



NEWS RELEASE

Tyson Foods Delivers Record Quarter Driven by Record Prepared Foods Results and 11% Total Company Sales Growth

2/8/2018

Company to Invest Tax Reform Savings in Employees, Business Growth

SPRINGDALE, Ark., Feb. 08, 2018 (GLOBE NEWSWIRE) -- Tyson Foods, Inc. (NYSE:TSN), one of the world's largest food companies and a recognized leader in protein with leading brands including Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®, today reported the following results:

(in millions, except per share data)

	First Quarter	
	2018	2017
Sales	\$ 10,229	\$ 9,182
Operating Income	927	982
Net Income	1,632	594
Less: Net Income Attributable to Noncontrolling Interests	1	1
Net Income Attributable to Tyson	<u>\$ 1,631</u>	<u>\$ 593</u>
Net Income Per Share Attributable to Tyson	\$ 4.40	\$ 1.59
Adjusted ¹ Operating Income	\$ 950	\$ 982
Adjusted ¹ Net Income Per Share Attributable to Tyson	\$ 1.81	\$ 1.59

¹ Adjusted operating income and adjusted net income per share attributable to Tyson, or Adjusted EPS, are non-GAAP financial measures and are explained and reconciled to a comparable GAAP measure at the end of this release. Adjusted net income per share attributable to Tyson guidance is provided on a non-GAAP basis because certain information necessary to calculate such measure on a GAAP basis is unavailable, dependent on future events outside of our control and cannot be predicted without unreasonable efforts by the Company. A further explanation of providing non-GAAP guidance is included at the end of this release.

First Quarter Highlights

- Record GAAP EPS of \$4.40, up 177% from last year; Record Adjusted EPS of \$1.81, up 14% from last year
- GAAP operating income of \$927 million; Adjusted operating income of \$950 million
- Total Company GAAP operating margin at 9.1%; Adjusted operating margin at 9.3%
- Record Prepared Foods GAAP operating margin of 11.4%; Record Adjusted operating margin at 11.9%
- Reduced debt over \$500 million
- Realized \$37 million of Financial Fitness Program cost savings

Tax Reform Impact

- Lower enacted tax rates positively impacted the first quarter Adjusted EPS by \$0.21 and we expect a fiscal 2018 benefit of approximately \$0.85 on an adjusted basis
- We expect the adjusted effective tax rate to be approximately 24% in fiscal 2018 and 25% in fiscal 2019
- Incremental tax reform cash flow in fiscal 2018 expected to exceed \$300 million, which we intend to invest in our frontline team members and to sustainably grow our businesses
- More than \$100 million in one-time cash bonuses to be paid to eligible frontline employees in the second quarter of fiscal 2018
- CEO message to employees on the Company's plans for the tax savings can be accessed at www.tysonfoods.com/who-we-are/the-feed

Guidance

- Including the benefit of lower enacted tax rates but excluding the one-time cash bonuses, Adjusted¹ EPS guidance for fiscal 2018 is \$6.55-\$6.70, which represents an approximate 23-26% increase from fiscal 2017 Adjusted EPS

"At Tyson Foods, we're creating a modern food company focused on protein," said Tom Hayes, Tyson Foods president and chief executive officer. "Building on our momentum from a record year in fiscal '17, we're off to a strong start in fiscal '18. We delivered record adjusted EPS and our second-strongest quarter of operating income in Q1, with operating cash flows of more than \$1.1 billion.

"The strength and diversity of our portfolio are evident. We drove solid results in each of our segments - beef, pork, chicken and prepared foods. We grew topline sales, with our retail and food service sales both outpacing the industry. We're encouraged by the position we're in today.

"As we look to the long-term, we're confident in our ability to continue growing the business. Demand for protein continues to rise, and we're well-positioned to take advantage of that opportunity - and to fulfill our aspiration of sustainably feeding the world."

