



Tyson Foods, Inc.

THE MARKET

Of the more than 292 million Americans, relatively few produce their own food. Yet our average per capita consumption exceeds 72 pounds of chicken, 63 pounds of beef, and 46 pounds of pork each year, eaten during an average of 1,095 meal occasions, which are divided nearly equally between meals eaten at home and meals eaten on the go. The average American consumer can find a meaty food option at virtually every turn — in the grocery store, the deli, at the local convenience store, school, work, the local mall, the ballpark, and in restaurants where they can walk in and sit down, pull up to the drive-through window, or call for carryout or home delivery. All the while they expect their food to be fresh, flavorful, wholesome, convenient, and, of course, affordable. In all, America has more than 50 different types of food consumption points, and *Tyson*® brand products are available at all of them.

Tyson Foods, Inc. has helped usher in the era of eat-at-your-convenience. The company's success is reflected in exceptionally high consumer brand recognition — 95 percent — and its brand ubiquity. *Tyson* brand chicken, beef, or pork is served in nearly one out of every four meat dishes Americans eat today.

ACHIEVEMENTS

Continual innovation fuels the success of Tyson Foods. In 2003 alone, the company introduced more than 300 new products, among them a complete line of fully cooked dinner meats for time-starved, convenience-driven consumers. In a 2003 foodservice operator survey, three *Tyson* product innovations topped the list, and respondents heralded the company as the only manufacturer that “knows and provides what consumers want.” In 2003, *Fortune* magazine named Tyson Foods America's Most Admired Food Production Company. Its foodservice division was ranked number one in the Cannondale Benchmarking Study—2003 FoodserviceElite™ Manufacturer Rankings for best sales force and broker teams, best business partners, clearest company strategy, most innovative marketing, best products or brand names, leading information provider, and best combination of growth and profitability.

Innovation extends well beyond product development at Tyson Foods. The company created an Environmental Stewardship Award in



1999 to recognize its growers who develop new ways to minimize environmental impact. Tyson Foods management recently signed an agreement to participate in the Environmental Protection Agency's Green Lights program and replace existing lighting with new energy-efficient lighting in Tyson Foods-owned plants, feed

mills, hatcheries, and offices throughout the United States. As part of its ongoing environmental improvement process, Tyson Foods reduced its water consumption in 2003 by 2.2 billion gallons, cleaning more than 23 million gallons of water in its water treatment plants every day. In one plant in Virginia, the company maintains an aquarium filled

with indigenous fish species and the same water it releases into the local watershed.



Tyson Foods has established an Environmental Management System (EMS) that self-governs the company to higher standards than mandated by government regulations. Many self-imposed Clean Air Initiatives also underscore the company's commitment to making minimal impact on the environment.

Tyson Foods devotes resources to improving the safety of the nation's food supply, with the goal of providing the safest, most wholesome meat products available. It employs more Hazard Analysis Critical Control Point (HACCP)—trained individuals than any other organization in the world and has recently built a state-of-the-art Quality Assurance laboratory with capabilities that government food-safety testing agencies rely on regularly. Its *Sentinel Site Program*™ efforts are helping define industry standards for bacteria testing in ready-to-



eat meats. Tyson Foods also has a recall protocol that can trace and completely remove suspect products from the nation's food supply within hours of notice, if the need arises.

HISTORY

During the height of the Great Depression in 1931, John Tyson moved his family to Springdale, Arkansas, after hearing about opportunity there. He was virtually broke, but he had a good truck and soon found work hauling live chickens for local farmers. In 1935, he devised an ingenious way to feed and water chickens en route, which enabled him to haul them farther than other carriers could. Having found out that chickens were bringing better prices in large urban markets, he invested his savings in 500 birds and took off for Chicago to sell them. His speculation paid off, and soon he was hauling chickens to other large cities, including Cincinnati, Detroit, and Houston.

During the 10 years after his first trip to Chicago, John Tyson pioneered many new ways to bring chickens to market. Laying the foundation for the modern poultry business, he started raising his own chickens and producing his own chicken feed. He even created a network of local

growers to manage the exponential growth in demand for *Tyson*® products. During the late 1950s, Don Tyson joined the family business and immediately pushed to make chicken even more convenient for users. He began with the then-novel idea of cutting up chicken before sending it to supermarkets. Under his leadership, the company innovated poultry favorites from Cornish game hens to family meal kits.

In April 1963, the company made its first public stock offering. By 1965, the company was producing 42 million chickens a year. Today it produces about that many every week.

