

LIFE
Powered by Tyson

Thinking about the big presentation

Going to a meeting

Running errands

Headed to class

Enjoying retirement





Robert L. Peterson 1932-2004 Bob Peterson, a legendary figure in the protein industry, built the former IBP, inc. into the world leader in the beef and pork industries. He served as chairman and chief executive officer for more than 20 years until Tyson Foods acquired IBP in September 2001. Bob remained active in the new company, serving on the Tyson Foods Board of Directors until he retired in November 2003. "Bob was a giant in our industry, and a key figure in IBP's rise to greatness," Chairman and CEO John Tyson said. "His vision and dedication helped IBP grow from its roots as a small regional company to the world's largest producer of beef and pork."

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Tyson Foods, Inc., founded in 1935 with headquarters in Springdale, Arkansas, is the world's largest processor and marketer of chicken, beef and pork and the second-largest food company in the *Fortune* 500. The Company produces a wide variety of protein-based and prepared food products, which are marketed under the "Powered by Tyson™" strategy. Tyson is the recognized market leader in the retail and foodservice markets it serves, providing products and service to customers throughout the United States and more than 80 countries. Tyson has approximately 114,000 Team Members employed at 300 facilities and offices in 27 states and 20 countries.

Our vision is to be the world's first choice for protein solutions while maximizing shareholder value.

2004 FINANCIAL HIGHLIGHTS

TYSON FOODS, INC. 2004 ANNUAL REPORT

in millions, except per share data	2004	2003	2002
Sales	\$26,441	\$24,549	\$23,367
Gross profit	1,891	1,744	1,817
Operating income	925	837	887
Income before income taxes	635	523	593
Provision for income taxes	232	186	210
Net income	403	337	383
Diluted earnings per share	1.13	0.96	1.08
Shareholders' equity	4,292	3,954	3,662
Book value per share	12.19	11.21	10.37
Total assets	10,464	10,486	10,372
Depreciation and amortization	490	458	467
Total debt	3,362	3,604	3,987
Cash provided by operating activities	932	820	1,174
Capital expenditures	\$ 486	\$ 402	\$ 433
Year end shares outstanding	353	353	353
Diluted average shares outstanding	357	352	355

POWERED BY TYSON

Our promise – “Tyson. Proudly Powering the World” – is the foundation of our new branding and communication strategy which communicates the strengths of Tyson Foods: Tyson = Protein = Power. Energy from protein powers people longer than sugar and carbohydrates. And nobody produces and markets trusted quality, branded chicken, beef and pork protein in more ways than Tyson Foods. Our products enable people to do the things they *have* to do and *want* to do.

Our new tagline, “Powered by Tyson,” brings our promise to life, demonstrating how Tyson protein helps people live their lives and achieve their dreams.

Energy from protein
powers people
longer than sugar
and carbohydrates.



TO OUR SHAREHOLDERS



John Tyson
Chairman and
Chief Executive
Officer

Tyson Foods is more than the world's largest protein company. We are a company that powers people's lives. Through our products, our services and the *Tyson* brand, we give people the strength and energy to help them live their lives and achieve their dreams. This is because our products are protein-packed, and the sustainable energy from protein powers people longer than sugar and carbohydrates. Tyson = Protein = Power. In August, we launched a new \$75 million "Powering" marketing and communications strategy designed to market our full range of chicken, beef and pork products under the *Tyson* brand and the new slogan, "Powered by Tyson." At Tyson, we are united to "Power" people everywhere. We're embarking on a new era in our company, one that will be marked by opportunity and potential success for our team members, customers, consumers and shareholders.

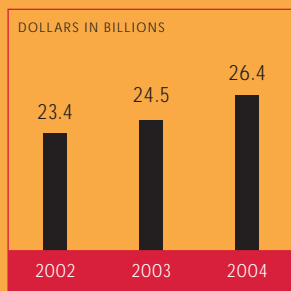
In July 2004, we celebrated the 100th anniversary of the birth of my grandfather, John Tyson, the founder of what is now Tyson Foods, Inc. In 2005, we will celebrate our

70th anniversary as a company. If my grandfather were alive today, he would be pleased to see what Tyson Foods has become under the current management team and those who came before us. I think he would be especially proud of what we accomplished this year.

