject to any conversion rights of the holders of Class B Stock, no holder of either Class A Stock or Class B Stock of the Corporation shall be entitled as of right to subscribe for or receive any part of the authorized stock of the Corporation or any part of any new, additional or increased issues of stock of any class or of any obligations convertible into any class or classes of stock, but the Board of Directors may, without offering any such shares of stock or obligations convertible into stock to shareholders of any class, issue and sell or dispose of the sale to such persons and for such considerations permitted by law as it may from time to time in its absolute discretion determine.

FIFTH: I. All corporate powers of the Corporation shall be exercised by or under the direction of the Board of Directors except as otherwise provided herein or by law.

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized:

(i) to fix, abolish, determine and vary from time to time the amount or amounts to be set apart as reserves,

(ii) to adopt, amend and repeal Bylaws of the Corporation;

(iii) to authorize and cause to be executed mortgages and liens, with or without limit as to amount, upon the real or personal property of the Corporation;

(iv) from time to time to determine whether and to what extent, at what time and place, and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of any shareholder; and no shareholder shall have any right to inspect any account or book or document of the Corporation except as conferred by statute or bylaw or as authorized by resolution of the shareholders or Board of Directors;

(v) to authorize the payment of compensation to the directors for services to the Corporation, including fees for attendance at meetings of the Board of Directors or of any committee thereof and/or salaries for serving as such directors or committee members, and to determine the amount of such compensation;

(vi) from time to time to formulate, establish, promote, and carry out, and to amend, alter, change, revise, recall, repeal or abolish, a plan or plans for the participation by all or any of the employees, including directors and officers, of the Corporation, or of any corporation, company, association, trust or organization in which or in the welfare of which the Corporation has any interest, and those actively engaged in the conduct of the Corporation's business, in the profits, gains, or business of the Corporation or any branch or division thereof, as part of the Corporation's legitimate expenses, and/or for the furnishing to such employees, directors, officers or persons, or any of them, at the Corporation's expense, of medical services, insurance against accident, sickness, or death, pensions during old age, disability or unemployment, education, housing, social services, recreation, or other similar aids for their relief or general welfare, in such manner and upon such terms and conditions as the Board of Directors shall

determine; and

(vii) to authorize the guaranty by the Corporation of securities, evidences of indebtedness, and obligations of other persons, firms, associations and corporations.

II. Except to the extent prohibited by law, the Board of Directors shall have the right (which, to the extent exercised, shall be exclusive) to establish the rights, powers, duties, rules and procedures that from time to time shall govern the Board of Directors and each of its members, including, without limitation, the vote required for any such action by the Board of Directors, and that from time to time shall affect the directors' power to manage the business and affairs of the Corporation; and no Bylaw shall be adopted by shareholders which shall impair or impede the implementation of the foregoing.

SIXTH: To the fullest extent permitted by Delaware General Corporation Law as the same exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as director.

SEVENTH: Meetings of shareholders may be held within or without the State of Delaware, as the Corporation's Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its shareholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or shareholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of the GCL or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of the GCL, order a meeting of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the shareholders or class of shareholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon shareholders herein are granted subject to this reservation.

TENTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of the Corporation.

ELEVENTH: Elections of directors at an annual or special meeting of the shareholders shall be by written ballot unless the Bylaws of the Corporation shall otherwise provide.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been signed by R. Read Hudson, its authorized officer this 14th day of December, 1998.

TYSON FOODS, INC.

By: R. Read Hudson Title: Secretary

SENIOR EXECUTIVE EMPLOYMENT AGREEMENT

THIS SENIOR EXECUTIVE EMPLOYMENT AGREEMENT dated November 20, 1998 is by and between TYSON FOODS, INC., a corporation organized under the laws of Delaware (the "Company"), and Leland E. Tollett ("Employee").

WITNESSETH:

WHEREAS, following Employee's retirement from full time employment, the Company wishes to retain Employee's services and access to Employee's experience and knowledge; and

WHEREAS, the Employee wishes to furnish advisory services to the Company upon the terms, provisions and conditions herein provided;

NOW, THEREFORE, in consideration of the foregoing and of the agreements hereinafter contained, the parties hereby agree as follows:

1. The term of this Agreement (the "Term") shall begin January 1, 1999 and end December 31, 2009.

2. During the Term, Employee will, upon reasonable request, provide advisory services to the Company as follows:

(a) Services hereunder shall be provided as an employee of the Company;

(b) Employee may be required to devote up to twenty (20) hours per month to the Company;

(c) Employee may perform advisory services hereunder at any location but may be required to be at the offices of the Company upon reasonable notice; and

(d) Employee shall not be obligated to render services under this Agreement during any period when he is disabled due to illness or injury.

3. Beginning January 1, 1999, the Company shall (i) pay Employee each year for three (3) years the sum of $350,000 per year, for the next two (2) years the sum of $310,000 per year, and for the next five (5) years the sum of $125,000 per year, such sums to be payable as the parties may from time to time agree; (ii) provide Employee and his spouse with health insurance during the Term as generally available to Employee at the time of retirement, and (iii) permit Employee to continue all options to purchase Company stock existing on the date of this Agreement. In the event of the Employee's death, the benefits described above shall continue to be paid to the Employee's spouse for the duration of the Term. In the event of death by both Employee and his spouse, all benefits under this Agreement shall cease.

4. In the event of Employee's death the Company will, upon written notice given within sixty (60) days of death by Employee's designated beneficiary, if any, or otherwise by the administrator of Employee's estate, terminate all Employee owned options to purchase Company common stock, whether or not then currently vested, in exchange for payment equal to the aggregate spread between the option strike price and the market value of such stock at the close of business on the next business day succeeding Employee's death.

5. While this Agreement is in effect and thereafter, the Employee shall not divulge to anyone, except in the regular course of the Company's business, any confidential or proprietary information regarding the Company's records, plans or any other aspects of the Company's business which it considers confidential or proprietary.

6. This Agreement shall terminate in the event Employee accepts employment from anyone deemed by the Company to be a competitor.

7. The right of the Employee or any other beneficiary under this Agreement to receive payments may not be assigned, pledged or encumbered, except by will or by the laws of descent and distribution, without the permission of the Company which it may withhold in its sole and absolute discretion.

8. This Agreement represents the complete agreement between Company and Employee concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Employee and Company.

9. It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Arkansas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date written above.

TYSON FOODS, INC.

By:___________________________
Title:__________________________

/s/ Leland E. Tollett
____
Leland E. Tollett

SENIOR EXECUTIVE EMPLOYMENT AGREEMENT

THIS SENIOR EXECUTIVE EMPLOYMENT AGREEMENT dated November 20, 1998 is by and between TYSON FOODS, INC., a corporation organized under the laws of Delaware (the "Company"), and Donald E. Wray ("Employee").

WITNESSETH:

WHEREAS, following Employee's retirement from full time employment, the Company wishes to retain Employee's services and access to Employee's experience and knowledge; and

WHEREAS, the Employee wishes to furnish advisory services to the Company upon the terms, provisions and conditions herein provided;

NOW, THEREFORE, in consideration of the foregoing and of the agreements hereinafter contained, the parties hereby agree as follows:

1. The term of this Agreement (the "Term") shall begin on first day of the month after the Employee retires from active employment with the Company and end ten (10) years thereafter.

2. During the Term, Employee will, upon reasonable request, provide advisory services to the Company as follows:

(a) Services hereunder shall be provided as an employee of the Company;

(b) Employee may be required to devote up to twenty (20) hours per month to the Company;

(c) Employee may perform advisory services hereunder at any location but may be required to be at the offices of the Company upon reasonable notice; and

(d) Employee shall not be obligated to render services under this Agreement during any period when he is disabled due to illness or injury.

3. Beginning on the initial date of the Term, the Company shall (i) pay Employee each year for five (5) years the sum of $200,000 per year, and for the next five (5) years the sum of $100,000 per year, such sums to be payable as the parties may from time to time agree; (ii) provide Employee and his spouse with health insurance during the Term as generally available to Employee at the time of retirement, and (iii) permit Employee to continue all options to purchase Company stock existing on the date of this Agreement. In the event of the Employee's death, the benefits described above shall continue to be paid to the Employee's spouse for the duration of the Term. In the event of death by both Employee and his spouse, all benefits under this Agreement shall cease.

4. In the event of Employee's death the Company will, upon written notice given within sixty (60) days of death by Employee's designated beneficiary, if any, or otherwise by the administrator of Employee's estate, terminate all Employee owned options to purchase Company common stock, whether or not then currently vested, in exchange for payment

equal to the aggregate spread between the option strike price and the market value of such stock at the close of business on the next business day succeeding Employee's death.

5. While this Agreement is in effect and thereafter, the Employee shall not divulge to anyone, except in the regular course of the Company's business, any confidential or proprietary information regarding the Company's records, plans or any other aspects of the Company's business which it considers confidential or proprietary.

6. This Agreement shall terminate in the event Employee accepts employment from anyone deemed by the Company to be a competitor.

7. The right of the Employee or any other beneficiary under this Agreement to receive payments may not be assigned, pledged or encumbered, except by will or by the laws of descent and distribution, without the permission of the Company which it may withhold in its sole and absolute discretion.

8. This Agreement represents the complete agreement between Company and Employee concerning the subject matter hereof and supersedes all prior employment or benefit agreements or understandings, written or oral. No attempted modification or waiver of any of the provisions hereof shall be binding on either party unless in writing and signed by both Employee and Company.

9. It is the intention of the parties hereto that all questions with respect to the construction and performance of this Agreement shall be determined in accordance with the laws of the State of Arkansas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date written above.

TYSON FOODS, INC.

