

TYSON FOODS INC
Form 10-Q/A
January 08, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment 1

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

For the quarterly period ended June 28, 2003

OR

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

For the transition period from _____ to _____

0-3400

(Commission File Number)

TYSON FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware <i>(State or other jurisdiction of incorporation or organization)</i>	71-0225165 <i>(I.R.S. Employer Identification No.)</i>
2210 West Oaklawn Drive, Springdale, Arkansas <i>(Address of principal executive offices)</i>	72762-6999 <i>(Zip Code)</i>
(479) 290-4000 <i>(Registrant's telephone number, including area code)</i>	

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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 [X] No []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No []

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 28, 2003.

Class	Outstanding Shares
Class A Common Stock, \$0.10 Par Value	248,804,620
Class B Common Stock, \$0.10 Par Value	101,636,348

EXPLANATORY NOTE

In accordance with SEC Rule 12b-15, this Amendment No. 1 on Form 10-Q/A amends certain items of the Quarterly Report on Form 10-Q of Tyson Foods, Inc. (the "Company") for the fiscal quarter ended June 28, 2003 as filed with the Securities and Exchange Commission ("SEC") on August 12, 2003, and presents in its entirety the Form 10-Q, as amended. These amended items do not restate the Company's consolidated financial statements previously filed in the Form 10-Q. This Form 10-Q/A is in response to comments from the Staff of the SEC following their review of the Company's SEC filing. This Form 10-Q/A does not reflect events occurring after the filing of the original Form 10-Q or modify or update those disclosures affected by subsequent events. Accordingly, this Form 10-Q/A should be read in conjunction with the Company's subsequent filings with the SEC.

The changes reflected by this Form 10-Q/A are revisions and supplemental disclosures to the Selling, General and Administrative expense disclosure and Prepared Foods segment disclosure in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and supplemental disclosures to Footnote 8 contained in the Financial Statements. The Exhibit Index in Item 6 is also amended to reflect the inclusion of updated certifications of certain executive officers.

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		Nine Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Sales	\$ 6,330	\$ 5,902	\$ 17,977	\$ 17,606
Cost of Sales	5,892	5,438	16,759	16,235
	438	464	1,218	1,371
Selling, General and Administrative	218	217	623	672
Other Charges	19	-	66	-
Operating Income	201	247	529	699
Other Expense:				
Interest	69	76	219	231
Other	9	4	15	4
	78	80	234	235
Income before Income Taxes	123	167	295	464
Provision for Income Taxes	44	60	105	165
Net Income	\$ 79	\$ 107	\$ 190	\$ 299
Weighted Average Shares Outstanding:				
Outstanding:				
Basic	345	348	346	348
Diluted	351	355	352	355
Earnings Per Share:				
Basic	\$ 0.23	\$ 0.31	\$ 0.55	\$ 0.86
Diluted	\$ 0.23	\$ 0.30	\$ 0.54	\$ 0.84
Cash Dividends Per Share:				
Class A	\$ 0.040	\$ 0.040	\$ 0.120	\$ 0.120
Class B	\$ 0.036	\$ 0.036	\$ 0.108	\$ 0.108

See accompanying notes.

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

	(Unaudited)	
	June 28, 2003	September 28, 2002
Assets		
Current Assets:		
Cash and cash equivalents	\$ 100	\$ 51
Accounts receivable, net	1,308	1,101
Inventories	1,936	1,885
Other current assets	121	107
Total Current Assets	3,465	3,144
Net Property, Plant and Equipment	4,031	4,038
Goodwill	2,634	2,633
Intangible Assets	184	190
Other Assets	342	367
Total Assets	\$ 10,656	\$ 10,372
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current debt	\$ 192	\$ 254
Trade accounts payable	803	755
Other current liabilities	1,115	1,084
Total Current Liabilities	2,110	2,093
Long-Term Debt	3,798	3,733
Deferred Income Taxes	690	643
Other Liabilities	233	241
Shareholders' Equity:		
Common stock (\$0.10 par value):		
Class A-authorized 900 million shares: issued 267 million shares at June 28, 2003 and September 28, 2002	27	27
Class B-authorized 900 million shares: issued 102 million shares at June 28, 2003 and September 28, 2002	10	10
Capital in excess of par value	1,876	1,879
Retained earnings	2,246	2,097
Accumulated other comprehensive loss	(15)	(49)
	4,144	3,964
Less treasury stock, at cost- 19 million shares at June 28, 2003 and 16 million shares at September 28, 2002	290	265
Less unamortized deferred compensation	29	37
Total Shareholders' Equity	3,825	3,662
Total Liabilities and Shareholders' Equity	\$ 10,656	\$ 10,372

