

TYSON FOODS INC

FORM 10-Q (Quarterly Report)

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Address	2200 DON TYSON PARKWAY SPRINGDALE, AR 72762-6999
Telephone	479-290-4000
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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, 2014

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____



001-14704

(Commission File Number)

TYSON FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

71-0225165

(I.R.S. Employer Identification No.)

2200 Don Tyson Parkway, Springdale, Arkansas

(Address of principal executive offices)

72762-6999

(Zip Code)

(479) 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 by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 29, 2014 .

Class	Outstanding Shares
Class A Common Stock, \$0.10 Par Value (Class A stock)	278,405,313
Class B Common Stock, \$0.10 Par Value (Class B stock)	70,010,805

TYSON FOODS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. 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, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Sales	\$ 9,032	\$ 8,383	\$ 17,793	\$ 16,749
Cost of Sales	8,381	7,915	16,457	15,742
Gross Profit	651	468	1,336	1,007
Selling, General and Administrative	290	232	563	467
Operating Income	361	236	773	540
Other (Income) Expense:				
Interest income	(3)	(2)	(5)	(3)
Interest expense	25	36	53	73
Other, net	(2)	(19)	1	(19)
Total Other (Income) Expense	20	15	49	51
Income from Continuing Operations before Income Taxes	341	221	724	489
Income Tax Expense	131	53	262	149
Income from Continuing Operations	210	168	462	340
Loss from Discontinued Operation, Net of Tax	—	(62)	—	(66)
Net Income	210	106	462	274
Less: Net Income (Loss) Attributable to Noncontrolling Interests	(3)	11	(5)	6
Net Income Attributable to Tyson	\$ 213	\$ 95	\$ 467	\$ 268
Amounts Attributable to Tyson:				
Net Income from Continuing Operations	213	157	467	334
Net Loss from Discontinued Operation	—	(62)	—	(66)
Net Income Attributable to Tyson	\$ 213	\$ 95	\$ 467	\$ 268
Weighted Average Shares Outstanding:				
Class A Basic	273	283	272	284
Class B Basic	70	70	70	70
Diluted	356	366	355	364
Net Income Per Share from Continuing Operations Attributable to Tyson:				
Class A Basic	\$ 0.64	\$ 0.45	\$ 1.40	\$ 0.96
Class B Basic	\$ 0.58	\$ 0.40	\$ 1.26	\$ 0.86
Diluted	\$ 0.60	\$ 0.43	\$ 1.32	\$ 0.92
Net Loss Per Share from Discontinued Operation Attributable to Tyson:				
Class A Basic	\$ —	\$ (0.18)	\$ —	\$ (0.19)
Class B Basic	\$ —	\$ (0.15)	\$ —	\$ (0.16)
Diluted	\$ —	\$ (0.17)	\$ —	\$ (0.18)
Net Income Per Share Attributable to Tyson:				
Class A Basic	\$ 0.64	\$ 0.27	\$ 1.40	\$ 0.77
Class B Basic	\$ 0.58	\$ 0.25	\$ 1.26	\$ 0.70
Diluted	\$ 0.60	\$ 0.26	\$ 1.32	\$ 0.74
Dividends Declared Per Share:				
Class A	\$ 0.075	\$ 0.050	\$ 0.175	\$ 0.210
Class B	\$ 0.068	\$ 0.045	\$ 0.158	\$ 0.189

See accompanying Notes to Consolidated Condensed Financial Statements.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Net Income	\$ 210	\$ 106	\$ 462	\$ 274
Other Comprehensive Income (Loss), Net of Taxes:				
Derivatives accounted for as cash flow hedges	7	(5)	5	(14)
Investments	—	(1)	3	(3)
Currency translation	6	(15)	(5)	(16)
Postretirement benefits	—	2	2	3
Total Other Comprehensive Income (Loss), Net of Taxes	13	(19)	5	(30)
Comprehensive Income	223	87	467	244
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interests	(3)	11	(5)	6
Comprehensive Income Attributable to Tyson	\$ 226	\$ 76	\$ 472	\$ 238

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	March 29, 2014	September 28, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 438	\$ 1,145
Accounts receivable, net	1,548	1,497
Inventories	2,968	2,817
Other current assets	230	145
Total Current Assets	5,184	5,604
Net Property, Plant and Equipment	4,105	4,053
Goodwill	1,925	1,902
Intangible Assets	156	138
Other Assets	516	480
Total Assets	\$ 11,886	\$ 12,177
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current debt	\$ 52	\$ 513
Accounts payable	1,429	1,359
Other current liabilities	1,024	1,138
Total Current Liabilities	2,505	3,010
Long-Term Debt	1,888	1,895
Deferred Income Taxes	444	479
Other Liabilities	585	560
Commitments and Contingencies (Note 15)		
Shareholders' Equity:		
Common stock (\$0.10 par value):		
Class A-authorized 900 million shares, issued 322 million shares	32	32
Convertible Class B-authorized 900 million shares, issued 70 million shares	7	7
Capital in excess of par value	2,181	2,292
Retained earnings	5,407	4,999
Accumulated other comprehensive loss	(103)	(108)
Treasury stock, at cost – 43 million shares at March 29, 2014, and 48 million shares at September 28, 2013	(1,088)	(1,021)
Total Tyson Shareholders' Equity	6,436	6,201
Noncontrolling Interests	28	32
Total Shareholders' Equity	6,464	6,233
Total Liabilities and Shareholders' Equity	\$ 11,886	\$ 12,177

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	Six Months Ended	
	March 29, 2014	March 30, 2013
Cash Flows From Operating Activities:		
Net income	\$ 462	\$ 274
Depreciation and amortization	254	259
Deferred income taxes	(24)	(24)
Convertible debt discount	(92)	—
Other, net	32	57
Net changes in working capital	(367)	(336)
Cash Provided by Operating Activities	265	230
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(293)	(290)
Purchases of marketable securities	(21)	(79)
Proceeds from sale of marketable securities	18	16
Acquisitions, net of cash acquired	(56)	(10)
Other, net	8	30
Cash Used for Investing Activities	(344)	(333)
Cash Flows From Financing Activities:		
Payments on debt	(390)	(55)
Net proceeds from borrowings	14	37
Purchases of Tyson Class A common stock	(275)	(188)
Dividends	(50)	(70)
Stock options exercised	49	69
Other, net	19	2
Cash Used for Financing Activities	(633)	(205)
Effect of Exchange Rate Changes on Cash	5	(1)
Decrease in Cash and Cash Equivalents	(707)	(309)
Cash and Cash Equivalents at Beginning of Year	1,145	1,071
Cash and Cash Equivalents at End of Period	\$ 438	\$ 762

See accompanying Notes to Consolidated Condensed Financial Statements.

TYSON FOODS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: ACCOUNTING POLICIES**BASIS OF PRESENTATION**

The consolidated condensed financial statements have been prepared by Tyson Foods, Inc. (“Tyson,” “the Company,” “we,” “us” or “our”). Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. Although we believe the disclosures contained herein 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 our annual report on Form 10-K for the fiscal year ended September 28, 2013 . Preparation of consolidated condensed financial statements requires us to make estimates and assumptions. These estimates and assumptions affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We believe the accompanying consolidated condensed financial statements contain all adjustments, which are of a normal recurring nature, necessary to state fairly our financial position as of March 29, 2014 , and the results of operations for the three and six months ended March 29, 2014 , and March 30, 2013 . Results of operations and cash flows for the periods presented are not necessarily indicative of results to be expected for the full year.

CONSOLIDATION

The consolidated condensed financial statements include the accounts of all wholly-owned subsidiaries, as well as majority-owned subsidiaries over which we exercise control and, when applicable, entities for which we have a controlling financial interest or variable interest entities for which we are the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

VARIABLE INTEREST ENTITIES

We have an investment in a joint venture, Dynamic Fuels LLC (Dynamic Fuels), in which we have a 50 percent ownership interest. Dynamic Fuels qualifies as a variable interest entity for which we consolidate as we are the primary beneficiary. At March 29, 2014 , Dynamic Fuels had \$154 million of total assets, of which \$137 million was net property, plant and equipment, and \$114 million of total liabilities, of which \$100 million was long-term debt. At September 28, 2013 , Dynamic Fuels had \$166 million of total assets, of which \$142 million was net property, plant and equipment, and \$113 million of total liabilities, of which \$100 million was long-term debt.

SHARE REPURCHASES

A summary of cumulative share repurchases of our Class A stock is as follows (in millions):

	Three Months Ended				Six Months Ended			
	March 29, 2014		March 30, 2013		March 29, 2014		March 30, 2013	
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars
Shares repurchased:								
Under share repurchase program	2.5	\$ 100	2.1	\$ 50	7.1	\$ 250	7.2	\$ 150
To fund certain obligations under equity compensation plans	0.4	16	1.1	23	0.7	25	1.9	38
Total share repurchases	2.9	\$ 116	3.2	\$ 73	7.8	\$ 275	9.1	\$ 188

On January 30, 2014, our Board of Directors approved an increase of 25 million shares authorized for repurchase under our share repurchase program. As of March 29, 2014 , 32.1 million shares remained available for repurchases under this program. The share repurchase program has no fixed or scheduled termination date and the timing and extent to which we repurchase shares will depend upon, among other things, our working capital needs, markets, industry conditions, liquidity targets, limitations under our debt obligations and regulatory requirements. In addition to the share repurchase program, we purchase shares on the open market to fund certain obligations under our equity compensation plans.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In December 2011 and February 2013, the Financial Accounting Standards Board (FASB) issued guidance enhancing disclosures related to offsetting of certain assets and liabilities. This guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. We adopted this guidance in the first quarter of fiscal 2014. The adoption did not have a significant impact on our consolidated condensed financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2014, the FASB issued guidance changing the criteria for reporting discontinued operations. The guidance also modifies the related disclosure requirements. The guidance is effective on a prospective basis for annual reporting periods beginning after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. Early adoption is permitted. This new guidance is not expected to have a material impact on our consolidated condensed financial statements.

NOTE 2: ACQUISITIONS

During the second quarter of fiscal 2014 we acquired one value-added food business as part of our strategic expansion initiative, which is included in our Prepared Foods segment. The aggregate purchase price of the acquisition was \$56 million, which included \$12 million for property, plant and equipment, \$27 million allocated to Intangible Assets and \$18 million allocated to Goodwill.

During fiscal 2013, we acquired two value-added food businesses as part of our strategic expansion initiative, which are included in our Prepared Foods segment. The aggregate purchase price of the acquisitions were \$106 million, which included \$50 million for property, plant and equipment, \$41 million allocated to Intangible Assets and \$12 million allocated to Goodwill.

NOTE 3: DISCONTINUED OPERATION

After conducting an assessment during fiscal 2013 of our long-term business strategy in China, we determined our Weifang operation (Weifang), which was previously part of our Chicken segment, was no longer core to the execution of our strategy given the capital investment it required to execute our future business plan. Consequently, we conducted an impairment test and recorded a \$56 million impairment charge in the second quarter of fiscal 2013. We subsequently sold Weifang which resulted in reporting it as a discontinued operation. The sale was completed in July 2013 and did not result in a significant gain or loss as its carrying value approximated the sales proceeds at the time of sale. Weifang's prior periods results, including the impairment charge, have been reclassified and presented as a discontinued operation in our Consolidated Condensed Statements of Income. The following is a summary of the discontinued operation's results (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Sales	\$ —	\$ 36	\$ —	\$ 72
Pretax loss	—	(62)	—	(66)
Income tax expense	—	—	—	—
Loss from discontinued operation, net of tax	\$ —	\$ (62)	\$ —	\$ (66)

NOTE 4: INVENTORIES

Processed products, livestock and supplies and other are valued at the lower of cost or market. Cost includes purchased raw materials, live purchase costs, growout costs (primarily feed, contract grower pay and catch and haul costs), labor and manufacturing and production overhead, which are related to the purchase and production of inventories. Total inventory consists of the following (in millions):

	March 29, 2014	September 28, 2013
Processed products:		
Weighted-average method – chicken, prepared foods and international	\$ 745	\$ 799
First-in, first-out method – beef and pork	713	624
Livestock – first-in, first-out method	1,109	1,002
Supplies and other – weighted-average method	401	392
Total inventory	\$ 2,968	\$ 2,817

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

The major categories of property, plant and equipment and accumulated depreciation are as follows (in millions):

	March 29, 2014	September 28, 2013
Land	\$ 102	\$ 100
Buildings and leasehold improvements	2,983	2,945
Machinery and equipment	5,615	5,504
Land improvements and other	423	417
Buildings and equipment under construction	293	236
	9,416	9,202
Less accumulated depreciation	5,311	5,149
Net property, plant and equipment	\$ 4,105	\$ 4,053

NOTE 6: OTHER CURRENT LIABILITIES

Other current liabilities are as follows (in millions):

	March 29, 2014	September 28, 2013
Accrued salaries, wages and benefits	\$ 324	\$ 419
Self-insurance reserves	269	267
Other	431	452
Total other current liabilities	\$ 1,024	\$ 1,138

NOTE 7: DEBT

The major components of debt are as follows (in millions):

	March 29, 2014	September 28, 2013
Revolving credit facility	\$ —	\$ —
Senior notes:		
3.25% Convertible senior notes due October 2013 (2013 Notes)	—	458
6.60% Senior notes due April 2016 (2016 Notes)	638	638
7.00% Notes due May 2018	120	120
4.50% Senior notes due June 2022 (2022 Notes)	1,000	1,000
7.00% Notes due January 2028	18	18
Discount on senior notes	(5)	(6)
GO Zone tax-exempt bonds due October 2033 (0.07% at 3/29/2014)	100	100
Other	69	80
Total debt	1,940	2,408
Less current debt	52	513
Total long-term debt	\$ 1,888	\$ 1,895

Revolving Credit Facility

We have a \$1.0 billion revolving credit facility that supports short-term funding needs and letters of credit. The facility will mature and the commitments thereunder will terminate in August 2017. After reducing the amount available by outstanding letters of credit issued under this facility, the amount available for borrowing at March 29, 2014, was \$955 million. At March 29, 2014, we had outstanding letters of credit issued under this facility totaling \$45 million, none of which were drawn upon. We had an additional \$145 million of bilateral letters of credit issued separately from the revolving credit facility, none of which were drawn upon. Our letters of credit are issued primarily in support of workers' compensation insurance programs, derivative activities and Dynamic Fuels' Gulf Opportunity Zone tax-exempt bonds.

The revolving credit facility is unsecured. However, if at any time (the Collateral Trigger Date) we shall fail to have (a) a corporate rating from Moody's Investors Service, Inc. (Moody's) of "Ba1" or better, (b) a corporate rating from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (S&P), of "BB+" or better, or (c) a corporate rating from Fitch Ratings, a wholly owned subsidiary of Fimalac, S.A. (Fitch), of "BB+" or better, we, any subsidiary that has guaranteed any material indebtedness of the Company, and substantially all of our other domestic subsidiaries shall be required to secure the obligations under the credit agreement and related documents with a first-priority perfected security interest in our and such subsidiary's cash, deposit and securities accounts, accounts receivable and related assets, inventory and proceeds of any of the foregoing (the Collateral Requirement).

If on any date prior to any Collateral Trigger Date we shall have (a) a corporate rating from Moody's of "Baa2" or better, (b) a corporate rating from S&P of "BBB" or better and (c) a corporate rating from Fitch of "BBB" or better, in each case with stable or better outlook, then the Collateral Requirement will no longer be effective.

This facility is fully guaranteed by Tyson Fresh Meats, Inc. (TFM Parent), our wholly owned subsidiary, until such date TFM Parent is released from all of its guarantees of other material indebtedness. If in the future any of our other subsidiaries shall guarantee any of our material indebtedness, such subsidiary shall also be required to guarantee the indebtedness, obligations and liabilities under this facility.

2013 Notes

In September 2008, we issued \$458 million principal amount 3.25% convertible senior unsecured notes which were due October 15, 2013 . In connection with the issuance of the 2013 Notes, we entered into separate call option and warrant transactions with respect to our Class A stock to minimize the potential economic dilution upon conversion of the 2013 Notes. The call options contractually expired upon the maturity of the 2013 Notes. The 2013 Notes matured on October 15, 2013 at which time we paid the \$458 million principal value with cash on hand, and settled the conversion premium by issuing 11.7 million shares of our Class A stock from available treasury shares. Simultaneous to the settlement of the conversion premium, we received 11.7 million shares of our Class A stock from the call options.

The warrants were settled on various dates from January 2014 through April 2014 , resulting in the issuance of 8.9 million shares of Class A stock through March 2014 and 2.8 million shares of Class A stock in April 2014 .

2016 Notes

The 2016 Notes carry an interest rate at issuance of 6.60% , with an interest step up feature dependent on their credit rating. On June 7, 2012, Moody's upgraded the credit rating of the 2016 Notes from "Ba1" to "Baa3." This upgrade decreased the interest rate on the 2016 Notes from 6.85% to 6.60% , effective beginning with the six-month interest payment due October 1, 2012.

On February 11, 2013, S&P upgraded the credit rating of the 2016 Notes from "BBB-" to "BBB." This upgrade did not impact the interest rate on the 2016 Notes.

2022 Notes

In June 2012, we issued \$1.0 billion of senior unsecured notes, which will mature in June 2022. The 2022 Notes carry a 4.50% interest rate, with interest payments due semi-annually on June 15 and December 15. After the original issue discount of \$5 million , based on an issue price of 99.458% , we received net proceeds of \$995 million . In addition, we incurred offering expenses of \$9 million .

GO Zone Tax-Exempt Bonds

In October 2008, Dynamic Fuels received \$100 million in proceeds from the sale of Gulf Opportunity Zone tax-exempt bonds made available by the federal government to the regions affected by Hurricanes Katrina and Rita in 2005. These floating rate bonds are due October 1, 2033. We issued a letter of credit to effectively guarantee the bond issuance. If any amounts are disbursed related to this guarantee, we would seek recovery of 50% (up to \$50 million) from Syntroleum Corporation, our joint venture partner, in accordance with our 2008 warrant agreement with Syntroleum Corporation.

Debt Covenants

Our revolving credit facility contains affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; dispose of or transfer assets; change the nature of our business; engage in certain transactions with affiliates; and enter into sale/leaseback or hedging transactions, in each case, subject to certain qualifications and exceptions. In addition, we are required to maintain minimum interest expense coverage and maximum debt-to-capitalization ratios.

Our 2022 Notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens; engage in certain sale/leaseback transactions; and engage in certain consolidations, mergers and sales of assets.

We were in compliance with all debt covenants at March 29, 2014 .

NOTE 8: INCOME TAXES

The effective tax rate for continuing operations was 38.3% and 23.9% for the second quarter of fiscal 2014 and 2013 , respectively, and 36.2% and 30.4% for the first six months of fiscal 2014 and 2013, respectively. The effective tax rates for the second quarter and first six months of fiscal 2014 and fiscal 2013 were impacted by such items as the domestic production deduction, state income taxes and losses in foreign jurisdictions for which no benefit is recognized. The effective tax rates for the second quarter and first six months of fiscal 2013 were also impacted by the non-taxable currency translation adjustment gain, the retroactive extension of tax credits, and the change in tax reserves.

Unrecognized tax benefits were \$169 million and \$175 million at March 29, 2014 , and September 28, 2013 , respectively. The amount of unrecognized tax benefits, if recognized, that would impact our effective tax rate was \$144 million and \$149 million at March 29, 2014 , and September 28, 2013 , respectively.