By:____________________________
Title: Chairman

/s/ Donald E. Wray
____
Donald E. Wray

Exhibit 12

Tyson Foods, Inc.
Ratio of Earnings to Fixed Charges
October 3, 1998
(Dollars in thousands)

	1998	1997	1996	1995	1994
Fixed Charges:					
Interest Expense	139,113	110,410	132,934	114,840	86,062
Interest Income	8,754	7,232	4,907	-	-
Interest Capitalized	1,766	3,434	3,774	3,068	1,822
Interest Allocated to Beef and Pork and Other	(96)	872	-	-	-
Interest of 50% Owned Subsidiaries-CVI	-	-	-	-	281
Amortization of Debt Discount	2,486	4,471	3,414	3,747	5,003
Interest Portion of Rental Expense (33%)	11,831	11,333	11,909	12,637	8,594
Interest Portion of Cobb-Vantress (50%*33%)	-	-			949
Total Fixed Charges (A)	163,854	137,752	156,938	134,292	102,711
Earnings:					
Net Income(Loss)	25,099	185,799	86,867	219,191	(2,128)
Provision for Income Taxes	45,937	143,922	49,048	131,036	120,745
Fixed Charges	163,854	137,752	156,938	134,292	102,711
Less Capitalized Interest	(1,766)	(3,434)	(3,774)	(3,068)	(1,822)
Earnings and Fixed Charges (B)	233,124	464,039	289,079	481,451	219,506
Ratio of Earnings to Fixed Charges (B/A)	1.42	3.37	1.84	3.59	2.14

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.

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

OPERATING RESULTS FOR FISCAL YEAR	1998	1997	1996	1995
Sales	$7,414.1	$6,355.7	$6,453.8	$5,511.2
Cost of Sales	6,260.1	5,318.0	5,505.7	4,423.1
Gross Profit	1,154.0	1,037.7	948.1	1,088.1
Operating Expenses	950.4	637.8	678.5	616.4
Interest Expense	139.1	110.4	132.9	114.9
Provision for Taxes	45.9	143.9	49.0	131.0
Net Income (Loss)	25.1	185.8	86.9	219.2
Diluted Earnings (Loss) Per Share	0.11	0.85	0.40	1.01
Basic Earnings (Loss) Per Share	0.11	0.86	0.40	1.01
Dividends Per Share:				
Class A	0.100	0.095	0.080	0.053
Class B	$ 0.090	$ 0.086	0.072	0.044
Capital Expenditures	$ 310.4	$ 291.2	$ 214.0	$ 347.2
Depreciation and Amortization	276.4	230.4	239.3	204.9
Total Assets	5,242.5	4,411.0	4,544.1	4,444.3
Net Property, Plant and Equipment	2,256.5	1,924.8	1,869.2	2,013.5
Total Debt	2,128.9	1,690.1	1,975.1	1,984.7
Shareholders' Equity	1,970.4	1,621.5	1,541.7	1,467.7
Year-End Shares Outstanding	230.9	213.4	217.4	217.2
Diluted Average Shares Outstanding	227.9	218.2	218.0	217.7
Book Value Per Share	8.53	$ 7.60	$ 7.09	$ 6.76
Total Debt to Capitalization	51.9%	51.0%	56.2%	57.5%
Return on Sales	0.3%	2.9%	1.4%	4.0%
Annual Sales Growth (Decline)	16.7%	(1.5)%	17.1%	7.9%
Five-Year Compounded Annual Sales Growth	9.5%	8.8%	10.5%	7.6%
Gross Margin	15.6%	16.3%	14.7%	19.7%
Return on Beginning Assets	0.6%	4.1%	2.0%	6.0%
Return on Beginning Shareholders' Equity	1.5%	12.1%	5.9%	17.0%
Five-Year Return on Beginning Shareholders' Equity	7.1%	10.1%	10.9%	13.8%
Effective Tax Rate	64.7%	43.6%	37.0%	38.1%
Closing Stock Price High	$ 24.44	$ 23.63	$ 18.58	$ 18.17
Closing Stock Price Low	16.50	17.75	13.83	13.83

1994	1993	1992	1991	1990	1989	1988
$5,110.3	$4,707.4	$4,168.8	$3,922.1	$3,825.3	$2,538.2	$1,936.0
4,149.1	3,796.5	3,390.3	3,147.5	3,081.7	2,056.1	1,627.6
961.2	910.9	778.5	774.6	743.6	482.1	308.4
766.0	535.4	446.8	441.4	423.4	271.5	184.0
86.1	72.8	76.9	95.5	128.6	45.0	19.5
120.7	129.3	100.5	97.0	80.1	62.9	23.0
(2.1)	180.3	160.5	145.5	120.0	100.6	81.4
(0.01)	0.81	0.77	0.70	0.60	0.52	0.42
(0.01)	0.82	0.78	0.71	0.61	0.52	0.43
0.047	0.027	0.027	0.020	0.013	0.013	0.013
$ 0.039	$ 0.022	$ 0.022	$ 0.017	$ 0.011	$ 0.011	$ 0.011
$ 232.1	$ 225.3	$ 108.0	$ 213.6	$ 163.8	$ 128.9	$ 86.3
188.3	176.6	148.9	135.8	123.4	84.8	70.3
3,668.0	3,253.5	2,617.7	2,645.8	2,501.1	2,586.1	889.1
1,610.0	1,435.3	1,142.2	1,162.0	1,071.1	1,020.8	430.0
1,455.1	1,024.3	825.6	984.0	1,020.5	1,374.4	211.3
1,289.4	1,360.7	980.2	822.5	663.0	447.7	341.4
217.8	220.9	206.2	206.1	204.9	194.0	191.4
221.7	222.5	207.6	207.1	199.3	194.6	192.0
$ 5.92	$ 6.16	$ 4.75	$ 3.99	$ 3.24	$ 2.31	$ 1.78
53.0%	42.9%	45.7%	54.5%	60.6%	75.4%	38.2%
0.0%	3.8%	3.9%	3.7%	3.1%	4.0%	4.2%
8.6%	12.9%	6.3%	2.5%	50.7%	31.1%	8.4%
15.0%	19.5%	18.5%	21.1%	27.5%	27.6%	26.3%
18.8%	19.4%	18.7%	19.8%	19.4%	19.0%	15.9%
(0.1)%	6.9%	6.1%	5.8%	4.6%	11.3%	10.1%
(0.2)%	18.4%	19.5%	22.0%	26.8%	29.5%	30.2%
14.1%	21.7%	23.9%	26.8%	29.7%	31.8%	32.4%
101.8%	41.8%	38.5%	40.0%	40.0%	38.5%	22.0%
$ 16.67	$ 18.08	$ 15.08	$ 15.58	$ 11.79	$ 8.63	$ 7.25
12.50	12.83	10.17	8.46	7.17	4.92	3.63

[FN]
1. Significant business combinations accounted for as purchases: Hudson Foods, Inc., Arctic Alaska Fisheries Corporation and Holly Farms Corporation on Jan. 9, 1998, Oct. 5, 1992 and July 19, 1989, respectively. See Footnote 2 to the Consolidated Financial Statements for acquisitions during the three-year period ended Oct. 3, 1998.

2. The results for 1998 include a $214.6 million pre-tax charge, or $0.68 per share, for asset impairment and other charges.
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. The results for 1994 include a $205 million after-tax charge, or $0.93 per share, due to the writedown of certain long-lived assets of Arctic Alaska Fisheries Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TYSON FOODS, INC.

ACQUISITIONS

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

DISPOSITIONS

On June 9, 1998, the Company and Pierre Foods, LLC (Pierre), a wholly owned subsidiary of Fresh Foods, Inc., completed an asset purchase agreement for Pierre to acquire the Pierre Foods division from the Company. The Pierre Foods division, based in Cincinnati, Ohio, is primarily engaged in producing and distributing packaged, precooked food products to the foodservice industry. On Aug. 28, 1998, the Company sold its Caryville, Tenn., meat processing facility to Advance Food Company, Inc. of Enid, Okla. Both facilities were acquired with the Hudson Acquisition. Under the terms of both agreements, the Company received $128 million in cash. The Company recognized no gain or loss on the sale of these assets. In addition, no pro forma information is provided as the operations of these facilities were not significant to the Company.

On Oct. 27, 1998, the Company and Rose Acre Farms, Inc. signed an asset purchase agreement whereby Rose Acre Farms, Inc. will acquire the Company's National Egg Products Company operations in Social Circle, Ga. This operation, which is reflected in assets held for sale at Oct. 3, 1998, was acquired with the Hudson Acquisition. This transaction is expected to be finalized in the first quarter of fiscal 1999 at an amount which approximates its carrying value.

The Company also intends to sell Willow Brook Foods, its integrated turkey production and processing business, and its Albert Lea, Minn., processing facility which primarily produces the Schweigert brand of sausages, lunch and deli meats and other related products. These operations, which are reflected in assets held for sale at Oct. 3, 1998, were acquired with the Hudson Acquisition.

IMPAIRMENT AND OTHER CHARGES

The Company recorded charges totaling $214.6 million on a pre-tax basis ($0.68 per share) during the fourth quarter of 1998. These charges consist of $142.2 million for asset impairment of property, plant and equipment, writedown of related excess of investments over net assets acquired and severance costs, $48.4 million for losses in the Company's export business to Russia which has been adversely affected by the continuing economic problems in Russia and $24.0 million for other charges related primarily to workers compensation and employment practice liabilities. These charges have been classified in the Consolidated Statements of Income as $142.2 million asset impairment and other charges, $48.4 million included in selling expenses, $20.5 million included in cost of sales and $3.5 million in other expense. During the fourth quarter of 1998, the Russian Ruble devalued resulting in the losses described above. The Company recognizes that conducting business in or selling products into foreign countries, including Russia, entails inherent risks. The Company, however, is continually monitoring its international business practices and, whenever possible, will attempt to minimize the Company's financial exposure to these risks.

