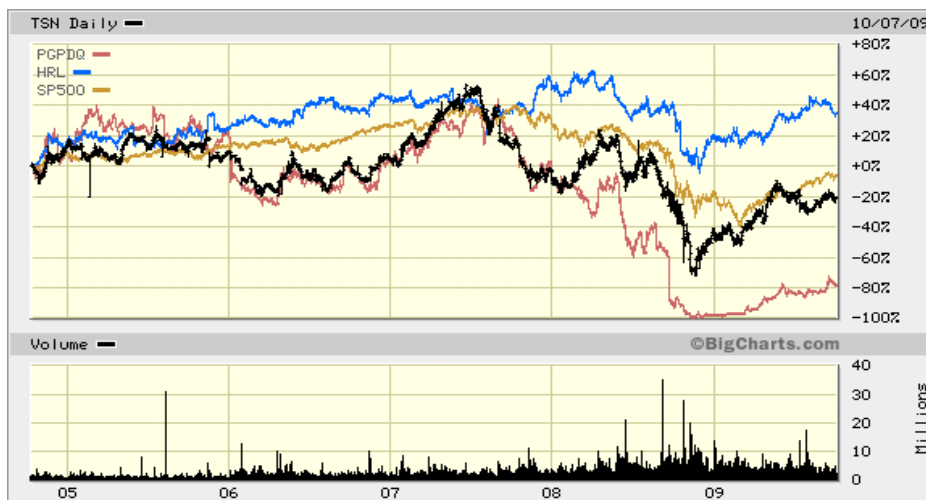


## Tyson Foods Inc. (TSN) 10/7/09

TSN operates as the world's largest producer of chicken, beef, and pork products, exporting to over 80 countries. The company's operations are segmented by different meat products including; Chicken, Beef, Pork, and Prepared Foods. TSN sells its products to wholesalers, grocery stores, food processors, chain restaurants, militaries, and other vendors, with Wal-Mart being their largest customer. The company was founded in 1935 and is headquartered in Springdale, Arkansas.

Current Price	\$12.41
52 Week High	\$14.25
52 Week Low	\$4.40
One Yr Target	\$14.00
Market Cap (in billions)	\$4.68
P/E (Trailing)	95.46
P/E(1 Yr Forward)	12.84
P/E/G	5.46
ROA	-0.36%
ROE	-0.75%
EPS	\$0.13
Beta	0.55
Annualized Dividend	\$0.16
Dividend Yield	1.29%
Analyst Consensus	2.40
Debt to Equity	1.26



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**Annual EPS**

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2005	\$1.04	
2006	-\$0.50	-148.08%
2007	\$0.75	250.00%
2008	\$0.24	-68.00%
2009E	\$0.13	-45.83%

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**Annual Revenue (in millions)**

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2005	\$26,014.00	
2006	\$24,589.00	-5.48%
2007	\$25,729.00	4.64%
2008	\$26,862.00	4.40%

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**Annual Net Income (in millions)**

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2005	\$372.00	
2006	-\$196.00	-152.69%
2007	\$268.00	236.73%
2008	\$86.00	-67.91%

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**Free Cash Flows (in millions)**

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2005	\$455.00	
2006	-\$159.00	-134.95%
2007	\$393.00	347.17%
2008	-\$137.00	-134.86%

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**Required Rate of Return**

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7.34%

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**Dividend Growth Model**

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Present Value of 2014 Price	\$1.62
Holding Period Return (5 years)	-28.61%

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**Expected Annualized Return Model**

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Present Value of 2014 Price	\$2.42
Holding Period Return (5 years)	-32.07%

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**Residual Income Model**

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Intrinsic Stock Price	\$11.49
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# Analysis

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## Positives

## Negatives

Very high P/E and PEG ratios, coupled with poor ROA and ROE numbers is a bad sign

Stock price is overvalued according to all three valuation models

## Financial Statements

Balance Sheet is strong and stable over the previous four years

Income Statement is erratic, with poor Net Income and EPS for previous year

Cash Flows are lightly volatile, but mostly stable and positive for the past couple years

## Industry Analysis

Company is one of the largest in its industry

Company's financial ratios are generally less than industry averages

## Summary

There's not much to love about TSN's financial ratios. Its financial statements are better, with a nice Balance Sheet and Cash Flows, yet the Income Statement has suffered in recent years. All three valuation models say that the stock price is overvalued, a pretty bad sign. TSN's income is largely dependant on its input costs, like that of corn, seeds, grains, and oil. This can explain some of the rising costs of Operation Expense over the years. TSN must also be aware of future and spot prices of beef and pork on commodities exchanges. A positive factor for TSN is the rising demand for protein foods in developing countries, as well as rising world populations. Overall TSN seems a bit risky with the outlook of some its important inputs and the result of the valuation models, and therefore earns a **hold** rating.