We classify interest and penalties on unrecognized tax benefits as income tax expense. At March 29, 2014 , and September 28, 2013 , before tax benefits, we had \$72 million and \$63 million , respectively, of accrued interest and penalties on unrecognized tax benefits.

We are subject to income tax examinations for U.S. federal income taxes for fiscal years 2007 through 2012. We are also subject to income tax examinations by major state and foreign jurisdictions for fiscal years 2003 through 2012 and 2002 through 2012, respectively. We estimate that during the next twelve months it is reasonably possible that unrecognized tax benefits could decrease by as much as \$42 million primarily due to expiration of statutes of limitations in various jurisdictions and settlements with taxing authorities.

NOTE 9: OTHER INCOME AND CHARGES

During the first six months of fiscal 2014, we recorded \$4 million of equity earnings in joint ventures, \$1 million in net foreign currency exchange gains and \$6 million of other than temporary impairment related to an available-for-sale security, which were recorded in the Consolidated Condensed Statements of Income in Other, net.

During the second quarter and first six months of fiscal 2013, we recorded a \$19 million currency translation adjustment gain recognized in conjunction with the receipt of proceeds constituting the final resolution of our investment in Canada, which was recorded in the Consolidated Condensed Statements of Income in Other, net.

NOTE 10: EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share data):

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Numerator:				
Income from continuing operations	\$ 210	\$ 168	\$ 462	\$ 340
Less: Net income (loss) attributable to noncontrolling interests	(3)	11	(5)	6
Net income from continuing operations attributable to Tyson	213	157	467	334
Less dividends declared:				
Class A	20	14	48	60
Class B	5	3	11	13
Undistributed earnings	\$ 188	\$ 140	\$ 408	\$ 261
Class A undistributed earnings	\$ 153	\$ 114	\$ 332	\$ 213
Class B undistributed earnings	35	26	76	48
Total undistributed earnings	\$ 188	\$ 140	\$ 408	\$ 261
Denominator:				
Denominator for basic earnings per share:				
Class A weighted average shares	273	283	272	284
Class B weighted average shares, and shares under the if-converted method for diluted earnings per share	70	70	70	70
Effect of dilutive securities:				
Stock options and restricted stock	6	5	5	5
Convertible 2013 Notes	—	8	—	5
Warrants	7	—	8	—
Denominator for diluted earnings per share – adjusted weighted average shares and assumed conversions	356	366	355	364
Net Income Per Share from Continuing Operations Attributable to Tyson:				
Class A Basic	\$ 0.64	\$ 0.45	\$ 1.40	\$ 0.96
Class B Basic	\$ 0.58	\$ 0.40	\$ 1.26	\$ 0.86
Diluted	\$ 0.60	\$ 0.43	\$ 1.32	\$ 0.92
Net Income Per Share Attributable to Tyson:				
Class A Basic	\$ 0.64	\$ 0.27	\$ 1.40	\$ 0.77
Class B Basic	\$ 0.58	\$ 0.25	\$ 1.26	\$ 0.70
Diluted	\$ 0.60	\$ 0.26	\$ 1.32	\$ 0.74

Approximately 4 million of our stock-based compensation shares were antidilutive for both the three and six months ended March 29, 2014 . Approximately 4 million and 7 million shares were antidilutive for the three and six months ended March 30, 2013 , respectively. These shares were not included in the dilutive earnings per share calculation.

We have two classes of capital stock, Class A stock and Class B stock. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of cash dividends paid to holders of Class B stock cannot exceed 90% of the cash dividends paid to holders of Class A stock.

We allocate undistributed earnings based upon a 1 to 0.9 ratio per share to Class A stock and Class B stock, respectively. We allocate undistributed earnings based on this ratio due to historical dividend patterns, voting control of Class B shareholders and contractual limitations of dividends to Class B stock.

NOTE 11: DERIVATIVE FINANCIAL INSTRUMENTS

Our business operations give rise to certain market risk exposures mostly due to changes in commodity prices, foreign currency exchange rates and interest rates. We manage a portion of these risks through the use of derivative financial instruments, primarily futures and options, to reduce our exposure to commodity price risk, foreign currency risk and interest rate risk. Forward contracts on various commodities, including grains, livestock and energy, are primarily entered into to manage the price risk associated with forecasted purchases of these inputs used in our production processes. Foreign exchange forward contracts are entered into to manage the fluctuations in foreign currency exchange rates, primarily as a result of certain receivable and payable balances. We also periodically utilize interest rate swaps to manage interest rate risk associated with our variable-rate borrowings.

Our risk management programs are periodically reviewed by our Board of Directors' Audit Committee. These programs are monitored by senior management and may be revised as market conditions dictate. Our current risk management programs utilize industry-standard models that take into account the implicit cost of hedging. Risks associated with our market risks and those created by derivative instruments and the fair values are strictly monitored, using Value-at-Risk and stress tests. Credit risks associated with our derivative contracts are not significant as we minimize counterparty concentrations, utilize margin accounts or letters of credit, and deal with credit-worthy counterparties. Additionally, our derivative contracts are mostly short-term in duration and we generally do not make use of credit-risk-related contingent features. No significant concentrations of credit risk existed at March 29, 2014 .

We recognize all derivative instruments as either assets or liabilities at fair value in the Consolidated Condensed Balance Sheets, with the exception of normal purchases and normal sales expected to result in physical delivery. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument based upon the exposure being hedged (i.e., cash flow hedge or fair value hedge). We qualify, or designate, a derivative financial instrument as a hedge when contract terms closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. If a derivative instrument is accounted for as a hedge, depending on the nature of the hedge, changes in the fair value of the instrument either will be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or be recognized in other comprehensive income (loss) (OCI) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is recognized in earnings immediately. We designate certain forward contracts as follows:

- Cash Flow Hedges - include certain commodity forward and option contracts of forecasted purchases (i.e., grains) and certain foreign exchange forward contracts.
- Fair Value Hedges - include certain commodity forward contracts of firm commitments (i.e., livestock).

Cash flow hedges

Derivative instruments, such as futures and options, are designated as hedges against changes in the amount of future cash flows related to procurement of certain commodities utilized in our production processes. We do not purchase forward and option commodity contracts in excess of our physical consumption requirements and generally do not hedge forecasted transactions beyond 18 months . The objective of these hedges is to reduce the variability of cash flows associated with the forecasted purchase of those commodities. For the derivative instruments we designate and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses representing hedge ineffectiveness are recognized in earnings in the current period. Ineffectiveness related to our cash flow hedges was not significant for the three and six months ended March 29, 2014 , and March 30, 2013 .

We had the following aggregated notional values of outstanding forward and option contracts accounted for as cash flow hedges (in millions, except soy meal tons):

	Metric	March 29, 2014	September 28, 2013
Commodity:			
Corn	Bushels	4	5
Soy meal	Tons	70,300	96,800
Foreign Currency	United States dollar \$	31	\$ 60

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As of March 29, 2014, the net amounts expected to be reclassified into earnings within the next 12 months are pretax gains of \$2 million related to grains. During the three and six months ended March 29, 2014, and March 30, 2013, we did not reclassify significant pretax gains/losses into earnings as a result of the discontinuance of cash flow hedges due to the probability the original forecasted transaction would not occur by the end of the originally specified time period or within the additional period of time allowed by generally accepted accounting principles.

The following table sets forth the pretax impact of cash flow hedge derivative instruments on the Consolidated Condensed Statements of Income (in millions):

	Gain/(Loss) Recognized in OCI On Derivatives		Consolidated Condensed Statements of Income Classification	Gain/(Loss) Reclassified from OCI to Earnings	
	Three Months Ended			Three Months Ended	
	March 29, 2014	March 30, 2013		March 29, 2014	March 30, 2013
Cash Flow Hedge – Derivatives designated as hedging instruments:					
Commodity contracts	\$ 8	\$ (10)	Cost of Sales	\$ (3)	\$ (7)
Foreign exchange contracts	—	(5)	Other Income/Expense	—	—
Total	\$ 8	\$ (15)		\$ (3)	\$ (7)

	Gain/(Loss) Recognized in OCI On Derivatives		Consolidated Condensed Statements of Income Classification	Gain/(Loss) Reclassified from OCI to Earnings	
	Six Months Ended			Six Months Ended	
	March 29, 2014	March 30, 2013		March 29, 2014	March 30, 2013
Cash Flow Hedge – Derivatives designated as hedging instruments:					
Commodity contracts	\$ 6	\$ (23)	Cost of Sales	\$ (3)	\$ (3)
Foreign exchange contracts	(1)	(5)	Other Income/Expense	—	(2)
Total	\$ 5	\$ (28)		\$ (3)	\$ (5)

Fair value hedges

We designate certain futures contracts as fair value hedges of firm commitments to purchase livestock for slaughter. Our objective of these hedges is to minimize the risk of changes in fair value created by fluctuations in commodity prices associated with fixed price livestock firm commitments. We had the following aggregated notional values of outstanding forward contracts entered into to hedge firm commitments which are accounted for as a fair value hedge (in millions):

	Metric	March 29, 2014	September 28, 2013
Commodity:			
Live Cattle	Pounds	358	209
Lean Hogs	Pounds	470	384

For these derivative instruments we designate and qualify as a fair value hedge, the gain or loss on the derivative, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in earnings in the same period. We include the gain or loss on the hedged items (i.e., livestock purchase firm commitments) in the same line item, Cost of Sales, as the offsetting gain or loss on the related livestock forward position.

	Consolidated Condensed Statements of Income Classification	in millions			
		Three Months Ended		Six Months Ended	
		March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Gain/(Loss) on forwards	Cost of Sales	\$ (34)	\$ 11	\$ (40)	\$ 15
Gain/(Loss) on purchase contract	Cost of Sales	34	(11)	40	(15)

Ineffectiveness related to our fair value hedges was not significant for the three and six months ended March 29, 2014, and March 30, 2013.

Undesignated positions

In addition to our designated positions, we also hold forward and option contracts for which we do not apply hedge accounting. These include certain derivative instruments related to commodities price risk, including grains, livestock, energy and foreign currency risk. We mark these positions to fair value through earnings at each reporting date. We generally do not enter into undesignated positions beyond 18 months.

The objective of our undesignated grains, livestock and energy commodity positions is to reduce the variability of cash flows associated with the forecasted purchase of certain grains, energy and livestock inputs to our production processes. We also enter into certain forward sales of boxed beef and boxed pork and forward purchases of cattle and hogs at fixed prices. The fixed price sales contracts lock in the proceeds from a future sale and the fixed cattle and hog purchases lock in the cost. However, the cost of the livestock and the related boxed beef and boxed pork market prices at the time of the sale or purchase could vary from this fixed price. As we enter into fixed forward sales of boxed beef and boxed pork and forward purchases of cattle and hogs, we also enter into the appropriate number of livestock options and futures positions to mitigate a portion of this risk. Changes in market value of the open livestock options and futures positions are marked to market and reported in earnings at each reporting date, even though the economic impact of our fixed prices being above or below the market price is only realized at the time of sale or purchase. These positions generally do not qualify for hedge treatment due to location basis differences between the commodity exchanges and the actual locations when we purchase the commodities.

We have a foreign currency cash flow hedging program to hedge portions of forecasted transactions denominated in foreign currencies, primarily with forward and option contracts, to protect against the reduction in value of forecasted foreign currency cash flows. Our undesignated foreign currency positions generally would qualify for cash flow hedge accounting. However, to reduce earnings volatility, we normally will not elect hedge accounting treatment when the position provides an offset to the underlying related transaction that impacts current earnings.

We had the following aggregate outstanding notional values related to our undesignated positions (in millions, except soy meal tons):

	Metric	March 29, 2014	September 28, 2013
Commodity:			
Corn	Bushels	35	69
Soy Meal	Tons	274,400	204,600
Soy Oil	Pounds	35	11
Live Cattle	Pounds	137	60
Lean Hogs	Pounds	153	159
Foreign Currency	United States dollars \$	100 \$	95

The following table sets forth the pretax impact of the undesignated derivative instruments on the Consolidated Condensed Statements of Income (in millions):

	Consolidated Condensed Statements of Income Classification	Gain/(Loss) Recognized in Earnings		Gain/(Loss) Recognized in Earnings	
		Three Months Ended		Six Months Ended	
		March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Derivatives not designated as hedging instruments:					
Commodity contracts	Sales	\$ 30	\$ (23)	\$ 32	\$ (12)
Commodity contracts	Cost of Sales	(40)	—	(42)	(7)
Foreign exchange contracts	Other Income/Expense	2	1	1	2
Total		\$ (8)	\$ (22)	\$ (9)	\$ (17)

The following table sets forth the fair value of all derivative instruments outstanding in the Consolidated Condensed Balance Sheets (in millions):

	Fair Value	
	March 29, 2014	September 28, 2013
Derivative Assets:		
Derivatives designated as hedging instruments:		
Commodity contracts	\$ 5	\$ 4
Foreign exchange contracts	—	1
Total derivative assets – designated	5	5
Derivatives not designated as hedging instruments:		
Commodity contracts	45	25
Foreign exchange contracts	1	2
Total derivative assets – not designated	46	27
Total derivative assets	\$ 51	\$ 32
Derivative Liabilities:		
Derivatives designated as hedging instruments:		
Commodity contracts	\$ 119	\$ 29
Foreign exchange contracts	—	—
Total derivative liabilities – designated	119	29
Derivatives not designated as hedging instruments:		
Commodity contracts	66	72
Foreign exchange contracts	1	1
Total derivative liabilities – not designated	67	73
Total derivative liabilities	\$ 186	\$ 102

Our derivative assets and liabilities are presented in our Consolidated Condensed Balance Sheets on a net basis. We net derivative assets and liabilities, including cash collateral when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. See Note 12: Fair Value Measurements for a reconciliation to amounts reported in the Consolidated Condensed Balance Sheets in Other current assets and Other current liabilities.

NOTE 12: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels as follows:

Level 1 — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The following tables set forth by level within the fair value hierarchy our financial assets and liabilities accounted for at fair value on a recurring basis according to the valuation techniques we used to determine their fair values (in millions):

March 29, 2014	Level 1	Level 2	Level 3	Netting (a)	Total
Assets:					
Commodity Derivatives	\$ —	\$ 50	\$ —	\$ (35)	\$ 15
Foreign Exchange Forward Contracts	—	1	—	—	1
Available-for-Sale Securities:					
Current	—	2	—	—	2
Non-current	3	24	67	—	94
Deferred Compensation Assets	12	214	—	—	226
Total Assets	\$ 15	\$ 291	\$ 67	\$ (35)	\$ 338
Liabilities:					
Commodity Derivatives	\$ —	\$ 185	\$ —	\$ (183)	\$ 2
Foreign Exchange Forward Contracts	—	1	—	—	1
Total Liabilities	\$ —	\$ 186	\$ —	\$ (183)	\$ 3

September 28, 2013	Level 1	Level 2	Level 3	Netting (a)	Total
Assets:					
Commodity Derivatives	\$ —	\$ 29	\$ —	\$ (21)	\$ 8
Foreign Exchange Forward Contracts	—	3	—	(1)	2
Available-for-Sale Securities:					
Current	—	1	—	—	1
Non-current	4	24	65	—	93
Deferred Compensation Assets	23	191	—	—	214
Total Assets	\$ 27	\$ 248	\$ 65	\$ (22)	\$ 318
Liabilities:					
Commodity Derivatives	\$ —	\$ 101	\$ —	\$ (101)	\$ —
Foreign Exchange Forward Contracts	—	1	—	—	1
Total Liabilities	\$ —	\$ 102	\$ —	\$ (101)	\$ 1

- (a) Our derivative assets and liabilities are presented in our Consolidated Condensed Balance Sheets on a net basis. We net derivative assets and liabilities, including cash collateral, when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. At March 29, 2014, and September 28, 2013, we had posted with various counterparties \$148 million and \$79 million, respectively, of cash collateral related to our commodity derivatives and held no cash collateral.

The following table provides a reconciliation between the beginning and ending balance of debt securities measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3) (in millions):

	Six Months Ended	
	March 29, 2014	March 30, 2013
Balance at beginning of year	\$ 65	\$ 86
Total realized and unrealized gains (losses):		
Included in earnings	—	1
Included in other comprehensive income (loss)	—	—
Purchases	15	9
Issuances	—	—
Settlements	(13)	(31)
Balance at end of period	\$ 67	\$ 65
Total gains (losses) for the six-month period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at end of period	\$ —	\$ —

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Derivative Assets and Liabilities: Our commodities and foreign exchange forward contracts primarily include exchange-traded and over-the-counter contracts which are further described in Note 11: Derivative Financial Instruments. We record our commodity derivatives at fair value using quoted market prices adjusted for credit and non-performance risk and internal models that use as their basis readily observable market inputs including current and forward commodity market prices. Our foreign exchange forward contracts are recorded at fair value based on quoted prices and spot and forward currency prices adjusted for credit and non-performance risk. We classify these instruments in Level 2 when quoted market prices can be corroborated utilizing observable current and forward commodity market prices on active exchanges or observable market transactions of spot currency rates and forward currency prices.

Available-for-Sale Securities: Our investments in marketable debt securities are classified as available-for-sale and are reported at fair value based on pricing models and quoted market prices adjusted for credit and non-performance risk. Short-term investments with maturities of less than 12 months are included in Other current assets in the Consolidated Condensed Balance Sheets and primarily include certificates of deposit and commercial paper. All other marketable debt securities are included in Other Assets in the Consolidated Condensed Balance Sheets and have maturities ranging up to 35 years. We classify our investments in U.S. government, U.S. agency, certificates of deposit and commercial paper debt securities as Level 2 as fair value is generally estimated using discounted cash flow models that are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other readily available relevant economic measures. We classify certain corporate, asset-backed and other debt securities as Level 3 as there is limited activity or less observable inputs into valuation models, including current interest rates and estimated prepayment, default and recovery rates on the underlying portfolio or structured investment vehicle. Significant changes to assumptions or unobservable inputs in the valuation of our Level 3 instruments would not have a significant impact to our consolidated condensed financial statements.

Additionally, we have 0.8 million shares of Syntroleum Corporation common stock and 0.4 million warrants, which expire in June 2015, to purchase an equivalent amount of Syntroleum Corporation common stock at an average price of \$28.70. We record the shares and warrants in Other Assets in the Consolidated Condensed Balance Sheets at fair value based on quoted market prices. We classify the shares as Level 1 as the fair value is based on unadjusted quoted prices available in active markets. We classify the warrants as Level 2 as fair value can be corroborated based on observable market data.

The following table sets forth our available-for-sale securities' amortized cost basis, fair value and unrealized gain (loss) by significant investment category (in millions):

	March 29, 2014			September 28, 2013		
	Amortized Cost Basis	Fair Value	Unrealized Gain/(Loss)	Amortized Cost Basis	Fair Value	Unrealized Gain/(Loss)
Available-for-Sale Securities:						
Debt Securities:						
U.S. Treasury and Agency	\$ 26	\$ 26	\$ —	\$ 25	\$ 25	\$ —
Corporate and Asset-Backed	66	67	1	64	65	1
Equity Securities:						
Common Stock and Warrants (a)	3	3	—	9	4	(5)

(a) At March 29, 2014, the amortized cost basis for Equity Securities had been reduced by accumulated other than temporary impairment of approximately \$6 million.