As previously announced, the Company's Board of Directors approved management's proposed restructure plan on Aug. 28, 1998. The restructuring, which resulted in asset impairment and related charges, is in furtherance of the Company's previously stated objective to focus on its core business, chicken. The recent acquisition of Hudson and the assimilation of Hudson's facilities and operations into the Company's business have permitted the Company to review and rationalize the productive capabilities and cost structure of its core business. Further, the Company intends to continue the rationalization of its seafood assets. This rationalization may include divestiture, redeployment, and other possible business transactions, exploring all alternatives in an orderly fashion. The restructuring includes, among other things, the closure of eight plants and feedmills resulting in work force reductions, the writedown of excess of investments over net assets acquired allocated to closed facilities, the reconfiguration of various production facilities and the writedown of certain seafood assets to estimated net realizable value. The anticipated three-year net benefit, including anticipated proceeds from the sale of certain assets identified for disposition is approximately $130 million. The restructuring is expected to result in annual after-tax savings of $12- $15 million through reduced depreciation, amortization and production costs. The future cash outflows for severance and related costs is not expected to be material.

RESULTS OF OPERATIONS

The Company's accounting cycle resulted in a 53-week year for 1998 compared to a 52-week year for both 1997 and 1996.

1998 vs. 1997

Sales for 1998 increased 16.7% over sales for 1997. Consumer poultry sales, excluding turkey, accounted for an increase of 12.3% of the total change in sales for 1998 as compared to 1997. This increase was mainly due to a 21% increase in tonnage offset slightly by a 5.1% decrease in average sales prices. A significant portion of the increase in total sales and consumer poultry sales for 1998 compared to 1997 is due to the Hudson Acquisition. The operating results for 1998 were affected negatively by the excess supply of poultry during the first six months of the fiscal year, excess supply of other proteins for the entire fiscal year and the more commodity- based Hudson sales mix. Additionally, the collapse of the Russian economy and the devaluation of the Ruble weakened leg quarter prices and slowed volume.

The prepared foods group sales, consisting of Mexican Original, Culinary Foods and Mallard's, accounted for an increase of 0.8% of the change in total sales for 1998 as compared to 1997. This increase primarily was due to a 19.6% increase in average sales prices as well as a 2.1% increase in tonnage, largely due to the acquisition of Mallard's in August 1997. Seafood sales accounted for a decrease of 0.8% of the change in total sales for 1998 as compared to 1997. This decrease was due to a 25.9% decrease in tonnage partially offset by a 8.6% increase in average sales prices. Decreased seafood volume was mainly due to weakness in the surimi business caused in large part by the Asian economic crisis. However, this is partially offset by improvements in the analog business. The seafood operations continue to be affected by the availability of some species of fish as well as regulations that limit its source of supply. Other miscellaneous sales accounted for an increase of 4.4% of the change in total sales for 1998 as compared to last year.

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

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

[GRAPH]
Expenses as a Percent of Sales

	1996	1997	1998
Selling	8.5%	8.1%	8.0% *
General and Administrative	1.6%	1.6%	1.8%

* Excludes $48.4 million loss

Interest expense increased 26% in 1998 compared to 1997. As a percent of sales, interest expense was 1.9% in 1998 compared to 1.7% in 1997. The Company had a higher level of borrowing in 1998, which increased the Company's average indebtedness by 18% over the same period last year mainly due to the Hudson Acquisition. The Company's short-term interest rates were slightly higher than the same period last year, and the net average effective interest rate on total debt for 1998 was 6.6% compared to 6.2% for 1997.

The effective tax rate for 1998 was 64.7% compared to 43.6% for 1997. The 1998 effective tax rate was affected by certain costs related to asset impairment and foreign losses not deductible for tax purposes.

Return on beginning assets for 1998 was 0.6% compared to 4.1% for 1997, with a five-year average of 2.5%. Return on beginning assets for 1998, excluding the $214.6 million for asset impairment and other charges, was 4.1%. Return on beginning shareholders' equity for 1998 was 1.5% compared to 12.1% for 1997, with a five-year average of 7.1%. Return on beginning shareholders' equity for 1998, excluding the $214.6 million for asset impairment and other charges, was 11.1%.

[GRAPH]

Return on Beginning Assets

1996 2.0%
1997 4.1%
1998 4.1% *

* Excluding $214.6 million asset impairment and other charges.

1997 vs. 1996

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. 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.

In 1997, the Company experienced intermittent sales disruptions and lower than expected prices for leg quarters and related dark meat products in its Russian markets. Such lower prices, together with tariffs, custom regulations and other increased costs associated with these exports, diminished net returns.

The prepared foods group sales, consisting of Mexican Original, Culinary Foods and Mallards, 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 were affected by the availability of some species of fish as well as reduced pricing on some products and regulations that limit supply sources. Other miscellaneous sales accounted for an increase of 1.0% of the change in total sales for 1997 as compared to 1996.

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. 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 1996. However, these costs did not moderate as much as management had anticipated. As a percent of sales, cost of sales was 83.7% for 1997 compared to 85.3% in 1996.

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 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.

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 gross average effective interest rate on total debt for 1997 was 6.8% compared to 6.9% for 1996.

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% for 1996. The 1997 effective tax rate was affected by the taxes on the gain from the sale of the beef division assets. Certain costs were allocated to the beef division which are not deductible for tax purposes, resulting in a higher effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

In 1998, net cash of $496.4 million was provided by operating activities, a decrease of $44.6 million from 1997. The Company used cash from operations to pay down debt, to fund additions to property, plant and equipment and for acquisitions. The expenditures for property, plant and equipment were related to acquiring new equipment, upgrading facilities to maintain competitive standing and to position the Company for future opportunities. Additionally, the Company makes a continuing effort to increase efficiencies, reduce overall cost and meet or exceed environmental laws and regulations, which requires investments.

[GRAPH]

Cash Provided by Operating Activities Dollars in Millions

1996	$173.3
1997	$541.0
1998	$496.4

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 1998 year end, working capital was $934.1 million compared to $851.5 million at the end of 1997, an increase of $82.6 million. The current ratio for 1998 was 2.12 to 1 compared to 2.18 to 1 for 1997. Working capital has increased over 1997 primarily due to the Hudson Acquisition. Total assets have increased by $2 billion or 61.1% over the past five years inclusive of acquisitions.

Additions, net of dispositions, to total property, plant and equipment for the last five years were $1.5 billion including acquisitions, an increase of 68.6% over the last five years. At 1998 year end, the Company had construction projects in progress that will require approximately $193.2 million to complete. Funding for these expenditures will be provided by cash from operations or additional borrowings.

Total debt at 1998 year end was $2.1 billion, an increase of $438.8 million from the end of 1997. The Company has an unsecured revolving credit agreement totaling $1 billion which supports the Company's commercial paper program. This $1 billion facility expires in May 2002. At Oct. 3, 1998, $506.9 million in commercial paper was outstanding under this $1 billion facility. Additional outstanding long-term debt at Oct. 3, 1998, consisted of $1,028.4 million of public debt, $169.1 million of institutional notes, $170.5 million of leveraged equipment loans and $91.7 million of other indebtedness. On Jan. 9, 1998, the Company borrowed funds under its commercial paper program for the Hudson Acquisition. Subsequent to the Hudson Acquisition, the Company refinanced $270 million in outstanding long- term debt assumed pursuant to the Hudson Acquisition with commercial paper. On Jan. 21, 1998 the Company issued, in two separate series, $150 million 6% Notes due Jan. 15, 2003 and $150 million 7% Notes due Jan. 15, 2028. On Feb. 4, 1998, the Company issued $100 million 6.08% Mandatory Par Put Remarketed SecuritiesSM (MOPPRSSM) due Feb. 1, 2010 and $50 million Floating Rate MOPPRSSM due Feb. 1, 2010. On April 28, 1998, the Company issued debt securities in the form of $240 million 7% Notes due May 1, 2018. The net proceeds from these debt offerings were used by the Company to repay a portion of the borrowings under its commercial paper program. The Company may use funds borrowed under its revolving credit facility, commercial paper program or through the issuance of additional debt securities from time to time in the future to finance acquisitions as opportunities may arise, to refinance other indebtedness or capital leases of the Company, and for other general corporate purposes.

[GRAPH]

Total Capitalization
Dollars in Billions

	1996	1997	1998
Equity	1.5	1.6	2.0
Debt	2.0	1.7	2.1
	---	---	---
Total	3.5	3.3	4.1

The revolving credit agreement and notes contain various covenants, the more restrictive of which require maintenance of a minimum net worth, current ratio, cash flow coverage of interest and a maximum total debt-to- capitalization ratio. The Company is in compliance with most of these covenants at year end and has obtained waivers for covenants in which the Company is not in compliance.

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

Shareholders' equity increased 21.5% during 1998 and has grown at a compounded annual rate of 7.7% over the past five years, inclusive of $214.6 million in asset impairment and other charges in 1998, $363.5 million for the purchase of Hudson in 1998, $20.8 million for the purchase of Mallard's in 1997 and a $213.9 million writedown of assets in 1994.

IMPACT OF YEAR 2000

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

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

In addition to the testing that has been done, the Company has been in contact with the providers of packaged software applications to ensure that these packages are also Year 2000 ready. To this point, all suppliers of software have provided some approach for the Company to ensure readiness, either through upgrades or new products. Most of these solutions have already been implemented. Those remaining will be completed by March 31, 1999.

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

Because many of the systems were already compliant, did not require significant modifications to make them compliant, or were replaced for other business reasons, the costs incurred specifically to address Year 2000 readiness are not material to the company. Since 1996, the expenses that resulted from Year 2000 readiness activities have been absorbed through the annual Management Information Systems operational budget and funded from internally generated funds. These costs can be primarily described as personnel costs and have increased each year since 1996 because of increased activity from testing. The costs incurred since 1996 are approximately $1.2 million and are anticipated to be less than $720,000 in 1999. No projects under consideration by the Company have been deferred because of Year 2000 efforts.

