

Tyson Foods Inc.

S&P Recommendation **HOLD** ★★☆☆☆

Price
\$20.53 (as of Dec 9, 2011)

12-Mo. Target Price
\$20.00

Investment Style
Large-Cap Blend

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

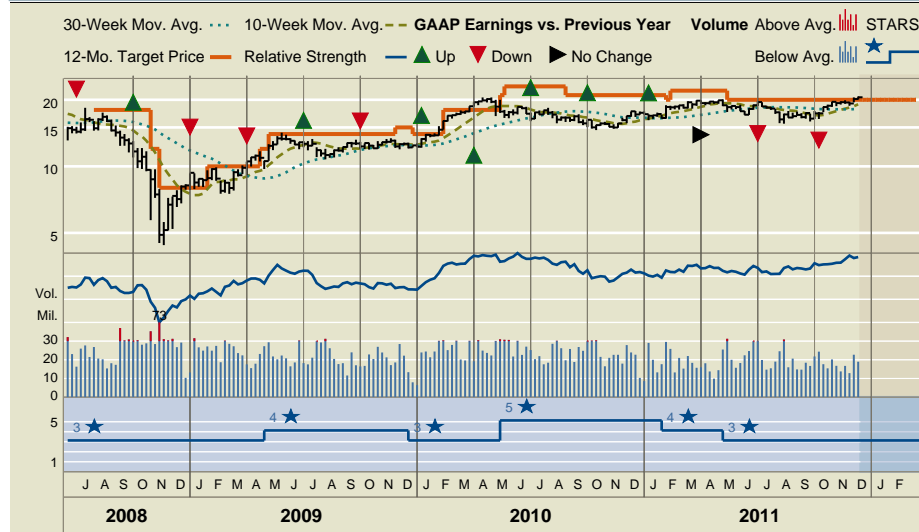
GICS Sector Consumer Staples
Sub-Industry Packaged Foods & Meats

Summary Tyson is one of the world's largest suppliers of beef, chicken and pork products.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$20.74–15.60	S&P Oper. EPS 2012E	2.06	Market Capitalization(B)	\$6.154	Beta	1.13
Trailing 12-Month EPS	\$1.97	S&P Oper. EPS 2013E	NA	Yield (%)	0.78	S&P 3-Yr. Proj. EPS CAGR(%)	5
Trailing 12-Month P/E	10.4	P/E on S&P Oper. EPS 2012E	10.0	Dividend Rate/Share	\$0.16	S&P Credit Rating	BBB-
\$10K Invested 5 Yrs Ago	\$13,030	Common Shares Outstg. (M)	369.8	Institutional Ownership (%)	89		

Price Performance



Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects the company's cyclical operations, which can be significantly affected by exposure to commodity crop and meat markets, and regulations related to international trade.

Quantitative Evaluations

S&P Quality Ranking **B-**

D C **B-** B B+ A- A A+

Relative Strength Rank **STRONG**

91

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2011	7,615	8,000	8,247	8,404	32,266
2010	6,635	6,916	7,438	7,441	28,430
2009	6,521	6,307	66,620	7,214	26,704
2008	6,766	6,612	6,849	7,201	26,862
2007	6,558	6,501	6,958	6,883	26,900
2006	6,454	6,251	6,383	6,471	25,559

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2011	0.78	0.42	0.51	0.25	2.04
2010	0.44	0.42	0.68	0.55	2.06
2009	-0.30	-0.24	0.37	-1.22	-1.47
2008	0.10	-0.01	-0.01	0.13	0.24
2007	0.16	0.20	0.31	0.09	0.75
2006	0.11	-0.37	-0.15	-0.15	-0.56

Fiscal year ended Sep. 30. Next earnings report expected: Early February. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.040	02/03	05/27	06/01	06/15/11
0.040	05/05	08/30	09/01	09/15/11
0.040	08/05	11/29	12/01	12/15/11
0.040	11/17	02/28	03/01	03/15/12

Dividends have been paid since 1976. Source: Company reports.