SEGMENT RESULTS (in millions)

Sales					
(for the first quarter ended December 30, 2017, and December 31, 2016)					
First Quarter					
	2018	2017	Volume Change	Avg. Price Change	
Beef	\$ 3,886	\$ 3,528	4.5 %	5.4 %	
Pork	1,283	1,252	(2.6) %	5.2 %	
Chicken	2,997	2,706	7.3 %	3.2 %	
Prepared Foods	2,292	1,895	11.6 %	8.4 %	
Other	88	90	(3.4) %	1 %	
Intersegment Sales	(317)	(289)	n/a	n/a	
Total	\$ 10,229	\$ 9,182	5.2 %	5.9 %	

Operating Income (Loss)					
(for the first quarter ended December 30, 2017, and December 31, 2016)					
First Quarter					
	2018	2017	Operating Margin		
			2018	2017	
Beef	\$ 256	\$ 299	6.6 %	8.5 %	
Pork	151	247	11.8 %	19.7 %	
Chicken	272	263	9.1 %	9.7 %	
Prepared Foods	261	190	11.4 %	10.0 %	
Other	(13)	(17)	n/a	n/a	
Total	\$ 927	\$ 982	9.1 %	10.7 %	

Note: On June 7, 2017, we acquired and consolidated AdvancePierre Foods Holdings, Inc. ("AdvancePierre"), a producer and distributor of value-added, convenient, ready-to-eat sandwiches, sandwich components and other entrées and snacks. AdvancePierre's results from operations subsequent to the acquisition closing are included in the Prepared Foods and Chicken segments.

Adjusted Segment Results (in millions)

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Adjusted Operating Income (Loss) (Non-GAAP)
(for the first quarter ended December 30, 2017, and December 31, 2016)

	First Quarter			
			Adjusted Operating Margin (Non-GAAP)	
	2018	2017	2018	2017
Beef	\$ 257	\$ 299	6.6 %	8.5 %
Pork	152	247	11.8 %	19.7 %
Chicken	281	263	9.4 %	9.7 %
Prepared Foods	273	190	11.9 %	10.0 %
Other	(13)	(17)	n/a	n/a
Total	\$ 950	\$ 982	9.3 %	10.7 %

Note: Adjusted operating income is a non-GAAP financial measure and is explained and reconciled to a comparable GAAP measure at the end of this release.

Adjusted operating income and adjusted operating margin are presented as supplementary measures in the evaluation of our business that are not required by, or presented in accordance with, GAAP. We use adjusted operating income and adjusted operating margin as internal performance measurements and as two criteria for evaluating our performance relative to that of our peers. We believe adjusted operating income and adjusted operating margin are meaningful to our investors to enhance their understanding of our financial performance and are frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report adjusted operating income and adjusted operating margin. Further, we believe that adjusted operating income and adjusted operating margin are useful measures because they improve comparability of results of operations from period to period. Adjusted operating income and adjusted operating margin should not be considered as substitutes for operating income, operating margin or any other measure of operating performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our calculation of adjusted operating income and adjusted operating margin may not be comparable to similarly titled measures reported by other companies.

Summary of Segment Results

- Beef - Sales volume increased due to improved availability of cattle supply, stronger demand for our beef products and increased exports. Average sales price increased as demand for our beef products and strong exports outpaced the increase in live cattle supplies. Operating income remained strong, although below prior year's record results, as we continued to maximize our revenues relative to the higher live fed cattle costs, partially offset by increased labor and freight costs.
- Pork - Sales volume decreased as a result of balancing our supply with customer demand during a period of margin compression. Average sales price increased due to price increases associated with higher livestock costs. We were able to maintain strong operating margins, although below prior year's record results, by maximizing our revenues relative to the live hog markets due to operational and mix performance, which were partially offset by margin compression and higher labor and freight costs.
- Chicken - Sales volume was up due to strong demand for our chicken products along with the incremental

volume from the AdvancePierre acquisition. Average sales price increased due to sales mix changes. Operating income benefited from \$14 million of Financial Fitness Program cost savings, the positive incremental impact of AdvancePierre and slightly lower feed costs, partially offset by increased labor, freight and growout expenses.