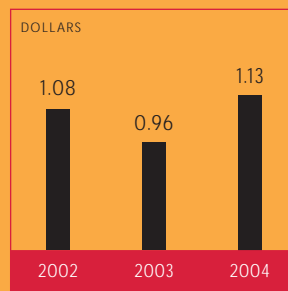
Tyson Foods ranked 44th in *Fortune* magazine's list of the 100 fastest growing companies. *Fortune* cited our 49 percent revenue growth, 41 percent earnings per share growth and 32 percent total market return during a three-year period. This simply is the result of a lot of hard work by many talented people. We have built the foundation and created opportunities for growth now and in the future.

I am satisfied with the results we posted in 2004. Our financial performance reflects our position as the world's leading processor and marketer of chicken, beef and pork. We have the size, scale and balance of proteins to succeed during difficult times in the industry.

SALES



EARNINGS PER SHARE



Tyson Foods reported record sales and earnings in 2004.

Reported diluted earnings per share (EPS) were \$1.13 compared to \$0.96 last year, an 18 percent increase. Our long-term goal is to achieve average double-digit EPS growth. Sales were \$26.4 billion in 2004 compared to \$24.5 billion in 2003. Strong cash flow allowed us to pay down debt by \$242 million this year and \$1.5 billion since August 2001. One of the goals we set for fiscal 2004 was to achieve a debt-to-capital ratio of 45 percent in 12 to 18 months. Not only did we achieve our goal within 12 months, we exceeded it by reaching 44 percent at year's end. Our new debt-to-capital goal for 2005 is 40 percent.

Our return on invested capital (ROIC) was 12.2 percent, up from 11.0 percent last year.* Our ROIC goal for 2005 is 14 percent. Our stock price finished the year 18 percent higher than 2003 and outperformed the S&P 500 over the three-year period from fiscal 2002 to fiscal 2004.

** Adjusted ROIC increased from 9.9 percent in 2003 to 14.1 percent in 2004. Fiscal 2003 adjustments included costs related to plant closings, amounts received in connection with vitamin antitrust litigation and impairment of an equity interest in a live swine operation. Fiscal 2004 ROIC adjustments included costs related to plant closings, BSE-related charges, fixed asset write-downs and impairment of various intangible assets.*

We set a goal to increase the percentage of sales of value-added products to 50 percent over the next five years. We finished 2004 at 38 percent value-added, and our goal for 2005 is 40 percent. Our company developed 400 new products this fiscal year to meet the changing needs of customers and consumers. However, adding value means more to us than creating new, higher margin products. Value also is providing a set of services to our customers and consumers. Service is what separates us from our competition.

We are creating value and growth by filling in the gaps in our current product offerings, by creating new and innovative products to expand existing categories and by creating new categories. We are focused on penetrating markets for these products as well as the hundreds of products we introduced in 2003.

We are the leading product innovator in our industry. I believe emphasizing innovation will bring great new products to the consumer, increase value for our



The Tyson Foods Discovery Center will house expanded product development kitchens, a new pilot production plant, consumer insights and team member development.

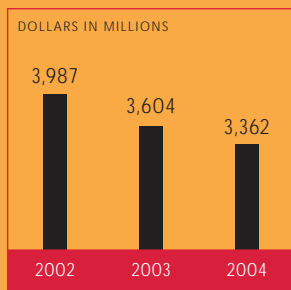
customers, improve margins and increase value for our shareholders. To support our efforts, we announced a new 184,000 square foot Discovery Center here in Springdale.

When the Discovery Center is operational in late 2005, it will house expanded product development kitchens and provide space for our consumer insights group and team member development activities. An important part of this new facility is a state-of-the-art USDA-inspected pilot plant capable of developing and testing chicken, beef, pork and prepared food products and processes. This will enable us to shorten the time from product concept to introduction. The Discovery Center underscores our continued commitment to innovation and forward thinking. As a leader in the food industry, we believe the discovery of new products, processes and consumer insights and helping our people discover their unique gifts and talents is crucial for the continued success of our company.

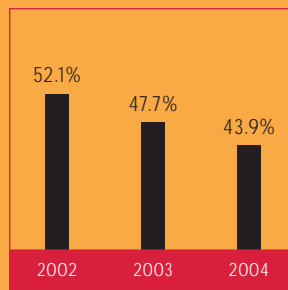
Also, key to our success is cost management. To maintain our position as the best-cost producer in the meat and poultry processing industry, we are focused on improving our manufacturing efficiencies, capabilities and capacity through automation and “steel to the floor” capital improvement projects. Our initiatives in this area include increased operating efficiencies, plant automation and rationalization. Primarily through attrition, we accomplished our goal of reducing our plant staffing by 5 percent or 6,000 people, and we did not send jobs overseas.

