

# TYSON FOODS INC

## FORM 10-Q (Quarterly Report)

Filed 05/13/97 for the Period Ending 03/29/97

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

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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 29, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 0-3400**

**TYSON FOODS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware 71-0225165**

(State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or organization)

2210 West Oaklawn Drive, Springdale, Arkansas 72762-6999

(Address of principal executive offices and zip code)

(501) 290-4000

(Registrant's telephone number, including area code)

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding March 29, 1997
-----	-----
Class A Common Stock, \$.10 Par Value	113,585,666 Shares
Class B Common Stock, \$.10 Par Value	102,670,113 Shares

# TYSON FOODS, INC.

## INDEX

	PAGE
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Condensed Balance Sheets March 29, 1997 and September 28, 1996	3-4
Consolidated Condensed Statements of Income for the Three Months and Six Months Ended March 29, 1997 and March 30, 1996	5
Consolidated Condensed Statements of Cash Flows for the Six Months Ended March 29, 1997 and March 30, 1996	6
Notes to Consolidated Condensed Financial Statements	7-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-13
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	13-14
Item 2. Changes in Securities	14
Item 3. Defaults Upon Senior Securities	14
Item 4. Submission of Matters to a Vote of Security Holders	14-15
Item 5. Other Information	15
Item 6. Exhibits and Reports on Form 8-K	15-16
SIGNATURES	17

**TYSON FOODS, INC.**

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

TYSON FOODS, INC.  
 CONSOLIDATED CONDENSED BALANCE SHEETS  
 (In millions)

ASSETS	(Unaudited) March 29, 1997	September 28, 1996
<hr/>		
Current Assets:		
Cash and cash equivalents	\$ 100.4	\$ 36.6
Accounts receivable	507.5	547.1
Inventories:		
Finished and work-in-process	505.6	481.1
Live poultry and hogs	349.4	362.2
Seafood related products	48.2	51.4
Hatchery eggs and feed	62.2	63.8
Supplies	69.9	68.9
Total inventories	1,035.3	1,027.4
Assets held for sale	17.4	155.5
Other current assets	34.7	43.7
Total Current Assets	<hr/> 1,695.3	<hr/> 1,810.3
Net Property, Plant, and Equipment	1,878.1	1,869.2
Excess of Investments over Net Assets Acquired	720.0	731.5
Investments and Other Assets	167.9	133.1
Total Assets	<hr/> \$4,461.3 =====	<hr/> \$4,544.1 =====

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(In millions except per share data)

LIABILITIES AND SHAREHOLDERS' EQUITY	(Unaudited) March 29, 1997	September 28, 1996
<u>Current Liabilities:</u>		
Notes payable	\$ 1.0	\$ 39.5
Current portion of long-term debt	37.5	129.2
Trade accounts payable	277.9	269.7
Other accrued liabilities	287.3	247.4
<u>Total Current Liabilities</u>	<u>603.7</u>	<u>685.8</u>
Long-Term Debt	1,751.1	1,806.4
Deferred Income Taxes	491.9	495.6
Other Liabilities	14.4	14.6
<u>Shareholders' Equity:</u>		
Common stock (\$.10 par value):		
Class A-Authorized 900 million shares; issued 119.5 million shares at 3-29-97 and 9-28-96	12.0	8.0
Class B-Authorized 900 million shares; issued 102.7 million shares at 3-29-97 and 9-28-96	10.3	6.8
Capital in excess of par value	375.3	375.4
Retained earnings	1,308.2	1,232.4
Currency translation adjustment	(2.7)	(2.8)
	<u>1,703.1</u>	<u>1,619.8</u>
Less treasury stock, at cost-		
6.0 million shares at 3-29-97 and 4.8 million shares at 9-28-96	100.3	75.4
Less unamortized deferred compensation	2.6	2.7
<u>Total Shareholders' Equity</u>	<u>1,600.2</u>	<u>1,541.7</u>
<u>Total Liabilities and Shareholders' Equity</u>	<u>\$4,461.3</u> =====	<u>\$4,544.1</u> =====