- Prepared Foods - Sales volume increased primarily from incremental volumes from the AdvancePierre acquisition. Average sales price increased from higher input costs of \$45 million and product mix which was positively impacted by the acquisition of AdvancePierre. Operating income increased due to \$24 million of Financial Fitness Program cost savings, improved mix and the positive incremental impact of AdvancePierre, partially offset by higher input and freight costs.

Outlook

In fiscal 2018, USDA indicates domestic protein production (beef, pork, chicken and turkey) should increase approximately 3% from fiscal 2017 levels, but stronger export markets should partially absorb the increase. As previously announced, in the fourth quarter of fiscal 2017, our Board of Directors approved a multi-year restructuring program (the "Financial Fitness Program"), that is expected to contribute to the Company's overall strategy of financial fitness through increased operational effectiveness and overhead reduction. Through a combination of synergies from the integration of AdvancePierre and additional elimination of non-value added costs, the program is estimated to result in net savings of \$200 million in fiscal 2018, \$400 million in fiscal 2019 including new savings of \$200 million, and \$600 million in fiscal 2020 including additional savings of \$200 million. The majority of these savings, which are focused on supply chain, procurement, and overhead improvements, are expected to be realized in the Prepared Foods and Chicken segments. The following is a summary of the outlook for each of our segments, as well as an outlook for sales, capital expenditures, net interest expense, liquidity, tax rate impact due to tax reform and share repurchases for fiscal 2018.

Adjusted operating margin guidance is provided below on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2018 adjusted operating margin guidance to its full-year fiscal 2018 projected GAAP operating margin guidance because certain information necessary to calculate such measure on a GAAP basis is unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of the amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of this measure without unreasonable effort. Adjusted operating margin should not be considered a substitute for operating margin or any other measure of financial performance reported in accordance with GAAP. Investors should rely primarily on the Company's GAAP results and use non-GAAP financial measures only supplementally in making investment decisions.

- Sale of Non-Protein Businesses – On April 24, 2017, we announced our intent to sell three non-protein businesses, Sara Lee® Frozen Bakery, Kettle and Van's®. Additionally, in the first quarter of fiscal 2018, we made the decision to sell a relatively small non-protein business. All of these non-protein businesses are part

of our Prepared Foods segment and are being sold as part of our strategic focus on protein brands. We completed the sale of our Kettle business on December 30, 2017, and received net proceeds of \$125 million which were used to pay down debt. We anticipate we will close the remaining transactions in the back half of fiscal 2018.

- Beef – We expect industry fed cattle supplies to increase approximately 2-3% in fiscal 2018 as compared to fiscal 2017. We expect ample supplies in regions where we operate our plants. We believe our Beef segment's adjusted operating margin in fiscal 2018 should approach 6%.
- Pork – We expect industry hog supplies to increase approximately 1-2% in fiscal 2018 as compared to fiscal 2017. For fiscal 2018, our Pork segment's adjusted operating margin should be around 9%.
- Chicken – AdvancePierre contributed approximately \$85 million of revenue in the first quarter of fiscal 2018, and we expect incremental revenue of approximately \$230 million in fiscal 2018 for a total of approximately \$330 million in the first full fiscal year as part of our operation. We expect to capture Financial Fitness Program net savings of approximately \$75 million in fiscal 2018, which is a combination of AdvancePierre net synergies and reduction of non-value added costs. USDA projects an increase in chicken production of approximately 2% in fiscal 2018 as compared to fiscal 2017. Based on current futures prices, we expect similar feed costs in fiscal 2018 compared to fiscal 2017. For fiscal 2018, we believe our Chicken segment sales will grow with more than 4% volume growth, and adjusted operating margins should improve to around 11%.
- Prepared Foods – AdvancePierre contributed approximately \$325 million of revenue in the first quarter of fiscal 2018, and we expect incremental revenue of approximately \$900 million in fiscal 2018 for a total of approximately \$1.3 billion in the first full fiscal year as part of our operation. We expect to capture Financial Fitness Program net savings in excess of \$125 million in fiscal 2018, which is a combination of AdvancePierre net synergies and reduction of non-value added costs. We currently expect input costs to be flat for fiscal 2018 as compared to fiscal 2017. For fiscal 2018, we expect our Prepared Foods segment sales to grow and adjusted operating margin should be around 11%. We will continue to evaluate the range as we complete the sale of the remaining non-protein businesses held for sale and further integrate AdvancePierre.
- Other – Other includes our foreign operations related to raising and processing live chickens in China and India, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC. We expect Other operating loss should be approximately \$50 million in fiscal 2018, excluding the impact of merger and integration expense from the acquisition of AdvancePierre and restructuring and related costs.
- Sales – We expect fiscal 2018 sales to grow 6-7% to approximately \$41 billion which is attributed to incremental AdvancePierre sales of \$1.1 billion, an increase in sales volume in our legacy businesses and an improvement in mix predominantly in our Chicken segment.
- Capital Expenditures – We expect capital expenditures to approximate \$1.4 to \$1.5 billion for fiscal 2018, which includes \$100 million incremental tax reform investment. Capital expenditures will include spending for production growth, safety, animal well-being, infrastructure replacements and upgrades, and operational improvements that will result in production and labor efficiencies, yield improvements and sales channel flexibility.
- Net Interest Expense – We expect net interest expense to approximate \$335 million for fiscal 2018, which