Because of the rapid pace of change in technology, especially in the area of hardware, the Company regularly upgrades and replaces hardware platforms such as database and application servers. Consequently all of the servers are Year 2000 ready. More than 90 percent of the personal computers have been certified as being Year 2000 ready with the rest to be completed by Dec. 31, 1998.

The telephone systems in use by the company have also been surveyed. There are more than 170 of these systems currently in use. Three of these systems currently have Year 2000 issues that need to be resolved. It is expected that these systems will be addressed by March 31, 1999.

The embedded technology in the production environment, such as programmable logic controllers, computer-controlled valves and other equipment, has been inventoried and the Company has contacted the vendors who supplied this technology with respect to their Year 2000 readiness. While not all of the responses have been received, those that have responded have given a positive response to their Year 2000 readiness. Based on current evidence, the Company believes there to be no significant exposure with regard to production equipment.

The Company has initiated formal communications with all of its significant suppliers and large customers to determine the extent to which the Company's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 issues. The Company's total Year 2000 project cost, which is not expected to have a material effect on the Company's results of operations, includes the estimated costs and time associated with the impact of third party Year 2000 issues based upon presently available information. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted timely or would not have an adverse effect on the Company's systems.

To date, the Company has not established a contingency plan for possible Year 2000 issues. The Company will establish contingency plans, if needed, based on its actual testing experience with its supplier base and assessment of outside risks.

MARKET RISK

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.

Commodities Risk

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 and as a mechanism to procure the grains. The contracts that effectively meet risk reductions and correlation criteria are recorded using hedge accounting. Gains and losses on closed hedge transactions are recorded as a component of the underlying inventory purchase.

The following table provides information about the Company's corn, soybean oil and other feed ingredient inventory and futures contracts that are sensitive to changes in commodity prices. The table presents the carrying amounts and fair values at Oct. 3, 1998. Additionally, for futures contracts, the latest of which matures 15 months from the reporting date, the table presents the notional amounts in units of purchase, the weighted average contract prices and the total dollar contract amounts. Contract amounts are used to calculate the contractual payments and quantity of corn and soybean oil to be exchanged under the futures contracts.

DOLLARS AND VOLUME IN MILLIONS, EXCEPT PER UNIT AMOUNTS

	Volume	Contract/ Book Value	Weighted Ave. Price Per Unit	Fair Value	Weighted Ave.Price Per Unit
Recorded Balance Sheet Commodity Position:					
Commodity Inventory	-	$36.0	$ -	$36.0	$ -
Corn Futures Contracts (volume in bushels)					
Long (Buy) Positions	7.5	17.4	2.33	17.0	2.27
Short (Sell) Positions	9.7	20.5	2.11	20.2	2.08
Soybean Oil Futures Contracts (volume in cwt)					
Long (Buy) Positions	0.1	2.1	24.24	2.1	24.05
Short (Sell) Positons	0.1	1.5	24.40	1.5	24.06

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 exchange rates, primarily Japanese Yen, associated with sales denominated in foreign currency. Gains and losses on these contracts are recognized as an adjustment of the subsequent transaction when it occurs. Forward and option contracts generally have maturities not exceeding 12 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 4.7% to 6%.

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 the Company's debt obligations, principal cash flows, related weighted-average interest rates by expected maturity dates and fair values. For interest rate swaps, the table presents notional amounts, weighted-average interest rates or strike rates by contractual maturity dates and fair values. Notional amounts are used to calculate the contractual cash flows to be exchanged under the contract.

Interest Rate Sensitivity Principal (Notional) Amount by Expected Maturity

Average Interest (Swap) Rate

(dollars in millions)	1999	2000	2001	2002	2003	There-after	Total	Fair Value 10/3/98
Liabilities								
Long-term Debt, including Current Portion								
Fixed Rate	$73.6	$226.7	$125.2	$31.4	$178.5	$823.3	$1,458.7	$1,533.7
Average Interest Rate	9.37%	6.39%	8.25%	7.88%	6.20%	6.79%	6.93%	
Variable Rate	$4.0	$24.6	-	$506.9	-	$50.0	$ 585.5	$ 585.5
Average Interest Rate	4.15%	7.67%	-	5.57%	-	3.73%	5.49%	
Interest Rate Derivative Financial Instruments Related to Debt								
Interest Rate Swaps								
Pay Fixed	$16.1	$17.2	$18.4	$19.6	$20.2	$50.2	$141.7	($8.1)
Average Pay Rate	6.71%	6.71%	6.69%	6.73%	6.74%	6.59%	6.67%	

Average Receive Rate- USD 6 Month Libor.

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

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)

	1999	2000 - 2003	There-after	Total	Fair Value 10/3/98
Sold Option Contracts to Sell Foreign Currencies for US$					
Japanese Yen					
Notional Amount	$6.5	-	-	$6.5	-
Weighted Average Strike Price	Y109.48				
Purchased Option Contracts to Sell Foreign Currencies for US$					
Japanese Yen					
Notional Amount	$5.6	-	-	$5.6	$0.4
Weighted Average Strike Price	Y126.69				

CONSOLIDATED STATEMENTS OF INCOME
TYSON FOODS, INC.
THREE YEARS ENDED OCTOBER 3, 1998

(IN MILLIONS EXCEPT PER SHARE DATA)

	1998	1997	1996
Sales	$7,414.1	$6,355.7	$6,453.8
Cost of Sales	6,260.1	5,318.0	5,505.7
	1,154.0	1,037.7	948.1
Operating Expenses:			
Selling	642.2	513.3	550.0
General and administrative	132.7	96.9	100.9
Amortization	33.3	27.6	27.6
Asset impairment and other charges impairment	142.2		
	950.4	637.8	678.5
Operating Income	203.6	399.9	269.6
Other Expense (Income):			
Interest	139.1	110.4	132.9
Foreign currency exchange			9.0
Other	(6.5)	(40.2)	(4.9)
	132.6	70.2	137.0
Income Before Taxes on Income and Minority Interest	71.0	329.7	132.6
Provision for Income Taxes	45.9	143.9	49.0
Minority Interest in Net Loss of Consolidated Subsidiary			3.3
Net Income	$ 25.1	$ 185.8	$ 86.9
Basic Earnings Per Share	$0.11	$0.86	$0.40
Diluted Earnings Per Share	$0.11	$0.85	$0.40

SEE ACCOMPANYING NOTES.

CONSOLIDATED BALANCE SHEETS

TYSON FOODS, INC.

OCTOBER 3, 1998 AND SEPTEMBER 27, 1997 (IN MILLIONS EXCEPT PER SHARE DATA)

ASSETS	1998	1997
Current Assets:		
Cash and cash equivalents	$ 46.5	$ 23.6
Accounts receivable	631.0	617.8
Inventories	984.1	886.1
Assets held for sale	65.2	6.2
Other current assets	38.3	38.8
Total Current Assets	1,765.1	1,572.5
Net Property, Plant and Equipment	2,256.5	1,924.8
Excess of Investments Over Net Assets Acquired	1,035.8	731.1
Investments and Other Assets	185.1	182.6
Total Assets	$5,242.5	$4,411.0

LIABILITIES AND SHAREHOLDERS' EQUITY	1998	1997
Current Liabilities:		
Notes payable	$ 84.7	$ 37.3
Current portion of long-term debt	77.6	94.6
Trade accounts payable	330.6	290.3
Accrued salaries and wages	98.4	80.9
Federal and state income taxes payable	0.9	27.2
Accrued interest payable	22.3	27.3
Other current liabilities	216.5	163.4
Total Current Liabilities	$ 831.0	721.0
Long-Term Debt	1,966.6	1,558.2
Deferred Income Taxes	434.4	506.1
Other Liabilities	40.1	4.2
Shareholders' Equity:		
Common stock ($.10 par value):		
Class A-authorized 900 million shares:		
Issued 137.9 million shares in 1998 and 119.5 million shares in 1997	13.8	11.9
Class B-authorized 900 million shares:		
Issued 102.6 million shares in 1998 and 102.7 million shares in 1997	10.3	10.3
Capital in excess of par value	740.5	379.1
Retained earnings	1,394.2	1,390.8
Currency translation adjustment	(1.0)	(2.5)
	2,157.8	1,789.6
Less treasury stock, at cost- 9.7 mi shares in 1998 and 8.8 mi shares in 1997	185.1	165.6
Less unamortized deferred compensation	2.3	2.5
Total Shareholders' Equity	1,970.4	1,621.5
Total Liabilities and Shareholders' Equity	$5,242.5	$4,411.0

SEE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
TYSON FOODS, INC.

THREE YEARS ENDED OCTOBER 3, 1998 (IN MILLIONS EXCEPT PER SHARE DATA)

	1998		1997		1996	
	Shares	Amount	Shares	Amount	Shares	Amount
CLASS A COMMON STOCK						
Beginning Balance	119.5	$11.9	79.7	8.0	79.7	$8.0
Three-for-two stock split						
Acquisition	18.4	1.9	39.8	3.9		
Ending Balance	137.9	13.8	119.5	11.9	79.7	$8.0
CLASS B COMMON STOCK						
Beginning Balance	102.7	10.3	68.5	6.8	68.5	6.8
Three-for-two stock split			34.2	3.5		
Ending Balance	102.7	10.3	102.7	10.3	68.5	6.8
CAPITAL IN EXCESS OF PAR VALUE						
Beginning Balance		379.1		375.4		377.9
Exercise of Options		(0.2)		(0.3)		(2.5)
Acquisitions		361.6		4.0		
Ending Balance		740.5		379.1		375.4
RETAINED EARNINGS						
Beginning Balance		1,390.8		1,232.4		1,162.3
Net income		25.1		185.8		86.9
Three-for-two stock split				(7.4)		
Dividends: Class A per share (1998-$.10;1997-$.095;1996-$.09) Class B per share (1998-$.09; 1997-$.086; 1996-$.072)		(21.7)		(20.0)		(16.8)
Ending Balance		1,394.2		1,390.8		1,232.4
CURRENCY TRANSLATION ADJUSTMENT						
Beginning Balance		(2.5)		(2.8)		(5.2)
Currency translation adjustment		1.5		0.3		2.4
Ending Balance		(1.0)		(2.5)		(2.8)
TREASURY STOCK						
Beginning Balance	8.8	(165.6)	3.2	(75.4)	3.4	(79.2)
Purchases	1.1	(22.3)	5.2	(109.6)	0.1	(1.3)
Exercise of options	(0.2)	2.8	(0.2)	2.6	(0.3)	5.1
Acquisition			(1.0)	16.8		
Three-for-two stock split			1.6			
Ending Balance	9.7	(185.1)	8.8	(165.6)	3.2	(75.4)
UNAMORTIZED DEFERRED COMPENSATION						
Beginning Balance		(2.5)		(2.7)		(2.9)
Amortization of deferred compensation		0.2		0.2		0.2
Ending Balance		(2.3)		(2.5)		(2.7)
Total Shareholders' Equity		$1,970.4		$1,621.5		$1,541.7

SEE ACCOMPANYING NOTES.