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
(In millions except per share data)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 29, 1997	March 30, 1996	March 29, 1997	March 30, 1996
Sales	\$1,574.3	\$1,587.7	\$3,102.2	\$3,134.5
Cost of Sales	1,312.1	1,358.4	2,591.6	2,638.1
Gross Profit	262.2	229.3	510.6	496.4
Expenses:				
Selling	125.2	140.1	250.3	269.3
General and administrative	25.3	27.1	48.8	52.7
Amortization	6.9	6.9	13.7	13.8
Operating Income	104.8	55.2	197.8	160.6
Other Expense (Income):				
Interest	26.2	33.1	55.1	68.1
Foreign currency exchange		(1.7)		9.0
Other	2.1	0.3	(39.4)	(2.8)
Income Before Taxes on Income and Minority Interest	76.5	23.5	182.1	86.3
Provision for Income Taxes	28.3	8.7	89.3	31.9
Minority Interest in Net Loss of Consolidated Subsidiary		(0.4)		3.3
Net Income	\$ 48.2	\$ 14.4	\$ 92.8	\$ 57.7
Average Shares Outstanding	219.0	218.0	219.2	218.0
Earnings Per Share	\$0.22	\$0.07	\$0.42	\$0.26
Cash Dividends Per Share:				
Class A	\$0.0250	\$0.0200	\$0.0450	\$0.0400
Class B	\$0.0225	\$0.0180	\$0.0405	\$0.0360

The accompanying notes are an integral part of these financial statements.

TYSON FOODS, INC.  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(In millions)  
(Unaudited)

	Six Months Ended	
	March 29, 1997	March 30, 1996
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 92.8	\$ 57.7
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Depreciation	101.5	106.0
Amortization	13.7	13.8
Deferred income taxes	(3.7)	(6.2)
Foreign currency exchange loss		9.0
Minority interest		(3.3)
(Gain)Loss on dispositions of assets	(39.0)	1.4
(Increase)decrease in accounts receivable	39.6	(62.6)
Increase in inventories	(7.9)	(142.4)
Increase(decrease)in trade accounts payable	8.2	(1.8)
Net change in other current assets and liabilities	47.9	6.2
<b>Cash Provided by (Used for) Operating Activities</b>	<b>253.1</b>	<b>(22.2)</b>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(121.9)	(119.1)
Proceeds from sale of property, plant and equipment	189.1	5.5
Net change in other assets and liabilities	(36.9)	3.5
<b>Cash Provided by (Used for) Investing Activities</b>	<b>30.3</b>	<b>(110.1)</b>
<b>Cash Flows from Financing Activities:</b>		
Net change in notes payable	(38.5)	(44.0)
Proceeds from long-term debt	79.4	489.3
Repayments of long-term debt	(226.4)	(305.7)
Purchase of treasury shares	(25.8)	(1.3)
Other	(8.5)	(6.4)
<b>Cash Provided by (Used for) Financing Activities</b>	<b>(219.8)</b>	<b>131.9</b>
Effect of Exchange Rate Change on Cash	0.2	0.5
<b>Increase in Cash and Cash Equivalents</b>	<b>63.8</b>	<b>0.1</b>
Cash and Cash Equivalents at Beginning of Period	36.6	33.1
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$100.4</b>	<b>\$33.2</b>
	=====	=====
<b>Supplemental Cash Flow Information</b>		
Cash paid during the period for:		
Interest	\$64.4	\$64.2
Income taxes	\$72.4	\$39.4

The accompanying notes are an integral part of these financial statements.