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Cash Flows From Operating Activities:				
Net income	\$ 79	\$ 107	\$ 190	\$ 299
Depreciation and amortization	110	124	338	356
Plant closing-related charges	12	-	34	-
Deferred income taxes and other	48	6	48	64
Net changes in working capital	(120)	13	(191)	220
Cash Provided by Operating Activities	129	250	419	939
Cash Flows From Investing Activities:				
Additions to property, plant and equipment	(147)	(126)	(329)	(366)
Proceeds from sale of assets	12	6	23	8
Acquisitions of property, plant and equipment	-	(73)	-	(73)
Net change in investment in commercial paper	-	-	-	94
Net changes in other assets and liabilities	(30)	(1)	7	(54)
Cash Used for Investing Activities	(165)	(194)	(299)	(391)
Cash Flows From Financing Activities:				
Net change in debt	84	(46)	3	(521)
Purchases of treasury shares	(3)	(5)	(32)	(15)
Dividends and other	(14)	(14)	(43)	(43)
Cash Provided by (Used for) Financing Activities	67	(65)	(72)	(579)
Effect of Exchange Rate Change on Cash	(2)	7	1	9
Increase (Decrease) in Cash and Cash Equivalents	29	(2)	49	(22)
Cash and Cash Equivalents at Beginning of Period	71	50	51	70
Cash and Cash Equivalents at End of Period	\$ 100	\$ 48	\$ 100	\$ 48

See accompanying notes.

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. (the Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. Although the management of the Company believes that the disclosures are adequate to make the information presented not misleading, these consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the fiscal year ended September 28, 2002. The preparation of consolidated condensed financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management believes the accompanying consolidated condensed financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position as of June 28, 2003, and September 28, 2002, and the results of operations and cash flows for the three months and nine months ended June 28, 2003, and June 29, 2002. The results of operations and cash flows for the three months and nine months ended June 28, 2003, and June 29, 2002 are not necessarily indicative of the results to be expected for the full year.

STOCK OPTIONS

On December 29, 2002, the Company adopted Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" (SFAS 148). SFAS 148, which amended FASB Statement No. 123, "Accounting for Stock-Based Compensation," does not require use of the fair value method of accounting for stock-based employee compensation. The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its employee stock option plans. Accordingly, no compensation expense was recognized for its stock option plans. Had compensation cost for the employee stock option plans been determined based on the fair value method of accounting for the Company's stock option plans, the tax-effected impact would be as follows (in millions, except per data):

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	Three Months Ended		Nine Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Net Income				
As reported	\$ 79	\$ 107	\$ 190	\$ 299

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Pro forma	78	105	187	296
Earnings per share				
As reported				
Basic	0.23	0.31	0.55	0.86
Diluted	0.23	0.30	0.54	0.84
Pro forma				
Basic	0.23	0.30	0.54	0.85
Diluted	0.22	0.29	0.53	0.83

Pro forma net income reflects only options granted after fiscal 1995. Additionally, the pro forma disclosures are not likely to be representative of the effects on net income for the full year or future years.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51" (the Interpretation). The Interpretation requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. Currently, entities are generally consolidated by an enterprise that has a controlling financial interest through ownership of a majority voting interest in the entity. The interpretation was immediately effective for variable interest entities created after January 31, 2003, and effective in the fourth quarter of fiscal 2003 for those created prior to February 1, 2003. The Company is currently in the process of evaluating the Interpretation and believes its adoption will not have a material impact on its financial position or results of operations.

