

Note 18: Supplemental Information

p 50

	2002	2001	in millions 2000
Cash paid during the period for:			
Interest	\$208	\$140	\$116
Income taxes	90	54	73

Note 19: Quarterly Financial Data (Unaudited)

	in millions, except per share data			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002				
Sales	\$5,865	\$5,839	\$5,902	\$5,761
Gross profit	510	397	464	446
Operating income	273	179	247	188
Net income	127	65	107	84
Basic earnings per share	0.36	0.19	0.31	0.24
Diluted earnings per share	0.36	0.18	0.30	0.24
2001				
Sales	\$1,769	\$1,857	\$1,917	\$5,020
Gross profit	182	137	198	386
Operating income	68	23	58	167
Net income (loss)	27	(6)	19	48
Basic earnings (loss) per share	0.12	(0.03)	0.09	0.22
Diluted earnings (loss) per share	0.12	(0.03)	0.09	0.22

The quarterly financial data above has been reclassified for the applications of EITF 00-14 and EITF 00-25 for fiscal 2001.

Third quarter 2002 gross profit includes \$30 million received as partial settlement from ongoing vitamin antitrust litigation.

Fourth quarter 2002 operating income includes a \$22 million gain related to the sale of Specialty Brands and charges of \$27 million and \$26 million related to the Thomas E. Wilson brand write-down and live swine restructuring, respectively.

Note 20: Contingencies

Wage and Hour/Labor Matters In 2000, the Wage and Hour Division of the U.S. Department of Labor (DOL) conducted an industry-wide investigation of poultry producers, including the Company, to ascertain compliance with various wage and hour issues. As part of this investigation, the DOL inspected 14 of the Company's processing facilities. On May 9, 2002, the Secretary of Labor filed a civil complaint against the Company in the U.S. District Court for the Northern District of Alabama. The complaint alleges that the Company violated the overtime provisions of the federal Fair Labor Standards Act at the Company's chicken-processing facility in Blountsville, Alabama. The complaint does not contain a definite statement of what acts constituted alleged violations of the statute. The Secretary seeks back wages for all employees at the Blountsville facility for a period of two years prior to the date of the filing of the Complaint, an additional amount in liquidated damages and an injunction against future violations at that facility and all other facilities operated by the Company. The Company has filed its initial answer and discovery has commenced. The Company believes it has substantial defenses to the claims made in this case and intends to vigorously defend the case. However, neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time.