CONSOLIDATED STATEMENTS OF CASH FLOWS
TYSON FOODS, INC.

THREE YEARS ENDED OCTOBER 3, 1998 (IN MILLIONS)

	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 25.1	$185.8	$86.9
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	243.1	202.8	211.7
Amortization	33.3	27.6	27.6
Restructuring and related asset impairment	214.6		
Deferred income taxes	(144.5)	10.5	15.9
Minority interest			(3.3)
Foreign currency exchange loss			9.0
(Gain) Loss on dispositions of property, plant and equipment	(2.3)	(34.8)	2.2
Decrease (increase) in accounts receivable	32.8	(68.4)	(66.9)
Decrease (increase) in inventories	79.8	143.6	(126.7)
(Decrease) increase in trade accounts payable	(6.6)	19.2	(4.7)
Net change in other current assets and liabilities	21.1	54.7	21.6
Cash Provided by Operating Activities	496.4	541.0	173.3
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash paid for acquisitions	(258.5)	(4.3)	
Additions to property, plant and equipment	(310.4)	(291.2)	(214.0)
Proceeds from sale of assets	136.0	223.4	21.1
Net change in other assets and liabilities	(13.3)	(63.8)	(29.5)
Cash Used for Investing Activities	(446.2)	(135.9)	(222.4)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrease in notes payable	(74.4)	(2.2)	(55.7)
Proceeds from long-term debt	1,027.1	131.4	475.6
Repayments of long-term debt	(954.7)	(420.8)	(351.5)
Purchase of treasury shares	(22.3)	(109.6)	(1.3)
Other	(2.9)	(17.2)	(15.0)
Cash Provided by (Used for) Financing Activities	(27.2)	(418.4)	52.1
Effect of Exchange Rate Change on Cash	(0.1)	0.3	0.5
(Decrease) Increase in Cash	22.9	(13.0)	3.5
Cash and Cash Equivalents at Beginning of Year	23.6	36.6	33.1
Cash and Cash Equivalents at End of Year	$ 46.5	$23.6	$36.6

SEE ACCOMPANYING NOTES.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation: The consolidated financial statements include the accounts of subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Description of Business: The Company is a fully integrated producer, processor and marketer of chicken, chicken-based food products 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 Sept. 30.

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.

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 $158.8 million at Oct. 3, 1998, and $147 million at Sept. 27, 1997, are included in trade accounts payable, accrued salaries and wages and other current liabilities.

Inventories: Live poultry consists of broilers and breeders. Broilers are stated at the lower of cost (first-in, first-out) or market and breeders are stated at cost less amortization. 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 which are carried at lower of cost (first- in, first-out) or market. The cost of live hogs is included in cost of sales when the hogs are sold. Broilers, live hogs, dressed and further-processed products, seafood-related products, hatchery eggs and feed and supplies are valued at the lower of cost (first-in, first-out) or market.

(IN MILLIONS)

	1998	1997
Dressed and further-processed products	$ 410.4	$ 366.1
Live poultry and hogs	374.2	353.4
Seafood related products	49.2	39.5
Hatchery eggs and feed	71.5	57.8
Supplies	78.8	69.3
	$ 984.1	$ 886.1

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 three to 12 years; vessels of 16 to 30 years; and other of three to 20 years.

The Company capitalized interest costs of $1.8 million in 1998, $3.4 million in 1997 and $3.8 million in 1996 as part of the cost of major asset construction projects. Approximately $193.2 million will be required to complete construction projects in progress at Oct. 3, 1998.

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

(IN MILLIONS)

	1998	1997
Land	$ 57.8	$ 47.7
Buildings and leasehold improvements	1,163.0	931.9
Machinery and equipment	2,004.6	1,838.9
Vessels	83.8	101.7
Land improvements and other	112.6	90.7
Buildings and equipment under construction	262.6	152.3
	3,684.4	3,163.2
Less accumulated depreciation	1,427.9	1,238.4
	$2,256.5	$1,924.8

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 Oct. 3, 1998 and Sept. 27, 1997, the accumulated amortization of excess of investments over net assets acquired was $196.4 million and $165.8 million, respectively. See also Footnote 4 Impairment and Other Charges.

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.

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

Stock-Based Compensation: The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded. The Company has adopted the disclosure- only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123).

Financial Instruments: Periodically, the Company uses derivative financial instruments to reduce its exposure to various risks. As a policy, the Company does not engage in speculative transactions not does the Company hold or issue financial instruments for trading purposes. Contracts that effectively meet risk reduction and correlation criteria are recorded using hedge accounting. Interest rate swaps are used to hedge exposure to changes in interest rates under various leveraged equipment loans. Settlements of interest rate swaps are accounted for as an adjustment to interest expense. Gains and losses are recognized immediately if the underlying instrument is settled. Commodity futures and options are used to hedge a portion of the Company's purchases of certain commodities for future processing requirements. Such contracts are accounted for as hedges, with gains and losses recognized as part of cost of goods sold, and generally have terms of less than 15 months. Foreign currency forwards and option contracts are used to hedge sale transactions denominated in foreign currencies, primarily Japanese Yen, to reduce the currency risk associated with fluctuating exchange rates. Such contracts generally have terms of less than one year. Unrealized gains and losses are deferred as part of the basis of the underlying transaction.

Earnings Per Share: The Company adopted FASB statement No. 128, "Earnings Per Share," effective for the year ending Oct. 3, 1998. All prior-period earnings per share data have been restated. This Statement requires dual presentation of basic and diluted earnings per share on the face of the income statement. Stock options issued pursuant to Company compensation plans are the only dilutive securities in all periods presented.

The following table sets forth the computation of basic and diluted earnings per share:

(In millions)

	1998	1997
Numerator:		
Net Income	$ 25.1	$ 185.8
Denominator:		
Denominator for basic earnings per share- weighted average shares	226.7	216.3
Effect of dilutive securities:		
Employee stock options	1.2	1.9
Denominator for diluted earnings per share- adjusted weighted average shares and assumed conversions	227.9	218.2
Basic earnings per share	$ 0.11	$ 0.86
Diluted earnings per share	$ 0.11	$ 0.85

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 1998, 1997 and 1996 were $294.2 million, $233.2 million and $228 million, respectively.

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, primarily foreign currency translation adjustments, 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 finalizing its study of SFAS No. 131 as well as the Company's operations to determine all of the Company's reportable segments. Based upon this analysis, the Company believes that one segment, consumer poultry, will account for at least 75% of revenue and operating income. This statement will be effective for fiscal 1999.

Derivative Instruments and Hedging Activities: In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). The provisions of SFAS No. 133 requires all derivatives to be recorded on the balance sheet at fair value. SFAS No. 133 establishes "special accounting" for fair value hedges, cash flow hedges, and hedges of foreign currency exposures of net investments in foreign operations. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined what the effect of this statement will be on the earnings and financial position of the Company when it becomes effective for fiscal 2000.

Costs Associated with Computer Software: In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use (SOP 98-1). This statement provides guidance on the capitalization of certain costs incurred in developing or acquiring internal- use computer software. The Company believes the adoption of SOP 98-1 in fiscal 2000 will not have a material impact on its financial position or results of operations.

NOTE 2: ACQUISITIONS

On Jan. 9, 1998, the Company completed the acquisition of Hudson Foods, Inc. (Hudson) pursuant to which Hudson merged with and into a wholly-owned subsidiary of the Company (the Hudson Acquisition). At the effective time of the acquisition, the Class A and Class B shareholders of Hudson received an aggregate of approximately 18.4 million shares of the Company's Class A common stock valued at approximately $363.5 million and approximately $257.4 million in cash. The Company borrowed funds under its commercial paper program to finance the $257.4 million cash portion of the Hudson Acquisition and repay approximately $61 million under Hudson's revolving credit facilities. The Hudson Acquisition has been accounted for as a purchase and the excess of investment over net assets acquired is being amortized straight-line over 40 years. The Company's consolidated results of operations include the operations of Hudson since the acquisition date. The following unaudited pro forma information shows the results of operations as though the purchase of Hudson had been made at the beginning of fiscal 1997.

(In millions, except per share data)

	1998	1997
Net sales	$7,831.0	$8,020.8
Net income	16.8	140.3
Basic Earnings Per Share	0.07	0.60
Diluted Earnings Per Share	$ 0.07	$ 0.59

The unaudited pro forma results are not necessarily indicative of the actual results of operations that would have occurred had the purchase actually been made at the beginning of 1997, or the results that may occur in the future.

On Aug. 1, 1997, the Company acquired Mallard's Food Products, Inc. (Mallard's) for a combination of one 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, Calif., has annual sales of approximately $33 million. This transaction has been accounted for as a purchase, and the results of operations for this acquisition has been included in the Company's consolidated results of operations since the acquisition date. No pro forma information is provided as the results of operations for this acquisition are not significant to the Company.