includes estimates regarding the timing and net proceeds from the divestitures of our Sara Lee® Frozen Bakery, Van's® and additional non-protein businesses as we intend to use the net sales proceeds to pay down debt.

- Liquidity – We expect total liquidity, which was approximately \$1.1 billion at December 30, 2017, to remain in line with our minimum liquidity target of \$1.0 billion.
- Tax Rate – On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act. While we continue to assess the impact of this legislation on our business and consolidated financial statements, the legislation reduced the U.S. corporate tax rate from the current rate of 35% to 21%. We expect our adjusted effective tax rate to approximate 24% in fiscal 2018 and 25% in fiscal 2019.
- Share Repurchases – We currently do not plan to repurchase shares other than to offset dilution from our equity compensation programs. We will consider additional share repurchases when our net debt to EBITDA ratio is around 2x, which we currently anticipate will occur in the third quarter of fiscal 2018.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(In millions, except per share data)
(Unaudited)

	Three Months Ended	
	December 30, 2017	December 31, 2016
Sales	\$ 10,229	\$ 9,182
Cost of Sales	8,778	7,699
Gross Profit	1,451	1,483
Selling, General and Administrative	524	501
Operating Income	927	982
Other (Income) Expense:		
Interest income	(2)	(2)
Interest expense	88	58
Other, net	(1)	14
Total Other (Income) Expense	85	70
Income before Income Taxes	842	912
Income Tax Expense (Benefit)	(790)	318
Net Income	1,632	594
Less: Net Income Attributable to Noncontrolling Interests	1	1
Net Income Attributable to Tyson	\$ 1,631	\$ 593
Weighted Average Shares Outstanding:		
Class A Basic	296	297
Class B Basic	70	70
Diluted	371	373
Net Income Per Share Attributable to Tyson:		
Class A Basic	\$ 4.54	\$ 1.64
Class B Basic	\$ 4.09	\$ 1.49
Diluted	\$ 4.40	\$ 1.59
Dividends Declared Per Share:		
Class A	\$ 0.375	\$ 0.300
Class B	\$ 0.338	\$ 0.270
Sales Growth	11.4 %	
Margins: (Percent of Sales)		
Gross Profit	14.2 %	16.2 %
Operating Income	9.1 %	10.7 %
Net Income Attributable to Tyson	16.0 %	6.5 %
Effective Tax Rate	(93.8)%	34.9 %

TYSON FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In millions)

(Unaudited)