Unrealized holding gains (losses), net of tax, are excluded from earnings and reported in OCI until the security is settled or sold. On a quarterly basis, we evaluate whether losses related to our available-for-sale securities are temporary in nature. Losses on equity securities are recognized in earnings if the decline in value is judged to be other than temporary. If losses related to our debt securities are determined to be other than temporary, the loss would be recognized in earnings if we intend, or more likely than not will be required, to sell the security prior to recovery. For debt securities in which we have the intent and ability to hold until maturity, losses determined to be other than temporary would remain in OCI, other than expected credit losses which are recognized in earnings. We consider many factors in determining whether a loss is temporary, including the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. We recognized \$6 million of other than temporary impairment for the six months ended March 29, 2014, which is recorded in the Consolidated Condensed Statements of Income in Other, net. No other than temporary losses were deferred in OCI as of March 29, 2014, and September 28, 2013.

Deferred Compensation Assets: We maintain non-qualified deferred compensation plans for certain executives and other highly compensated employees. Investments are maintained within a trust and include money market funds, mutual funds and life insurance policies. The cash surrender value of the life insurance policies is invested primarily in mutual funds. The investments are recorded at fair value based on quoted market prices and are included in Other Assets in the Consolidated Condensed Balance Sheets. We classify the investments which have observable market prices in active markets in Level 1 as these are generally publicly-traded mutual funds. The remaining deferred compensation assets are classified in Level 2, as fair value can be corroborated based on observable market data. Realized and unrealized gains (losses) on deferred compensation are included in earnings.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we record assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. We did not have any significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition during the three and six months ended March 29, 2014 and March 30, 2013.

Other Financial Instruments

Fair value of our debt is principally estimated using Level 2 inputs based on quoted prices for those or similar instruments. Fair value and carrying value for our debt are as follows (in millions):

	March 29, 2014		September 28, 2013	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Total Debt	\$ 2,073	\$ 1,940	\$ 2,541	\$ 2,408

NOTE 13: OTHER COMPREHENSIVE INCOME (LOSS)

The before and after tax changes in the components of other comprehensive income (loss) are as follows (in millions):

	Three Months Ended						Six Months Ended					
	March 29, 2014			March 30, 2013			March 29, 2014			March 30, 2013		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
Derivatives accounted for as cash flow hedges:												
(Gain) loss reclassified to Cost of Sales	\$ 3	\$ (1)	\$ 2	\$ 7	\$ (3)	\$ 4	\$ 3	\$ (1)	\$ 2	\$ 3	\$ (1)	\$ 2
(Gain) loss reclassified to Other Income/Expense	—	—	—	—	—	—	—	—	—	2	(1)	1
Unrealized gain (loss)	8	(3)	5	(15)	6	(9)	5	(2)	3	(28)	11	(17)
Investments:												
(Gain) loss reclassified to Other Income/Expense	—	—	—	(1)	—	(1)	6	(2)	4	(1)	—	(1)
Unrealized gain (loss)	—	—	—	1	(1)	—	(1)	—	(1)	(3)	1	(2)
Currency translation:												
Translation gain reclassified to Other Income/Expense	—	—	—	(19)	(1)	(20)	—	—	—	(19)	(1)	(20)
Translation adjustment	6	—	6	5	—	5	(5)	—	(5)	4	—	4
Postretirement benefits	1	(1)	—	2	—	2	2	—	2	3	—	3
Total Other Comprehensive Income (Loss)	\$ 18	\$ (5)	\$ 13	\$ (20)	\$ 1	\$ (19)	\$ 10	\$ (5)	\$ 5	\$ (39)	\$ 9	\$ (30)

NOTE 14: SEGMENT REPORTING

We operate in five segments: Chicken, Beef, Pork, Prepared Foods and International. We measure segment profit as operating income (loss).

During the second quarter of fiscal 2014, we began reporting our International operation as a separate segment, which was previously included in our Chicken segment. Our International segment became a separate reportable segment as a result of changes to our internal financial reporting to align with previously announced executive leadership changes. All periods presented have been reclassified to reflect this change. Beef, Pork, Prepared Foods and Other results were not impacted by this change.

Chicken: Chicken includes our domestic operations related to raising and processing live chickens into fresh, frozen and value-added chicken products, as well as sales from allied products. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets. This segment also includes logistics operations to move products through our domestic supply chain and the global operations of our chicken breeding stock subsidiary.

Beef: Beef includes our operations related to processing live fed cattle and fabricating dressed beef carcasses into primal and sub-primal meat cuts and case-ready products. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets. This segment also includes sales from allied products such as hides and variety meats, as well as logistics operations to move products through the supply chain.

Pork: Pork includes our operations related to processing live market hogs and fabricating pork carcasses into primal and sub-primal cuts and case-ready products. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets. This segment also includes our live swine group, related allied product processing activities and logistics operations to move products through the supply chain.

Prepared Foods: Prepared Foods includes our operations related to manufacturing and marketing frozen and refrigerated food products and logistics operations to move products through the supply chain. Products primarily include pepperoni, bacon, sausage, beef and pork pizza toppings, pizza crusts, flour and corn tortilla products, appetizers, prepared meals, ethnic foods, soups, sauces, side dishes, meat dishes, breadsticks and processed meats. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets.

International : International includes our foreign operations primarily related to raising and processing live chickens into fresh, frozen and value-added chicken products in Brazil, China, India and Mexico. Products are marketed in each respective country to food retailers, foodservice distributors, restaurant operators, hotel chains, noncommercial foodservice establishments and live markets, as well as to other international export markets.

The results from Dynamic Fuels are included in Other.

Information on segments and a reconciliation to income from continuing operations before income taxes are as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Sales:				
Chicken	\$ 2,842	\$ 2,733	\$ 5,498	\$ 5,328
Beef	3,825	3,447	7,559	6,932
Pork	1,487	1,311	2,911	2,674
Prepared Foods	861	803	1,768	1,644
International	328	331	655	658
Other	—	27	—	47
Intersegment Sales	(311)	(269)	(598)	(534)
Total Sales	\$ 9,032	\$ 8,383	\$ 17,793	\$ 16,749
Operating Income (Loss):				
Chicken	\$ 234	\$ 143	\$ 487	\$ 256
Beef	35	(26)	93	20
Pork	107	72	228	197
Prepared Foods	21	28	37	61
International	(30)	(3)	(58)	(5)
Other	(6)	22	(14)	11
Total Operating Income	361	236	773	540
Total Other (Income) Expense	20	15 (a)	49	51 (a)
Income from Continuing Operations before Income Taxes	\$ 341	\$ 221	\$ 724	\$ 489

(a) Includes \$19 million related to the recognized currency translation adjustment gain

The Chicken segment had sales of \$2 million and \$6 million in the second quarter of fiscal 2014 and 2013, respectively, and sales of \$4 million and \$8 million in the first six months of fiscal 2014 and 2013, respectively, from transactions with other operating segments of the Company. The Beef segment had sales of \$67 million and \$54 million in the second quarter of fiscal 2014 and 2013, respectively, and sales of \$130 million and \$97 million in the first six months of fiscal 2014 and 2013, respectively, from transactions with other operating segments of the Company. The Pork segment had sales of \$242 million and \$209 million in the second quarter of fiscal 2014 and 2013, respectively, and sales of \$464 million and \$429 million in the first six months of fiscal 2014 and 2013, respectively, from transactions with other operating segments of the Company. The aforementioned sales from intersegment transactions, which were at market prices, were included in the segment sales in the above table.

NOTE 15: COMMITMENTS AND CONTINGENCIES

Commitments

We guarantee obligations of certain outside third parties, which consist primarily of leases and grower loans, which are substantially collateralized by the underlying assets. Terms of the underlying debt cover periods up to ten years, and the maximum potential amount of future payments as of March 29, 2014, was \$53 million. We also maintain operating leases for various types of equipment, some of which contain residual value guarantees for the market value of the underlying leased assets at the end of the term of the lease. The remaining terms of the lease maturities cover periods over the next 14 years. The maximum potential amount of the residual value guarantees is \$50 million, of which \$44 million could be recoverable through various recourse provisions and an additional undeterminable recoverable amount based on the fair value of the underlying leased assets. The likelihood of material payments under these guarantees is not considered probable. At March 29, 2014, and September 28, 2013, no material liabilities for guarantees were recorded.

We have cash flow assistance programs in which certain livestock suppliers participate. Under these programs, we pay an amount for livestock equivalent to a standard cost to grow such livestock during periods of low market sales prices. The amounts of such payments that are in excess of the market sales price are recorded as receivables and accrue interest. Participating suppliers are obligated to repay these receivables balances when market sales prices exceed this standard cost, or upon termination of the agreement. Our maximum obligation associated with these programs is limited to the fair value of each participating livestock supplier's net tangible assets. The potential maximum obligation as of March 29, 2014, was approximately \$310 million. The total receivables under these programs were \$32 million and \$44 million at March 29, 2014, and September 28, 2013, respectively, and are included, net of allowance for uncollectible amounts, in Accounts Receivable in our Consolidated Condensed Balance Sheets. Even though these programs are limited to the net tangible assets of the participating livestock suppliers, we also manage a portion of our credit risk associated with these programs by obtaining security interests in livestock suppliers' assets. After analyzing residual credit risks and general market conditions, we have recorded an allowance for these programs' estimated uncollectible receivables of \$10 million and \$15 million at March 29, 2014, and September 28, 2013, respectively.

Contingencies

We are involved in various claims and legal proceedings. We routinely assess the likelihood of adverse judgments or outcomes to those matters, as well as ranges of probable losses, to the extent losses are reasonably estimable. We record accruals for such matters to the extent that we conclude a loss is probable and the financial impact, should an adverse outcome occur, is reasonably estimable. Such accruals are reflected in the Company's consolidated condensed financial statements. In our opinion, we have made appropriate and adequate accruals for these matters and believe the probability of a material loss beyond the amounts accrued to be remote; however, the ultimate liability for these matters is uncertain, and if accruals are not adequate, an adverse outcome could have a material effect on the consolidated financial condition or results of operations. Listed below are certain claims made against the Company and/or our subsidiaries for which the potential exposure is considered material to the Company's consolidated condensed financial statements. We believe we have substantial defenses to the claims made and intend to vigorously defend these matters.

There are eleven lawsuits against our beef and pork subsidiary, Tyson Fresh Meats Inc., in which certain present and past employees allege that we failed to compensate them for the time it takes to engage in pre- and post-shift activities, such as changing into and out of protective and sanitary clothing and walking to and from the changing area, work areas and break areas in violation of the Fair Labor Standards Act (FLSA) and various state laws. These lawsuits involve employees from our plants in Garden City, Kansas (Garcia, et al. v. Tyson Foods, Inc., Tyson Fresh Meats, Inc., D. Kansas, May 15, 2006); Storm Lake, Iowa (Bouaphakeo (f/k/a Sharp), et al. v. Tyson Foods, Inc., N.D. Iowa, February 6, 2007); Columbus Junction, Iowa (Guyton (f/k/a Robinson), et al. v. Tyson Foods, Inc., d.b.a Tyson Fresh Meats, Inc., S.D. Iowa, September 12, 2007); Madison, Nebraska (Acosta, et al. v. Tyson Foods, Inc. d.b.a Tyson Fresh Meats, Inc., D. Nebraska, February 29, 2008); Dakota City, Nebraska (Gomez, et al. v. Tyson Foods, Inc., D. Nebraska, January 16, 2008); Perry and Waterloo, Iowa (Edwards, et al. v. Tyson Foods, Inc. d.b.a Tyson Fresh Meats, Inc., S.D. Iowa, March 20, 2008); Logansport, Indiana (Carter, et al. v. Tyson Foods, Inc. and Tyson Fresh Meats, Inc., N.D. Indiana, April 29, 2008); Goodlettsville, Tennessee (Abadeer v. Tyson Foods, Inc., and Tyson Fresh Meats, Inc., M.D. Tennessee, February 6, 2009); Emporia, Kansas (Abdiaziz, et al. v. Tyson Foods, Inc., Tyson Fresh Meats, Inc., D. Kansas, September 30, 2011); and Joslin, Illinois (Murray, et al. v. Tyson Foods, Inc., C.D. Illinois, January 2, 2008; and DeVoss v. Tyson Foods, Inc. d.b.a. Tyson Fresh Meats, C.D. Illinois, March 2, 2011). The actions allege we failed to pay employees for all hours worked, including overtime compensation for the time it takes to change into protective work uniforms, safety equipment and other sanitary and protective clothing worn by employees, and for walking to and from the changing area, work areas and break areas in violation of the FLSA and analogous state laws. The plaintiffs seek back wages, liquidated damages, pre- and post-judgment interest, attorneys' fees and costs. Each case is proceeding in its jurisdiction.

- After a trial in the Garcia case, which involves our Garden City, Kansas beef plant, a jury verdict in favor of the plaintiffs was entered on March 17, 2011. Exclusive of pre- and post-judgment interest, attorneys' fees and costs, the jury found violations of federal and state laws for pre- and post-shift work activities and awarded damages in the amount of \$503,011 . Plaintiffs' counsel filed an application for attorneys' fees and expenses which we contested. On December 7, 2012, the court granted plaintiffs' counsel's application and awarded a total of \$3,609,723 . We appealed the jury's verdict and trial court's award to the Tenth Circuit Court of Appeals, and oral arguments were held on November 18, 2013.
- A jury trial was held in the Bouaphakeo case, which involves our Storm Lake, Iowa pork plant, which resulted in a jury verdict in favor of the plaintiffs for violations of federal and state laws for pre- and post-shift work activities. The trial court also awarded the plaintiffs liquidated damages, resulting in total damages awarded in the amount of \$5,784,758 . The plaintiffs' counsel has also filed an application for attorneys' fees and expenses in the amount of \$2,692,145 . We have appealed the jury's verdict and trial court's award to the Eighth Circuit Court of Appeals. Oral arguments were held on February 11, 2014.
- A jury trial was held in the Guyton case, which involves our Columbus Junction, Iowa pork plant, which resulted in a jury verdict in favor of Tyson on April 25, 2012. The plaintiffs have appealed to the Eighth Circuit Court of Appeals. Oral arguments were held on February 11, 2014.
- A bench trial was held in the Acosta case, which involves our Madison, Nebraska pork plant, in January 2013. In May 2013 the trial court awarded the plaintiffs \$5,733,943 for unpaid overtime wages. Subsequently, the court ordered the class of plaintiffs expanded, and the plaintiffs submitted an updated calculation of \$6,258,330 for unpaid overtime wages as reflected by payroll data through May 2013. On January 30, 2014, the trial court entered judgment in favor of the plaintiffs in the amount of \$18,774,989 . The court denied our post-trial motions, and we appealed to the Eighth Circuit Court of Appeals.
- A jury trial in the Gomez case, which involves our Dakota City, Nebraska beef plant, was held, and the jury found in favor of the plaintiffs on April 3, 2013. On October 2, 2013, the trial court denied the parties' post-trial motions and entered judgment awarding unpaid overtime wages, liquidated damages, and penalties totaling \$4,960,787 . We appealed the jury's verdict and trial court's award to the Eighth Circuit Court of Appeals.
- The trial court in the Edwards case, which involves our Perry and Waterloo, Iowa pork plants, decertified the state law class and granted other pre-trial motions that resulted in judgment in our favor with respect to the plaintiffs' claims. The plaintiffs have filed a motion to modify this judgment.
- The parties in the Carter case, which involves our Logansport, Indiana pork plant, agreed to settle all claims for \$950,000 . The parties' joint motion for approval of the settlement is currently pending.
- The trial court in the Abadeer case, which involves our Goodlettsville, Tennessee case-ready beef and pork plant, granted the plaintiffs' motion for summary judgment in part, finding that certain pre- and post-shift activities were compensable and our non-payment for those activities was willful and not in good faith. The trial for the remaining issues, including damages, originally scheduled in April 2014, is now scheduled to begin in August 2014.

We have pending one wage and hour action involving our Tyson Prepared Foods plant located in Jefferson, Wisconsin (Weissman, et al. v. Tyson Prepared Foods, Inc., Jefferson County (Wisconsin) Circuit Court, October 20, 2010). The plaintiffs allege that employees should be paid for the time it takes to engage in pre- and post-shift activities such as changing into and out of protective and sanitary clothing and the associated time it takes to walk to and from their workstations post-donning and pre-doffing of protective and sanitary clothing, and that they are entitled to back wages, liquidated damages, pre- and post-judgment interest, and attorneys' fees and costs. The trial court granted our motion for summary judgment seeking dismissal of the claims, but the state appellate court reversed and remanded the case to the trial court. The parties subsequently agreed to settle all claims for \$500,000 .

On June 19, 2005, the Attorney General and the Secretary of the Environment of the State of Oklahoma filed a complaint in the U.S. District Court for the Northern District of Oklahoma against us, three of our subsidiaries and six other poultry integrators. The complaint, which was subsequently amended, asserts a number of state and federal causes of action including, but not limited to, counts under Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Resource Conservation and Recovery Act (RCRA), and state-law public nuisance theories. The amended complaint asserts that defendants and certain contract growers who are not named in the amended complaint polluted the surface waters, groundwater and associated drinking water supplies of the Illinois River Watershed (IRW) through the land application of poultry litter. Oklahoma asserts that this alleged pollution has also caused extensive injury to the environment (including soils and sediments) of the IRW and that the defendants have been unjustly enriched. Oklahoma's claims cover the entire IRW, which encompasses more than one million acres of land and the natural resources (including lakes and waterways) contained therein. Oklahoma seeks wide-ranging relief, including injunctive relief, compensatory damages in excess of \$800 million , an unspecified amount in punitive damages and attorneys' fees. We and the other defendants have denied liability, asserted various defenses, and filed a third-party complaint that asserts claims against other persons and entities whose activities may have contributed to the pollution alleged in the amended complaint. The district court has stayed proceedings on the third party complaint pending resolution of Oklahoma's claims against the defendants. On October 31, 2008, the defendants filed a motion to dismiss for failure to join the Cherokee Nation as a required party or, in the alternative, for judgment as a matter of law based on the plaintiffs' lack of standing. This motion was granted in part and denied in part on July 22, 2009. In its ruling, the district court dismissed Oklahoma's claims for cost recovery and for natural resources damages under CERCLA and for unjust enrichment under Oklahoma common law. This ruling also narrowed the scope of Oklahoma's remaining claims by dismissing all damage claims under its causes of action for Oklahoma common law nuisance, federal common law nuisance, and Oklahoma common law trespass, leaving only its claims for injunctive relief for trial. On August 18, 2009, the Court granted partial summary judgment in favor of the defendants on Oklahoma's claims for violations of the Oklahoma Registered Poultry Feeding Operations Act. Oklahoma later voluntarily dismissed the remainder of this claim. On September 2, 2009, the Cherokee Nation filed a motion to intervene in the lawsuit. Its motion to intervene was denied on September 15, 2009, and the Cherokee Nation filed a notice of appeal of that ruling in the Tenth Circuit Court of Appeals on September 17, 2009. A non-jury trial of the case began on September 24, 2009. At the close of Oklahoma's case-in-chief, the Court granted the defendants' motions to dismiss claims based on RCRA, nuisance per se, and health risks related to bacteria. The defense rested its case on January 13, 2010, and closing arguments were held on February 11, 2010. On September 21, 2010, the Court of Appeals affirmed the district court's denial of the Cherokee Nation's motion to intervene. On October 6, 2010, the Cherokee Nation and the State of Oklahoma filed a petition for rehearing or en banc review seeking reconsideration of this ruling. The Court of Appeals denied this petition. The district court has not yet rendered its decision from the trial, which ended in February 2010.