We are controlling costs by increasing efficiencies through automation and yield improvement. We approved approximately \$200 million in capital spending in 2004 for cost savings and income producing projects. Out of these expenditures, we identified more than \$63 million in annual savings. All of this has been accomplished while maintaining our focus on quality, food safety, people safety and service to our customers.

TOTAL DEBT



DEBT TO CAPITAL RATIO



Tyson Foods has reduced debt by \$1.5 billion since August 2001.

Our company is stronger today because of our asset rationalization. While maintaining capacity, we closed and consolidated seven operations in the past two years. In the future, we will continue to evaluate more opportunities for improving efficient use of our assets.

An on-going goal we have at Tyson Foods is to develop our people. We made strides this year in identifying and preparing team members to become our future leaders through our Emerging Leaders development and mentoring program. As I see team members learning and growing in their careers, I am confident Tyson Foods will be in capable hands for years to come.

Another extremely capable person is now part of Tyson Foods. Albert Zapanta has been elected to the Board of Directors. He is our first Hispanic board member, and his appointment brings the total number on the Tyson Foods board to 10, with five members being considered "independent." Leland Tollett was named lead director.

Sadly, we lost a valued member of our board and a pioneer in our industry when Bob Peterson passed away in May. His wisdom and experience were crucial in forming the new company, and he will be missed.

I am proud of the hard work our team members do every day to make Tyson Foods a great food company and to create long-term value for you, our shareholders. We will continue building on our success and our position as the world's leading protein company. This has been a good year for us, and we're looking forward to another good year in 2005.

John Tyson
Chairman and Chief Executive Officer



Labor of love

All about me

Whether you need a little help in the kitchen or a lot, Tyson has products to meet your needs and fit your lifestyle.

CONSUMERS
Powered by Tyson

MEET TODAY'S CONSUMERS

In-depth ethnographic research has given Tyson Foods an extraordinary depth of information about our consumers. Today we better understand not just their demographics but also their mindsets. We not only know who they are and what they eat but also their relationship with food and protein in particular. This richness of information enables us to more effectively create and market products to meet consumer needs and power their lives.

HOW DO YOU THINK ABOUT FOOD?

- **Pragmatists** Food = Fuel
Wants meals to be quick, easy and affordable to leave time for more important things in their lives
- **Labor of Love** Food = Caring
Cooks from scratch because it's the best way to eat, and it shows others they care
- **Culinary Chaotics** Food = Friction
Thinks cooking is hard work. Doesn't really know how to cook from scratch and doesn't have time to plan ahead for meals
- **Dissatisfied Diners** Food = Frustration
Believes a real meal should be homemade, but is disappointed there is never enough time to cook from scratch
- **Fun Loving Foodies** Food = Connection
Enjoys sharing a great meal with friends or family, either at a restaurant or cooked at home. Likes trying new foods and new places to eat
- **The Young and The Restless** Food = Accessory
Always on the go. Usually grabs takeout and eats on the run
- **All About Me** Food = Indulgence
Doesn't care whether food is homemade or made by someone else. Just wants the best and is willing to pay for quality



In 2003, Tyson Foods conducted a strategic analysis of the *Tyson* brand, its potential and its relevance to today's consumers. From the research, we developed an in-depth consumer segmentation, and a simple, but very elegant truth emerged: protein = energy = power. As the world's largest protein company, Tyson is uniquely positioned to deliver this message in a real and meaningful way.

Brand Awareness With an already high brand awareness of 95 percent of consumers recognizing the *Tyson* brand for chicken, we needed to develop a fun and interesting way to tell people that we are beef and pork, too.

After extensive testing, we introduced the "Powered by Tyson" campaign in August 2004. The largest fully integrated marketing campaign in Tyson history includes television, radio, online and print ads that use humorous situations showing how *Tyson* chicken, beef and pork products can help people do things just a little better than others. This campaign uses audience specific messages for general market, African American and Hispanic consumers. In addition to advertising, our new campaign includes grass roots marketing and high visibility sponsorships to build strong relationships with consumers, continually inviting them to bring the power of *Tyson* into their lives.