	<u>December 30, 2017</u>	<u>September 30, 2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 293	\$ 318
Accounts receivable, net	1,600	1,675
Inventories	3,213	3,239
Other current assets	172	219
Assets held for sale	715	807
Total Current Assets	<u>5,993</u>	<u>6,258</u>
Net Property, Plant and Equipment	5,673	5,568
Goodwill	9,404	9,324
Intangible Assets, net	6,282	6,243
Other Assets	694	673
Total Assets	<u>\$ 28,046</u>	<u>\$ 28,066</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current debt	\$ 811	\$ 906
Accounts payable	1,748	1,698
Other current liabilities	1,413	1,424
Liabilities held for sale	6	4
Total Current Liabilities	<u>3,978</u>	<u>4,032</u>
Long-Term Debt	8,875	9,297
Deferred Income Taxes	2,013	2,979
Other Liabilities	1,206	1,199
Total Tyson Shareholders' Equity	11,955	10,541
Noncontrolling Interests	19	18
Total Shareholders' Equity	<u>11,974</u>	<u>10,559</u>
Total Liabilities and Shareholders' Equity	<u>\$ 28,046</u>	<u>\$ 28,066</u>

TYSON FOODS, INC.
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
 (In millions)
 (Unaudited)

	Three Months Ended	
	December 30, 2017	December 31, 2016
Cash Flows From Operating Activities:		
Net income	\$ 1,632	\$ 594
Depreciation and amortization	229	177
Deferred income taxes	(967)	(4)
Other, net	29	7
Net changes in operating assets and liabilities	203	360
Cash Provided by Operating Activities	<u>1,126</u>	<u>1,134</u>
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(296)	(200)
Purchases of marketable securities	(12)	(15)
Proceeds from sale of marketable securities	9	13
Acquisition, net of cash acquired	(226)	—
Proceeds from sale of business	125	—
Other, net	(22)	(12)
Cash Used for Investing Activities	<u>(422)</u>	<u>(214)</u>
Cash Flows From Financing Activities:		
Payments on debt	(429)	(20)
Borrowings on revolving credit facility	655	435
Payments on revolving credit facility	(650)	(735)
Proceeds from issuance of commercial paper	5,728	—
Repayments of commercial paper	(5,824)	—
Purchases of Tyson Class A common stock	(164)	(576)
Dividends	(108)	(79)
Stock options exercised	63	6
Other, net	—	12
Cash Used for Financing Activities	<u>(729)</u>	<u>(957)</u>
Effect of Exchange Rate Changes on Cash	—	(5)
Decrease in Cash and Cash Equivalents	(25)	(42)
Cash and Cash Equivalents at Beginning of Year	318	349
Cash and Cash Equivalents at End of Period	<u>\$ 293</u>	<u>\$ 307</u>

TYSON FOODS, INC.
 EBITDA Reconciliations
 (In millions)
 (Unaudited)

	Three Months Ended		Fiscal Year Ended	Twelve Months Ended
	December 30, 2017	December 31, 2016	September 30, 2017	December 30, 2017
Net income	\$ 1,632	\$ 594	\$ 1,778	\$ 2,816
Less: Interest income	(2)	(2)	(7)	(7)
Add: Interest expense	88	58	279	309
Add: Income tax expense (benefit)	(790)	318	850	(258)
Add: Depreciation	175	156	642	661
Add: Amortization (a)	51	19	106	138
EBITDA	<u>\$ 1,154</u>	<u>\$ 1,143</u>	<u>\$ 3,648</u>	<u>\$ 3,659</u>
Adjustments to EBITDA:				
Add: AdvancePierre purchase accounting and acquisition related costs (b)	\$ —	\$ —	\$ 103	\$ 103
Add: Impairments net of realized gain associated with the divestiture of non-protein businesses (c)	4	—	45	49
Add: Restructuring and related charges	19	—	150	169
Add: San Diego Prepared Foods operation impairment	—	—	52	52
Total Adjusted EBITDA	<u>\$ 1,177</u>	<u>\$ 1,143</u>	<u>\$ 3,998</u>	<u>\$ 4,032</u>
Pro forma Adjustments to EBITDA:				
Add: AdvancePierre adjusted EBITDA (prior to acquisition) (d)			\$ 193	\$ 119
Total Pro forma adjusted EBITDA			<u>\$ 4,191</u>	<u>\$ 4,151</u>
Total gross debt			\$ 10,203	\$ 9,686
Less: Cash and cash equivalents			(318)	(293)
Less: Short-term investments			(3)	(2)
Total net debt			<u>\$ 9,882</u>	<u>\$ 9,391</u>
Ratio Calculations:				
Gross debt/EBITDA			2.8x	2.6x
Net debt/EBITDA			2.7x	2.6x
Gross debt/Adjusted EBITDA			2.6x	2.4x
Net debt/Adjusted EBITDA			2.5x	2.3x
Gross debt/Pro forma Adjusted EBITDA			2.4x	2.3x
Net debt/Pro forma Adjusted EBITDA			2.4x	2.3x