Analysis prepared by Equity Analyst **Tom Graves, CFA** on Oct 14, 2011, when the stock traded at **\$18.22**.

Highlights

- In FY 12 (Sep.), we look for sales to increase about 5% from the \$32.2 billion we project for FY 11, largely due to higher prices. We think chicken prices are likely to benefit if industry production declines. In both fiscal years, we look for beef and chicken to be the largest business segments, based on sales, but for pork to provide the highest segment operating profit margin.
- We look for overall profit margin pressure on TSN to ease if prices for corn and wheat used in feed grain remain sharply below the peak levels reached earlier in 2011. Also, we anticipate that TSN's chicken segment will benefit from operating efficiencies.
- For FY 12, we project EPS of \$2.00, including the prospect of some pressure from higher feed costs in at least the first quarter of the fiscal year. For FY 11, we estimate operating EPS of \$1.95, which excludes a benefit of about \$0.08 a share from special items in FY 11's first nine months. In FY 10, reported diluted EPS of \$2.06 includes a net adverse impact of about \$0.13 from special items.

Investment Rationale/Risk

- Over time, we think TSN, as a major diversified protein supplier, is positioned to benefit from improving economic conditions, including rising incomes, and changing diets in developing international markets. We expect TSN's strategy to include a focus on expansion in value-added food products. Meanwhile, in FY 11, we look for capital expenditures to have been about \$650 million, up from \$550 million in FY 10. We expect that at least a portion of TSN's capital expenditures will result in operational cost savings or improvements.
- Risks to our recommendation and target price include weaker-than-expected demand and prices, industry production that is higher than anticipated, higher-than-expected feed costs, and an adverse impact from currency exchange rate fluctuations.
- Our 12-month target price of \$20 is based on a multiple of 12.6X our calendar 2011 EPS estimate of \$1.59, which is similar to a recent average P/E for a small peer group. We think the valuation of TSN shares will be limited by some concern about the extent to which TSN could be vulnerable if grain feed prices move significantly higher.

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Tyson Foods Inc.**Business Summary** October 14, 2011

CORPORATE OVERVIEW. Tyson Foods is one of the world's largest suppliers of beef, chicken and pork products. It produces a wide variety of brand name protein-based and prepared food products, marketed in the U.S. and some 90 countries around the world.

Most of TSN's operations are in the U.S., and about 96% of FY 10 (Sep.) sales to external customers were sourced from the U.S. TSN's export sales totaled \$3.2 billion in FY 10, up from \$2.7 billion in FY 09. Export markets include Canada, Central America, China, the European Union, Japan, Mexico, the Middle East, Russia, South Korea, Taiwan and Vietnam. In FY 10, TSN's largest customer, Wal-Mart Stores, Inc., accounted for 13.4% of consolidated sales

CORPORATE STRATEGY. TSN seeks to identify target markets for value-added products; concentrate production, sales and marketing efforts to enhance product demand; and utilize national distribution systems and customer support services. We think the company's scale and diversified product mix is a competitive advantage.

The beef segment (40% of FY 10 segment sales) includes the slaughter of live cattle and fabrication into primal and sub-primal meat cuts and case-ready products. Operations include sales from allied products such as hides and variety meats. The company's products are marketed to various channels, including food retailers, foodservice distributors, restaurant operators and others. The company does not have facilities of its own to raise cattle, but has cattle buyers located in cattle producing areas who visit independent feed yards and buy live cattle on the open spot market.

The chicken segment (34%) includes fresh, frozen and value-added chicken products sold domestically through various channels, including retailers, foodservice distributors, restaurant operators and foodservice establishments such as schools, hotel chains, health care facilities and the military; and also to international markets. Included in this segment are sales from allied products and TSN's chicken breeding stock subsidiary. The segment's raw material includes live chickens that are raised primarily by independent contractors. Corn and soybean meal are also major production costs, and in FY 10 represented roughly 42% of TSN's cost of growing a live chicken.