In April 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS 149). SFAS 149 amends SFAS No. 133 to provide clarification on the financial accounting and reporting of derivative instruments and hedging activities and requires that contracts with similar characteristics be accounted for on a comparable basis. The standard is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The Company believes the adoption of SFAS No. 149 will not have a material impact on its financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 establishes how an issuer classifies and measures certain freestanding financial instruments with characteristics of liabilities and equity and requires that such instruments be classified as liabilities. The standard is effective for financial instruments entered into or modified after May 31, 2003 and is otherwise effective in the fourth quarter of fiscal 2003. The Company believes the adoption of SFAS No. 150 will not have a material impact on its financial position or results of operations.

RECLASSIFICATIONS

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Certain reclassifications have been made to prior periods to conform to current presentations.

Note 2: OTHER CHARGES

In April 2003, the Company announced its decision to close its Berlin, Maryland poultry operation as part of its ongoing plant rationalization efforts. The Berlin poultry operation employs approximately 650 people and includes a hatchery, a feed mill, live production and a processing facility. As a result of this decision, the Company is anticipating total costs of \$29 million that includes \$14 million of costs related to closing the plant and \$15 million of

estimated impairment charges for assets to be disposed of. The costs related to closing the plant include \$9 million for estimated liabilities for the resolution of the Company's obligations under 209 grower contracts, and \$5 million of other related costs associated with the closing of the plant including plant clean-up costs and employee termination benefits. The Company is accounting for the closing of the Berlin operations in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". The Company recorded in the third quarter of fiscal 2003 an accrual of \$19 million that includes \$4 million of costs related to closing the plant and \$15 million of estimated impairment charges for assets to be disposed. This amount is reflected in the chicken segment as a reduction of operating income and included in the consolidated statements of income in other charges. The costs related to closing the plant include \$2 million for estimated liabilities for the resolution of the Company's obligations under grower contracts and \$2 million of other related costs associated with the closing of the plant, including plant-clean-up costs and employee termination benefits. The Berlin location will cease operations by the end of the calendar year 2003. At June 28, 2003, approximately \$4 million had been paid and charged against the accrual. The Company anticipates recording additional costs of approximately \$6 million in the fourth quarter of fiscal 2003 and approximately \$4 million in the first quarter of fiscal 2004 related to closing the plant.

In the first quarter of fiscal 2003, the Company recorded a \$47 million accrual of costs related to the closing of its Stilwell, Oklahoma and Jacksonville, Florida plants that includes \$26 million of costs related to closing the plants and \$21 million of estimated impairment charges for assets to be disposed of. The costs related to closing the plants include \$17 million for estimated liabilities for the resolution of the Company's obligations under 89 grower contracts, and \$9 million of other related costs associated with the closing of the plants including plant clean-up costs and employee termination benefits. The costs are reflected in the chicken segment as a reduction of operating income and included in the consolidated statements of income in other charges. At June 28, 2003, the remaining accrual balance for closing the two poultry operations was \$19 million as \$15 million of obligations under grower contracts and \$13 million of other closing costs had been paid. No material adjustments to the total accrual are anticipated at this time.

In the fourth quarter of fiscal 2002, Tyson recorded a \$26 million accrual for restructuring its live swine operations that consists of \$21 million of estimated liabilities for resolution of Company obligations under producer contracts and \$5 million of other related costs associated with this restructuring including lagoon and pit closure costs and employee termination benefits. At June 28, 2003, the remaining accrual balance was \$17 million as \$6 million of obligations under grower contracts and \$3 million of other related costs had been paid. No material adjustments to the total accrual are anticipated at this time.