Excludes the amortization of debt issuance and debt discount expense of \$3 million and \$2 million for the three months ended December 30, 2017, and December 31, 2016, respectively, and \$13 million and \$14 million for the fiscal year ended September 30, 2017, and the twelve months ended December 30, 2017, respectively, as it is included in interest expense.

AdvancePierre acquisition and integration costs for the fiscal year 2017 and twelve months ending December 30, 2017, includes \$36 million of purchase accounting adjustments, \$49 million acquisition related costs and \$18 million of acquisition bridge financing fees.

For the fiscal year ended September 30, 2017, includes an impairment related to the expected sale of a non-protein business of \$45 million in fiscal 2017. The adjustment for the three months ended December 30, 2017 includes a \$26 million impairment related to the expected sale of a non-protein business net of a \$22 million realized pretax

gain associated with the sale of a non-protein business. For the twelve months ended December 30, 2017 includes an impairment related to the expected sale of non-protein businesses of \$71 million net of \$22 million realized pretax gain from the sale of a non-protein business.

Represents AdvancePierre's pre-acquisition Adjusted EBITDA, for the approximate eight and five months ended prior to the June 7, 2017, closing of the acquisition. These amounts are added to our Adjusted EBITDA for the fiscal year ended September 30, 2017 and the twelve months ended December 30, 2017, in order for Net debt to Adjusted EBITDA to include a full twelve months of AdvancePierre results on a pro forma basis for each of the periods presented. The pro forma adjusted EBITDA was derived from AdvancePierre's EBITDA from its historical unaudited financial statements for the three months ended December 31, 2016, and April 1, 2017, as filed with the Securities and Exchange Commission, as well as AdvancePierre management unaudited financial information for the period from April 2, 2017, through the June 7, 2017, closing of the acquisition. These amounts were adjusted to remove the impact of its merger, acquisition and public filing expenses as well as related expenses including consultant fees, accelerated stock-based compensation and other deal costs. We believe this pro forma presentation is useful and helps management, investors, and rating agencies enhance their understanding of our financial performance and to better highlight future financial trends on a comparable basis with AdvancePierre results included for the periods presented given the significance of the acquisition to our overall results.

EBITDA is defined as net income before interest, income taxes, depreciation and amortization. Net debt to EBITDA (Adjusted EBITDA and Pro forma Adjusted EBITDA) represents the ratio of our debt, net of cash and short-term investments, to EBITDA (and to Adjusted EBITDA and Pro forma Adjusted EBITDA). EBITDA, Adjusted EBITDA, net debt to EBITDA and net debt to Adjusted EBITDA (and to Pro forma Adjusted EBITDA) are presented as supplemental financial measurements in the evaluation of our business. Adjusted EBITDA is a tool intended to assist our management and investors in comparing our performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect our core operations on an ongoing basis.

