

 regular page**Industry News - AM****Tyson pulling eggs out of incubators to cut production: analyst****By Rita Jane Gabbett on 6/29/2011**

Tyson Foods is taking steps to quickly reduce poultry production, according to Stephens Inc. analyst Farha Aslam, who has lowered her quarterly earnings forecast for the company.

"The quarterly earnings revision is driven by the fact that our industry contacts have highlighted that Tyson has pulled eggs out of incubators, which is a rather drastic action designed to cut production in an expedited manner," she wrote in a note to investors. "Management usually engages in such measures only when a company is heavy with inventory and deeply in the red."

Aslam lowered her fiscal third quarter earnings forecast to 32 cents per share from 44 cents per share. She lowered the fiscal 2011(ending in September) to \$1.90 per share from \$2.07.

"Our more subdued view is driven by reduced expectations for chicken as industry fundamentals were poor during the quarter," she wrote.

Tyson's beef and pork divisions, however, should enjoy good earnings given Tyson has very good livestock sourcing programs, efficient plant operations, and benefited from strong red meat export demand, according to Aslam.

Tyson Foods did not respond to a request for comment on the report.

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