NOTE 16: CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

TFM Parent, our wholly-owned subsidiary, has fully and unconditionally guaranteed the 2016 Notes. Additionally, TFM Parent has fully and unconditionally guaranteed the 2022 Notes until such date TFM Parent has been released of its guarantee of both (i) Tyson's \$1.0 billion revolving credit facility and (ii) the 2016 Notes, at which time TFM Parent's guarantee of the 2022 Notes is permanently released. The following financial information presents condensed consolidating financial statements, which include Tyson Foods, Inc. (TFI Parent); TFM Parent; the Non-Guarantors Subsidiaries (Non-Guarantors) on a combined basis; the elimination entries necessary to consolidate TFI Parent, TFM Parent and the Non-Guarantors; and Tyson Foods, Inc. on a consolidated basis, and is provided as an alternative to providing separate financial statements for the guarantor.

Condensed Consolidating Statement of Income and Comprehensive Income for the three months ended March 29, 2014 in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Sales	\$ 148	\$ 5,168	\$ 4,159	\$ (443)	\$ 9,032
Cost of Sales	4	4,953	3,867	(443)	8,381
Gross Profit	144	215	292	—	651
Selling, General and Administrative	28	57	205	—	290
Operating Income	116	158	87	—	361
Other (Income) Expense:					
Interest expense, net	(15)	34	3	—	22
Other, net	1	—	(3)	—	(2)
Equity in net earnings of subsidiaries	(128)	(6)	—	134	—
Total Other (Income) Expense	(142)	28	—	134	20
Income from Continuing Operations before Income Taxes	258	130	87	(134)	341
Income Tax Expense	45	44	42	—	131
Income from Continuing Operations	213	86	45	(134)	210
Loss from Discontinued Operation, Net of Tax	—	—	—	—	—
Net Income	213	86	45	(134)	210
Less: Net Income (Loss) Attributable to Noncontrolling Interest	—	—	(3)	—	(3)
Net Income Attributable to Tyson	\$ 213	\$ 86	\$ 48	\$ (134)	\$ 213
Comprehensive Income (Loss)	224	91	51	(143)	223
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	—	(3)	—	(3)
Comprehensive Income (Loss) Attributable to Tyson	\$ 224	\$ 91	\$ 54	\$ (143)	\$ 226

Condensed Consolidating Statement of Income and Comprehensive Income for the three months ended March 30, 2013						in millions
	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total	
Sales	\$ 101	\$ 4,552	\$ 4,008	\$ (278)	\$ 8,383	
Cost of Sales	11	4,479	3,703	(278)	7,915	
Gross Profit	90	73	305	—	468	
Selling, General and Administrative	12	45	175	—	232	
Operating Income	78	28	130	—	236	
Other (Income) Expense:						
Interest expense, net	9	15	10	—	34	
Other, net	4	—	(23)	—	(19)	
Equity in net earnings of subsidiaries	(51)	10	—	41	—	
Total Other (Income) Expense	(38)	25	(13)	41	15	
Income from Continuing Operations before Income Taxes	116	3	143	(41)	221	
Income Tax Expense	21	2	30	—	53	
Income from Continuing Operations	95	1	113	(41)	168	
Loss from Discontinued Operation, Net of Tax	—	—	(62)	—	(62)	
Net Income	95	1	51	(41)	106	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	—	—	11	—	11	
Net Income Attributable to Tyson	\$ 95	\$ 1	\$ 40	\$ (41)	\$ 95	
Comprehensive Income (Loss)	87	(22)	(19)	41	87	
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	—	11	—	11	
Comprehensive Income (Loss) Attributable to Tyson	\$ 87	\$ (22)	\$ (30)	\$ 41	\$ 76	

Condensed Consolidating Statement of Income and Comprehensive Income for the six months ended March 29, 2014

in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Sales	\$ 315	\$ 10,216	\$ 8,146	\$ (884)	\$ 17,793
Cost of Sales	21	9,779	7,541	(884)	16,457
Gross Profit	294	437	605	—	1,336
Selling, General and Administrative	51	112	400	—	563
Operating Income	243	325	205	—	773
Other (Income) Expense:					
Interest expense, net	(10)	49	9	—	48
Other, net	7	(1)	(5)	—	1
Equity in net earnings of subsidiaries	(303)	(12)	—	315	—
Total Other (Income) Expense	(306)	36	4	315	49
Income from Continuing Operations before Income Taxes	549	289	201	(315)	724
Income Tax Expense	82	96	84	—	262
Income from Continuing Operations	467	193	117	(315)	462
Loss from Discontinued Operation, Net of Tax	—	—	—	—	—
Net Income	467	193	117	(315)	462
Less: Net Income (Loss) Attributable to Noncontrolling Interest	—	—	(5)	—	(5)
Net Income Attributable to Tyson	\$ 467	\$ 193	\$ 122	\$ (315)	\$ 467
Comprehensive Income (Loss)	467	192	114	(306)	467
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	—	(5)	—	(5)
Comprehensive Income (Loss) Attributable to Tyson	\$ 467	\$ 192	\$ 119	\$ (306)	\$ 472

Condensed Consolidating Statement of Income and Comprehensive Income for the six months ended March 30, 2013						in millions
	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total	
Sales	\$ 176	\$ 9,302	\$ 7,876	\$ (605)	\$ 16,749	
Cost of Sales	27	9,017	7,303	(605)	15,742	
Gross Profit	149	285	573	—	1,007	
Selling, General and Administrative	32	97	338	—	467	
Operating Income	117	188	235	—	540	
Other (Income) Expense:						
Interest expense, net	17	31	22	—	70	
Other, net	4	—	(23)	—	(19)	
Equity in net earnings of subsidiaries	(200)	(14)	—	214	—	
Total Other (Income) Expense	(179)	17	(1)	214	51	
Income from Continuing Operations before Income Taxes	296	171	236	(214)	489	
Income Tax Expense	28	53	68	—	149	
Income from Continuing Operations	268	118	168	(214)	340	
Loss from Discontinued Operation, Net of Tax	—	—	(66)	—	(66)	
Net Income	268	118	102	(214)	274	
Less: Net Income (Loss) Attributable to Noncontrolling Interest	—	—	6	—	6	
Net Income Attributable to Tyson	\$ 268	\$ 118	\$ 96	\$ (214)	\$ 268	
Comprehensive Income (Loss)	244	99	31	(130)	244	
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	—	6	—	6	
Comprehensive Income (Loss) Attributable to Tyson	\$ 244	\$ 99	\$ 25	\$ (130)	\$ 238	

Condensed Consolidating Balance Sheet as of March 29, 2014

in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ —	\$ 20	\$ 418	\$ —	\$ 438
Accounts receivable, net	1	636	911	—	1,548
Inventories	—	1,245	1,723	—	2,968
Other current assets	137	46	222	(175)	230
Total Current Assets	138	1,947	3,274	(175)	5,184
Net Property, Plant and Equipment	31	906	3,168	—	4,105
Goodwill	—	881	1,044	—	1,925
Intangible Assets	—	18	138	—	156
Other Assets	165	145	265	(59)	516
Investment in Subsidiaries	12,230	2,046	—	(14,276)	—
Total Assets	\$ 12,564	\$ 5,943	\$ 7,889	\$ (14,510)	\$ 11,886

Liabilities and Shareholders' Equity

Current Liabilities:

Current debt	\$ —	\$ —	\$ 52	\$ —	\$ 52
Accounts payable	36	650	743	—	1,429
Other current liabilities	4,157	286	822	(4,241)	1,024
Total Current Liabilities	4,193	936	1,617	(4,241)	2,505
Long-Term Debt	1,771	1	175	(59)	1,888
Deferred Income Taxes	26	73	345	—	444
Other Liabilities	138	156	291	—	585
Total Tyson Shareholders' Equity	6,436	4,777	5,433	(10,210)	6,436
Noncontrolling Interest	—	—	28	—	28
Total Shareholders' Equity	6,436	4,777	5,461	(10,210)	6,464
Total Liabilities and Shareholders' Equity	\$ 12,564	\$ 5,943	\$ 7,889	\$ (14,510)	\$ 11,886

Condensed Consolidating Balance Sheet as of September 28, 2013

in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ —	\$ 21	\$ 1,124	\$ —	\$ 1,145
Accounts receivable, net	—	571	926	—	1,497
Inventories	—	1,039	1,778	—	2,817
Other current assets	351	88	117	(411)	145
Total Current Assets	351	1,719	3,945	(411)	5,604
Net Property, Plant and Equipment	32	891	3,130	—	4,053
Goodwill	—	881	1,021	—	1,902
Intangible Assets	—	21	117	—	138
Other Assets	895	162	244	(821)	480
Investment in Subsidiaries	11,975	2,035	—	(14,010)	—
Total Assets	\$ 13,253	\$ 5,709	\$ 8,457	\$ (15,242)	\$ 12,177
Liabilities and Shareholders' Equity					
Current Liabilities:					
Current debt	\$ 457	\$ 132	\$ 251	\$ (327)	\$ 513
Accounts payable	27	575	757	—	1,359
Other current liabilities	4,625	200	901	(4,588)	1,138
Total Current Liabilities	5,109	907	1,909	(4,915)	3,010
Long-Term Debt	1,770	679	241	(795)	1,895
Deferred Income Taxes	24	93	362	—	479
Other Liabilities	149	155	282	(26)	560
Total Tyson Shareholders' Equity	6,201	3,875	5,631	(9,506)	6,201
Noncontrolling Interest	—	—	32	—	32
Total Shareholders' Equity	6,201	3,875	5,663	(9,506)	6,233
Total Liabilities and Shareholders' Equity	\$ 13,253	\$ 5,709	\$ 8,457	\$ (15,242)	\$ 12,177

Condensed Consolidating Statement of Cash Flows for the six months ended March 29, 2014 in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Cash Provided by (Used for) Operating Activities	\$ 10	\$ 129	\$ 171	\$ (45)	\$ 265
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(1)	(67)	(225)	—	(293)
(Purchases of)/Proceeds from marketable securities, net	—	—	(3)	—	(3)
Acquisitions, net of cash acquired	—	—	(56)	—	(56)
Other, net	—	1	7	—	8
Cash Provided by (Used for) Investing Activities	(1)	(66)	(277)	—	(344)
Cash Flows from Financing Activities:					
Net change in debt	(370)	—	(6)	—	(376)
Purchases of Tyson Class A common stock	(275)	—	—	—	(275)
Dividends	(50)	—	(45)	45	(50)
Stock options exercised	49	—	—	—	49
Other, net	19	—	—	—	19
Net change in intercompany balances	618	(64)	(554)	—	—
Cash Provided by (Used for) Financing Activities	(9)	(64)	(605)	45	(633)
Effect of Exchange Rate Change on Cash	—	—	5	—	5
Increase (Decrease) in Cash and Cash Equivalents	—	(1)	(706)	—	(707)
Cash and Cash Equivalents at Beginning of Year	—	21	1,124	—	1,145
Cash and Cash Equivalents at End of Period	\$ —	\$ 20	\$ 418	\$ —	\$ 438

Condensed Consolidating Statement of Cash Flows for the six months ended March 30, 2013 in millions

	TFI Parent	TFM Parent	Non- Guarantors	Eliminations	Total
Cash Provided by (Used for) Operating Activities	\$ 89	\$ 76	\$ 78	\$ (13)	\$ 230
Cash Flows from Investing Activities:					
Additions to property, plant and equipment	(2)	(54)	(234)	—	(290)
(Purchases of)/Proceeds from marketable securities, net	—	(13)	(50)	—	(63)
Acquisitions, net of cash acquired	—	—	(10)	—	(10)
Other, net	(3)	—	33	—	30
Cash Provided by (Used for) Investing Activities	(5)	(67)	(261)	—	(333)
Cash Flows from Financing Activities:					
Net change in debt	(1)	—	(17)	—	(18)
Purchases of Tyson Class A common stock	(188)	—	—	—	(188)
Dividends	(70)	—	(13)	13	(70)
Stock options exercised	69	—	—	—	69
Other, net	2	—	—	—	2
Net change in intercompany balances	103	4	(107)	—	—
Cash Provided by (Used for) Financing Activities	(85)	4	(137)	13	(205)
Effect of Exchange Rate Change on Cash	—	—	(1)	—	(1)
Increase (Decrease) in Cash and Cash Equivalents	(1)	13	(321)	—	(309)
Cash and Cash Equivalents at Beginning of Year	1	9	1,061	—	1,071
Cash and Cash Equivalents at End of Period	\$ —	\$ 22	\$ 740	\$ —	\$ 762

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

RESULTS OF OPERATIONS

Description of the Company

We are one of the world's largest meat protein companies and the second-largest food production company in the *Fortune* 500 with one of the most recognized brand names in the food industry. We produce, distribute and market chicken, beef, pork, prepared foods and related allied products. Some of the key factors influencing our business are customer demand for our products; the ability to maintain and grow relationships with customers and introduce new and innovative products to the marketplace; accessibility of international markets; market prices for our products; the cost and availability of live cattle and hogs, raw materials, feed ingredients; and operating efficiencies of our facilities. Our operations are conducted in five segments: Chicken, Beef, Pork, Prepared Foods and International. During the second quarter of fiscal 2014, we began reporting our International operation as a separate segment, which was previously included in our Chicken segment. Our International segment became a separate reportable segment as a result of changes to our internal financial reporting to align with previously announced executive leadership changes. The International segment includes our foreign operations primarily related to raising and processing live chickens into fresh, frozen and value-added chicken products in Brazil, China, India and Mexico. All periods presented have been reclassified to reflect this change. Beef, Pork, Prepared Foods and Other results were not impacted by this change.

Overview

- General – Operating income grew 53% in the second quarter of fiscal 2014 over the same period in fiscal 2013 and was led by strong earnings in our Chicken and Pork segments.
 - We continued to execute our strategy of accelerating growth in domestic value-added chicken sales, prepared food sales and international chicken production, innovating products, services and customer insights and cultivating our talent development to support Tyson's growth for the future.
 - We also maintained focus on maximizing our margins through margin management and operational efficiency improvements. Margin management improvements occurred in the areas of mix, export sales, price optimization and value-added product initiatives. The operational efficiencies occurred in areas of yields, cost reduction and labor management.
 - Market environment – Our Chicken segment delivered strong results in the second quarter of fiscal 2014 driven by favorable domestic market conditions associated with strong demand for our chicken products. Our Beef segment experienced record high fed cattle costs and reduced availability of fed cattle supplies but increased operating margins by maximizing our revenues relative to the rising live cattle markets. Our Pork segment results remained strong in the second quarter of fiscal 2014 due to mix changes and favorable market conditions associated with lower total pork supplies. Our Prepared Foods segment was challenged by volatile raw material prices in addition to costs incurred as we continue to invest in our lunchmeat business and growth platforms. Our International segment experienced losses due to challenging market conditions in China and Brazil.
- Discontinued Operation – In the third quarter of fiscal 2013, we reported our Weifang operation in China, which was previously part of our Chicken segment, as a discontinued operation. Accordingly, Weifang's results are reported as a discontinued operation for all periods presented.
- Margins – Our total operating margin was 4.0% in the second quarter of fiscal 2014 . Operating margins by segment were as follows:
 - Chicken – 8.2%
 - Beef – 0.9%
 - Pork – 7.2%
 - Prepared Foods – 2.4%
 - International – (9.1)%
- Debt and Liquidity – During the second quarter of fiscal 2014 we used \$96 million of cash to fund operations. Additionally, we repurchased, as part of our share repurchase program, 2.5 million shares of our Class A stock for \$100 million . At March 29, 2014 , we had approximately \$1.4 billion of liquidity, which includes availability under our credit facility and \$438 million of cash and cash equivalents.

in millions, except per share data	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Net income from continuing operations attributable to Tyson	\$ 213	\$ 157	\$ 467	\$ 334
Net income from continuing operations attributable to Tyson – per diluted share	0.60	0.43	1.32	0.92
Net loss from discontinued operation attributable to Tyson	—	(62)	—	(66)
Net loss from discontinued operation attributable to Tyson – per diluted share	—	(0.17)	—	(0.18)
Net income attributable to Tyson	213	95	467	268
Net income attributable to Tyson – per diluted share	0.60	0.26	1.32	0.74

Second quarter and six months - Fiscal 2013 - Net income included the following item:

- \$19 million, or \$0.05 per diluted share, related to a recognized currency translation adjustment.

Summary of Results

Sales

in millions	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Sales	\$ 9,032	\$ 8,383	\$ 17,793	\$ 16,749
Change in sales volume	2.8%		2.6%	
Change in average sales price	5.2%		3.8%	
Sales growth	7.7%		6.2%	

Second quarter – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales were positively impacted by higher sales volume, which accounted for an increase of \$141 million. All segments, with the exception of the Beef segment, had an increase in sales volume.
- **Average Sales Price** – Sales were positively impacted by higher average sales prices, which accounted for an increase of \$508 million. The Beef and Pork segments had an increase in average sales price largely due to increased pricing associated with rising cattle and hog costs. These increases were partially offset by a decrease in average sales price in the Chicken, Prepared Foods and International segments which was driven by lower feed ingredient costs and volatile markets in our International segment.

Six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales were positively impacted by higher sales volume, which accounted for an increase of \$362 million. All segments, with the exception of the Pork segment, had an increase in sales volume.
- **Average Sales Price** – Sales were positively impacted by higher average sales prices, which accounted for an increase of \$682 million. All segments, with the exception of the Chicken and International segments, had an increase in average sales price largely due to continued tight domestic availability of protein, increased pricing associated with rising live and raw material costs, and improved mix. These increases were partially offset by a decrease in average sales price in the Chicken and International segments driven by lower feed ingredient costs and volatile markets in our International segment.

Cost of Sales

in millions	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Cost of sales	\$ 8,381	\$ 7,915	\$ 16,457	\$ 15,742
Gross profit	\$ 651	\$ 468	\$ 1,336	\$ 1,007
Cost of sales as a percentage of sales	92.8%	94.4%	92.5%	94.0%

Second quarter – Fiscal 2014 vs Fiscal 2013

- Cost of sales increased \$466 million. Higher input cost per pound increased cost of sales \$314 million and higher sales volume increased cost of sales \$152 million.
 - The \$314 million impact of higher input cost per pound was primarily driven by:
 - Increases in live cattle and live hog costs of approximately \$355 million and \$90 million, respectively.
 - Increase in raw material and other input costs in our Prepared Foods segment of approximately \$25 million.
 - Decreases in feed costs of approximately \$175 million in our Chicken segment and \$13 million in our International segment.
 - The \$152 million impact of higher sales volume was driven by increases in sales volume in all of our segments other than our Beef segment.

Six months – Fiscal 2014 vs Fiscal 2013

- Cost of sales increased \$715 million. Higher input cost per pound increased cost of sales \$357 million and higher sales volume increased cost of sales \$358 million.
 - The \$357 million impact of higher input cost per pound was primarily driven by:
 - Increases in live cattle and live hog costs of approximately \$450 million and \$140 million, respectively.
 - Increase in raw material and other input costs in our Prepared Foods segment of approximately \$65 million.
 - Decrease in feed costs of approximately \$340 million in our Chicken segment and \$18 million in our International segment.
 - The \$358 million impact of higher sales volume was driven by increases in sales volume in all of our segments other than our Pork segment.