Tyson is known for protein, but we also make soups, sauces and tortillas.

FOOD SERVICE Powered by Tyson



Beef Petite Tenders offer quality and flavor rivaling premium tenderloin at a lower price point, a big plus for food-service operators.

Powering dining establishments from the smallest to the largest, the *Tyson* brand adds value to our customers. Through value based systems, Tyson supplies chicken, beef, pork and prepared foods to restaurants, national chains, distributors, schools, universities, healthcare facilities and the military. Our commitment to customer growth means we also provide innovation, individualized marketing programs and a unique, exclusive category management program using the most sophisticated system in foodservice today.

Award Winning Innovation In 2004, we developed more than 200 value-added foodservice products offering quality, convenience and new menu solutions. For the second year in a row, Tyson ranked #1 in the Cannondale Benchmarking Study, which identifies top manufacturers and operators as evaluated by their trading partners. Tyson ranked #1 in all 10 categories and leads nearly every segment of business we serve.

Success-Driving Insights With groundbreaking consumer and market research, we provide valuable insights to our customers. The Tyson Maximizing the Occasion Series is a system of programs to help our customers increase

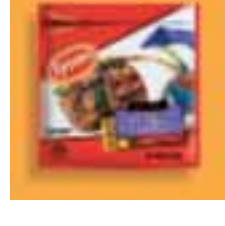
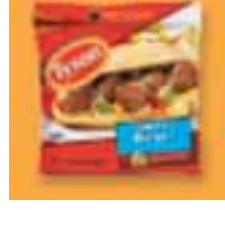
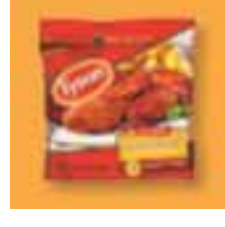
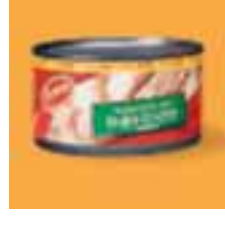
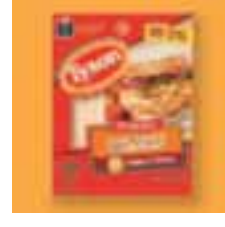
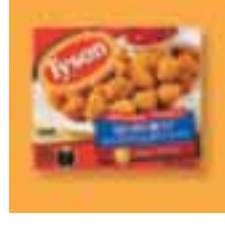
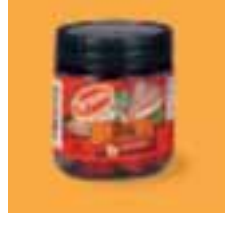
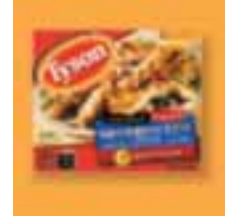
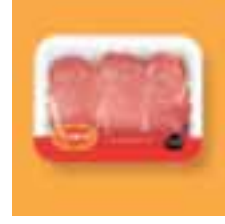
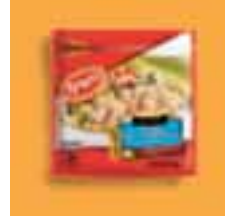
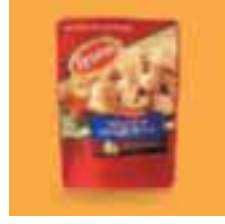
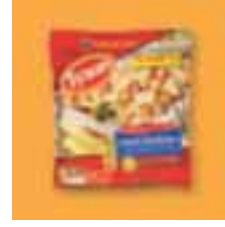
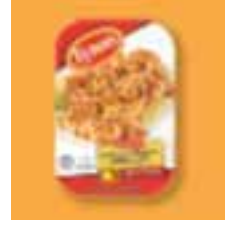
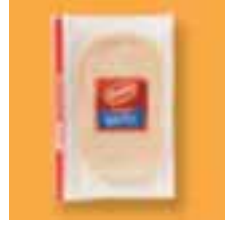
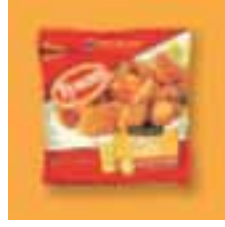
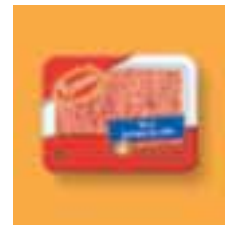
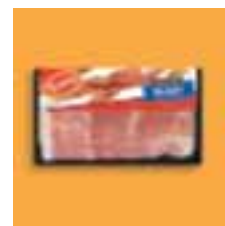
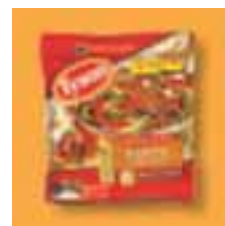
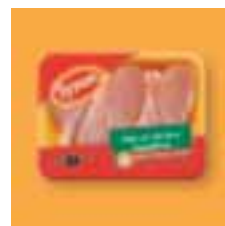
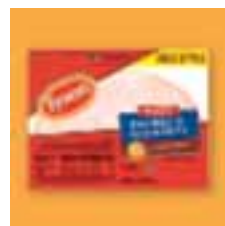
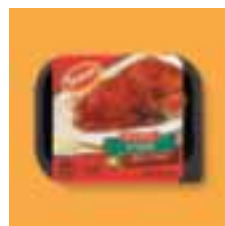
their appetizer and protein entrée sales. Whatever our customers' needs or the latest consumer trends, Tyson will find new ways to reach people whenever and wherever they are ready to eat.