Note 3: INVENTORIES

Processed products, livestock (excluding breeders) and supplies and other are valued at the lower of cost (first-in, first-out) or market. Livestock includes live cattle, live chicken and live swine. Cost includes purchased raw materials, live purchase costs, growout costs (primarily feed, contract grower pay, and

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catch and haul costs), labor, and manufacturing and production overhead which are related to the purchase and production of inventories. Live chicken consists of broilers and breeders. Breeders are stated at cost less amortization. The costs associated with breeders, including breeder chicks, feed, and medicine, are accumulated up to the production stage and amortized to broiler inventory over the life of the flock using a standard unit of production. Total inventory consists of the following (in millions):

	June 28, 2003	September 28, 2002
Processed products	\$ 1,146	\$ 1,112

Note 2: OTHER CHARGES

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Livestock		519		505
Supplies and other		271		268
Total inventory	\$	1,936	\$	1,885

Note 4: PROPERTY, PLANT AND EQUIPMENT

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

	June 28, 2003	September 28, 2002
Land	\$ 113	\$ 111
Buildings and leasehold improvements	2,230	2,154
Machinery and equipment	3,713	3,419
Land improvements and other	181	185
Buildings and equipment under construction	328	414
	6,565	6,283
Less accumulated depreciation	2,534	2,245
Net property, plant and equipment	\$ 4,031	\$ 4,038

Note 5: OTHER CURRENT LIABILITIES

Other current liabilities are as follows (in millions):

	June 28, 2003	September 28, 2002
Accrued salaries, wages and benefits	\$ 277	\$ 308
Self insurance reserves	233	225
Income taxes payable	263	202
Property and other taxes	53	52
Other	289	297
Total other current liabilities	\$ 1,115	\$ 1,084

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Note 6: LONG-TERM DEBT

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

	June 28, Maturity 2003	September 28, 2002
Commercial paper (1.60% effective rate at 6/28/03 and 2.17% effective rate at 9/28/02)	2003 \$ 106	\$ 24
Revolving Credit Facilities	2003, 2005, 2006	-
Senior notes and Notes (rates ranging from 6.13 % to 8.25%)	2004-2028	3,360 3,607
Accounts Receivable Securitization Debt (2.12% effective rate at 6/28/03 and 2.35% effective rate at 9/28/02)	2003	285 75
Institutional notes (10.84% effective rate at 6/28/03 and 9/28/02)	2003-2006	40 50
Leveraged equipment loans (rates ranging from 4.7% to 6.0%)	2005-2008	110 124
Other	Various	89 107
Total debt		3,990 3,987
Less current debt		192 254

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Total long-term debt \$3,798 \$ 3,733

The revolving credit facilities, senior notes, notes and accounts receivable securitization debt contain various covenants, the more restrictive of which contain a maximum allowed leverage ratio and a minimum required interest coverage ratio. The Company is in compliance with these covenants at June 28, 2003.

Total debt at June 28, 2003, was \$3,990 million, an increase of \$3 million from September 28, 2002. The Company has unsecured revolving credit agreements totaling \$1 billion that support the Company's commercial paper program. These \$1 billion in facilities consist of \$200 million that expires in June 2004, \$300 million that expires in June 2005 and \$500 million that expires in September 2006. At June 28, 2003, there were no amounts outstanding under these facilities.

The Company has entered into a receivables purchase agreement with three co-purchasers to sell up to \$750 million of trade receivables. The receivables purchase agreement has been accounted for as a borrowing and has an interest rate based on commercial paper issued by the co-purchasers. Under this agreement, substantially all of the Company's accounts receivable are sold to a special purpose entity, Tyson Receivables Corporation (TRC), which is a wholly owned consolidated subsidiary of the Company. TRC has its own separate creditors that are entitled to be satisfied out of all of the assets of TRC prior to any value becoming available to the Company as TRC's equity holder.