# TYSON FOODS, INC.

## NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

### 1. Accounting Policies

The consolidated condensed financial statements have been prepared by Tyson Foods, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the management of the Company believes that the disclosures are adequate to make the information presented not misleading, these consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest annual report for the fiscal year ended September 28, 1996. The preparation of consolidated condensed financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of the management of the Company, the accompanying consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals necessary to present fairly the financial position as of March 29, 1997 and September 28, 1996 and the results of operations for the three months and six months ended March 29, 1997 and March 30, 1996, and cash flows for the six months ended March 29, 1997 and March 30, 1996. The results of operations for the three months and six months ended March 29, 1997 and March 30, 1996, and cash flows for the six months ended March 29, 1997 and March 30, 1996, are not necessarily indicative of the results to be expected for the full year.

The Notes to Consolidated Financial Statements for the year ended September 28, 1996, reflect the significant accounting policies, debt provisions, borrowing arrangements, dividend restrictions, contingencies and commitments of the Company. There were no material changes in such items during the six months ended March 29, 1997, except as disclosed in notes 2 and 3 below.

### 2. Common Stock Split

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

## TYSON FOODS, INC.

### 3. Disposition of Assets

During 1996 the Company announced its intention to sell its beef and pork further-processing operations in its effort to return to its core business. On November 25, 1996, the Company sold its beef further-processing operations, known as Gorges/Quik-to-Fix Foods, resulting in a pre-tax gain of \$41.0 million which has been recorded in other income. The Company is still in the process of selling its pork further-processing plant in Holland, Michigan and accordingly these assets have been classified as current assets in the Consolidated Condensed Balance Sheets.

### 4. Impact of Recently Issued Accounting Standards

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings Per Share, which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements, primary earnings per share will be renamed basic earnings per share and will exclude the dilutive effect of stock options. The impact will not change primary earnings per share for the second quarter or six months ended March 29, 1997 and March 30, 1996.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**FINANCIAL CONDITION**

For the six months ended March 29, 1997, net cash totaling \$253.1 million was provided by all operating activities. Operations provided \$165.3 million in cash and \$87.8 million was provided by net changes in receivables, inventories, payables and other items. Additionally, the Company used cash from operations and proceeds from the sale of the beef division assets to pay down debt by \$185.5 million and to fund \$121.9 million of property, plant and equipment additions. The expenditures for property, plant and equipment were related to acquiring new equipment and upgrading facilities in order to maintain competitive standing and position the Company for future opportunities.

At March 29, 1997, working capital was \$1,091.6 million compared to \$1,124.5 million at 1996 fiscal year-end, a decrease of \$32.9 million. The current ratio at March 29, 1997 was 2.8 to 1 compared to 2.6 to 1 at September 28, 1996. Working capital has decreased since year-end primarily due to decreases in accounts receivable and assets held for sale offset somewhat by decreases in the current portion of long-term debt and trade and notes payable. 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. Long-term debt has decreased \$55.3 million while total debt has decreased \$185.5 million since September 28, 1996. At March 29, 1997, long-term debt was 52.3% of total capitalization compared to 54.0% at September 28, 1996.

The Company has two unsecured revolving credit agreements totaling \$1.5 billion which support the Company's commercial paper program. The \$1 billion facility expires in May 2001. At March 29, 1997, \$949.4 million was outstanding under the \$1 billion facility consisting of \$794.4 million in commercial paper and \$155.0 million drawn under the revolver. The \$500 million facility expires in May 1997. The Company anticipates extending this debt facility to May 1998. At March 29, 1997, all of the \$500 million facility was available. Additional outstanding long-term debt at March 29, 1997 consisted of \$348.5 million of public debt, \$259.6 million of institutional notes, \$138.7 million in leveraged equipment loans and \$54.9 million of other indebtedness.

In January 1997, the Company re-instituted its stock repurchase program which authorizes the purchase of up to 22.5 million shares (on a post-split basis) of the Company's Class A common stock in open market or privately negotiated transactions. The Company intends to utilize shares repurchased under the program to fund benefit plans and increase treasury stock. No timetable has been set for completion of the repurchase program. During the second quarter of fiscal 1997 and to date in the third quarter of fiscal 1997, the Company purchased approximately 1.225 million and 525 thousand shares, respectively, in the open market under the repurchase program.