Selling, General and Administrative

in millions	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Selling, general and administrative expense	\$ 290	\$ 232	\$ 563	\$ 467
As a percentage of sales	3.2%	2.8%	3.2%	2.8%

Second quarter – Fiscal 2014 vs Fiscal 2013

- Increase of \$24 million related to employee costs including payroll and stock-based and incentive-based compensation.
- Increase of \$18 million related to advertising, sales promotions and commissions.
- Increase of \$12 million related to professional fees and charitable contributions.

Six months – Fiscal 2014 vs Fiscal 2013

- Increase of \$37 million related to employee costs including payroll and stock-based and incentive-based compensation.
- Increase of \$35 million related to advertising, sales promotions and commissions.
- Increase of \$20 million related to professional fees and charitable contributions.

Interest Expense

in millions	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Cash interest expense	\$ 24	\$ 29	\$ 49	\$ 59
Non-cash interest expense	1	7	4	14
Total Interest Expense	\$ 25	\$ 36	\$ 53	\$ 73

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- Cash interest expense includes interest expense related to the coupon rates for senior notes and commitment/letter of credit fees incurred on our revolving credit facilities. The decrease is due to a lower average debt balance compared to the same period in fiscal 2013 as our 2013 Notes were paid off and retired on October 15, 2013.
- Non-cash interest expense primarily includes interest related to the amortization of debt issuance costs and discounts/premiums on note issuances. The decrease is due to lower amortization of debt issuance costs and discounts compared to the same period in fiscal 2013 as our 2013 Notes were paid off and retired on October 15, 2013.

Other (Income) Expense, net

in millions	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
	\$ (2)	\$ (19)	\$ 1	\$ (19)

Six months – Fiscal 2014

- Included an expense of \$6 million related to the impairment of an equity security investment, which was partially offset by income of \$5 million of equity earnings in joint ventures and foreign currency exchange gains.

Second quarter and six months - Fiscal 2013

- Included \$19 million related to a currency translation adjustment gain recognized in conjunction with the receipt of proceeds constituting the final resolution of our investment in Canada.

Effective Tax Rate

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
	38.3%	23.9%	36.2%	30.4%

Second quarter and six months - Fiscal 2014 – The effective tax rate for continuing operations was impacted by:

- state income taxes;
- the domestic production deduction; and
- losses in foreign jurisdictions for which no benefit is recognized.

Second quarter and six months - Fiscal 2013 – The effective tax rate for continuing operations was impacted by:

- the non-taxable currency translation adjustment gain;
- the retroactive extension of tax credits;
- change in tax reserves;
- state income taxes;
- the domestic production deduction; and
- losses in foreign jurisdictions for which no benefit is recognized.

Segment Results

We operate in five segments: Chicken, Beef, Pork, Prepared Foods and International. The following table is a summary of sales and operating income (loss), which is how we measure segment income.

in millions	Sales			
	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Chicken	\$ 2,842	\$ 2,733	\$ 5,498	\$ 5,328
Beef	3,825	3,447	7,559	6,932
Pork	1,487	1,311	2,911	2,674
Prepared Foods	861	803	1,768	1,644
International	328	331	655	658
Other	—	27	—	47
Intersegment Sales	(311)	(269)	(598)	(534)
Total	\$ 9,032	\$ 8,383	\$ 17,793	\$ 16,749

in millions	Operating Income (Loss)			
	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Chicken	\$ 234	\$ 143	\$ 487	\$ 256
Beef	35	(26)	93	20
Pork	107	72	228	197
Prepared Foods	21	28	37	61
International	(30)	(3)	(58)	(5)
Other	(6)	22	(14)	11
Total	\$ 361	\$ 236	\$ 773	\$ 540

Chicken Segment Results

in millions	Three Months Ended			Six Months Ended		
	March 29, 2014	March 30, 2013	Change	March 29, 2014	March 30, 2013	Change
Sales	\$ 2,842	\$ 2,733	\$ 109	\$ 5,498	\$ 5,328	\$ 170
Sales Volume Change			4.3 %			3.4 %
Average Sales Price Change			(0.3)%			(0.2)%
Operating Income	\$ 234	\$ 143	\$ 91	\$ 487	\$ 256	\$ 231
Operating Margin	8.2%	5.2%		8.9%	4.8%	

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales volumes grew due to stronger demand for chicken products and mix of rendered product sales.
- **Average Sales Price** – The slight decrease in average sales price was primarily due to lower feed ingredient costs, partially offset by mix changes.
- **Operating Income** – Operating income was positively impacted by increased sales volume, operational improvements and lower feed ingredient costs, partially offset by decreased average sales price. Feed costs decreased \$175 million and \$340 million for the second quarter and first six months of fiscal 2014, respectively.

Beef Segment Results

in millions	Three Months Ended			Six Months Ended		
	March 29, 2014	March 30, 2013	Change	March 29, 2014	March 30, 2013	Change
Sales	\$ 3,825	\$ 3,447	\$ 378	\$ 7,559	\$ 6,932	\$ 627
Sales Volume Change			(1.8)%			1.1%
Average Sales Price Change			13.0 %			7.9%
Operating Income	\$ 35	\$ (26)	\$ 61	\$ 93	\$ 20	\$ 73
Operating Margin	0.9%	(0.8)%		1.2%	0.3%	

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales volumes decreased for the second quarter of fiscal 2014 due to a reduction in live cattle processed as a result of reduced export sales. However, sales volumes increased for the first six months of fiscal 2014 due to better demand for our beef products.
- **Average Sales Price** – Average sales price increased due to lower domestic availability of fed cattle supplies, which drove up livestock costs.
- **Operating Income** – Operating income increased due to improved operational execution and maximizing our revenues relative to the rising live cattle markets, partially offset by increased operating costs.

Pork Segment Results

in millions	Three Months Ended			Six Months Ended		
	March 29, 2014	March 30, 2013	Change	March 29, 2014	March 30, 2013	Change
Sales	\$ 1,487	\$ 1,311	\$ 176	\$ 2,911	\$ 2,674	\$ 237
Sales Volume Change			0.7%			(0.7)%
Average Sales Price Change			12.5%			9.6 %
Operating Income	\$ 107	\$ 72	\$ 35	\$ 228	\$ 197	\$ 31
Operating Margin	7.2%	5.5%		7.8%	7.4%	

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales volumes increased for the second quarter of fiscal 2014 as a result of better domestic demand for our pork products. However, sales volumes decreased for the first six months of fiscal 2014 as a result of reduced export sales during our first quarter of fiscal 2014.
- **Average Sales Price** – Average sales price increased primarily due to mix changes and lower total hog supplies, which resulted in higher input costs.
- **Operating Income** – Operating income increased due to maximizing our revenues relative to live hog markets, partially attributable to operational and mix performance.

Prepared Foods Segment Results

in millions	Three Months Ended			Six Months Ended		
	March 29, 2014	March 30, 2013	Change	March 29, 2014	March 30, 2013	Change
Sales	\$ 861	\$ 803	\$ 58	\$ 1,768	\$ 1,644	\$ 124
Sales Volume Change			8.1 %			5.7%
Average Sales Price Change			(0.9)%			1.7%
Operating Income	\$ 21	\$ 28	\$ (7)	\$ 37	\$ 61	\$ (24)
Operating Margin	2.4%	3.5%		2.1%	3.7%	

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales volumes increased as a result of improved demand for our prepared foods products and incremental volumes from the purchase of three businesses.
- **Average Sales Price** – Average sales price decreased slightly for the second quarter of fiscal 2014 due to mix changes. However, average sales price increased for the first six months of fiscal 2014 due to better product mix and price increases associated with higher input costs.
- **Operating Income** – Operating income decreased, despite increases in sales volumes, as a result of higher raw material and other input costs of approximately \$25 million and \$65 million for the second quarter and first six months of fiscal 2014, respectively, and additional costs incurred as we invested in our growth platforms. Because many of our sales contracts are formula based or shorter-term in nature, we are typically able to offset rising input costs through pricing. However, there is a lag time for price increases to take effect.

International Segment Results

in millions	Three Months Ended			Six Months Ended		
	March 29, 2014	March 30, 2013	Change	March 29, 2014	March 30, 2013	Change
Sales	\$ 328	\$ 331	\$ (3)	\$ 655	\$ 658	\$ (3)
Sales Volume Change			13.8 %			12.4 %
Average Sales Price Change			(12.9)%			(11.4)%
Operating Income	\$ (30)	\$ (3)	\$ (27)	\$ (58)	\$ (5)	\$ (53)
Operating Margin	(9.1)%	(0.9)%		(8.9)%	(0.8)%	

Second quarter and six months – Fiscal 2014 vs Fiscal 2013

- **Sales Volume** – Sales volumes increased as we continue to grow our businesses in Brazil and China.
- **Average Sales Price** – Average sales price decreased due to poor export market conditions in Brazil, supply imbalances associated with weak demand in China and a less favorable pricing environment in Mexico.
- **Operating Income** – Operating income decreased due to poor operational execution in Brazil, challenging market conditions in Brazil and China and additional costs incurred as we continue to grow our International operation.

Outlook

In fiscal 2014, we expect overall domestic protein production (chicken, beef, pork and turkey) to decrease approximately 1% from fiscal 2013 levels, mainly due to further reductions in forecasted hog supplies. Grain supplies are expected to increase in fiscal 2014, which should result in lower input costs. The following is a summary of the fiscal 2014 outlook for each of our segments, as well as an outlook on sales, capital expenditures, net interest expense, debt and liquidity and share repurchases:

- **Chicken** – We expect domestic chicken production to increase around 2-3% in fiscal 2014 compared to fiscal 2013. Based on current futures prices, we expect lower feed costs in fiscal 2014 compared to fiscal 2013 of approximately \$500 million. Many of our sales contracts are formula based or shorter-term in nature, but there may be a lag time for price changes to take effect. Due to the relative value of chicken compared to other proteins, we believe demand will remain strong in fiscal 2014. We believe our Chicken segment should be above its normalized range of 5.0%-7.0% for fiscal 2014.
- **Beef** – We expect to see a reduction of industry fed cattle supplies of 3-4% in fiscal 2014 as compared to fiscal 2013. Although we generally expect adequate supplies in regions we operate our plants, there may be periods of imbalance of fed cattle supply and demand. For fiscal 2014, we believe our Beef segment's profitability will be similar to fiscal 2013, which was below its normalized range of 2.5%-4.5%.
- **Pork** – We expect industry hog supplies to decrease around 4-5% in fiscal 2014 compared to fiscal 2013, partially offset by increased average live weights. For fiscal 2014, we believe our Pork segment will be in its normalized range of 6.0%-8.0%.
- **Prepared Foods** – We expect operational improvements and pricing to offset increased raw material costs. Because many of our sales contracts are formula based or shorter-term in nature, we are typically able to offset rising input costs through increased pricing. As we continue to invest heavily in our growth platforms, we expect our Prepared Foods segment to be below its normalized range of 4.0%-6.0% for fiscal 2014.
- **International** – We expect our International chicken production to increase around 15% in fiscal 2014 compared to fiscal 2013. Based on current futures prices, we expect lower feed costs in fiscal 2014 compared to fiscal 2013 of approximately \$40 million. Unless market conditions improve, we will incur losses for the remainder of the year; however the losses in the third and fourth quarters of fiscal 2014 should be lower than the losses sustained in the first two quarters of fiscal 2014.
- **Sales** – We expect fiscal 2014 sales to approximate \$37 billion as we continue to execute our strategy of accelerating growth in domestic value-added chicken sales, prepared food sales and international chicken production, as well as price increases associated with rising cattle and hog costs.
- **Capital Expenditures** – We expect fiscal 2014 capital expenditures to be approximately \$650 to \$700 million.
- **Net Interest Expense** – We expect net interest expense will approximate \$95 million for fiscal 2014.
- **Debt and Liquidity** – We expect total liquidity, which was \$1.4 billion at March 29, 2014, to be above our goal to maintain liquidity in excess of \$1.2 billion.
- **Share Repurchases** – We expect to continue repurchasing shares under our share repurchase program. As of March 29, 2014, 32.1 million shares remained authorized for repurchases under this program. The timing and extent to which we repurchase shares will depend upon, among other things, our working capital needs, market conditions, liquidity targets, our debt obligations and regulatory requirements.

LIQUIDITY AND CAPITAL RESOURCES

Our cash needs for working capital, capital expenditures, growth opportunities, the repurchases of senior notes and share repurchases are expected to be met with current cash on hand, cash flows provided by operating activities, or short-term borrowings. Based on our current expectations, we believe our liquidity and capital resources will be sufficient to operate our business. However, we may take advantage of opportunities to generate additional liquidity or refinance existing debt through capital market transactions. The amount, nature and timing of any capital market transactions will depend on our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

Cash Flows from Operating Activities

in millions	Six Months Ended	
	March 29, 2014	March 30, 2013
Net income	\$ 462	\$ 274
Non-cash items in net income:		
Depreciation and amortization	254	259
Deferred income taxes	(24)	(24)
Other, net	32	57
Convertible debt discount	(92)	—
Changes in working capital	(367)	(336)
Net cash provided by operating activities	\$ 265	\$ 230

- Operating cash outflow associated with the Convertible debt discount relate to the initial debt discount of \$92 million on our 2013 Notes, which matured and were retired in the first quarter of fiscal 2014.
- Cash flows associated with changes in working capital for the six months ended:
 - **March 29, 2014** – Decreased primarily due to higher inventory and accounts receivable balances and decreases in taxes payable and accrued salaries, wages and benefits balances, partially offset by an increase in accounts payable. The increase in inventory and accounts receivable balances is largely due to increased raw material costs and timing of sales.
 - **March 30, 2013** – Decreased primarily due to higher inventory and accounts receivable balances and decreases in accounts payable and accrued salaries, wages and benefits balances. The increase in inventory and accounts receivable balances is largely due to increased raw material costs and timing of sales.

Cash Flows from Investing Activities

in millions	Six Months Ended	
	March 29, 2014	March 30, 2013
Additions to property, plant and equipment	\$ (293)	\$ (290)
(Purchases of)/Proceeds from marketable securities, net	(3)	(63)
Acquisitions, net of cash acquired	(56)	(10)
Other, net	8	30
Net cash used for investing activities	\$ (344)	\$ (333)

- Additions to property, plant and equipment include acquiring new equipment and upgrading our facilities to maintain competitive standing and position us for future opportunities as well as ongoing development of our International segment.
- Capital spending for fiscal 2014 is expected to be approximately \$650 to \$700 million, and will include spending on our operations for production and labor efficiencies, yield improvements and sales channel flexibility, as well as expansion of our International segment.
- Acquisitions - During the first six months of fiscal 2014, we acquired a value-added food business as part of our strategic expansion initiative. The purchase price of the acquisition was \$56 million, which included \$12 million for property, plant and equipment, \$27 million allocated to Intangible Assets and \$18 million allocated to Goodwill.

Cash Flows from Financing Activities

in millions	Six Months Ended	
	March 29, 2014	March 30, 2013
Payments on debt	\$ (390)	\$ (55)
Net proceeds from borrowings	14	37
Purchases of Tyson Class A common stock	(275)	(188)
Dividends	(50)	(70)
Stock options exercised	49	69
Other, net	19	2
Net cash used for financing activities	\$ (633)	\$ (205)

- Our 2013 Notes matured on October 15, 2013 at which time we paid the \$458 million principal value with cash on hand, and settled the conversion premium by issuing 11.7 million shares of our Class A stock from available treasury shares. The 2013 Notes were initially recorded at a \$92 million discount, which equaled the fair value of an equity conversion premium instrument. The portion of the payment of the Notes related to the initial \$92 million discount was recorded in cash flows from operating activities. Simultaneous to the settlement of the conversion premium, we received 11.7 million shares of our Class A stock from the call options.
- During the first six months of fiscal 2014, we received proceeds of \$11 million and paid \$21 million related to borrowings at our foreign subsidiaries. Total debt related to our foreign subsidiaries was \$50 million at March 29, 2014 (\$37 million current, \$13 million long-term).
- Purchases of Tyson Class A stock included:
 - \$250 million and \$150 million for shares repurchased pursuant to our share repurchase program during the six months ended March 29, 2014 and March 30, 2013, respectively; and
 - \$25 million and \$38 million for shares repurchased to fund certain obligations under our equity compensation plans during the six months ended March 29, 2014 and March 30, 2013, respectively.
- Dividends during the first six months of fiscal 2014 included a 50% increase to our quarterly dividend rate. Dividends during the first six months of fiscal 2013 include a special dividend of \$0.10 and \$0.09 to holders of our Class A stock and Class B stock, respectively.

Liquidity

in millions	Commitments Expiration Date	Facility Amount	Outstanding Letters of Credit (no draw downs)	Amount Borrowed	Amount Available
Short-term investments				\$	2
Revolving credit facility	August 2017	\$ 1,000	\$ 45	\$ —	\$ 955
Total liquidity				\$	1,395

- The revolving credit facility supports our short-term funding needs and letters of credit. The letters of credit issued under this facility are primarily in support of workers' compensation insurance programs and derivative activities.
- In October 2013 our 2013 Notes matured at which time we paid the \$458 million principal value with cash on hand.
- At March 29, 2014, approximately 71% of our cash was held in the international accounts of our foreign subsidiaries. Generally, we do not rely on the foreign cash as a source of funds to support our ongoing domestic liquidity needs. Rather, we manage our worldwide cash requirements by reviewing available funds among our foreign subsidiaries and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to regulatory capital requirements; however, those balances are generally available without legal restrictions to fund ordinary business operations. Our U.S. income taxes, net of applicable foreign tax credits, have not been provided on undistributed earnings of foreign subsidiaries. Our intention is to reinvest these earnings permanently or to repatriate the earnings only when it is tax effective to do so.
- Our current ratio was 2.07 to 1 and 1.86 to 1 at March 29, 2014, and September 28, 2013, respectively.

Capital Resources

Credit Facility

Cash flows from operating activities and current cash on hand are our primary sources of liquidity for funding debt service, capital expenditures, dividends and share repurchases. We also have a revolving credit facility, with a committed maximum capacity of \$1.0 billion, to provide additional liquidity for working capital needs, letters of credit and a source of financing for growth opportunities. As of March 29, 2014, we had outstanding letters of credit totaling \$45 million issued under this facility, none of which were drawn upon, which left \$955 million available for borrowing. Our revolving credit facility is funded by a syndicate of 44 banks, with commitments ranging from \$0.3 million to \$90 million per bank. The syndicate includes bank holding companies that are required to be adequately capitalized under federal bank regulatory agency requirements.

Capitalization

To monitor our credit ratings and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our debt to our total capitalization as support for our long-term financing decisions. At March 29, 2014, and September 28, 2013, the ratio of our debt-to-total capitalization was 23.1% and 27.9%, respectively. The reduction in this ratio at March 29, 2014 was due to the retirement of our 2013 Notes, which totaled \$458 million, upon their maturity in our first quarter of fiscal 2014. For the purpose of this calculation, debt is defined as the sum of current and long-term debt. Total capitalization is defined as debt plus Total Shareholders' Equity.

Credit Ratings

2016 Notes

On February 11, 2013, Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (S&P), upgraded the credit rating of the 2016 Notes from "BBB-" to "BBB." This upgrade did not impact the interest rate on the 2016 Notes.