We believe the presentation of these financial measures helps management and investors to assess our operating performance from period to period, including our ability to generate earnings sufficient to service our debt, enhances understanding of our financial performance and highlights operational trends. These measures are widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies; however, the measurements of EBITDA (and Adjusted EBITDA and Pro forma Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA and Pro forma Adjusted EBITDA) may not be comparable to those of other companies, which limits their usefulness as comparative measures. EBITDA (and Adjusted EBITDA and Pro forma Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA and Pro forma Adjusted EBITDA) are not measures required by or calculated in accordance with generally accepted accounting principles (GAAP) and should not be considered as substitutes for net income or any other measure of financial performance reported in accordance with GAAP or as a measure of operating cash flow or liquidity. EBITDA (and Adjusted EBITDA and Pro forma Adjusted EBITDA) is a useful tool for assessing, but is not a reliable indicator of, our ability to generate cash to service our debt obligations because certain of the items added to net income to determine EBITDA (and

Adjusted EBITDA and Pro forma Adjusted EBITDA) involve outlays of cash. As a result, actual cash available to service our debt obligations will be different from EBITDA (and Adjusted EBITDA and Pro forma Adjusted EBITDA). Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions.

TYSON FOODS, INC.
 EPS Reconciliations
 (In millions, except per share data)
 (Unaudited)

	First Quarter			
	Pretax Impact		EPS Impact	
	2018	2017	2018	2017
Reported net income per share attributable to Tyson			\$ 4.40	\$ 1.59
Add: Restructuring and related charges	\$ 19	\$ —	0.04	—
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a)	\$ 4	\$ —	0.05	—
Less: Tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates	\$ —	\$ —	(2.68)	—
Adjusted net income per share attributable to Tyson			<u>\$ 1.81</u>	<u>\$ 1.59</u>

(a) EPS impact for the first quarter of fiscal 2018 includes a \$26 million impairment related to the expected sale of a non-protein business net of a \$22 million realized pretax gain associated with the sale of a non-protein business, which combined on an after-tax basis resulted in a \$0.05 impact to EPS.

Adjusted net income per share attributable to Tyson (Adjusted EPS) is presented as a supplementary measure of our financial performance that is not required by, or presented in accordance with, GAAP. We use Adjusted EPS as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe Adjusted EPS is meaningful to our investors to enhance their understanding of our financial performance and is frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report Adjusted EPS. Further, we believe that Adjusted EPS is a useful measure because it improves comparability of results of operations from period to period. Adjusted EPS should not be considered a substitute for net income per share attributable to Tyson or any other measure of financial performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our calculation of Adjusted

EPS may not be comparable to similarly titled measures reported by other companies.

Adjusted EPS guidance is provided on a non-GAAP basis. The Company is not able to reconcile its full-year fiscal 2018 Adjusted EPS guidance to its full-year fiscal 2018 projected GAAP EPS guidance because certain information necessary to calculate such measure on a GAAP basis is unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of the amount of future adjustments, which could be significant, the Company is unable to provide a reconciliation of this measure without unreasonable effort.

TYSON FOODS, INC.
Operating Income Reconciliation
(In millions)
(Unaudited)

Adjusted Operating Income (Loss) (for the First quarter ended December 30, 2017)						
	Beef	Pork	Chicken	Prepared Foods	Other	Total
Reported operating income (loss)	\$ 256	\$ 151	\$ 272	\$ 261	\$ (13)	\$ 927
Add: Restructuring and related charges	1	1	9	8	—	19
Add: Impairment net of a realized gain associated with the divestiture of non-protein businesses (a)	—	—	—	4	—	4
Adjusted operating income (loss)	<u>\$ 257</u>	<u>\$ 152</u>	<u>\$ 281</u>	<u>\$ 273</u>	<u>\$ (13)</u>	<u>\$ 950</u>

(a) Operating income impact for the first quarter of fiscal 2018 includes a \$26 million impairment related to the expected sale of a non-protein business net of a \$22 million realized pretax gain associated with the sale of a non-protein business.