## TYSON FOODS, INC.

In 1996, the Company announced it was terminating the Tyson Foods, Inc. Employee Stock Ownership Plan (the "ESOP") and the Tyson Foods, Inc. Profit Sharing Plan and Trust (the "Profit Sharing Plan"), each of which holds shares of the Company's Class A common stock. During the third quarter of fiscal 1997, in addition to the open market purchases, the Company purchased 187,038 shares from the ESOP participants (subject to the election of participants in the ESOP); however, the Company believes, based on elections made to date by ESOP participants, that the Company will purchase less than 100,000 additional shares from the ESOP and/or its participants. The purchase price of these shares has been and will be based upon their fair market value as quoted on the Nasdaq National Market. In addition to these possible purchases from the ESOP and/or its participants and continued open market repurchases, the Company also anticipates purchasing during the third quarter of fiscal 1997 approximately 2.25 million shares of Class A common stock from the Profit Sharing Plan. The purchase price of these shares will be based upon their fair market value as quoted on the Nasdaq National Market.

### RESULTS OF OPERATIONS

Sales for the second quarter of fiscal 1997 decreased 0.8% from the same quarter of fiscal 1996. This decrease is largely attributable to the sale of the Company's beef and pork further-processing operations during the first quarter of fiscal 1997 and the discontinuance of consolidation of Trasgo, the Company's Mexican joint venture, at the end of the second quarter of fiscal 1996. Excluding sales related to these operations, total sales for the second quarter of fiscal 1997 increased 6.1% over last year's comparable sales for the same quarter. The Company has experienced intermittent disruption in its Russian markets. Disruption of shipments to or temporary loss of this market could result in inventory accumulations. Despite these disruptions, consumer poultry sales accounted for an increase of 3.5% of the total change in sales for the second quarter of fiscal 1997 as compared to the same quarter of fiscal 1996. This increase was mainly due to a 7.6% increase in average sales prices offset somewhat by a 2.9% decrease in tonnage.

Mexican Original products and prepared foods sales as a group accounted for a decrease of 0.4% of the total change in sales for the second quarter of fiscal 1997 as compared to the same quarter of fiscal 1996. This decrease was primarily due to a 4.8% decrease in tonnage and a 2.8% decrease in average sales prices. Seafood sales accounted for a decrease of 0.1% of the change in total sales for the second quarter of fiscal 1997 as compared to the same quarter of fiscal 1996. This decrease was due to a 16.7% decrease in average sales prices mostly offset by a 18.9% increase in tonnage. The seafood operations continue to be affected by the availability of some species of fish as well as reduced pricing on some products and other regulations which limit its source of supply. Sales of live swine, animal foods, by-products, and other as a group accounted for a decrease of 0.8% of the change in total sales for the second quarter of fiscal 1997 as compared to the same quarter of fiscal 1996.

Sales for the first six months of fiscal 1997 decreased 1.0% from the same period of fiscal 1996. This decrease is largely attributable to the sale of the Company's beef and pork further-processing operations during the first

## TYSON FOODS, INC.

quarter of fiscal 1997 and the discontinuance of consolidation of Trasgo. Excluding sales related to these operations, total sales for the first six months of fiscal 1997 increased 6.4% over last year's comparable sales for the same period. This increase was largely due to consumer poultry sales which accounted for an increase of 3.4% of the change in total sales for the first six months of fiscal 1997 as compared to the same period of fiscal 1996. This increase in consumer poultry sales was primarily due to an increase in average sales prices of 8.2% offset somewhat by a decrease in tonnage of 3.6%.