The Company guarantees debt of outside third parties, which involve certain bank term loans, letters of credit, a lease and grower loans, all of which are substantially collateralized by the underlying assets. Terms of the underlying debt range from one to 12 years and the maximum potential amount of future payments as of June 28, 2003, was \$66 million. The Company also maintains operating leases for various types of equipment, some of which contain residual value guarantees for the market value for assets at the end of the term of the lease. The terms of the lease maturities range from one to six years. The maximum potential amount of the residual value guarantees is approximately \$104 million, of which, approximately

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\$32 million would be recoverable through various recourse provisions and an undeterminable recoverable amount based on the fair market value of the underlying leased assets. The likelihood of payments under these guarantees is not considered to be probable and accordingly, no liabilities have been recorded.

The Company has fully and unconditionally guaranteed \$542 million of senior notes issued by IBP, inc. (IBP), now known as Tyson Fresh Meats, a wholly owned subsidiary of the Company.

The following condensed consolidating financial information is provided for the Company, as guarantor, and for IBP, as issuer, as an alternative to providing separate financial statements for the issuer.

Condensed Consolidating Statement of Income (unaudited) for the three months ended June 28, 2003

	(in millions)			
	Tyson	IBP	Adjustments	Consolidated
Sales	\$2,039	\$4,291	\$ -	\$ 6,330
Cost of Sales	1,785	4,107		5,892
	254	184		438
Selling, General and Administrative	138	80		218
Other Charges	19	-		19
Operating Income	97	104		201
Interest and Other Expense	60	18		78
Income Before Income Taxes	37	86		123
Provision for Income Taxes	18	26		44
Net Income	\$ 19	\$ 60	\$ -	\$ 79

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Condensed Consolidating Statement of Income (unaudited) for the three months ended June 29, 2002

	Tyson		IBP		Adjustments		(in millions) Consolidated	
Sales	\$	2,039	\$	3,882	\$	(19)	\$	5,902
Cost of Sales		1,799		3,658		(19)		5,438
		240		224		-		464
Selling, General and Administrative		120		97				217
Operating Income		120		127				247
Interest and Other Expense		66		14				80
Income Before Income Taxes		54		113				167
Provision for Income Taxes		17		43				60
Net Income	\$	37	\$	70	\$	-	\$	107

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Condensed Consolidating Statement of Income (unaudited) for the nine months ended June 28, 2003

	Tyson		IBP		Adjustments		(in millions) Consolidated	
Sales	\$	6,006	\$	11,989	\$	(18)	\$	17,977
Cost of Sales		5,261		11,516		(18)		16,759
		745		473		-		1,218
Selling, General and Administrative		389		234				623
Other Charges		66		-				66
Operating Income		290		239				529
Interest and Other Expense		177		57				234
Income Before Income Taxes		113		182				295
Provision for Income Taxes		45		60				105
Net Income	\$	68	\$	122	\$	-	\$	190

Condensed Consolidating Statement of Income (unaudited) for the nine months ended June 29, 2002

	Tyson		IBP		Adjustments		(in millions) Consolidated	
Sales	\$	5,846	\$	11,793	\$	(33)	\$	17,606
Cost of Sales		5,108		11,160		(33)		16,235
		738		633		-		1,371
Selling, General and Administrative		373		299				672
Operating Income		365		334				699
Interest and Other Expense		181		54				235
Income Before Income Taxes		184		280				464
Provision for Income Taxes		60		105				165
Net Income	\$	124	\$	175	\$	-	\$	299