Adjusted operating income is presented as a supplementary measure of our operating performance that is not required by, or presented in accordance with, GAAP. We use adjusted operating income as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe adjusted operating income is meaningful to our investors to enhance their understanding of our operating performance and is frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report adjusted operating income. Further, we believe that adjusted operating income is a useful measure because it improves comparability of results of operations from period to period. Adjusted operating income should not be considered as a substitute for operating income or any other measure of operating performance reported in accordance with GAAP. Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions. Our

calculation of adjusted operating income may not be comparable to similarly titled measures reported by other companies.

Tyson Foods Inc. (NYSE:TSN) is one of the world's largest food companies and a recognized leader in protein. Founded in 1935 by John W. Tyson and grown under three generations of family leadership, the company has a broad portfolio of products and brands like Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®. Tyson Foods innovates continually to make protein more sustainable, tailor food for everywhere it's available and raise the world's expectations for how much good food can do. Headquartered in Springdale, Arkansas, the company had 122,000 team members at September 30, 2017. Through its Core Values, Tyson Foods strives to operate with integrity, create value for its shareholders, customers, communities and team members and serve as a steward of the animals, land and environment entrusted to it. Visit www.tysonfoods.com.

A conference call to discuss the Company's financial results will be held at 9 a.m. Eastern Thursday, February 8, 2018. Participants may pre-register for the call at <http://dpreregister.com/10115770>. Callers who pre-register will be given a conference passcode and unique PIN to gain immediate access to the call and bypass the live operator. Participants may pre-register at any time, including up to and after the call start time. Those without internet access or who are unable to pre-register may dial-in by calling toll free 1-844-890-1795 or international toll 1-412-717-9589.

A live webcast, including slides, will be available on the Tyson Foods Investor Relations website at <http://ir.tyson.com>. The webcast also can be accessed by using the **direct link** <https://event.on24.com/wcc/r/1552429/70E04E9DC76C1FC2D48B3427D134D9DC>. A replay of the call will be available until March 8, 2018, toll free at 1-877-344-7529, international toll 1-412-317-0088 or Canada toll free 855-669-9658. The replay access code is 10115770. Financial information, such as this news release, as well as other supplemental data, can be accessed from the Company's web site at <http://ir.tyson.com>.

To download TSN's free investor relations app, which offers access to SEC filings, news releases, transcripts, webcasts and presentations, please visit the **App Store** or for iPhone, and iPad or **Google Play** for Android mobile devices.

Forward-Looking Statements

Certain information contained in the press release may constitute forward-looking statements, including but not limited to statements relating to expected performance, statements appearing in the "Outlook" section and statements relating to adjusted EPS guidance and synergies estimates. These forward-looking statements are subject to a number of factors and uncertainties which could cause our actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) fluctuations in the cost and

availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (ii) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iii) outbreak of a livestock disease (such as avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an adverse effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (iv) the integration of AdvancePierre Foods Holdings, Inc.; (v) the effectiveness of our financial fitness program; (vi) the implementation of an enterprise resource planning system; (vii) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (viii) changes in availability and relative costs of labor and contract growers and our ability to maintain good relationships with employees, labor unions, contract growers and independent producers providing us livestock; (ix) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (x) changes in consumer preference and diets and our ability to identify and react to consumer trends; (xi) effectiveness of advertising and marketing programs; (xii) our ability to leverage brand value propositions; (xiii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiv) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xv) compliance with and changes to regulations and laws (both domestic and foreign), including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; (xvi) adverse results from litigation; (xvii) cyber incidents, security breaches or other disruptions of our information technology systems; (xviii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xix) risks associated with our commodity purchasing activities; (xx) the effect of, or changes in, general economic conditions; (xxi) significant marketing plan changes by large customers or loss of one or more large customers; (xxii) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxiii) failure to maximize or assert our intellectual property rights; (xxiv) our participation in a multiemployer pension plan; (xxv) the Tyson Limited Partnership's ability to exercise significant control over the Company; (xxvi) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvii) volatility in capital markets or interest rates; and (xxviii) those factors listed under Item 1A. "Risk Factors" included in our Annual Report filed on Form 10-K for the period ended September 30, 2017.

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Source: Tyson Foods, Inc.