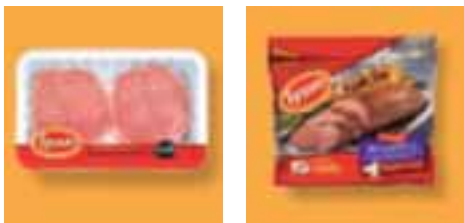
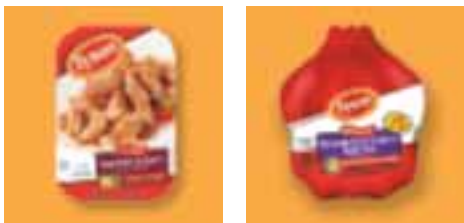
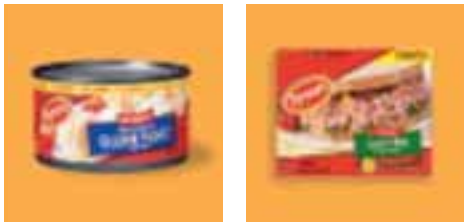
Powering healthy living is important to consumers, and Tyson is a leader here as well. Whether patrons are watching calories, sodium, carbohydrates or trans-fat, there are *Tyson* products right for them.

Making Great Choices The Tyson Meat Max system is a business tool that assesses how our customers are using protein and where we can help them create new opportunities to serve protein. This proprietary system is used to develop market strategies, identify selling opportunities and maximize our penetration in the market one customer at a time. Meat Max analyzes the customer's product mix, identifies gaps in the market and predicts volume based on market data. No other foodservice manufacturer has combined market knowledge in this way to benefit customers. It illustrates our commitment to the industry and results in a more effective growth strategy for Tyson Food Service. It is just one of the key points in how we make a difference to our customers.



The next time you order pizza, remember Tyson is one of the largest producers of pizza toppings and crusts in the United States.





RETAIL Powered by Tyson

Tyson is the leading brand of chicken, beef and pork. In 2004, the presence of the *Tyson* brand grew as we increased distribution and market penetration of a wide variety of value-added products introduced in 2003. This year also marked the roll out of nearly 100 new retail products including new versions of old favorites like chicken nuggets, patties and tenders now with zero trans-

fat. We not only developed new products, we found ways to reach customers in areas of the grocery store other than the meat and freezer cases.

Ready to Cook Tyson has long been the leader in case-ready chicken, with a 33 percent market share. Tyson is also the industry leader in case-ready beef and pork. With a growth rate of about 20 percent in 2004, case-ready is 9 percent of our total beef and pork sales. Case-ready products help our customers better manage their meat cases because case-ready has a longer shelf life, improves food safety, reduces the need for skilled labor and offers product consistency.

Tyson sliced meats have created new opportunities to expand the Tyson brand into other areas of the refrigerated foods case. Our self-serve deli meats are in the deli/take-out area of grocery stores, saving shoppers' time while offering true deli-quality chicken, beef, pork and turkey. We're also in the lunch meat section with a wide variety of lunch meats in boxes and resealable bags.