The pork segment (16%) includes the slaughter of live hogs and the fabrication of pork carcasses into various products. The pork segment markets products to various channels, including food retailers, foodservice distributors, restaurant operators and others. Also, TSN sells allied products, as well as a limited number of live swine to pork processors. The majority of TSN's live hog supply is obtained through procurement relationships with independent producers.

The prepared foods segment (10%) includes frozen and refrigerated food products such as pepperoni, bacon, beef and pork pizza toppings, pizza crusts, flour and corn tortilla products, appetizers, prepared meals, ethnic foods, soups, sauces, side dishes, meat dishes, and processed meats.

FINANCIAL TRENDS. The company's financial results can be volatile, including potential impact from significant exposure to agricultural commodities and markets.

In FY 10, TSN's reported EPS of \$2.06 included a net negative impact of about \$0.13 from special items, including a \$0.07 goodwill impairment charge, \$0.09 of charges related to losses on note repurchases, \$0.03 of charges related to an equity method investment impairment, and \$0.06 of insurance proceeds. In FY 09, TSN's reported loss per share included a \$1.50 non-cash goodwill impairment charge in its beef segment.

In March 2009, TSN issued \$810 million of five-year 10.5% senior unsecured notes. After an original issue discount of \$59 million, TSN received net proceeds of \$751 million. TSN incurred offering expenses of \$18 million. It used the net proceeds toward the repayment of its borrowings under an accounts receivable securitization facility and for other general corporate purposes.

At January 1, 2011, TSN had total debt of about \$2.5 billion, and \$1.1 billion of cash and cash equivalents.

Corporate Information**Investor Contact**

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J.H. Tyson

EVP & CFO

D. Leatherby

Pres & CEO

D. Smith

EVP & General Counsel

D.L. Van Bebber

COO

J.V. Lochner

Board MembersK. M. Bader
G. E. Banister, Jr.
J. D. Kever
K. M. McNamara
B. T. Sauer
R. C. Thurber
B. A. Tyson
J. H. Tyson
A. C. Zapanta**Domicile**

Delaware

Founded

1935

Employees

115,000

Stockholders

30,000

Tyson Foods Inc.

Quantitative Evaluations

S&P Fair Value Rank	5+	1	2	3	4	5
		LOWEST		HIGHEST		

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	\$25.00	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that TSN is Undervalued by \$4.47 or 21.8%.
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Investability Quotient Percentile	51
	LOWEST = 1 HIGHEST = 100

TSN scored higher than 51% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BULLISH	Since October, 2011, the technical indicators for TSN have been BULLISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	0.24	0.23	0.17	0.12
Price/EBITDA	4.36	3.13	5.59	3.55
Price/Pretax Income	7.26	5.43	NM	20.25
P/E Ratio	10.64	8.37	NM	36.26
Avg. Diluted Shares Outstg (M)	380.0	379.0	372.0	356.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	13.49	6.32	3.86	2.53
Net Income	-6.03	NM	NM	-60.58

Ratio Analysis (Annual Avg.)

	2011	2010	2009	2008
Net Margin (%)	2.27	1.00	0.86	0.87
% LT Debt to Capitalization	26.75	31.92	33.03	34.56
Return on Equity (%)	13.55	6.16	5.16	5.23

Company Financials Fiscal Year Ended Sep. 30

Per Share Data (\$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	9.77	8.24	5.98	6.30	5.96	5.05	5.66	4.49	3.17	2.92
Cash Flow	3.26	3.37	-0.22	1.57	2.20	1.31	2.39	2.50	2.26	2.39
Earnings	2.04	2.06	-1.47	0.24	0.75	-0.56	0.99	1.13	0.96	1.08
S&P Core Earnings	1.94	2.05	0.05	0.20	0.64	-0.56	1.06	1.10	0.64	1.02
Dividends	0.20	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Payout Ratio	10%	8%	NM	67%	21%	NM	16%	14%	17%	15%
Prices:High	20.74	20.57	14.25	67.00	24.32	17.33	19.91	21.28	15.10	15.71
Prices:Low	15.60	12.15	7.51	4.40	13.50	12.57	12.50	12.97	7.25	9.27
P/E Ratio:High	10	10	NM	81	32	NM	20	19	16	15
P/E Ratio:Low	8	6	NM	18	18	NM	13	11	8	9