NOTE 3: DISPOSITIONS

On June 9, 1998, the Company and Pierre Foods, LLC (Pierre), a wholly owned subsidiary of Fresh Foods, Inc. completed an asset purchase agreement for Pierre to acquire the Pierre Foods division from the Company. The Pierre Foods division, based in Cincinnati, Ohio, is primarily engaged in producing and distributing packaged, precooked food products to the foodservice industry. On Aug. 28, 1998, the Company sold its Caryville, Tenn. meat processing facility to Advance Food Company, Inc. of Enid, Okla. Both of these facilities were acquired with the Hudson Acquisition. Under the terms of both agreements, the Company received $128 million in cash. The Company recognized no gain or loss on the sale of these assets. In addition, no pro forma information is provided as the operations of these facilities were not significant to the Company.

NOTE 4: IMPAIRMENT AND OTHER CHARGES

The Company recorded charges totaling $214.6 million on a pre-tax basis ($0.68 per share) during the fourth quarter of 1998. These charges consist of $142.2 million for asset impairment of property, plant and equipment, writedown of related excess of investments over net assets acquired and severance costs, $48.4 million for losses in the Company's export business to Russia which has been adversely affected by the continuing economic problems in Russia and $24 million for other charges related primarily to workers compensation and employment practice liabilities. These charges have been classified in the Consolidated Statements of Income as $142.2 million in asset impairment and other charges, $48.4 million included in selling expenses, $20.5 million included in cost of sales and $3.5 million included in other expense. Additionally, the foreign losses have been netted with accounts receivable on the Consolidated Balance Sheets.

As previously announced, the Company's Board of Directors approved management's proposed restructure plan on Aug. 28, 1998. The restructuring, which resulted in asset impairment and other charges, is in furtherance of the Company's previously stated objective to focus on its core business, chicken. The recent acquisition of Hudson Foods, Inc. and the assimilation of Hudson's facilities and operations into the Company's business have permitted the Company to review and rationalize the productive capabilities and cost structure of its core business. Further, the Company intends to continue the rationalization of its seafood assets. This rationalization may include divestiture, redeployment, and other possible business transactions, exploring all alternatives in an orderly fashion. The restructuring includes, among other things, the closure of eight plants and feedmills resulting in work force reductions, the writedown of excess of investments over net assets acquired allocated to closed facilities, the reconfiguration of various production facilities and the writedown of certain seafood assets to estimated net realizable value.

The major components of the asset impairment and related charges consist of the following:

(IN MILLIONS)

Impairment of property, plant and equipment	$120.7
Writedown of related excess of investments over net assets acquired	19.3
Severance and other related costs	2.2
	$142.2

The impairment charge represents the excess of the carrying value of those assets discussed above over their fair value less cost to sell. Impaired assets which are expected to be disposed of within the next 12 months are included in assets held for sale.

The writedown of excess of investments over net assets acquired is related to plant closings and related book value impairments, which originated from prior business acquisitions. Substantially, all of the severance and related costs will be paid in fiscal 1999.

During the fourth quarter, the Russian Ruble was devalued from 6.3 to 16.0. This event and other related economic factors in Russia resulted in the Company recognizing losses of $48.4 million.

The majority of the $24.0 million charge noted above relates primarily to revisions to the Company's estimated liabilities for workers compensation and employment practice related matters. This charge is based upon two separate actuarial studies completed during the fourth quarter.

NOTE 5: ASSETS HELD FOR SALE

On Oct. 27, 1998, the Company and Rose Acre Farms, Inc. signed an asset purchase agreement whereby Rose Acre Farms, Inc. will acquire the Company's National Egg Products Company operations in Social Circle, Ga. This operation, which is reflected in assets held for sale at Oct. 3, 1998, was acquired with the Hudson Acquisition. This transaction is expected to be finalized in the first quarter of fiscal 1999 at an amount which approximates its carrying value.

The Company also intends to sell Willow Brook Foods, its integrated turkey production and processing business, and its Albert Lea, Minn., processing facility which primarily produces the Schweigert brand of sausages, lunch and deli meats and other related products. These operations, which are reflected in assets held for sale at Oct. 3, 1998, were acquired with the Hudson Acquisition.

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 Nov. 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 million which was recorded in other income for fiscal 1997 in the Consolidated Statements of Income. The operating results of this facility were not material to the Company in 1997. During 1997, the Company recorded an impairment loss of $11.2 million for the pork further-processing assets, which was classified as an operating charge in the Consolidated Statements of Income. The Company has closed the pork further-processing facility and recorded an additional $4 million writedown of this facility in fiscal 1998.

NOTE 6: FINANCIAL INSTRUMENTS AND CREDIT RISK CONCENTRATION

Interest Rate Instruments: Interest rate swaps with notional amounts of $141.7 million and $147.7 million were in effect at Oct. 3, 1998, and Sept. 27, 1997, respectively. Fair values of these swaps were ($8.1) million and ($1.3) million at Oct. 3, 1998, and Sept. 27, 1997, respectively. Fair values of interest rate instruments are estimated amounts the Company would receive or pay to terminate the agreements at the reporting dates. These swaps mature from 2005 to 2008.

Commodity and Foreign Currency Contracts: At Oct. 3, 1998, and Sept. 27, 1997, the Company held the following commodity and foreign currency contracts:

(DOLLARS IN MILLIONS, EXCEPT PER UNIT CONTRACT/STRIKE PRICES)

	Notional Amount		Weighted Average Contract/Strike Price		Fair Value	
	1998	1997	1998	1997	1998	1997
Long position in corn	$17.4	$ -	$2.32	$ -	$17.0	$ -
Short position in corn	20.5	10.1	2.11	2.65	20.2	9.9
Long positions in soybean oil	2.1	-	24.24	-	2.1	-
Short positions in soybean oil	1.5	-	24.40	-	1.5	-
Short positions in soybean meal	-	7.1	-	215.00	-	6.5
Sold option contracts to sell Japanese Yen for US$	6.5	42.5	109.48	113.20	-	(1.0)
Purchased option contracts to Purchase Japanese Yen for US$	5.6	38.0	126.69	126.75	0.4	0.5
Foreign forward exchange contracts	-	0.5	-	102.45	-	0.4

Fair Value of On-Balance Sheet Financial Instruments: The Company's significant financial instruments include cash and cash equivalents, investments and debt. In evaluating the fair value of significant financial instruments, the Company generally uses quoted market prices of the same or similar instruments or calculates an estimated fair value on a discounted cash flow basis using the rates available for instruments with the same remaining maturities. As of Oct. 3, 1998, and Sept. 27, 1997, the fair value of financial instruments held by the Company approximated the recorded value except for long-term debt. Fair value of long-term debt was $2.1 billion and $1.7 billion at Oct. 3, 1998, and Sept. 27, 1997, respectively.

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

NOTE 7: 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.

On Dec. 29, 1997, the Company entered into a plea agreement resolving the Office of Independent Counsel's (OIC) investigation of the Company in connection its investigation of former Secretary of Agriculture Michael Espy. The Company entered a guilty plea to a single count of violating the illegal gratuity statute, 18 U.S.C. 201(c)(1). The Company was sentenced on Jan. 12, 1998 to pay a fine of $4 million, costs of prosecution of $2 million and was placed on probation for four years. At the time of its plea, the Company also entered a Compliance Agreement with the OIC and the U.S. Department of Agriculture requiring it to implement a compliance program.

Following the entry of its guilty plea, the Company and others were named as defendants in a putative class action suit brought on behalf of all individuals who sold beef cattle to beef packers for processing between certain dates in 1993 and 1998. This action, captioned Wayne Newton, et al.
v. Tyson Foods, Inc., et al., U.S. District Court, Northern District of Iowa, Civil Action No. 98-30, asserts claims under the Racketeer Influenced and Corrupt Organizations statute as well as a common-law claim for intentional interference with prospective economic advantage. Plaintiffs allege that the gratuities which were the subject of the Company's plea resulted in a competitive advantage for poultry products vis-a-vis beef products. Plaintiffs request trebled damages in excess of $3 billion, plus attorney's fees and costs. While management is not able to determine the outcome of this matter at this time, based upon information currently available, management presently does not believe that this lawsuit has merit and will not have a material adverse effect on the Company's financial position or its results of operations.

On July 28, 1997, Hudson received notice from the U.S. Department of Justice (DOJ) that it was prepared to bring an action against Hudson for the alleged violation of the Clean Water Act at Hudson's Berlin, Md., poultry processing facility. The DOJ alleged that over the past five years, Hudson had repeatedly discharged pollutants in quantities in excess of its National Pollutant Discharge Elimination System (NPDES) permit limits, violated monitoring and sampling requirements of its NPDES permit and failed to provide notice of NPDES violations. On Sept. 19, 1997, Hudson entered into an agreement in principle with the DOJ for the settlement of these claims. On May 8, 1998, a Consent Decree between the United States, Hudson and the Company was filed with the U.S. District Court together with a Complaint alleging these violations. On Oct. 6, 1998, the U.S. District Court approved and entered the Consent Decree. The Consent Decree, while stating that Hudson denies the violations alleged in the Complaint, provides for the payment to the United States of $4 million and the expenditure of $2 million in supplemental environmental projects (SEPs).

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

The Company leases certain farms and other properties and equipment for which the total rentals thereon approximated $46.7 million in 1998, $34 million in 1997 and $35.7 million in 1996. Most farm leases have terms ranging from one to 10 years with various renewal periods. The most significant obligations assumed under the terms of the leases are the upkeep of the facilities and payments of insurance and property taxes.

Minimum lease commitments under noncancelable leases at Oct. 3, 1998, total $141.8 million composed of $46.8 million for 1999, $37.2 million for 2000, $26.0 million for 2001, $16.2 million for 2002, $9.8 million for 2003 and $5.8 million for later years. These future commitments are expected to be offset by future minimum lease payments to be received under subleases of approximately $16.7 million.