On June 7, 2012, Moody's Investors Service, Inc. (Moody's) upgraded the credit rating of the 2016 Notes from "Ba1" to "Baa3." This upgrade decreased the interest rate on the 2016 Notes from 6.85% to 6.60%, effective beginning with the six-month interest payment due October 1, 2012.

A one-notch downgrade by Moody's would increase the interest rates on the 2016 Notes by 0.25%. A two-notch downgrade from S&P would increase the interest rates on the 2016 Notes by 0.25%.

Revolving Credit Facility

S&P's corporate credit rating for Tyson Foods, Inc. is "BBB." Moody's senior, unsecured, subsidiary guaranteed long-term debt rating for Tyson Foods, Inc. is "Baa3." Fitch Ratings', a wholly owned subsidiary of Fimalac, S.A. (Fitch), issuer default rating for Tyson Foods, Inc. is "BBB." The below table outlines the fees paid on the unused portion of the facility (Facility Fee Rate) and letter of credit fees (Undrawn Letter of Credit Fee and Borrowing Spread) depending on the rating levels of Tyson Foods, Inc. from S&P, Moody's and Fitch.

Ratings Level (S&P/Moody's/Fitch)	Facility Fee Rate	Undrawn Letter of Credit Fee and Borrowing Spread
BBB+/Baa1/BBB+ or above	0.150%	1.125%
BBB/Baa2/BBB (current level)	0.175%	1.375%
BBB-/Baa3/BBB-	0.225%	1.625%
BB+/Ba1/BB+	0.275%	1.875%
BB/Ba2/BB or lower or unrated	0.325%	2.125%

In the event the rating levels are split, the applicable fees and spread will be based upon the rating level in effect for two of the rating agencies, or, if all three rating agencies have different rating levels, the applicable fees and spread will be based upon the rating level that is between the rating levels of the other two rating agencies.

Debt Covenants

Our revolving credit facility contains affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; pay dividends or make other payments in respect of our capital stock; amend material documents; change the nature of our business; make certain payments of debt; engage in certain transactions with affiliates; and enter into sale/leaseback or hedging transactions, in each case, subject to certain qualifications and exceptions. In addition, we are required to maintain minimum interest expense coverage and maximum debt-to-capitalization ratios.

Our 2022 Notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens; engage in certain sale/leaseback transactions; and engage in certain consolidations, mergers and sales of assets.

We were in compliance with all debt covenants at March 29, 2014.

RECENTLY ADOPTED/ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to the discussion of recently adopted/issued accounting pronouncements under Part I, Item 1, Notes to Consolidated Condensed Financial Statements, Note 1: Accounting Policies.

CRITICAL ACCOUNTING ESTIMATES

We consider accounting policies related to: contingent liabilities; marketing and advertising costs; accrued self insurance; impairment of long-lived assets; impairment of goodwill and other intangible assets; and income taxes to be critical accounting estimates. These policies are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended September 28, 2013 .

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

Certain information in this report constitutes forward-looking statements. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2014 , other future economic circumstances, industry conditions in domestic and international markets, our performance and financial results (e.g., debt levels, return on invested capital, value-added product growth, capital expenditures, tax rates, access to foreign markets and dividend policy). These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) the effect of, or changes in, general economic conditions; (ii) fluctuations in the cost and availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (iii) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iv) successful rationalization of existing facilities and operating efficiencies of the facilities; (v) risks associated with our commodity purchasing activities; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) outbreak of a livestock disease (such as avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an adverse effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (viii) changes in availability and relative costs of labor and contract growers and our ability to maintain good relationships with employees, labor unions, contract growers and independent producers providing us livestock; (ix) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (x) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xi) significant marketing plan changes by large customers or loss of one or more large customers; (xii) adverse results from litigation; (xiii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiv) compliance with and changes to regulations and laws (both domestic and foreign), including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; (xv) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xvi) effectiveness of advertising and marketing programs; and (xvii) those factors listed under Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the year ended September 28, 2013 .

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk relating to our operations results primarily from changes in commodity prices, interest rates and foreign exchange rates, as well as credit risk concentrations. To address certain of these risks, we enter into various derivative transactions as described below. If a derivative instrument is accounted for as a hedge, depending on the nature of the hedge, changes in the fair value of the instrument either will be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or be recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is recognized immediately. Additionally, we hold certain positions, primarily in grain and livestock futures that either do not meet the criteria for hedge accounting or are not designated as hedges. With the exception of normal purchases and normal sales that are expected to result in physical delivery, we record these positions at fair value, and the unrealized gains and losses are reported in earnings at each reporting date. Changes in market value of derivatives used in our risk management activities relating to forward sales contracts are recorded in sales. Changes in market value of derivatives used in our risk management activities surrounding inventories on hand or anticipated purchases of inventories are recorded in cost of sales.

The sensitivity analyses presented below are the measures of potential losses of fair value resulting from hypothetical changes in market prices related to commodities. Sensitivity analyses do not consider the actions we may take to mitigate our exposure to changes, nor do they consider the effects such hypothetical adverse changes may have on overall economic activity. Actual changes in market prices may differ from hypothetical changes.

Commodities Risk: We purchase certain commodities, such as grains and livestock, in the course of normal operations. As part of our commodity risk management activities, we use derivative financial instruments, primarily futures and options, to reduce the effect of changing prices and as a mechanism to procure the underlying commodity. However, as the commodities underlying our derivative financial instruments can experience significant price fluctuations, any requirement to mark-to-market the positions that have not been designated or do not qualify as hedges could result in volatility in our results of operations. Contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts designated and highly effective at meeting this risk reduction and correlation criteria are recorded using hedge accounting. The following table presents a sensitivity analysis resulting from a hypothetical change of 10% in market prices as of March 29, 2014, and September 28, 2013, on the fair value of open positions. The fair value of such positions is a summation of the fair values calculated for each commodity by valuing each net position at quoted futures prices. The market risk exposure analysis includes hedge and non-hedge derivative financial instruments.

Effect of 10% change in fair value	in millions	
	March 29, 2014	September 28, 2013
Livestock:		
Cattle	\$ 57	\$ 13
Hogs	56	35
Grain	12	23

Interest Rate Risk: At March 29, 2014, we had variable rate debt of \$163 million with a weighted average interest rate of 3.2%. A hypothetical 10% increase in interest rates effective at March 29, 2014, and September 28, 2013, would have a minimal effect on interest expense.

Additionally, changes in interest rates impact the fair value of our fixed-rate debt. At March 29, 2014, we had fixed-rate debt of \$1.8 billion with a weighted average interest rate of 5.5%. Market risk for fixed-rate debt is estimated as the potential increase in fair value, resulting from a hypothetical 10% decrease in interest rates. A hypothetical 10% decrease in interest rates would have increased the fair value of our fixed-rate debt by approximately \$22 million at March 29, 2014 and September 28, 2013. The fair values of our debt were estimated based on quoted market prices and/or published interest rates.

Foreign Currency Risk: We have foreign exchange exposure from fluctuations in foreign currency exchange rates primarily as a result of certain receivable and payable balances. The primary currencies we have exposure to are the Brazilian real, the British pound sterling, the Canadian dollar, the Chinese renminbi, the European euro, the Indian rupee and the Mexican peso. We periodically enter into foreign exchange forward and option contracts to hedge some portion of our foreign currency exposure. A hypothetical 10% change in foreign exchange rates effective at March 29, 2014, and September 28, 2013, related to the foreign exchange forward and option contracts would have a \$7 million and \$11 million impact, respectively, on pretax income. In the future, we may enter into more foreign exchange forward and option contracts as a result of our international growth strategy.

Concentration of Credit Risk: Refer to our market risk disclosures set forth in the 2013 Annual Report filed on Form 10-K for a detailed discussion of quantitative and qualitative disclosures about concentration of credit risks, as these risk disclosures have not changed significantly from the 2013 Annual Report.

Item 4. Controls and Procedures

An evaluation was performed, under the supervision and with the participation of management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based on that evaluation, management, including the CEO and CFO, has concluded that, as of March 29, 2014, our disclosure controls and procedures were effective.

In the second quarter ended March 29, 2014, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the description of certain legal proceedings pending against us under Part I, Item 1, Notes to Consolidated Condensed Financial Statements, Note 15: Commitments and Contingencies, which discussion is incorporated herein by reference. Listed below are certain additional legal proceedings involving the Company and/or its subsidiaries.

On May 8, 2008, a lawsuit was filed against the Company and two of our employees in the District Court of McCurtain County, Oklahoma styled *Armstrong, et al. v. Tyson Foods, Inc., et al.* (the Armstrong Case). The lawsuit was brought by a group of 52 poultry growers who allege that certain of our live production practices in Oklahoma constitute fraudulent inducement, fraud, unjust enrichment, negligence, gross negligence, unconscionability, violations of the Oklahoma Business Sales Act, Deceptive Trade Practice violations, violations of the Consumer Protection Act, and conversion, as well as other theories of recovery. The plaintiffs sought damages in an unspecified amount. On October 30, 2009, 20 additional growers represented by the same attorney filed a lawsuit against us in the same court asserting the same or similar claims, which is styled *Clardy, et al. v. Tyson Foods, Inc., et al.* (the Clardy Case). In both of these cases we have denied all allegations of wrongdoing. In June 2009, the plaintiffs in the Armstrong case requested an expedited trial date for a smaller group of plaintiffs they claimed were facing imminent financial peril. The Court ultimately severed a group of 10 plaintiffs from the Armstrong Case, and a trial began on March 15, 2010. On April 1, 2010, the jury returned a verdict against us and one of our employees, and on April 2, 2010, the Court entered a judgment in the amount of \$8,655,735, which included punitive damages. Subsequent to the trial, the presiding judge disqualified from the cases and the Oklahoma Supreme Court appointed a new judge to the cases. Following this appointment, the trial court granted our motions for change of venue and to stay all future trials of plaintiffs in the Armstrong Case and the Clardy Case pending the outcome of our appeal of the initial Armstrong Case verdict. The trial court took under advisement the sizes of groupings of plaintiffs in future trials in response to our motion to sever the plaintiffs' claims into individual cases. We appealed the initial Armstrong Case verdict to the Oklahoma Supreme Court based on numerous irregularities and rulings during the trial, and the Oklahoma Supreme Court reversed the verdict and remanded the case back to the trial court. At this time, the district court has not set trial dates for the Armstrong Case or the Clardy Case.

In September 2013, the United States Department of Justice (DOJ) alleged that one of our subsidiaries did not comply with the Clean Water Act with respect to a spill that occurred in North Carolina in January 2010. The DOJ is seeking civil penalties, and we are currently engaged in settlement discussions.

Other Matters: We currently have approximately 115,000 employees and, at any time, have various employment practices matters outstanding. In the aggregate, these matters are significant to the Company, and we devote significant resources to managing employment issues. Additionally, we are subject to other lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. While the ultimate results of these matters cannot be determined, they are not expected to have a material adverse effect on our consolidated results of operations or financial position.

Item 1A. Risk Factors

There have been no material changes to the risk factors listed in Part I, "Item 1A. Risk Factors" in the Annual Report on Form 10-K for the year ended September 28, 2013. These risk factors should be considered carefully with the information provided elsewhere in this report, which could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known or we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information regarding our purchases of Class A stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
Dec. 29, 2013 to Jan. 25, 2014	165,988	\$ 33.88	—	9,614,083
Jan. 26, 2014 to Mar. 1, 2014	1,301,272	37.20	1,128,200	33,485,883
Mar. 2, 2014 to Mar. 29, 2014	1,508,248	40.55	1,431,112	32,054,771
Total	2,975,508 ⁽²⁾	\$ 38.71	2,559,312 ⁽³⁾	32,054,771

(1) On February 7, 2003, we announced our Board of Directors approved a program to repurchase up to 25 million shares of Class A common stock from time to time in open market or privately negotiated transactions. On May 3, 2012, our Board of Directors approved an increase of 35 million shares authorized for repurchase under this program. On January 30, 2014, our Board of Directors approved an increase of 25 million shares authorized for repurchase under this program. The program has no fixed or scheduled termination date.

(2) We purchased 416,196 shares during the period that were not made pursuant to our previously announced stock repurchase program, but were purchased to fund certain Company obligations under our equity compensation plans. These transactions included 391,103 shares purchased in open market transactions and 25,093 shares withheld to cover required tax withholdings on the vesting of restricted stock.

(3) These shares were purchased during the period pursuant to our previously announced stock repurchase program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Grant of Non-Qualified Stock Options

The Compensation Committee (Committee) of the Company's Board of Directors adopted a procedure in 2006 to grant non-qualified stock options on the fourth (4th) business day immediately following the date of our release of fiscal year-end earnings to the public, with such options to be granted at the closing price on the date of grant. At the April 30, 2014 meeting, the Committee approved resolutions stating earnings for fiscal 2014 are currently expected to be released November 17, 2014, and options shall be granted on the 4th business day after earnings are released, making the expected option grant date November 21, 2014. The resolutions further stated that if the earnings release date for fiscal 2014 is changed, the option grant date shall also be appropriately changed to fall on the 4th business day after the announcement of the earnings.

Amended and Restated Employment Agreement

On May 1, 2014, we entered into an Amended and Restated Employment Agreement with Mr. John Tyson, Chairman of the Board of Directors. This agreement replaces Mr. Tyson's previous employment agreement dated November 25, 2012. Notwithstanding, the term of Mr. Tyson's employment remains five years, beginning as of November 25, 2012 unless terminated earlier pursuant to the agreement.

The agreement provides for an annual base salary of \$850,000 and eligibility for participation in the Company's annual performance incentive plan, as well as any benefit programs generally applicable to employees of the Company. In addition, Mr. Tyson is eligible to receive, on such dates specified by the Company consistent with the Company's treatment of similarly-situated employees, performance and stock incentive awards under the Company's incentive plans then in effect (if any), subject to the discretion of the Compensation Committee of our Board of Directors.

Mr. Tyson is also entitled to the use of certain Company-owned assets, including aircraft for up to 275 hours annually, provided that such use does not interfere with the Company's use of such assets and is consistent with the Company's then existing policies. Mr. Tyson is also entitled to personal security services provided by the Company, provided that such services do not exceed the value of \$50,000 annually. The Company has also agreed to reimburse Mr. Tyson for the annual premium on a \$7,500,000 life insurance policy. The Company will reimburse and gross-up any and all income tax liability of Mr. Tyson in connection with the use or acceptance of such Company-owned or -provided assets.

Mr. Tyson may terminate his employment under the agreement, subject to confidentiality and non-compete obligations contained therein, upon 30 days' prior written notice to the Company. The Company's Board of Directors has the right to terminate the agreement at any time upon written notice to Mr. Tyson. Any such termination without cause is subject to the Company's obligation to pay, in a lump sum, his base salary for the period of time following termination through the stated term of the agreement and subject to provisions relating to the early vesting of stock options, restricted stock and performance stock awards.

Upon the occurrence of a change in control (as defined in the agreement), all previously granted restricted stock, performance stock and stock option awards will be treated in accordance with the applicable award agreement.

A copy of this agreement is filed as Exhibit 10.1 to this Form 10-Q.

Item 6. Exhibits

The following exhibits are filed with this report.

Exhibit No.	Exhibit Description
10.1	Amended and Restated Employment Agreement, dated May 1, 2014, by and between the Company and John Tyson.
12.1	Ratio of Earnings to Fixed Charges
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended March, 29, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Condensed Statements of Income, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, and (v) the Notes to Consolidated Condensed Financial Statements.

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 5, 2014

/s/ Dennis Leatherby

Dennis Leatherby

Executive Vice President and Chief Financial Officer

Date: May 5, 2014

/s/ Curt T. Calaway

Curt T. Calaway

Senior Vice President, Controller and Chief Accounting Officer

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement"), effective the 1st day of May, 2014, by and between Tyson Foods, Inc., a Delaware corporation, and any of its subsidiaries and affiliates (hereinafter collectively referred to as "Tyson"), and John Tyson (hereinafter referred to as "you").

WITNESSETH:

WHEREAS, Tyson is engaged in a very competitive business, where the development and retention of extensive confidential information, trade secrets and proprietary information as well as customer relationships and goodwill are critical to future business success;

WHEREAS, by virtue of your employment with Tyson, you are involved in the development of, and have access to, Tyson's confidential information, trade secrets and proprietary information, and, if such information were to get into the hands of competitors of Tyson, it could do substantial business harm to Tyson;

WHEREAS, you will not be provided with or given access to Tyson's customers and goodwill or Tyson's confidential information, trade secrets and proprietary information unless you execute this Agreement;

WHEREAS, you and Tyson previously entered into an agreement which became effective November 25, 2012 (the "2012 Agreement"), whereby you provided certain services to Tyson;

WHEREAS, you and Tyson desire to amend and restate the 2012 Agreement in its entirety with this Agreement; and

WHEREAS, Tyson has advised you that agreement to the terms of this Agreement, and specifically the non-compete and non-solicitation sections, is an integral part of this Agreement, and you acknowledge the importance of the non-compete and non-solicitation sections, and having reviewed the Agreement as a whole, are willing to commit to the restrictions set forth herein;

NOW, THEREFORE, Tyson and you hereby mutually agree as follows:

1. Employment.

(a) Consideration. In consideration of the above and other good and valuable consideration, you are expressly being given employment, continued employment, a relationship with Tyson, certain monies, benefits, stock awards, training and/or access to trade secrets and confidential information of Tyson and its customers, suppliers, vendors or affiliates to which you would not have access but for your relationship with Tyson in exchange for you agreeing to the terms of this Agreement.

(b) Duties. Tyson hereby agrees to employ you and you hereby accept employment with Tyson as its Chairman of the Board. The duties and services required to be performed by you shall be consistent with your position, as assigned by Tyson's Board of Directors (the "Board") in its sole discretion from time to time. You shall report to Tyson's Board. You agree to devote a sufficient amount of your working time, attention and energies to the business of Tyson as is necessary to permit fulfillment of your duties and responsibilities to Tyson. You may make and manage personal investments for yourself and your family and investments for entities you represent (provided such investments in other activities do not violate, in any material respect, the provisions of Section 6 of this Agreement), be involved in charitable, civic, educational, and professional activities, and serve on boards of not for profit and other for profit entities, provided such activities do not materially and unreasonably interfere with the performance of your duties and obligations hereunder. You agree that during your employment with Tyson, you will not, except as expressly permitted by the Governance Committee of the Board, engage in any (i) competitive outside business activities, (ii) outside business that provides goods or services to Tyson, or (iii) outside business that buys products from Tyson. You agree that during your employment with Tyson, you will devote your reasonable efforts to the good faith performance of your duties and the advancement of Tyson and shall not engage in any other employment, profitable activities, or other pursuits which would cause you to disclose or utilize Confidential Information (as defined in Section 6(a)), or reflect adversely on Tyson. This obligation shall include, but is not limited to, obtaining Tyson's consent prior to either performing tasks for business associates of Tyson outside of your customary duties for Tyson, giving speeches or writing articles, blogs, or posts, about Tyson's business, or improperly using Tyson's name in each case in a manner that reflects unfavorably upon Tyson. You further agree that other than the Tyson Limited Partnership, a Delaware limited partnership of which you are a general partner or any other use of your

individual name, nickname, initials, identity or related references by you, you will not use, incorporate, or otherwise create any business entity or organization or domain name using any name confusingly similar to the name of “Tyson Foods” or the name of any affiliate of Tyson or any other name under which any such entities do business, except with the consent of the Board which consent shall not be unreasonably withheld.