Income Statement Analysis (Million \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue	32,266	28,430	26,704	26,862	26,900	25,559	26,014	26,441	24,549	23,367
Operating Income	1,791	2,082	817	878	1,130	510	1,266	1,415	837	1,407
Depreciation	506	497	455	471	514	517	501	490	458	467
Interest Expense	242	347	313	218	232	268	227	275	592	305
Pretax Income	1,074	1,203	-526	154	410	-293	528	635	523	593
Effective Tax Rate	NA	NA	NM	44.2%	34.6%	NM	33.1%	36.5%	35.6%	35.4%
Net Income	733	780	-536	86.0	268	-191	353	403	337	383
S&P Core Earnings	738	776	21.4	71.1	228	-190	379	392	224	365

Balance Sheet & Other Financial Data (Million \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash	716	978	1,004	250	42.0	28.0	40.0	33.0	25.0	51.0
Current Assets	4,780	4,618	4,375	4,361	3,596	4,187	3,485	3,532	3,371	3,144
Total Assets	11,071	10,752	10,595	10,850	10,227	11,121	10,504	10,464	10,486	10,372
Current Liabilities	2,374	2,545	1,993	2,103	2,115	2,846	2,157	2,293	2,475	2,093
Long Term Debt	2,112	2,135	3,333	2,888	2,642	2,987	2,869	3,024	3,114	3,733
Common Equity	5,657	5,166	4,352	5,014	4,731	4,900	4,615	4,912	3,954	3,662
Total Capital	7,895	7,801	8,002	8,193	7,740	8,382	8,141	8,631	7,790	8,038
Capital Expenditures	643	550	368	425	285	531	571	486	402	433
Cash Flow	1,239	1,277	-81.0	557	782	326	854	893	795	850
Current Ratio	2.0	1.8	2.2	2.1	1.7	1.5	1.6	1.5	1.4	1.5
% Long Term Debt of Capitalization	26.8	27.4	41.7	35.3	34.1	35.6	35.2	35.0	40.0	46.4
% Net Income of Revenue	2.3	2.7	NM	0.3	1.0	NM	1.4	1.5	1.4	1.6
% Return on Assets	6.7	7.3	NM	0.8	2.5	NM	3.4	3.8	3.2	3.6
% Return on Equity	13.6	16.4	NM	1.8	5.6	NM	7.9	8.5	8.8	10.9

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Tyson Foods Inc.

Sub-Industry Outlook

Our fundamental outlook for the S&P Packaged Foods & Meats sub-industry is neutral. For packaged food manufacturers, we have seen challenging commodity costs. However, prices in a number of major agricultural areas have declined from their 2011 peaks, and we have seen manufacturer price increases offsetting at least a portion of the cost pressure. Also, for a number of packaged food manufacturers, we view ingredient costs as a relatively small part of the overall retail price paid by consumers.

We see various factors affecting commodity prices, including concern about lower inventories and unfavorable weather. Higher grain prices, including corn, could put some profit margin pressure on poultry and livestock producers.

We expect that rising prices at food stores will lead to consumers putting increased focus on less expensive products, including various private label (store brand) items. However, we think that manufacturers of higher-priced branded products will generally hold on to much of their market share, helped by brand loyalty among consumers and marketing support by manufacturers.

We think various food companies are seeking to bolster profits with cost reduction programs, and are looking to offset at least some of the input cost pressure with price increases. However, with consumers likely to be quite price-sensitive, there could be some resistance among retailers and consumers to increased prices from manufacturers. With at least some products, we think that higher prices could adversely affect volumes.

In 2012, we look for a moderate increase in overall U.S. consumer spending on food, with much of the

rise being from higher prices.

Over time, we expect growing consumer and regulatory scrutiny of prospective health concerns and benefits from various foods, beverages and ingredients.