We introduced two new varieties to our successful line of fully-cooked refrigerated dinner meats in 2004 – pork roast and beef tips in gravy. Along with our market leading roasted chicken products, Tyson has a 24 percent market share in the multi-protein dinner meats category. We also rolled out two new ingredient meats – fully-cooked chicken breast strips and beef steak strips that can be used in salads or entrees and make cooking at home easier.

Tyson bacon is the fastest growing brand of bacon. Including our Wright brand and private label, bacon has become a \$300 million business for Tyson. Our pre-cooked bacon is a success. Because it doesn't need refrigeration, it can be found in other areas of the grocery store, in convenience stores or even sporting goods stores. Other *Tyson* products found outside the refrigerated and frozen food cases are our chicken and beef broths and bouillons, canned chicken and chicken breast chunks in pouches.

Tyson offers consumers the products they want, when they want them and where they want them to power their busy lives.





INTERNATIONAL Powered by Tyson



Tyson Foods is expanding our international business by diversifying our customer base through exports, in-country presence and joint ventures. Today, about half of our international sales are exported from U.S.-based facilities. We sell our products in more than 80 countries, and including our sales offices, Tyson has a presence in 20 countries.

International Operations Our Canadian subsidiary, Lakeside Packers, is a leader in the Canadian beef industry. Our Mexican subsidiary, Tyson de Mexico, is the largest producer of value-added chicken for both the

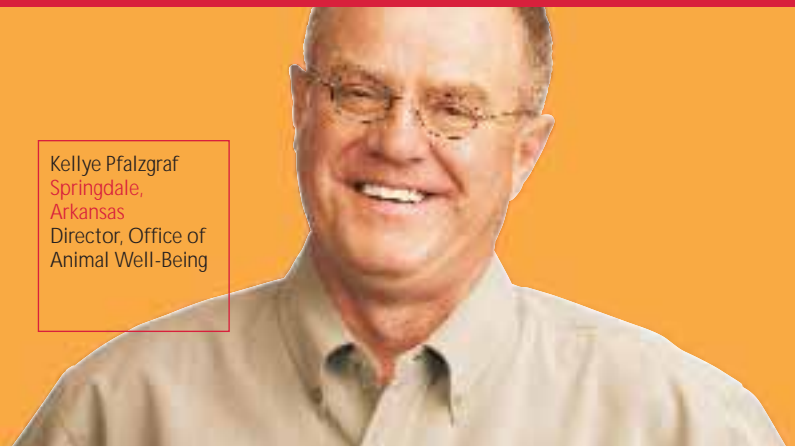
retail and foodservice sectors in Mexico. Tyson Foods has joint ventures in China and Canada, which produce a range of value-added products as we get more involved in selling and manufacturing our foods in other countries. Our newest joint venture in Canada is supplying fully-cooked chicken products to the Canadian market.

We continue to look for in-country production, either through joint ventures or direct ownership. By prioritizing markets and targeting acquisitions of low cost-of-entry joint ventures, Tyson Foods is positioned for profitable international growth.



Animal stewardship is part of Tyson Core Values, and Dr. Pfalzgraf ensures the animals entrusted to us are treated properly while under our care.

Kellye Pfalzgraf
Springdale,
Arkansas
Director, Office of
Animal Well-Being



TYSON CORE VALUES

We are a company of people engaged in the production of food, seeking to pursue truth and integrity, and committed to creating value for our shareholders, our customers and our people in the process.

Who We Are:

- We are a company of people gathered to produce food.
- We strive to be honorable people.
- We strive to be a faith-friendly company.

What We Do:

- We feed our families, the nation and the world with trusted food products.
- We serve as stewards of the animals, land and environment entrusted to us.

How We Do It:

- We strive to earn consistent and satisfactory profits for our shareholders and to invest in our people, products and processes.
- We strive to operate with integrity and trust in all we do.
- We strive to honor God and be respectful of each other, our customers and other stakeholders.

Above, left to right:

Marisol Lopez Ramirez
Storm Lake, Iowa
Team Member Liaison

Tuan Tran
Emporia, Kansas
Production Supervisor

Mary Walker
Shelbyville, Tennessee
Receptionist

Libby Lawson
Springdale, Arkansas
Vice President,
Public and
Community
Relations