Condensed Consolidating Balance Sheet (unaudited) as of June 28, 2003

	(in millions)			
	Tyson	IBP	Adjustments	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 47	\$ 53	\$ -	\$ 100
Accounts receivable, net	923	755	(370)	1,308
Inventories	1,010	926	-	1,936
Other current assets	36	85	-	121
Total Current Assets	2,016	1,819	(370)	3,465
Net Property, Plant and Equipment	2,187	1,844	-	4,031
Goodwill	942	1,692	-	2,634
Intangible Assets	-	184	-	184
Other Assets	3,124	123	(2,905)	342
Total Assets	\$8,269	\$5,662	\$ (3,275)	\$ 10,656
Liabilities and Shareholders' Equity				
Current Liabilities:				
Current debt	\$ 191	\$ 1	\$ -	\$ 192
Trade accounts payable	382	421	-	803
Other current liabilities	590	2,587	(2,062)	1,115
Total Current Liabilities	1,163	3,009	(2,062)	2,110
Long-Term Debt	3,228	570	-	3,798
Deferred Income Taxes	423	267	-	690
Other Liabilities	51	182	-	233
Shareholders' Equity	3,404	1,634	(1,213)	3,825
Total Liabilities and Shareholders' Equity	\$8,269	\$5,662	\$ (3,275)	\$ 10,656

Condensed Consolidating Balance Sheet (unaudited) as of September 28, 2002

	(in millions)			
	Tyson	IBP	Adjustments	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 42	\$ 9	\$ -	\$ 51
Accounts receivable, net	896	610	(405)	1,101
Inventories	1,078	807	-	1,885
Other current assets	28	79	-	107

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Total Current Assets	2,044	1,505	(405)	3,144
Net Property, Plant and Equipment	2,138	1,900		4,038
Goodwill	941	1,692		2,633
Intangible Assets	-	190		190
Other Assets	3,118	155	(2,906)	367
Total Assets	\$ 8,241	\$ 5,442	\$ (3,311)	\$ 10,372
Liabilities and Shareholders' Equity				
Current Liabilities:				
Current debt	\$ 253	\$ 1	\$ -	\$ 254
Trade accounts payable	352	403		755
Other current liabilities	635	2,546	(2,097)	1,084
Total Current Liabilities	1,240	2,950	(2,097)	2,093
Long-Term Debt	3,160	573		3,733
Deferred Income Taxes	378	265		643
Other Liabilities	70	171		241
Shareholders' Equity	3,393	1,483	(1,214)	3,662
Total Liabilities and Shareholders' Equity	\$ 8,241	\$ 5,442	\$ (3,311)	\$ 10,372

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Condensed Consolidating Statement of Cash Flows (unaudited) for the three months ended June 28, 2003

	(in millions)		
	Tyson IBP		Consolidated
Cash Flows From Operating Activities:			
Net income	\$ 19	\$ 60	\$ 79
Depreciation and amortization	66	44	110
Plant closing-related charges	12	-	12
Deferred income taxes and other	35	13	48
Net changes in working capital	(71)	(49)	(120)
Cash Provided by Operating Activities	61	68	129
Cash Flows From Investing Activities:			
Additions to property, plant and equipment	(127)	(20)	(147)
Proceeds from sale of assets	12	-	12
Net change in other assets and liabilities	(35)	5	(30)
Cash Used for Investing Activities	(150)	(15)	(165)
Cash Flows From Financing Activities:			
Net change in debt	83	1	84
Purchase of treasury shares	(3)	-	(3)
Dividends and other	(14)	-	(14)
Cash Provided by Financing Activities	66	1	67
Effect of Exchange Rate Change on Cash	10	(12)	(2)
Increase (Decrease) in Cash and Cash Equivalents	(13)	42	29
Cash and Cash Equivalents at Beginning of Period	60	11	71
Cash and Cash Equivalents at End of Period	\$ 47	\$ 53	\$ 100

Condensed Consolidating Statement of Cash Flows (unaudited) for the three months ended June 29, 2002

	Tyson	IBP	Adjustments	(in millions) Consolidated
Cash Flows From Operating Activities:				
Net income \$	37	\$ 70	\$ -	\$ 107
Depreciation and amortization	87	37		124
Deferred income taxes and other	(17)	23		6
Net changes in working capital	106	(93)		13
Cash Provided by Operating Activities	213	37		250
Cash Flows From Investing Activities:				
Additions to property, plant and equipment	(89)	(37)		(126)
Acquisitions of property, plant and equipment	(73)	-		(73)
Net change in other assets and liabilities	5	-		5
Cash Used for Investing Activities	(157)	(37)		(194)
Cash Flows From Financing Activities:				
Net change in debt	(43)	(3)		(46)
Purchase of treasury shares	(5)	-		(5)
Dividends and other	(13)	(1)		(14)
Cash Used for Financing Activities	(61)	(4)		(65)
Effect of Exchange Rate Change on	(2)	9		7