(c) Term of Employment . Your employment shall be for a period of five (5) years, commencing on the effective date of the 2012 Agreement (November 25, 2012) and terminating on the fifth anniversary thereof, unless your employment earlier terminates pursuant to Section 3 or is otherwise extended by mutual written agreement of you and Tyson (as applicable the “Period of Employment”).

2. Compensation .

(a) Compensation and Benefits for Services . You shall receive all regular compensation for services as described in this Section 2 and the benefits provided under Section 4 and Section 5 in exchange for signing this Agreement and for agreeing to abide and be bound by the terms, provisions and restrictions of Section 6. You understand and acknowledge that you have been properly and timely informed of the type, amount and terms of such consideration and that you would not be entitled to such consideration, and that such consideration would not be paid, if you did not execute and agree to be bound by the provisions of this Agreement.

(b) Base Salary . For the services to be performed hereunder during the Period of Employment, Tyson shall pay you at a base salary of \$850,000.00 per annum, which may be increased by Tyson from time to time. Such base salary shall be paid in accordance with Tyson’s payroll practice, but in no event less frequently than monthly.

(c) Performance Incentive Eligibility . You may receive performance incentive awards under Tyson’s annual and long-term incentive plans then in effect (if any), on terms and in amounts as determined by and subject to the discretion of the Compensation Committee of the Board (the “Compensation Committee”), applying performance criteria and objectives commensurate with that applicable to other comparable executive officers of Tyson.

(d) Stock Grants. You may receive stock awards under an equity incentive compensation plan of Tyson then in effect (if any), on terms and in amounts as determined by and subject to the discretion of the Compensation Committee, applying performance criteria and objectives commensurate with that applicable to other comparable executive officers of Tyson.

(e) Benefit Plans, Vacation and Reimbursement Programs. You shall be entitled to participate in any benefit plans, including without limitation any employee pension and welfare benefit programs, plans and practices, of Tyson as adopted or amended from time to time on terms and in amounts commensurate with those provided to other comparable executive officers of Tyson. You shall be entitled to continued payment of your current, annual benefit under the terms of the Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan (“SERP”) and to further participation in the retirement benefit portion of the SERP. In the event that your annual benefit payment under the SERP at the time of payment is less than the benefit level at the effective date of the 2012 Agreement, which was \$175,195.70 (representing the total grossed-up benefit amount), Tyson will provide you an annual benefit equal to the difference. You will further be entitled to annual paid vacation in accordance with Tyson’s applicable vacation policy, as in effect from time to time. Tyson will pay or reimburse you for all reasonable expenses actually incurred or paid by you in the performance of your services to Tyson, subject to and in accordance with applicable expense reimbursement and related policies and procedures as in effect from time to time.

(f) Review. Your base salary, performance incentive compensation, stock grant levels, and plan participation will be subject to review annually (or from time to time at Tyson’s discretion more frequently), when compensation of other comparable executive officers of Tyson are reviewed for consideration of adjustments thereof.

(g) Perquisites. During the Period of Employment, Tyson shall pay to or reimburse you for or otherwise provide you with the following perquisites:

- (i) Tyson shall make available to you the use of Tyson-owned assets, including entertainment assets, and the use of Tyson aircraft for up to 275 hours annually, in a manner consistent with Tyson’s then existing policies; provided that your personal use of Tyson-owned assets shall not interfere with Tyson’s business use of such assets. If you do not use all of such aircraft hours in a given year,

- you may use those unused hours in future years during the Period of Employment. As part of such personal use of Tyson aircraft, you may designate such number of additional passengers on such aircraft as seating permits, and you need not be one of the passengers;
- (ii) Tyson shall arrange for secure access to Tyson's computer system from your home office as necessary for you to perform your duties from time to time, and pay all reasonable expenses associated therewith;
 - (iii) Tyson shall provide you with reasonable access to and use of its security personnel consistent with past practice. If you request security services when reasonably warranted for any business activity including without limit travel (and more particularly, international travel), Tyson shall arrange for or reimburse you for such reasonable and mutually agreed upon services, up to \$50,000 annually;
 - (iv) Tyson shall reimburse you for the annual premium payment on that certain existing \$7,500,000 life insurance policy on your life consistent with past practice. If during the Period of Employment you choose to replace the existing policy with a different life insurance policy, Tyson's obligation to reimburse you for the annual premium will not exceed the amount paid to you for the last year under the existing policy. Tyson has no interest in any such policy nor the proceeds payable under any such policy; and
 - (v) Tyson will reimburse you (and gross-up such reimbursements to cover) any and all income tax liability (including interest and penalties) imposed upon you in connection with the availability or receipt of the services, perquisites and benefits set forth in this section 2(g) and for and after taking into account any reimbursements received by you under this Section 2(g)(v) all in an amount sufficient so that such services, perquisites, benefits and reimbursements will be received and provided by you without reduction for taxes (i.e. on an after tax basis).

3. Termination. Upon any termination of your employment for any reason, you shall immediately resign or be removed from all positions of employment with Tyson. If you remain a duly elected member of the Board of Directors, you shall retain that position until such time as you are properly removed or not re-elected or otherwise at your sole election resign from such position. The date upon which your employment terminates and the Period of Employment ends will be your “Termination Date” for all purposes of this Agreement. Your employment may be terminated under this Agreement in the following events:

(a) Death. Your employment hereunder will terminate upon your death.

(b) Disability. Your employment hereunder will terminate upon your “Disability”. For purposes of this Agreement, Disability has the same meaning as provided in the long-term disability plan or policy maintained or, if applicable, most recently maintained, by Tyson for its comparable executive officers. If no long-term disability plan or policy was ever maintained on behalf of you or, if the determination of Disability relates to an incentive stock option, Disability means that condition described in Section 22(e)(3) of the Internal Revenue Code (the “Code”), as amended from time to time. In the event of a dispute, the determination of Disability will be made by the Committee (as defined in Tyson’s equity incentive plan) and will be supported by advice of a physician competent in the area to which such Disability relates.

(c) Termination by You for Good Reason. Upon the occurrence of a “Good Reason” event, you may terminate your employment pursuant to this Agreement by providing a notice of termination for Good Reason to Tyson within no more than sixty (60) days of the Good Reason event and providing Tyson thirty (30) days following receipt of such notice to cure the Good Reason event. If Tyson cures the Good Reason event within such 30 day period, you may not terminate your employment for Good Reason, but may voluntarily resign pursuant to Section 3(d) below. If Tyson fails to cure the Good Reason event within such 30 day period, your termination of employment will be effective under this Section 3(c). For purposes of the Agreement, you will be treated as having terminated for “Good Reason” if you terminate employment after of the occurrence of any one or more of the following: (i) your having been removed from the position of Chairman of the Board; (ii) your being required to report to anyone other than the entire Board of Tyson; (iii) a reduction in your base salary or your eligibility for any bonus or other compensation resulting in a material diminution in your base salary or eligible bonus or other compensation; (iv) a material change in the geographic location

at which you must perform your primary duties from Springdale, Arkansas; (v) a material diminution in your duties, authority or responsibilities as described under this Agreement without your consent; or (vi) a material breach by Tyson of the material terms of this Agreement.

(d) Voluntary Termination by You without Good Reason. You may terminate your employment pursuant to this Agreement at any time by not less than thirty (30) days prior written notice to Tyson, which notice period may be waived by Tyson. Upon receipt of such notice, Tyson shall have the right, at its sole discretion, to accelerate your Termination Date at any time during said notice period.

(e) Termination for Cause by Tyson. Tyson may, acting through its Board, terminate your employment hereunder for “Cause” at any time after providing a notice of termination for Cause to you. For purposes of this Agreement, you shall be treated as having been terminated for Cause if and only if you are terminated as a result of the occurrence of one or more of the following events:

- (i) any willful and wrongful conduct or omission by you that injures Tyson;
- (ii) any act by you of intentional misrepresentation or embezzlement, misappropriation or conversion of assets of Tyson;
- (iii) you are (A) convicted of, (B) confess to, (C) plead no contest to, or (D) become the subject of proceedings that provide a reasonable basis for Tyson to believe that you have been engaged in, a felony; or
- (iv) your intentional or willful violation of any restrictive covenant provided for under Section 6 of this Agreement or any other agreement to which you are a party.

For purposes of this Agreement an act or failure to act shall be considered “willful” only if done or omitted to be done without your good faith reasonable belief that such act or failure to act was in the best interests of Tyson. In no event shall Tyson’s failure to notify you of the occurrence of any event constituting Cause, or to terminate you as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of Tyson’s right to terminate you for Cause as a result of any such future event.

A termination of your employment by reason of Cause under either subsections (i), (ii) or (iv) above or under subsection (iii)(D) shall not be deemed to be for Cause unless each of the following conditions is satisfied:

- (x) Written notice is provided to you not less than 30 days prior to the date of termination setting forth Tyson's intention to terminate you for Cause, including a statement of the intended date of termination and a detailed description of the specific facts that Tyson believes to constitute Cause;
- (y) You are offered an opportunity to respond to such statement by appearing in person, together with your legal counsel, before the Board prior to the date of termination; and
- (z) By the affirmative vote of a majority of all the independent members of the Board, the Board determines that the specified actions constituted Cause and your employment should accordingly be terminated for Cause.

By determination of the Board, Tyson may suspend you from your duties with full pay and benefits hereunder during the period of time in which the Board is making a determination as to whether to terminate you for Cause.

(f) Termination by Tyson without Cause. Tyson, acting through its Board, may terminate your employment hereunder without Cause at any time upon written notice to you.

4. Compensation Following Termination of Employment. In the event that your employment is terminated for a reason set forth in Section 3, the compensation and benefits described in Section 2 above shall cease, and Tyson shall have no further obligations under this Agreement except as provided in this Section 4.

(a) Termination by Tyson for Cause or by You Without Good Reason. In the event that your employment is terminated by Tyson for Cause or by you without Good Reason, Tyson shall pay the following amounts to you:

- (i) Any accrued but unpaid base salary for services rendered to the Termination Date, any accrued but unpaid expenses required to be reimbursed under this Agreement,

and any vacation accrued to the Termination Date (collectively “Accrued Compensation”); and

- (ii) Any benefits accrued through the Termination Date to which you may be entitled pursuant to the plans, policies and arrangements, as determined and paid in accordance with the terms of such plans, policies and arrangements (collectively “Plan Benefits”).

(b) Termination Due to Death or Disability . In the event that your employment is terminated by reason of your death or Disability, Tyson shall pay you, your estate or your legal representative, as applicable, the following amounts:

- (i) Accrued Compensation;
- (ii) Plan Benefits;
- (iii) Tyson shall provide you, your spouse and eligible dependents with health care coverage ("Post Termination Health Care Coverage"). Tyson may choose to provide the Post Termination Health Care Coverage through either of the following programs: (A) healthcare, hospitalization, medical, long term care, vision, dental, and other similar insurance coverage or benefits under the Tyson Healthcare Continuation Plan or any successor or additional plan maintained by Tyson and at such coverage levels and upon such terms and conditions as shall otherwise be made available to any of the most senior officers of Tyson (including, without limitation, the provision of such coverage at a monthly cost to you that is equal to the monthly premium cost paid by other similarly situated participants); or (B) a Medicare supplemental policy (including, without limitation, a pharmaceutical supplement) at no cost to you. In addition, you, your spouse and eligible dependents will continue to participate in Tyson's Executive Medical Reimbursement program. The Post Termination Health Care Coverage will provide you, your spouse and eligible dependents with coverage that is substantially similar to the healthcare, hospitalization, medical, long term care, vision, dental and other similar insurance coverage/benefits you, your spouse and eligible dependents received under this Agreement. This coverage will be provided until such time as you and your spouse

are deceased (and, in the case of your eligible dependents, until their eligibility has ceased).

- (iv) Upon written notice given to Tyson by you or your legal representative, as applicable, terminate and redeem all outstanding vested and unexercised options to purchase any Tyson stock held by you in exchange for a lump sum payment equal to the aggregate difference between (x) the fair market value of the stock represented by such options as determined as of the close of Tyson's business on the date of the occurrence of the event giving rise to application hereof less (y) the strike price for such stock under the applicable options (the "Option Cash Out"); and
- (v) Tyson shall, within thirty (30) days of your death or termination for your Disability, pay you, your legal representative or your designated beneficiary a lump sum payment equal to the remaining payments that would have been made to you under Section 2(b) of this Agreement for the period of time between your Termination Date and the last day of the then existing term of this Agreement (had your death or Disability not occurred).

(c) Termination by Tyson Without Cause or Termination by You for Good Reason. In the event that your employment is terminated by Tyson without Cause or by you for Good Reason, Tyson shall pay the following amounts to you:

- (i) Accrued Compensation;
- (ii) Plan Benefits;
- (iii) Post Termination Health Coverage; and
- (iv) Subject to your execution of the Release (as defined below), Tyson will provide or pay the following:
 - (A) A lump sum amount equal to, and on terms equal to, your base salary for the period of time between your Termination Date and the last day of the

then existing term of this Agreement (had your termination of employment not occurred);

- (B) You will become fully vested in any of your unvested stock options that are outstanding on the Termination Date and then be eligible to receive the Option Cash Out;
 - (C) You will become vested in a pro rata portion of any of your unvested restricted stock awards that are outstanding on your Termination Date provided the applicable performance criteria, if any, are met. Such pro rata portion shall be equal to the percentage of the total vesting period, measured in days, in which you remained employed by Tyson and/or its affiliates multiplied by the number of shares subject to the award. Any award subject to this subsection (C) that is performance based shall not be paid until such time as it would have otherwise been paid under the terms of the award and will only be paid if the performance criteria are met; and
 - (D) You will become entitled to a pro rata portion of any performance share awards that are outstanding on the Termination Date provided the applicable performance criteria is met. The pro rata portion of your award shall equal the percentage of the total performance period, measured in days, in which you remained employed by Tyson multiplied by the percentage of the award that you would have received had you remained employed for the entire performance period. Any award subject to this subsection (D) shall not be paid until such time as it would have otherwise been paid under the terms of the award and will only be paid if the performance criteria are met.
- (d) Release. For purposes of this Agreement, “Release” means that specific document which Tyson shall present to you for consideration and execution after your termination of employment, under which you and Tyson mutually agree to irrevocably and unconditionally release and forever discharge one another (including your and Tyson’s respective subsidiaries, affiliates, heirs, successors, assigns, representatives and related parties) from any and all claims and causes of

action pertaining to your employment relationship with Tyson or the termination thereof which either you or Tyson at that time had or may have had against the other (excluding any claim you may have for indemnity under this Agreement or any by-laws or other governing document of Tyson or any liability insurance policy maintained by Tyson, any claim you may have under state workers' compensation or unemployment laws or any claim, right, entitlement or payment which either you or Tyson is entitled under the terms of this Agreement). The Release will be provided to you as soon as practical after your Termination Date, but in any event in sufficient time so that you will have adequate time to review the Release as provided by applicable law. The Release must be signed within 45 days of its presentation to you and in all events within sixty (60) days after your Termination Date. The Release shall not become effective until 7 days after it is executed. Tyson maintains a form of Release, which it may change from time to time as it deems appropriate. The latest version of the Release shall be available for your review upon request. Subject to Section 8 below, any payments subject to a Release shall be made not later than three (3) business days after the date the Release becomes effective.

5. Acceleration of Stock Grants on Change in Control.

Upon the occurrence of a Change in Control (defined below) the stock awards that have been granted to you pursuant to award agreements from Tyson under Section 2, or which have otherwise been previously granted to you under an award agreement from Tyson; and which awards remain outstanding at the time of the Change in Control, will be treated in accordance with the applicable award agreements. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as set forth in Tyson's equity incentive compensation plan then in effect; provided, however, that a Change in Control shall not include any event as a result of which one or more of the following persons or entities possess or continues to possess, immediately after such event, over fifty percent (50%) of the combined voting power of Tyson or, if applicable, a successor entity: (a) Tyson Limited Partnership, or any successor

entity; (b) individuals related to the late Donald John Tyson by blood, marriage or adoption, or the estate of any such individual (including Donald John Tyson's); or (c) any entity (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more of the entities, individuals or estates described in clauses (a) and (b) hereof possess over fifty percent (50%) of the combined voting power or beneficial interests of such entity. Notwithstanding the foregoing, this Section 5 shall not affect the time or form of payment under an applicable award agreement, and all awards shall be paid at the time, and in the form, provided under the terms of such award agreement. The Committee (as defined in Tyson's equity incentive plan) shall have the sole discretion to interpret the foregoing provisions of this paragraph.

6. Restrictive Covenants and Other Restrictions.

(a) Confidential Information. You acknowledge that during the course of your employment with Tyson, you will be provided, learn, develop and have access to Tyson's trade secrets, confidential information and proprietary materials which may include, but are not limited to, the following: strategies, methods, books, records, and documents; technical information concerning products, formulas, production, distribution, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers, suppliers, vendors, investors, and other business affiliates (such as contact name, service provided, pricing, type and amount of services used, credit and financial data, and/or other information relating to Tyson's relationship with that business affiliate); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; weather data; financial analysis, returns and reports and sales data; trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and marks; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating Tyson; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; payment amounts or rates paid to consultants or other service providers; and other information, whether tangible or intangible, in any form or medium provided (collectively, "Confidential Information") which is not generally available to the public and which has been developed, will be

developed or acquired by Tyson at considerable effort and expense. Without limiting the foregoing, you acknowledge and agree that you will learn, be provided, develop and have access to certain techniques, methods or applications implemented or developed by Tyson which are not generally known to the public or within the community in which Tyson competes, and any and all such information shall be treated as Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information which is or becomes either (i) publicly available other than as a result of your violation of this Agreement or (ii) available to you on a non-confidential basis from a source, other than Tyson, which source is not reasonably known to you to owe a duty of confidentiality to Tyson.

During the term of this Agreement or at any time thereafter, unless otherwise specifically authorized in writing by Tyson, you hereby covenant and agree: (i) to hold Confidential Information in the strictest confidence; (ii) not to, directly or indirectly, disclose, divulge or reveal any Confidential Information to any person or entity other than as authorized by Tyson; (iii) to use such Confidential Information only within the scope of your employment with Tyson for the benefit of Tyson; and (iv) to take such protective measures as may be reasonably necessary to preserve the secrecy and interest of Tyson in the Confidential Information. You agree to immediately notify Tyson of any unauthorized disclosure or use of any Confidential Information of which you become aware. The confidentiality obligations herein shall not prohibit you from revealing either evidence of criminal wrongdoing to legitimate law enforcement officials or Confidential Information by order of court or agency of competent jurisdiction or as otherwise required by law, rule, regulation, public reporting requirements or other governmental investigation or mandate; however, to the extent legally permissible you shall promptly inform Tyson of any such situations and shall take reasonable steps to prevent disclosure of Confidential Information until Tyson has been informed of such required disclosure and has had a reasonable opportunity first to seek a protective order. You may also (A) disclose Confidential Information to your personal attorneys and accountants, but only as necessary to their provision of professional services to you and (B) disclose or use the Confidential Information to the extent reasonably necessary for you to prosecute or enforce your rights or defend yourself against any claim or allegation related to or dependent upon the Confidential Information so used or disclosed by you.