Longer term, we believe the packaged food industry will focus on consumer lifestyles, tastes, health considerations, and demographics, including both opportunities in developing international markets and the interests and needs of an aging U.S. population. We anticipate industry growth opportunities will include further introduction and distribution of products that appeal to consumers' interest in healthier eating. We believe rising standards of living in developing international markets should provide U.S. packaged food companies with opportunities for growth.

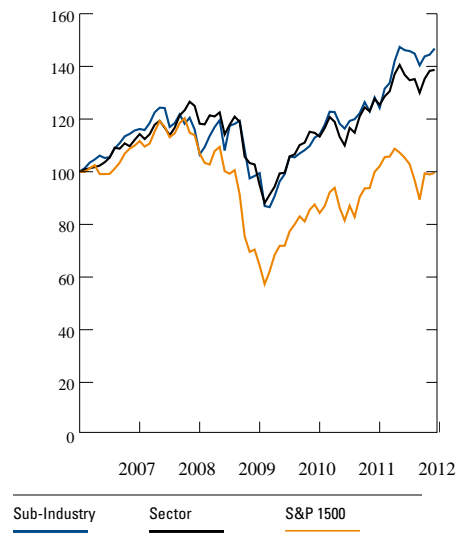
Year to date, through November 18, the S&P Packaged Foods & Meat Index was up 9.2%, compared to a 3.5% decline for the S&P 1500 Index. In 2010, the S&P Packaged Foods & Meat Index increased 13.5%, compared to a 14.2% rise for the S&P 1500 Index.

--Tom Graves, CFA

Stock Performance

GICS Sector: Consumer Staples
Sub-Industry: Packaged Foods & Meats

Based on S&P 1500 Indexes
Month-end Price Performance as of 11/30/11



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Packaged Foods & Meats Peer Group*: Poultry & Meats

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Tyson Foods'A'	TSN	6,154	20.53	20.74/15.60	1.13	0.8	10	25.00	B-	51	2.3	26.8
Cal-Maine Foods	CALM	747	34.80	36.55/27.20	0.45	2.4	14	NA	B	36	6.2	15.1
Hormel Foods	HRL	7,845	29.58	30.50/24.52	0.48	2.0	17	26.70	A+	100	6.1	8.6
Industrias Bachoco ADS	IBA	79	18.89	28.88/18.86	0.88	2.6	18	NA	NR	52	8.0	3.0
Pilgrim's Pride	PPC	1,351	6.30	8.61/2.91	2.87	Nil	NM	NA	NR	15	1.3	52.9
Sanderson Farms	SAFM	1,158	52.29	52.73/38.07	0.45	1.3	NM	NA	B	25	7.0	8.8
Smithfield Foods	SFD	3,997	24.47	25.12/17.79	1.73	Nil	8	23.50	C	82	4.3	34.6

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Tyson Foods Inc.**S&P Analyst Research Notes and other Company News****November 21, 2011**

TSN posts \$0.26 vs. \$0.57 Q3 EPS as higher input costs 13% sales rise. S&P Capital IQ consensus was \$0.31. Expects 2012 sales to exceed \$34 billion mostly resulting from price increases related to decreases in domestic availability of protein and rising raw material costs.

November 21, 2011

11:13 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF TYSON FOODS (TSN 19.23***): Excluding a year-ago special item, Sep-Q EPS of \$0.26, vs. \$0.64, is \$0.06 below our estimate, which we attribute to commodity risk management costs (e.g. mark-to-market). Although we are wary of near-term prospects for beef business, we look for FY 12 (Sep) chicken business to be better than we previously anticipated. We expect lower industry chicken production and better pricing. We are keeping our FY 12 EPS forecast at \$2.06. We continue to look for TSN to be a long-term beneficiary of rising global demand for poultry and meat protein. We keep our target price at \$20. /Tom Graves, CFA