Mexican Original products and prepared foods sales as a group accounted for a decrease of 0.4% of the change in total sales for the first six months of fiscal 1997 as compared to the same period of fiscal 1996. This decrease was primarily due to a 5.0% decrease in tonnage as well as a 2.4% decrease in average sales prices. Seafood sales accounted for an increase of 0.1% of the change in total sales for the first six months of fiscal 1997 as compared to the same period of fiscal 1996. This increase was due to a 16.7% increase in tonnage partially offset by a 13.5% decrease in average sales prices. Sales of live swine, animal foods, by-products, and other as a group accounted for a decrease of 0.2% of the change in total sales for the first six months of fiscal 1997 as compared to the same period of last year.

Cost of goods sold for the second quarter of fiscal 1997 decreased 3.4% compared to the same quarter of fiscal 1996, which in part is attributable to the sale of the Company's beef and pork further-processing operations and the discontinuance of consolidation of Trasgo. Excluding cost of sales related to these operations, total cost of sales for the second quarter of fiscal 1997 increased 3.5% over last year's comparable cost of sales for the same quarter. The cost of ingredients used in feed for poultry and swine and the ingredients used in Mexican Original operations during the second quarter of fiscal 1997 decreased in comparison with the same quarter of last fiscal year. However, these costs did not moderate as much as management had anticipated. As a percent of sales, cost of sales was 83.3% for the second quarter of fiscal 1997 compared to 85.6% in the second quarter of fiscal 1996.

Cost of goods sold decreased 1.8% for the first six months of fiscal 1997 compared to the same period of fiscal 1996, which in part is attributable to the sale of the Company's beef and pork further-processing operations and the discontinuance of consolidation of Trasgo. Excluding cost of sales related to these operations, total cost of sales for the first six months of fiscal 1997 increased 5.8% over last year's comparable cost of sales for the same period. This increase is mainly the result of the increase in sales and significant increases in the cost of ingredients used in feed for poultry and swine and the ingredients used in Mexican Original operations during the first six months of fiscal 1997. As a percent of sales, cost of sales was 83.5% for the first six months of fiscal 1997 compared to 84.2% in the same period of fiscal 1996.

Operating expenses decreased 9.5% for the second quarter of fiscal 1997 from the same quarter of fiscal 1996. This decrease is mostly due to the sale of the beef division assets in the first quarter of fiscal 1997 and the discontinuance of consolidation of Trasgo. Selling expense, as a percent of sales, decreased to 8.0% for the second quarter of fiscal 1997

## TYSON FOODS, INC.

as compared to 8.8% for the second quarter of fiscal 1996. General and administrative expense, as a percent of sales, was 1.6% in the second quarter of fiscal 1997 compared to 1.7% in the same period last year. Amortization expense, as a percent of sales, was 0.4% in the second quarter of fiscal 1997 and 1996.

Operating expenses decreased 6.8% for the first six months of fiscal 1997 from the same period of fiscal 1996. This decrease in expenses for the first six months is also mainly due to the sale of the beef division assets in the first quarter of fiscal 1997 and the discontinuance of consolidation of Trasgo. Selling expense, as a percent of sales, decreased to 8.1% for the first six months of fiscal 1997 as compared to 8.6% for the same period of fiscal 1996. General and administrative expense, as a percent of sales, was 1.6% in the first six months of fiscal 1997 compared to 1.7% in the same period last year. Amortization expense was 0.4% of sales in the first six months of fiscal 1997 and 1996.

Interest expense decreased 20.8% for the second quarter of fiscal 1997 compared to the same quarter of fiscal 1996. The Company had a lower level of borrowing which decreased the Company's average indebtedness by 11.6% 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 weighted average interest rate of all Company debt decreased to 6.7% compared to 7.2% for the same period last year.

Interest expense decreased 19.1% in the first six months of fiscal 1997 compared to the same period of fiscal 1996. The Company had a lower level of borrowing which decreased the Company's average indebtedness by 7.2% from the same period last year. The weighted average interest rate of all Company debt decreased to 6.7% compared to 7.3% for the same period last year.