The Company assists certain of its swine and poultry growers in obtaining financing for growout facilities by providing the growers with extended growout contracts and conditional operation of the facilities should a grower default under their growout or loan agreement. The Company also guarantees debt of outside third parties of $60 million.

NOTE 8: LONG-TERM DEBT

The Company has an unsecured revolving credit agreement totaling $1 billion which supports the Company's commercial paper program. This $1 billion facility expires in May 2002. At Oct. 3, 1998, $506.9 million in commercial paper was outstanding under this facility. The Company's $250 million facility was terminated effective May 4, 1998.

At Oct. 3, 1998, the Company had outstanding letters of credit totaling approximately $108.5 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 $44.7 million which is included in investments and other assets at Oct. 3, 1998. Under these leveraged loan agreements, the Company entered into interest rate swap agreements to effectively lock in a fixed interest rate for these borrowings.

Annual maturities of long-term debt for the five years subsequent to Oct. 3, 1998 are: 1999-$77.6 million; 2000-$251.3 million; 2001-$125.2 million; 2002- $538.3 million and 2003-$178.5 million.

The revolving credit agreement and notes contain various covenants, the more restrictive of which require maintenance of a minimum net worth, current ratio, cash flow coverage of interest and fixed charges and a maximum total debt-to-capitalization ratio. The Company is in compliance with most of these covenants at year end and has obtained waivers for covenants in which the Company is not in compliance.

The weighted average interest rate on all outstanding short-term borrowing was 5.6% at Oct. 3, 1998, and Sept. 27, 1997.

Long-term debt consists of the following:

(IN MILLIONS)

	Maturity	1998	1997
Commercial paper			
(5.6% effective rate at 10/3/98)	2002	$ 506.9	$ 638.7
Debt securities:			
6.75% notes	2005	149.3	149.1
6.625% notes	2005	149.5	149.3
6.39-6.41% notes	2000	50.0	50.1
6% notes	2003	146.8	-
7% notes	2028	145.9	-
7% notes	2018	236.3	-
Institutional notes:			
10.33% notes	1999	-	33.7
10.61% notes	1999-2001	106.3	125.0
10.84% notes	2002-2006	50.0	50.0
11.375% notes	1999-2002	12.8	17.1
Mandatory Par Put Remarketed			
Securities (5.88% effective rate at 10/3/98)	2010	50.2	-
6.08% notes	2010	100.4	-
Revolving credit facility	2002	-	130.0
Leveraged equipment loans			
(rates ranging from 4.7% to 6.0%)	2005-2008	170.5	166.5
Other	various	91.7	48.7
		$1,966.6	$1,558.2

NOTE 9: INCOME TAXES

Detail of the provision for income taxes consists of:

(IN MILLIONS)

	1998	1997	1996
Federal	$ 50.1	$129.7	$49.9
State	(4.2)	14.2	(0.9)
	$ 45.9	$143.9	$49.0
Current	$ 80.6	$133.4	$33.1
Deferred	(34.7)	10.5	15.9
	$ 45.9	$143.9	$49.0

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

	1998	1997	1996
U.S. federal income tax rate	35.0%	35.0%	35.0%
Amortization of excess of investments Over net assets acquired	23.6	8.6	5.9
State income taxes (benefit)	(3.8)	2.8	(0.4)
Foreign sales corp benefit	(9.6)	-	-
Foreign Losses	20.5	-	-
Other	(1.0)	(2.8)	(3.5)
	64.7%	43.6%	37.0%

The Company follows the liability method in accounting for deferred income taxes. The liability method provides that deferred tax liabilities are recorded at current tax rates based on the difference between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes referred to as temporary differences. Significant components of the Company's deferred tax liabilities as of Oct. 3, 1998, and Sept. 27, 1997, are as follows:

(IN MILLIONS)

	1998	1997
Basis difference in property, plant and equipment	$289.9	$267.9
Suspended taxes from conversion to accrual method	135.1	142.7
Other	9.4	95.5
	$434.4	$506.1

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.

NOTE 10: RESTRICTED STOCK AND STOCK OPTIONS

The Company has outstanding 189,000 restricted shares of Class A stock. The restriction expires over periods ranging from 10 to 26 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 granting options for shares of Class A stock at a price not less than the fair market value at the date of grant. The options generally become exercisable ratably over four to eight years from the date of grant and must be exercised within 10 years of the grant date.

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

	Shares Under Option	Weighted Average Exercise Price Per Share
Outstanding, Sept. 30, 1995	4,118,171	$13.79
Exercised	(320,535)	8.05
Canceled	(459,150)	14.49
Granted	2,129,775	15.04
Outstanding, Sept. 28, 1996	5,468,261	14.55
Exercised	(163,906)	13.83
Canceled	(560,296)	15.06
Granted	3,598,275	17.92
Outstanding, Sept. 27, 1997	8,342,334	15.99
Exercised	(178,467)	14.18
Canceled	(313,019)	15.84
Granted	504,700	18.00
Outstanding, Oct. 3, 1998	8,355,548	$16.15

The number of options exercisable was as follows: Oct. 3, 1998- 1,202,498, Sept. 27, 1997- 806,837 and Sept. 28, 1996- 442,616. The remainder of the options outstanding at Oct. 3, 1998, are exercisable ratably through November 2007. The number of shares available for future grants was 6,459,402 and 6,651,083 at Oct. 3, 1998, and Sept. 27, 1997, respectively.

The following table summarizes information about stock options outstanding at Oct. 3, 1998:

	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
$ 4.82 - 6.58	27,389	4.3	$ 5.79	27,389	$ 5.79
14.33 - 14.50	2,619,609	5.9	14.40	1,174,359	14.40
14.58 - 15.17	1,815,825	8.0	15.02	750	15.17
17.92 - 18.00	3,892,725	8.1	17.93	-	-
	8,355,548			1,202,498	

The weighted average fair value of options granted during 1998 and 1997 is approximately $7.10 and $7.15, 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 1998 and 1997.

As permitted by SFAS No. 123, the Company chose to continue accounting for stock options at their intrinsic value. Accordingly, no compensation expense was recognized for its stock option compensation plans. Had the fair value method of accounting been applied to the Company's stock option plans, the tax-effected impact would be as follows:

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	1998	1997	1996
Net Income			
As reported	$25.1	$185.8	$86.9
Pro forma	21.0	182.0	85.7
Earnings Per Share			
As reported			
Basic	0.11	0.86	0.40
Diluted	0.11	0.85	0.40
Pro forma			
Basic	0.09	0.84	0.39
Diluted	0.09	0.83	0.39

Pro forma net income reflects only options granted in 1998, 1997 and 1996.

NOTE 11: 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 $5.4 million in 1998, $5.6 million in 1997 and $7 million in 1996. Other facilities, including a cold storage distribution facility in 1996, have been leased from the Company's profit sharing plan and other officers and directors for rentals totaling $3.4 million in 1998, $5.3 million in 1997 and $6.6 million in 1996. 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 $11.5 million in 1998, $12.3 million in 1997 and $11.7 million in 1996.

NOTE 12: 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 $31.8 million, $26.8 million and $24.0 million for 1998, 1997 and 1996, respectively.

NOTE 13: SUPPLEMENTAL INFORMATION

(IN MILLIONS)

	1998	1997	1996
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	$159.9	$123.4	$114.1
Income Taxes	196.9	124.1	40.5

SUPPLEMENTAL SALES INFORMATION: The Company sells certain of its products in foreign markets, primarily Canada, China, Georgia, Guatemala, Japan, Puerto Rico, Russia and Singapore as well as certain Middle Eastern countries and countries in the Caribbean. The Company's export sales for 1998, 1997 and 1996 totaled $687 million, $762.5 million and $790.9 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 1998, 1997 and 1996, respectively.

NOTE 14: QUARTERLY FINANCIAL DATA (UNAUDITED)

(IN MILLIONS EXCEPT PER SHARE DATA)

1998	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales	$1,520.8	$1,870.8	$1,953.6	$2,068.9
Gross Margin	260.7	268.8	308.4	316.1
Net Income (Loss)	44.9	23.3	46.6	(89.7)
Basic Earnings (Loss) Per Share	0.21	0.10	0.20	(0.39)
Diluted Earnings (Loss) Per Share	0.21	0.10	0.20	(0.39)
1997				
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
Basic Earnings Per Share	0.21	0.22	0.21	0.22
Diluted Earnings Per Share	0.20	0.22	0.21	0.22

REPORT OF MANAGEMENT
TYSON FOODS, INC.

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

The Company maintains a system of internal accounting controls, and a program of internal auditing designed to provide reasonable assurance that the Company's assets are protected and that transactions are executed in accordance with proper authorization, and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to changing business conditions and operations and to recommendations made by the independent auditors and the internal auditors. During 1998, certain of these controls were reviewed and strengthened. Additionally, the Company has adopted a code of conduct and has hired an experienced full-time compliance officer. The management of the Company believes that the accounting and control systems provide reasonable assurance that assets are safeguarded and financial information is reliable.

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

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

November 20, 1998

/s/Wayne Britt	*/s/ Steven Hankins*
Wayne Britt	*Steven Hankins*
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 October 3, 1998, and September 27, 1997, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended October 3, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tyson Foods, Inc., at October 3, 1998, and September 27, 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 3, 1998, in conformity with generally accepted accounting principles.

Tulsa, Oklahoma
November 20, 1998

/s/Ernst & Young LLP

Ernst & Young LLP

BOARD OF DIRECTORS
TYSON FOODS, INC.

DON TYSON, 68, senior chairman of the board of directors, served as chairman of the board until April 1995 when he was named senior chairman. Mr. Tyson served as chief executive officer until March 1991 and has been a member of the board since 1952. 1

JOE STARR, 65, a private investor, served as a vice president of Tyson until 1996. Mr. Starr has been a member of the board since 1969.