November 18, 2011

10:29 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF TYSON FOODS (TSN 19.58***): On Monday, we look for TSN to report Sep-Q EPS, before special items, of \$0.32 (lowered from \$0.33) vs. year-ago \$0.64. We expect some profit pressure from grain costs, and anticipate that food service sales may be soft. We are reducing our FY 11 (Sep.) estimate to \$1.94, from \$1.95, but we are raising our FY 12 EPS estimate to \$2.06, from \$2.00, which assumes less pressure than we had previously anticipated from grain costs. We continue to look for TSN to be a long-term beneficiary of rising global demand for poultry and meat protein. We keep our target price at \$20. /Tom Graves, CFA

November 18, 2011

Tyson Foods Inc. announced that Gaurdie E. Banister Jr., 54, has been selected as a new independent director on the board. He is currently the president and CEO of Aera Energy LLC. In 2007, Banister was named to his current position with Aera Energy, which is one of California's largest oil and gas producers.

August 8, 2011

TSN posts \$0.51 vs. \$0.65 Q3 EPS as higher costs and expenses offset 11% sales rise. Q3 FY 11 EPS included a \$0.05 reduction to income tax expense related to a reversal of reserves for foreign uncertain tax positions. Capital IQ consensus forecast was \$0.40. For FY 11, TSN expects sales to exceed \$32B, mostly due to price increases associated with rising raw material costs.

August 8, 2011

01:07 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF TYSON FOODS (TSN 16.24***): Before a special item, Jun-Q EPS of about \$0.46, vs. \$0.65, is \$0.01 below our estimate. We are reducing our FY 11 (Sep) EPS forecast, before special item, to \$1.96 from \$2.00. We are raising our FY 12 EPS projection to \$1.85 from \$1.80, which assumes chicken profits are down, but with favorable year-to-year comparisons in at least the second half. We look for most operating profit in both years to come from the pork and beef segments. We still look for TSN to be a long-term beneficiary of rising global demand for poultry and meat protein. We keep our target price at \$20. /Tom Graves, CFA

August 5, 2011

Tyson Foods Inc. announced the appointment of Kathleen M. Bader as new independent director. She is the former president and chief executive officer of NatureWorks LLC, Bader also spent more than 30 years with Dow Chemical, holding various management positions in the company's global and North American operations, including global business president of a \$4.2 billion plastics portfolio. Bader has been on the board of Textron Inc. since 2004 and was previously a director for Halliburton Company. She also served for seven years on President Bush's Homeland Security Advisory Council and currently serves on the board for Habitat for Humanity International.

May 9, 2011

DOWN 1.04 to 17.85... TSN posts \$0.42 vs. \$0.42 Q2 EPS despite 16% sales rise. The Street was looking for \$0.43. Notes high costs for grains pressured margins in its chicken business. Says, while it continues to face challenging and volatile market conditions, TSN still sees FY 11 earnings being comparable to FY 10, and sees sales topping \$32B due to price increases associated with the rising raw

material costs.

May 9, 2011

01:37 pm ET ... S&P LOWERS OPINION ON SHARES OF TYSON FOODS TO HOLD FROM BUY (TSN 17.87***): Mar-Q EPS of \$0.42, vs. about \$0.46 (before year-ago special items), is \$0.03 below our estimate. We are increasingly concerned about the extent to which TSN will be able to get higher prices in its chicken business to offset higher feed costs. Before a special item, we lower our FY 11 (Sep) EPS estimate to \$2.00 from \$2.10, and our FY 12 EPS projection to \$1.80 from \$1.90. We still look for TSN to be a long-term beneficiary of rising global demand for poultry and meat protein. However, with reduced EPS estimates, we are lowering our 12-month target price to \$20 from \$22. /T.Graves-CFA

February 7, 2011

Tyson Foods Inc. elected seven people to the company's Board of Directors, including five independent directors. The vote was announced at Tyson's annual meeting of shareholders in Springdale, Arkansas. Those elected were Chairman John Tyson, Jim Keever, Kevin M. McNamara, Robert Thurber, Brad T. Sauer, Barbara A. Tyson and Albert C. Zapanta. The board position held by Don Tyson, who passed away January 6, has not been filled.