Other income includes the \$41.0 million pre-tax gain from the sale of the beef division assets.

The effective income tax rate for the second quarter and first six months of fiscal 1997 was 37% and 49%, respectively, compared to 37% for the same periods of fiscal 1996. The first six months effective tax rate was impacted by the taxes on the gain from the sale of the beef division assets. Certain costs were allocated to the beef division which are not deductible for tax purposes, resulting in a higher effective tax rate. The 1996 effective tax rate included reduced state income taxes, and the tax rate was impacted by an adjustment to the liability for deferred income taxes to reflect the Company's current assessment of tax contingencies provided for in prior years.

### **ENVIRONMENTAL MATTERS**

The Company has a strong financial commitment to environmental matters. During the first six months of fiscal 1997 the Company invested approximately \$17.2 million in water quality facilities, including capital outlays to build and upgrade facilities and day-to-day operations of waste- water facilities.

## TYSON FOODS, INC.

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

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

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

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

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

## TYSON FOODS, INC.

On May 10, 1995, the defendants filed a Motion to Dismiss the Action claiming failure by the plaintiff to (i) make a pre-suit demand for action by the directors of the Company, (ii) obtain personal jurisdiction over certain shareholder defendants, and (iii) state a claim upon which relief can be granted. On July 6, 1995, the Court of Chancery entered a stipulated order dismissing the Action without prejudice as to certain of the non-director defendants. The Motion to Dismiss as to the remaining defendants was held in abeyance while settlement discussions occurred. These settlement discussions culminated in the parties executing a Stipulation and Agreement of Compromise, Settlement and Release dated February 5, 1997 (the "Settlement") which proposed to settle the Action. The terms of the settlement included, among other things, that the Company form a committee of outside directors who will review, at least annually, the terms and fairness of all transactions between the Company, on the one hand, and its directors, officers or their affiliates, on the other, which are to be disclosed in the Company's proxy statements pursuant to Securities and Exchange Commission regulations. The Court of Chancery approved the Settlement by Order dated April 14, 1997 after the Company's shareholders had received notice of the Settlement and were given an opportunity to be heard concerning the Settlement's fairness.

Management does not believe that the Settlement will have a material adverse effect on the Company's financial position or results of operations.

### Item 2. Changes in Securities

Not Applicable

### Item 3. Defaults Upon Senior Securities

Not Applicable

### Item 4. Submission of Matters to a Vote of Security Holders

The following directors were elected at the annual meeting of shareholders held January 10, 1997:

DIRECTORS	VOTES FOR	VOTES WITHHELD
Neely Cassidy	746,716,651	985,804
Lloyd V. Hackley	746,708,529	993,926
Gerald M. Johnston	745,709,487	1,992,968
Shelby Massey	746,714,722	987,733
Joe F. Starr	746,711,300	991,155
Leland Tollett	746,710,444	992,011
Barbara Tyson	746,637,065	1,065,390
Don Tyson	746,706,874	995,581
John Tyson	746,628,210	1,074,245
Fred S. Vorsanger	746,716,353	986,102
Donald E. Wray	746,709,960	992,495

## TYSON FOODS, INC.

Also, the shareholders voted to approve an amendment to the Company's Amended and Restated Non-Statutory Stock Option Plan which increased the Class A Common Stock authorized for issuance thereunder by 4,000,000 shares. There were 731,042,506 votes for this amendment, 3,700,644 votes against and 414,065 votes abstained.

No other items were voted on at the annual meeting of shareholders or during the quarter ended March 29, 1997.

### **Item 5. Other Information**

The Board of Directors announced a 3-for-2 stock split in the form of a stock dividend effective February 15, 1997 for shareholders of record on February 1, 1997. Additionally, the Board of Directors increased the post-split quarterly cash dividend to \$.025 per share for Class A Common Stock and \$.0225 per share of Class B Common Stock, payable March 15, 1997 to holders of record on March 1, 1997.