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Cash			
Increase			
(Decrease) in			
Cash and Cash			
Equivalents	(7)	5	(2)
Cash and Cash			
Equivalents at			
Beginning of			
Period	34	16	50
Cash and Cash			
Equivalents at			
End of Period \$	27 \$	21 \$	- \$ 48

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Condensed Consolidating Statement of Cash Flows (unaudited) for the nine months ended June 28, 2003

	Tyson	IBP	Adjustments	(in millions) Consolidated
Cash Flows From Operating Activities:				
Net income	\$ 68	\$ 122	\$ -	\$ 190
Depreciation and amortization	201	137		338
Plant closing-related charges	34	-		34
Deferred income taxes and other	41	7		48
Net changes in working capital	(11)	(180)		(191)
Cash Provided by Operating Activities	333	86		419
Cash Flows From Investing Activities:				
Additions to property, plant and equipment	(267)	(62)		(329)
Proceeds from sale of assets	18	5		23
Net change in other assets and liabilities	(22)	29		7
Cash Used for Investing Activities	(271)	(28)		(299)
Cash Flows From Financing Activities:				
Net change in debt	6	(3)		3
Purchase of treasury shares	(32)	-		(32)
Dividends and other	(43)	-		(43)
Cash Used for Financing Activities	(69)	(3)		(72)
Effect of Exchange Rate Change on Cash	12	(11)		1
Increase in Cash and Cash Equivalents	5	44		49
Cash and Cash Equivalents at Beginning of Period	42	9		51
Cash and Cash Equivalents at End of Period	\$ 47	\$ 53	\$ -	\$ 100

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Condensed Consolidating Statement of Cash Flows (unaudited) for the nine months ended June 29, 2002

	Tyson		IBP		Adjustments	(in millions) Consolidated
Cash Flows From Operating Activities:						
Net income	\$	124	\$	175	\$ -	\$ 299
Depreciation and amortization		234		122		356
Deferred income taxes and other		17		47		64
Net changes in working capital		353		(133)		220
Cash Provided by Operating Activities		728		211		939
Cash Flows From Investing Activities:						
Additions to property, plant and equipment		(234)		(132)		(366)
Acquisitions of property, plant and equipment		(73)		-		(73)
Net change in investment in commercial paper		94		-		94
Net change in other assets and liabilities		(45)		(1)		(46)
Cash Used for Investing Activities		(258)		(133)		(391)
Cash Flows From Financing Activities:						
Net change in debt		(437)		(84)		(521)
Purchase of treasury shares		(15)		-		(15)
Dividends and other		(39)		(4)		(43)
Cash Used for Financing Activities		(491)		(88)		(579)
Effect of Exchange Rate Change on Cash		1		8		9
Decrease in Cash and Cash Equivalents		(20)		(2)		(22)
Cash and Cash Equivalents at Beginning of Period		47		23		70
Cash and Cash Equivalents at End of Period	\$	27	\$	21	\$ -	\$ 48

Note 7: COMPREHENSIVE INCOME

The components of comprehensive income are as follows (in millions):

	Three Months Ended		Nine Months Ended	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
Net Income	\$ 79	\$ 107	\$ 190	\$ 299
Other comprehensive income (loss)				
Currency translation adjustment	22	(4)	32	3
Unrealized loss on investments	-	-	-	(1)
Derivative unrealized gain (loss)	(1)	(1)	1	1
Derivative gain recognized in cost of sales	-	1	1	3
Total comprehensive income	\$ 100	\$ 103	\$ 224	\$ 305

The related tax effects allocated to the components of comprehensive income are as follows (in millions):