NEELY CASSADY, 70, is chairman of the board of Cassady Investments, Inc. and served as a senator in the Arkansas General Assembly from 1983 to 1996. Mr. Cassady has been a member of the board since 1974. 2,3,4

FRED VORSANGER, 70, is a private business consultant, manager of Bud Walton Arena and vice president emeritus of finance and administration at the University of Arkansas. He is a director of McIlroy Bank & Trust Co. of Fayetteville, Ark. Mr. Vorsanger was a city director and mayor of Fayetteville and was a vice president at the U of A from 1968 until 1988. He has been a member of the board since 1977. 2,3,4

LELAND TOLLETT, 61, retired as chairman and chief executive officer Oct. 1, 1998. He had been chairman of the board since April 1995. He had served as vice chairman, president and chief executive officer since March 1991 and as president and chief operating officer from 1983 until 1991. Mr. Tollett has been a member of the board since 1984. 1

JOHN TYSON, 45, was named chairman of the board of directors effective Oct. 1, 1998. He had served as vice chairman since 1997. Previously he was president of the beef and pork division and director of governmental, media and public relations. He also has served as vice president and director of engineering/environmental/capital spending, as vice president of marketing/corporate accounts and as special projects manager. Mr. Tyson has been a member of the board since 1984. 1

SHELBY MASSEY, 65, is a farmer and a private investor. He served as senior vice chairman of the board of directors from 1985 to 1988 and has been a member of the board since 1985. 3,4

BARBARA TYSON, 49, is vice president of the company. Ms. Tyson has served in related capacities for the past seven years and was previously a regional sales manager in the foodservice division. Ms. Tyson has been a member of the board since 1988.

LLOYD HACKLEY, 57, is president and chief executive officer of Lloyd V. Hackley and Associates, Inc. He was president of the North Carolina Community College System from 1995 to 1997 and was chancellor and a tenured professor of political science at Fayetteville State University, Fayetteville, N.C., from 1988 to 1995. Mr. Hackley has been a member of the board since 1992. 2,4

DONALD WRAY, 61, is president and chief operating officer of Tyson Foods. He has held his current titles since April 1995 after serving as chief operating officer since 1991 and as senior vice president of the sales and marketing division since 1985. Mr. Wray has been a member of the board since 1994.

GERALD JOHNSTON, 55, a private investor, was executive vice president of finance for Tyson from 1981 to 1996 when he stepped down and became a consultant to the company. Mr. Johnston has been a member of the board since 1996.

WAYNE BRITT, 49, was named chief executive officer and was elected to the board of directors of Tyson effective Oct. 1, 1998. In his 26 years with Tyson, Mr. Britt has served as executive vice president and chief financial officer; senior vice president, international division; vice president, wholesale club sales and marketing; secretary-treasurer; controller; cost and budget manager; and complex controller.

1 Executive Committee
2 Audit Committee
3 Compensation Committee
4 Oversight Committee

CORPORATE AND OPERATIONAL OFFICERS
TYSON FOODS, INC.

Roy D. Brister
Director,
Research and Nutrition

Wayne Britt
Chief Executive Officer

Roy Brown
President,
Seafood Division

Ellis Brunton
Vice President,
Research and Quality Assurance

Wayne B. Butler
President,
Prepared Foods Group

Jim Cate
Senior Vice President,
Specialty Products

Gary D. Cooper
Vice President,
Management Information Systems

John D. Copeland
Director, Corporate
Ethics and Compliance

John H. Curran
Senior Vice President,
Retail Fresh Division

Gerard A. Dowd
Senior Vice President,
Foodservice Division

James G. Ennis
Vice President, Controller
and Chief Accounting Officer

Louis C. Gottsponer, Jr.
Assistant Secretary and
Director of Investor Relations

Steven Hankins
Executive Vice President
and Chief Financial Officer

R. Read Hudson
Secretary

Greg Huett
Senior Vice President,
Sales and Marketing-
Wholesale Club Division

William P. Jaycox
Senior Vice President,
Human Resources

Lance E. Jensen
Vice President,
Strategic Project Development

Carl G. Johnson
Vice President,
Asset and Risk Management

William F. Kuckuck
Senior Vice President,
International Division

John S. Lea
Senior Vice President,
Retail Sales and Marketing

Dennis Leatherby
Senior Vice President,
Finance and Treasurer

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

Bob E. Love
Vice President,
Research and Development

Bill Lovette
Senior Vice President,
Poultry Operations

Gene A. Lovette
Senior Vice President,
Poultry Operations

Tim McGovern
Vice President, Distribution

Bill Moeller
President, The Pork Group

David S. Purtle
Executive Vice President,
Operations, Transportation
and Warehousing

Archie Schaffer III
Director, Media, Public
and Governmental Affairs

Dan Serrano
Vice President,
Human Resources Operations

Donnie Smith
Vice President, Purchasing

John H. Tyson
Chairman of the
Board of Directors

David L. Van Bebber
Vice President and
Director of Legal Services

William E. Whitfield III
Vice President, Business
Development and Analysis

Donald E. Wray
President and Chief
Operating Officer

Robert Zimmerman
Vice President,
Engineering

CORPORATE INFORMATION
TYSON FOODS, INC.

Closing Price of Company's Common Stock

	Fiscal Year 1998		Fiscal Year 1997	
	High	Low	High	Low
First Quarter	$23.88	$17.88	$22.42	$17.79
Second Quarter	20.81	18.06	23.63	19.88
Third Quarter	24.13	18.94	21.56	17.75
Fourth Quarter	24.44	16.50	23.56	19.00

As of Oct. 3, 1998, the Company had 33,683 Class A common shareholders of record and 17 Class B common shareholders of record.

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

DirectSERVICE Program for Shareholders of Tyson Foods, Inc. c/o First Chicago Trust Company P.O. Box 2598
Jersey City, NJ 07303-2598
1-800-317-4445 (current shareholders) 1-800-822-7096 (non-shareholders)

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

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

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

CORPORATE INFORMATION
TYSON FOODS, INC.

CORPORATE DATA
Tyson Foods, Inc., which employs approximately 70,500 people, is the world's largest fully integrated producer, processor and marketer of chicken and chicken-based food products.

STOCK EXCHANGE LISTINGS
The Class A common stock of the Company is traded on the New York Stock Exchange under the symbol TSN.

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

AVAILABILITY OF FORM 10-K
A copy of the Company's Form 10-K Report, as filed with the Securities and Exchange Commission for 1998, may be obtained by Tyson shareholders by writing to:
Director of Investor Relations
Tyson Foods, Inc.
P.O. Box 2020
Springdale, Arkansas 72765-2020
Telephone (501) 290-4826
Fax (501) 290-4061

ANNUAL MEETING
The Annual Meeting of Shareholders will be held at 10 a.m., January 8, 1999, 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
3900 One Williams Center
Tulsa, Oklahoma 74101

TRANSFER AGENT
First Chicago Trust Company of New York
P.O. Box 2506
Jersey City, NJ 07303-2506
1-800-317-4445

Shareholders also may contact First Chicago Trust Company through the Internet at 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) 290-4826
Fax (501) 290-4061

NEWS RELEASES
Press Releases and other can be faxed by calling PR Newswire information concerning Tyson Foods at (800)758-5804, ext. 113769.

TYSON ON THE INTERNET

Information about Tyson Foods is available on the Internet at 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.
Hudson Foods, Inc.	Delaware	Hudson Foods, Inc.
JAC Creative Foods (Canada), Inc.	Ontario	JAC Creative Foods (Canada), Inc.
Mallard's Food Products, Inc.	California	Mallard's Food Products, Inc.
Tyson Breeders, Inc.	Delaware	Tyson Breeders, 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 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.
Willow Brook Foods, Inc.	Delaware	Willow Brook Foods, Inc.
World Resource, Inc.	Delaware	World Resource, Inc.

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

AAFC 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
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
The Pork Group, Inc.	Delaware
Tri-Venture Trucking, Ltd	British Columbia
TPM Holding Company	Delaware
TyNet Corporation	Delaware
Tyson Enterprise Protein, Inc.	Alaska
Tyson Foreign Sales, Inc.	Barbados
Tyson Mexican Original, Inc.	Delaware
Tyson Poultry, Inc.	Delaware
Tyson Sales and Distribution, Inc.	Delaware
Tyson Seafood Group-Japan, Inc.	Japan
Tyson Shared Services, Inc.	Delaware
Ucluelet Seafood Processors, Ltd.	British Columbia
Universal Plan Investments, Ltd.	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 20, 1998, included in the 1998 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. 33-53177) and the related prospectus of our reports dated November 20, 1998, with respect to the consolidated financial statements and schedule of Tyson Foods, Inc. included or incorporated by reference in this Annual Report (Form 10-K) for the year ended October 3, 1998.

December 14, 1998
Tulsa, Oklahoma

/s/ Ernst & Young LLP
Ernst & Young LLP

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FISCAL 1998 ANNUAL REPORT TO SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000100493

NAME: TYSON FOODS, INC.

MULTIPLIER: 1,000,000

PERIOD TYPE	YEAR
FISCAL YEAR END	OCT 3 1998
PERIOD END	OCT 3 1998
CASH	47
SECURITIES	0
RECEIVABLES	631
ALLOWANCES	0
INVENTORY	984
CURRENT ASSETS	1,765
PP&E	2,257
DEPRECIATION	0
TOTAL ASSETS	5,243
CURRENT LIABILITIES	831
BONDS	1,967
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	24
OTHER SE	1,946
TOTAL LIABILITY AND EQUITY	5,243
SALES	7,414
TOTAL REVENUES	7,414
CGS	6,260
TOTAL COSTS	6,260
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	139
INCOME PRETAX	71
INCOME TAX	46
INCOME CONTINUING	25
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	25
EPS PRIMARY	0.11
EPS DILUTED	0.11

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