The Board of Directors announced the appointment of Director John Tyson, son of Senior Chairman Don Tyson, to Vice Chairman of the Board.

### **Item 6. Exhibits and Reports on Form 8-K**

(a) Exhibits:

The exhibits filed with this report are listed in the exhibit index at the end of this Item 6.

(b) Reports on Form 8-K:

There were no reports filed on Form 8-K during the quarter ended March 29, 1997.

**TYSON FOODS, INC.**

**EXHIBIT INDEX**

The following exhibits are filed with this report.

Exhibit No.	Page
_____	_____
3(a) Certificate of Incorporation of the Company as amended (previously filed as Exhibit 3(a) to the Company's Registration Statement on Form S-4 filed with the Commission on July 8, 1992, Commission File No. 33-49368, and incorporated herein by reference).	
3(b) Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 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).	
11 Statement Regarding Computation of Per Share Earnings	18-19
27 Financial Data Schedule	

**SIGNATURES**

Pursuant to the requirements 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.**

*Date: May 12, 1997* /s/ *Wayne Britt*  
-----  
*Wayne Britt*  
*Executive Vice President and*  
*Chief Financial Officer*

*Date: May 12, 1997* /s/ *James G. Ennis*  
-----  
*James G. Ennis*  
*Vice President, Controller and*  
*Chief Accounting Officer*

## TYSON FOODS, INC.

## COMPUTATION OF EARNINGS PER SHARE

(In millions except per share data)

	Quarter Ended	
	March 29, 1997	March 30, 1996
Primary:		
Average common shares outstanding during the period	216.9	217.4
Net effect of dilutive stock options based on the treasury stock method using average market price	2.1	.6
Total common and common equivalent shares outstanding	219.0	218.0
Net income	\$48.2	\$14.4
Earnings per share	\$0.22	\$0.07
Fully Diluted:		
Average common shares outstanding during the period	216.9	217.4
Net effect of dilutive stock options based on the treasury stock method using the quarter-end market price, if higher than average market price	2.1	.6
Total common and common equivalent shares outstanding	219.0	218.0
Net income	\$48.2	\$14.4
Earnings per share	\$0.22	\$0.07

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

	Six Months Ended	
	March 29, 1997	March 30, 1996
Primary:		
Average common shares outstanding during the period	217.2	217.4
Net effect of dilutive stock options based on the treasury stock method using average market price	2.0	.6
	-----	-----
Total common and common equivalent shares outstanding	219.2	218.0
	=====	=====
Net income	\$92.8	\$57.7
	=====	=====
Earnings per share	\$0.42	\$0.26
	=====	=====
Fully Diluted:		
Average common shares outstanding during the period	217.2	217.4
Net effect of dilutive stock options based on the treasury stock method using the quarter-end market price, if higher than average market price	2.3	.6
	-----	-----
Total common and common equivalent shares outstanding	219.5	218.0
	=====	=====
Net income	\$92.8	\$57.7
	=====	=====
Earnings per share	\$0.42	\$0.26
	=====	=====

**ARTICLE 5**

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 29, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000100493

NAME: TYSON FOODS, INC.

MULTIPLIER: 1,000,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 27 1997
PERIOD END	MAR 29 1997
CASH	100
SECURITIES	0
RECEIVABLES	508
ALLOWANCES	0
INVENTORY	1,035
CURRENT ASSETS	1,695
PP&E	3,064
DEPRECIATION	1,186
TOTAL ASSETS	4,461
CURRENT LIABILITIES	604
BONDS	1,751
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	22
OTHER SE	1,681
TOTAL LIABILITY AND EQUITY	4,461
SALES	3,102
TOTAL REVENUES	3,102
CGS	2,592
TOTAL COSTS	2,592
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	55
INCOME PRETAX	182
INCOME TAX	89
INCOME CONTINUING	93
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	93
EPS PRIMARY	.42
EPS DILUTED	.42

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.