(b) Creative Works. “Creative Works” include, but are not limited to, all original works of authorship, inventions, discoveries, designs, computer hardware and software, algorithms, programming, scripts, applets, databases, database structures, or other proprietary information, business

ideas, and related improvements and devices, which are conceived, developed, or made by you, either alone or with others, in whole or in part, on or off Tyson's premises, (i) during your employment with Tyson, (ii) with the use of the time, materials, or facilities of Tyson, (iii) relating to any product, service, or activity of Tyson of which you have knowledge, or (iv) suggested by or resulting from any work performed by you for Tyson. Notwithstanding the foregoing, Creative Works do not include inventions or other works developed by you entirely on your own time without using Tyson's equipment, supplies, facilities, or trade secret information except for those inventions or works developed during your Period of Employment that either: (A) relate at the time of conception or reduction to practice of the invention to Tyson's business, or actual or demonstrably anticipated research or development of Tyson; or (B) result from any work performed by you for Tyson. If you are or become a resident of any state during your employment that has enacted laws relating to ownership of works created without use of or reference to Tyson materials, facilities, and/or intellectual property and do not relate to Tyson's business, this Section shall be limited solely to the extent provided by the applicable laws of such states.

To the extent any rights in the Creative Works are not already owned by Tyson, you irrevocably assign and transfer to Tyson all proprietary rights, including, but not limited to, all patent, copyright, trade secret, trademark, and publicity rights, in the Creative Works and agree that Tyson will be the sole and exclusive owner of all right, title, and interest in the Creative Works. Tyson will have the right to use all Creative Works, whether original or derivative, in any manner whatsoever and in any medium now known or later developed. You agree not, at any time, to assert any claim, ownership, or other interest in any of the Creative Works or Confidential Information; provided, that you make no representation or warranty to Tyson regarding such Creative Works or Confidential Information or Tyson's use or exploitation thereof.

Both during and after your employment, you agree to execute any documents necessary to effectuate the assignment to Tyson of the Creative Works, and will execute all papers and perform any other lawful acts reasonably requested by Tyson for the preparation, prosecution, procurement, and maintenance of any trademark, copyright, and/or patent rights in and for the Creative Works. You further agree that you will not be entitled to any compensation in addition to the salary paid to you during the development of the Creative Works. In the event Tyson is unable for any reason to secure your signature to any document Tyson reasonably requests you to execute under this Section 6, you hereby irrevocably designate and appoint Tyson and its authorized officers and agents as your agents and attorneys-in-fact

to act for and in your behalf and instead of you to execute such document with the same legal force and effect as if executed by you.

(c) No Restrictions on Employment. You are being employed or continuing to be employed by Tyson with the understanding that (i) you are free to enter into employment or continued employment with Tyson, (ii) your employment with Tyson will not violate any agreement you may have with a third party (e.g., existing employment, non-compete, intellectual property ownership, and/or non-disclosure agreements) and (iii) only Tyson is entitled to the benefit of your work performed for or on behalf of Tyson hereunder. If you have any agreements with a prior employer, you are required to provide such agreements to Tyson prior to executing this Agreement. Tyson has no interest in using any other person's patents, copyrights, trade secrets, or trademarks in an unlawful manner. You should be careful not to disclose to Tyson any intellectual property or confidential information of your prior employers or anyone else or misapply proprietary rights that Tyson has no right to use.

(d) Removal and Return of Tyson Property. All written materials, records, data, and other documents prepared or possessed by you during and in the course of your employment with Tyson are Tyson's property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are Tyson's property. You agree not to remove any property of Tyson, including, but not limited to, any Confidential Information or Creative Works, from Tyson's premises, except as authorized under Tyson's policies or with the prior written approval of Tyson's General Counsel or Chief Human Resources Officer. Unless specifically authorized by Tyson in writing, you may not place Tyson Confidential Information or Creative Works on Removable Media, as defined below. On Tyson's request, or the termination of your employment with Tyson for any reason, you will immediately return to Tyson all Tyson property, including all Confidential Information and Creative Works and any and all documents and materials that contain, refer to, or relate in any way to any Confidential Information, as well as any other property of Tyson in your possession or control, including all electronic and telephonic equipment, credit cards, security badges, and passwords. You will permit Tyson to inspect any property provided by Tyson to you or developed by you as a result of or in connection with your employment with Tyson when you accept other employment or otherwise separate from your employment, regardless of where the property is located. For purposes of this Section, "Removable Media" means portable or removable hard disks, floppy disks, USB memory

drives, zip disks, optical disks, CDs, DVDs, digital film, memory cards (e.g., Secure Digital (SD), Memory Sticks (MS), CompactFlash (CF), SmartMedia (SM), MultiMediaCard (MMC), and xD-Picture Card (xD)), magnetic tape, and all other removable data storage media.

(e) Non-Competition. You acknowledge that Tyson performs services throughout the United States and that your duties and services impact Tyson's performance of services throughout the United States. Accordingly, you acknowledge the need for certain restrictions contained in this Agreement to be without limitation as to location or geography within the United States. You agree that during your continuing employment with Tyson, you will not directly or indirectly, on behalf of yourself or in conjunction with any other person, company or entity, own (other than less than 5% ownership in a publicly traded company), manage, operate, or participate in the ownership, management, operation, or control of, or be employed by or a consultant to any person, company or entity which is in competition with Tyson, with which entity you would hold a position with responsibilities similar to any position you held with Tyson during the 24 months preceding your Termination Date or to which entity you would utilize or disclose confidential methodologies, techniques, customer lists or information of Tyson. You agree that during your continuing employment with Tyson, you will not directly or indirectly, on behalf of yourself or any other person, company or entity, participate in the planning, research or development of any strategies or methodologies, similar to strategies or methodologies, utilized or developed by Tyson, excluding general industry knowledge, for which you had access to, utilized or developed during the 24 months preceding your Termination Date. You agree that nothing in this Section shall limit your confidentiality obligations in this Agreement. Further, you understand and agree that during your continuing employment, while you may gather information and otherwise undertake to investigate other employment opportunities, you shall not compete, solicit or take on activities which are in violation of this Agreement. Should you leave Tyson and accept employment or a consulting position with a competitor of Tyson, you are required beforehand to inform Tyson of the identity of your new employer and your responsibilities for the new employer.

(f) Non-Solicitation. You agree that during your employment with Tyson and for a period of 24 months thereafter, you will not, nor will you assist any third party to, directly or indirectly (i) raid, hire, solicit, encourage or attempt to persuade any employee or independent contractor of Tyson, or any person who was an employee or independent contractor of Tyson during the 6 months preceding the Termination Date, who possesses or had access to Confidential Information of Tyson, to leave the

employ of or terminate a relationship with Tyson; (ii) interfere with the performance by any such persons of their duties for Tyson; (iii) communicate with any such persons for the purposes described in the paragraph above; or (iv) solicit, encourage or attempt to persuade any customer or vendor of Tyson during the 6 months preceding your Termination Date to terminate or modify its relationship with Tyson.

(g) Non-Disparagement. Each of you and Tyson agrees to not, at any time, engage in, or permit your or its directors, officers, employees, agents or representatives to engage in, any form of conduct, or make any statement or representation, either oral or written, that disparages, impugns or otherwise impairs the reputation, goodwill or interests of the other, or in the case of Tyson, any of its officers, directors, shareholders, managing members, representatives, and/or employees or agents in either the individual or representative capacities of any of the foregoing individuals (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments). In addition, neither you nor Tyson shall direct, arrange or encourage others to make any such derogatory or disparaging statements on your or its behalf. Nothing in this Section, however, shall prevent you or Tyson or its directors, officers, employees, agents or representatives from providing truthful testimony or information in any proceeding or in response to any request from any governmental agency, or judicial, arbitral or self-regulatory forum.

(h) Effect of Breach. You acknowledge and agree that, in the event of any breach by you of the terms and conditions of this Agreement, pursuant to the terms of certain benefit plans and programs, your accrued benefits thereunder may be discontinued or forfeited, in addition to any other rights and remedies Tyson may have at law or in equity. You acknowledge that irreparable damage would result to Tyson if the provisions of Section 6 of this Agreement are not specifically enforced, and that, in addition to any other legal or equitable relief available, and notwithstanding any alternative dispute resolution provisions that have been or may be agreed to between Tyson and you, Tyson shall be entitled to seek injunctive relief in the event of any failure to comply with the provisions of Section 6 of this Agreement.

(i) Clawback Policies. In addition to subsection (h) above, any amounts payable under this Agreement are subject to any policy, whether in existence as of the effective date of the 2012 agreement or later adopted, established by Tyson and adopted by the Compensation Committee that provides for the clawback or recovery of amounts that were paid to you under circumstances requiring clawback or recovery as set forth in such policy. Tyson will make any determinations for clawback or recover in its

sole discretion and in accordance with any applicable law or regulation. Further, notwithstanding any other provisions of this Agreement, if within one year of the termination of your employment, Tyson becomes aware of facts that would have allowed Tyson to terminate your employment for Cause (within the meaning of Section 3), then without regard to any notice and cure periods in Section 3, to the extent permitted by law:

- (i) Tyson may elect to cancel any and all payments of benefits otherwise due to you, but not yet paid, under this Agreement or otherwise; and
- (ii) you will refund to Tyson any amounts, plus interest, previously paid by Tyson to you in excess of your Accrued Compensation and Plan Benefits (within the meaning of Section 4).

7. General.

(a) Enforcement and Severability. You specifically acknowledge and agree that the purpose of the restrictions contained in Section 6 of this Agreement is to protect Tyson from unfair competition, including improper use of the Confidential Information by you, and that the restrictions and covenants contained herein are reasonable with respect to both scope and duration of application. Notwithstanding the foregoing, if any court determines that any of the terms herein are unreasonable, invalid or unenforceable, the court may interpret, alter, amend or modify any or all of the terms to include as much of the scope, time period and intent as will render the restrictions enforceable, and then as modified, enforce the terms. Each covenant and restriction contained in this Agreement is independent of each other such covenant and restriction, and if any such covenant or restriction is held for any reason to be invalid, unenforceable and incapable of corrective modification, then the invalidity or unenforceability of such covenant or restriction shall not invalidate, affect or impair in any way the validity and enforceability of any other such covenant or restriction.

(b) Notices. All written notices, requests and other communications provided pursuant to this Agreement shall be deemed to have been duly given, if delivered in person or by courier, or by facsimile transmission or sent by express, registered or certified mail, postage prepaid addressed, if to you, at the most recent address on record in Tyson's human resources information system, (with a copy

to your legal representative, Joel A. Katz, Esq., Terminus 200, 3333 Piedmont Road, NE, Suite 2500, Atlanta, Georgia 30305), and if to Tyson, at its headquarters:

Tyson Foods, Inc.
Attn: Chief Human Resources Officer
2200 Don Tyson Parkway
Springdale, Arkansas 72762-6999

(c) Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto, except for any agreement or policy specifically referenced herein. This Agreement cannot be modified except by a writing signed by both parties.

(d) Assignment. This Agreement shall be binding upon you, your heirs, executors and personal representatives and upon Tyson, its successors and assigns. You acknowledge that the services to be rendered by you are unique and personal. Except by your will, or by operation of the laws of intestate succession, you may not assign, transfer or pledge your rights or delegate your duties or obligations under this Agreement, in whole or in part, without first obtaining the written consent of the Tyson's General Counsel or Chief Human Resources Officer. This Agreement may not be assigned by Tyson without your consent; provided that Tyson may assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the stock, assets or business of Tyson provided that no such permitted assignment by Tyson shall relieve Tyson from any direct continuing and primary liability or responsibility owed to you from or in connection with any such assignee's breach, default or violation of this Agreement.

(e) Applicable Law. You acknowledge that this Agreement is performable at various locations throughout the United States and specifically performable wholly or partly within the State of Arkansas and consent to the validity, interpretation, performance and enforcement of this Agreement being governed by the internal laws of said State of Arkansas, without giving effect to the conflicts of laws provisions thereof.

(f) Jurisdiction and Venue of Disputes. The courts of Washington County, Arkansas shall have exclusive jurisdiction and be the venue of all disputes between Tyson and you, whether such disputes arise from this Agreement or otherwise. In addition, you expressly waive any right that you may have to sue or be sued in the county of your residence and consent to venue in Washington County, Arkansas.

(g) Funding. All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid from the general funds of Tyson, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. You shall have no right, title or interest whatever in or to any investments which Tyson may make to aid Tyson in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from Tyson hereunder, such right shall be no greater than the right of an unsecured creditor of Tyson.

(h) Indemnification. In addition to all other rights of indemnification to which you are entitled under any constituent or governing documents of Tyson or any policy of insurance maintained by Tyson for the benefit of its shareholders, officer, directors, employees, agents, contractors or other representatives, you will continue to be indemnified by Tyson pursuant to each of (i) that certain Indemnity Agreement between you and Tyson dated May 9, 1997 and (ii) that certain Indemnity Agreement between you and Tyson dated September 28, 2007. You will additionally receive all rights of indemnification and related benefits consistent with and on terms no less favorable than those extended by Tyson to any other former, then current, or future officer, director or fiduciary of Tyson including without limit, coverage under any errors and omissions, directors and officer or other liability insurance coverage maintained by Tyson.

(i) Enforcement. If either you or Tyson violates any of the terms of this Agreement, such violating party will indemnify the other for the expenses, including but not limited to reasonable attorneys' fees, incurred by the other in enforcing this Agreement.

8. Special Tax Considerations.

(a) Tax Withholding. Tyson shall provide for the withholding of any taxes required to be withheld by federal, state and local law with respect to any payments in cash and/or other property made by or on behalf of Tyson to or for your benefit under this Agreement or otherwise.

(b) Excise Tax. Notwithstanding the foregoing, if the total payments to be paid to you under this Agreement, along with any other payments to you by Tyson, would result in you being subject to the excise tax imposed by Section 4999 of the Code (commonly referred to as the “Golden Parachute Tax”), Tyson shall reduce the aggregate payments to the largest amount which can be paid to you without triggering the excise tax, but only if and to the extent that such reduction would result in you retaining larger aggregate after-tax payments. The determination of the excise tax and the aggregate after-tax payments to be received by you will be made by Tyson. If payments are to be reduced, the payments made latest in time will be reduced first and if payments are to be made at the same time, non-cash payments will be reduced before cash payments.

(c) Separation from Service. In the event that the termination of your employment does not constitute a “separation from service” as defined in Code Section 409A, including all regulations and other guidance issued pursuant thereto, your rights to the payments and benefits described in Section 4 will vest upon the Termination Date, but no payment to you that is subject to Code Section 409A will be paid until you incur a separation from service (or until six (6) months after such date if you are a “specified employee” pursuant to subsection (d) of this Section), and any amounts that would otherwise have been paid before such date will be paid instead as soon as practicable after such date.

(d) Six-Month Delay in Payment. Notwithstanding anything to the contrary in this Agreement, if you are a “specified employee” as defined and applied in Code Section 409A as of your Termination Date, then, to the extent any payment under this Agreement or any Tyson plan or policy constitutes deferred compensation (after taking into account any applicable exemptions from Code Section 409A, including those specified in subsection (f) of this Section) and to the extent required by Code Section 409A, no payments due under this Agreement or any Tyson plan or policy may be made until the earlier of: (i) the first (1st) day following the sixth (6th) month anniversary of your Termination Date and (ii) your date of death; provided, however, that any payments delayed during the six (6) month period

will be paid in the aggregate as soon as reasonably practicable following the six (6) month anniversary of your Termination Date.

(e) Expense Reimbursement. In no event will an expense be reimbursed after December 31 of the calendar year following the calendar year in which the expense was incurred. You are not permitted to receive a payment or other benefit in lieu of reimbursement under Section 2(e).

(f) Application of Exemptions. For purposes of Code Section 409A, each “payment” (as defined by Code Section 409A) made under this Agreement will be considered a “separate payment.” In addition, for purposes of Code Section 409A, each such payment will be deemed exempt

from Code Section 409A to the fullest extent possible under (i) the “short-term deferral” exemption of Treasury Regulation § 1.409A-1(b)(4), and (ii) with respect to any additional amounts paid no later than the second (2nd) calendar year following the calendar year containing your Termination Date, the “involuntary separation” pay exemption of Treasury Regulation § 1.409A-1(b)(9)(iii), which are hereby incorporated by reference.

(g) Effect of Release. Any amounts that are not exempt from Code Section 409A under paragraph (f) above, and which are paid subject to your execution of a Release that provides for a consideration period and revocation period that crosses two calendar years, shall be paid on the first payroll date in the second calendar year that occurs on or after the expiration of the revocation period, regardless of the date the Release is signed.

(h) Interpretation and Administration of Agreement. To the maximum extent permitted by law, this Agreement will be interpreted and administered in such a manner that the payments to you are either exempt from, or comply with, the requirements of Code Section 409A.

SIGNATURE PAGE TO FOLLOW

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

YOU ACKNOWLEDGE THAT YOU HAVE COMPLETELY READ THE ABOVE, HAVE BEEN ADVISED TO CONSIDER THIS AGREEMENT CAREFULLY, AND HAVE BEEN FURTHER ADVISED TO REVIEW IT WITH LEGAL COUNSEL OF YOUR CHOOSING BEFORE SIGNING. YOU FURTHER ACKNOWLEDGE THAT YOU ARE SIGNING THIS AGREEMENT VOLUNTARILY, AND WITHOUT DURESS, COERCION, OR UNDUE INFLUENCE AND THEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS CONTAINED HEREIN.

/s/ John Tyson
JOHN TYSON

5/1/14
(Date)

TYSON FOODS, INC.

By /s/ Brad Sauer

Title Chairman of the Compensation and Leadership Development Committee

Ratio of Earnings to Fixed Charges

(dollars in millions)

	Six Months Ending		Fiscal Years			
	March 29, 2014	2013	2012	2011	2010	2009
Earnings:						
Income (loss) from continuing operations before income taxes and equity method investment earnings	\$ 720	\$ 1,254	\$ 949	\$ 1,066	\$ 1,224	\$ (541)
Add: Fixed charges	92	219	264	305	360	388
Add: Amortization of capitalized interest	3	5	5	4	3	4
Less: Capitalized interest	(5)	(8)	(10)	(9)	(11)	(3)
Total adjusted earnings	810	1,470	1,208	1,366	1,576	(152)
Fixed Charges:						
Interest	49	116	150	191	240	289
Capitalized interest	5	8	10	9	11	3
Amortization of debt discount expense	4	28	39	44	46	38
Rentals at computed interest factor ⁽¹⁾	34	67	65	61	63	58
Total fixed charges	\$ 92	\$ 219	\$ 264	\$ 305	\$ 360	\$ 388
Ratio of Earnings to Fixed Charges	8.80	6.71	4.58	4.48	4.38	
Insufficient Coverage						540

⁽¹⁾ Amounts represent those portions of rent expense (one-third) that are reasonable approximations of interest costs.

CERTIFICATIONS

I, Donnie Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2014

/s/ Donnie Smith

Donnie Smith

President and Chief Executive Officer

CERTIFICATIONS

I, Dennis Leatherby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2014

/s/ Dennis Leatherby

Dennis Leatherby

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Tyson Foods, Inc. (the Company) on Form 10-Q for the period ending March 29, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Donnie Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donnie Smith

Donnie Smith
President and Chief Executive Officer

May 5, 2014

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Tyson Foods, Inc. (the Company) on Form 10-Q for the period ending March 29, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Dennis Leatherby, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Dennis Leatherby

Dennis Leatherby
Executive Vice President and Chief Financial Officer

May 5, 2014