February 4, 2011

TSN posts \$0.78 vs. \$0.42 Q1 EPS on 15% revenue rise. Street was at \$0.62. TSN says, in FY 11, overall domestic protein (chicken, beef, pork and turkey) production is expected to slightly increase. Because exports are likely to grow as well, it forecasts total domestic availability of protein to be down slightly compared to fiscal 2010, which should continue to support pricing.

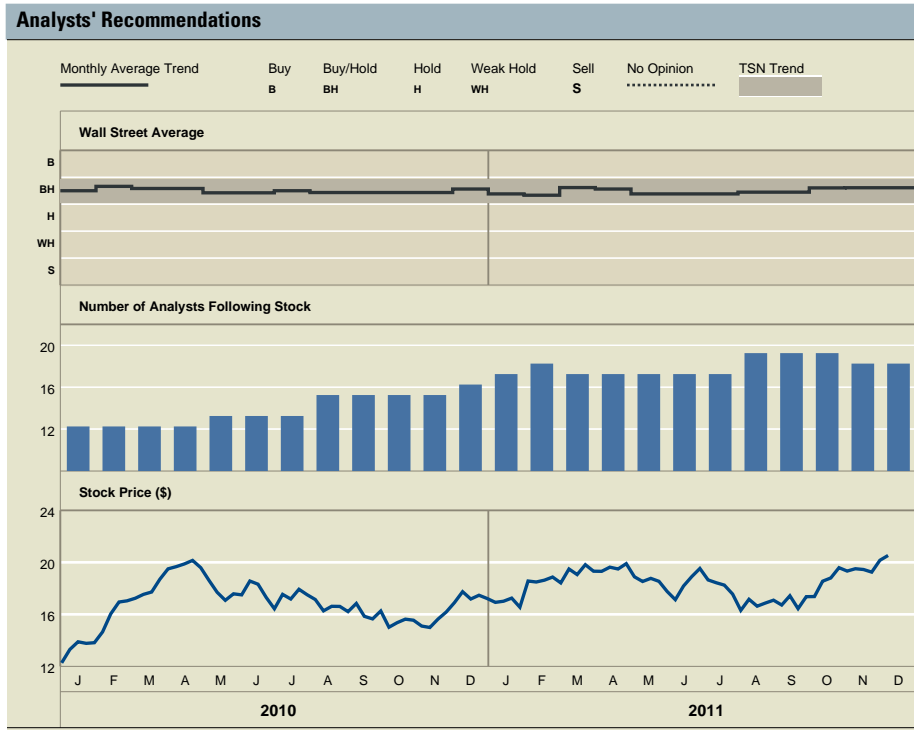
February 4, 2011

12:38 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF TYSON FOODS (TSN 18.65***): Before special item, Dec-Q EPS of \$0.75, vs. \$0.42, exceeds our \$0.15 estimate. We are especially impressed with profit improvement from the chicken and pork segments. We remain wary of future grain costs, but expect TSN to at least partly offset with operating efficiencies. Before special item, we raise our FY 11 (Sep) EPS estimate to \$2.10 from \$1.85, and set FY 12 at \$1.90. We look for TSN to be a longer-term beneficiary of rising global demand for poultry and meat protein. With higher FY 11 EPS estimate, we are raising our 12-month target price to \$22 from \$20. /T.Graves-CFA

February 3, 2011

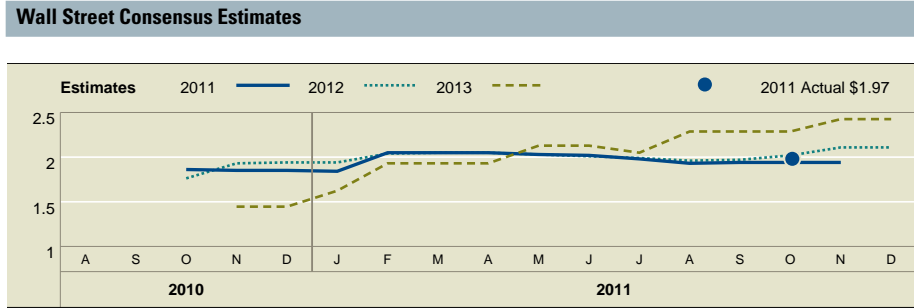
02:33 pm ET ... S&P LOWERS OPINION ON SHARES OF TYSON FOODS TO BUY FROM STRONG BUY (TSN 17.3***): Tomorrow morning, before special items, we look for TSN to report Dec-Q EPS of \$0.60 vs. \$0.42. However, we remain wary of future grain costs. With a more cautious view of feed costs and the overall chicken business, we are lowering our FY 11 (Sep) EPS estimate to \$1.85 from \$1.90. We look for TSN to be a longer-term beneficiary of increasing global demand for poultry and meat protein. But, we think the feed cost environment has added to risk. Based on this, plus a modestly lowered EPS estimate, we are reducing our 12-month target price to \$20 from \$21. /T.Graves-CFA