THE PRODUCT

Tyson Foods is the leading marketer of

- Value-added chicken, beef, and pork to retail grocery, club stores, and national fast-food and full-service restaurant chains
- Value-added chicken, beef, and pork to broad-line foodservice distributors
- Fresh beef and pork to retail and foodservice
- Fully cooked meat toppings to the U.S. pizza industry
- Chicken products to retail supermarket delis
- Value-added and frozen chicken to military commissaries
- Frozen pizza crusts
- Corn and flour tortillas

Many other convenient top-quality food products bear the *Tyson* brand: fully cooked dinner meats and chicken, individually fresh-frozen steaks and pork chops, fully cooked bacon, ready-to-cook bacon, premium hams, self-serve deli meats, boxed and resealable bag lunchmeats, shelf-stable chunked chicken breast meat, chicken salad kits, and broths and bouillions. Tyson Foods also markets many products under its strong regional brands, such as *Wright*® bacon, *Weaver*® chicken, and *Wilson*® deli meats.

RECENT DEVELOPMENTS

While much of the company's history has been devoted to developing America's premier chicken



brand, each generation of family leadership brings with it a greater vision of the brand's future. Today that vision, inspired by third-generation Chairman John Tyson, is one of a total-protein brand — a brand that proudly powers the world and provides people with the protein sustenance they need to live their lives and achieve their dreams. On a quest to fulfill Mr. Tyson's vision, in 2001 the company acquired the assets of the world's largest beef and pork producer, IBP, Inc., and launched

itself into turning commodity beef and pork into value-added meal solutions in much the same way it does chicken. To assure the best service globally, the company also has established ventures in China, Russia, Mexico, Canada, and Central America to augment exports to its international customers.

PROMOTION

In 2003, Tyson Foods launched a \$100 million marketing campaign to expand its equity beyond chicken and make consumers aware of the company's foray into marketing kitchen-friendly beef and pork products.

The company organizes its sales and service groups around the customer, with the ultimate goal of anticipating and satisfying emerging consumer tastes and needs. Expert cross-functional teams tackle new product development and specialty-marketing challenges for large national accounts customers, helping them establish new food brands and categories. *Popcorn Chicken Bites*® breast chunks are the result of such endeavors. Developed and promoted first for a large national restaurant chain, this new product form is now ubiquitous in the marketplace, available in quick-service restaurants, convenience stores, retail grocery stores, and club stores across America.

BRAND VALUES

Tyson Foods is the second largest food company on the *Fortune* 500 list, with more than 120,000 team members, facilities in more than a dozen countries, and annual sales nearing \$25 billion. Yet its heart and soul reflect strong family values. The manner in which the company goes about making products, servicing its customers, giving

back to its communities, and providing opportunity for its team members is a very personal mission for its chairman. Mr. Tyson expresses the *Core Values* that guide the *Tyson* brand in the following terms: “**Who 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 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.”

The company's *Core Values* translate into a brand that is trustworthy, wholesome, safe,



practical, and available to all. Its brand-building efforts are aligned with four basic emotional appeals: passion for food, safety, well-being, and spirit. To assure excellence in innovation and to facilitate leadership development, the company unveiled plans in April 2004 for its new Discovery Center — a 184,000-square-foot innovation facility designed to house 220 team members, 20 product development kitchens, customer and team member training facilities, a USDA-inspected Pilot Plant, and a proprietary sensory testing lab.

THINGS YOU DIDN'T KNOW ABOUT TYSON FOODS

- As a national sponsor of Share Our Strength, one of the nation's leading anti-hunger organizations, Tyson Foods has since 2000 donated more than 75 million protein-filled meals to feed hungry Americans.
- Tyson Foods is the world's largest producer of pizza toppings. The company makes enough sliced pepperoni each year to cover a 23,000-acre pizza.
- Following 9/11, 93 Tyson Foods volunteers set up mobile food stations to serve emergency workers in New York City and Washington, D.C. They served more than 10,000 meals in 10 days.
- Tyson de Mexico is the largest producer of value-added chicken for retail and foodservice in Mexico.
- About 5.8 million acres of American farmland (an area the size of Maryland or New Hampshire) are needed to produce all the corn and soybeans it takes to make the 13 million tons of feed Tyson Foods produces each year.
- In 2003, Tyson Foods was the number-one supplier of cowhides to the Japanese auto industry and to the Italian shoe industry.