Tyson Foods Inc.



Of the total 18 companies following TSN, 18 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	8	44	8	8
Buy/Hold	4	22	4	3
Hold	6	33	6	7
Weak Hold	0	0	0	1
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	18	100	18	19



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	2.44	3.09	2.05	11	8.4
2012	2.12	2.46	1.85	18	9.7
2013 vs. 2012	▲ 15%	▲ 26%	▲ 11%	▼ -39%	▼ -13%
Q1'13	0.55	0.70	0.34	4	37.3
Q1'12	0.34	0.43	0.26	17	60.4
Q1'13 vs. Q1'12	▲ 62%	▲ 63%	▲ 31%	▼ -76%	▼ -38%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- BB&T Capital Markets
- BMO Capital Markets, U.S. Equity Research
- Barclays Capital
- BofA Merrill Lynch
- Cowen and Company, LLC
- Credit Agricole Securities (USA) Inc.
- Credit Suisse
- D.A. Davidson & Co.
- Davenport & Company
- Deutsche Bank
- JP Morgan
- Jefferies & Company, Inc.
- KeyBanc Capital Markets Inc.
- Morgan Joseph TriArtisan LLC
- Morgan Stanley
- Morningstar Inc.
- Stephens, Inc.
- Wisco Research

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that TSN will earn \$2.12. For fiscal year 2013, analysts estimate that TSN's earnings per share will grow by 15% to \$2.44.

Tyson Foods Inc.

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

Tyson Foods' A'

	Raw Score	Max Value
Proprietary S&P Measures	23	115
Technical Indicators	29	40
Liquidity/Volatility Measures	15	20
Quantitative Measures	19	75
IQ Total	86	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

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Tyson Foods Inc.

Abbreviations Used in S&P Equity Research Reports

CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 42.2% of issuers with buy recommendations, 54.2% with hold recommendations and 3.6% with sell recommendations.

In Europe: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 34.4% of issuers with buy recommendations, 49.4% with hold recommendations and 16.2% with sell recommendations.

In Asia: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 48.4% of issuers with buy recommendations, 45.7% with hold recommendations and 5.9% with sell recommendations.

Globally: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 41.5% of issuers with buy recommendations, 52.6% with hold recommendations and 5.9% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★★★★☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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S&P Global Quantitative Recommendations Distribution

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In Asia: As of September 30, 2011, Standard & Poor's Quantitative Services Asia recommended 48.4% of issuers with buy recommendations, 22.0% with hold recommendations and 30.0% with sell recommendations.

Globally: As of September 30, 2011, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 20.0% with hold recommendations and 33.0% with sell recommendations.

Additional information is available upon request.

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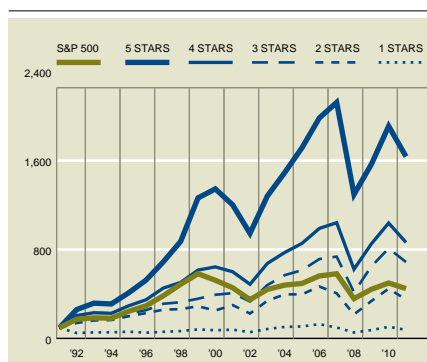
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U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 11/30/2011



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are

made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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