



TM

Tyson



1Q Fiscal 2022

Supplemental Information
February 7, 2022

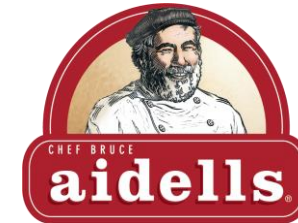


Forward-Looking Statements

Certain information in this presentation constitutes forward-looking statements as contemplated by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2022, other future economic circumstances, industry conditions in domestic and international markets, our performance and financial results (e.g., debt levels, return on invested capital, value-added product growth, capital expenditures, tax rates, access to foreign markets and dividend policy). These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results and experiences to differ materially from 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 are expressly qualified in their entirety by this cautionary statement and speak only as of the date made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. 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) the COVID-19 global pandemic and associated responses thereto have had an adverse impact on our business and operations, and the extent that the COVID-19 pandemic continues to impact us will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, public adoption rates of COVID-19 vaccines and their effectiveness against emerging variants of COVID-19, including the Delta and Omicron variants, and the speed and effectiveness of new vaccine and treatment developments and their deployment; (ii) the effectiveness of our financial excellence programs; (iii) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (iv) cyber incidents, security breaches or other disruptions of our information technology systems; (v) risks associated with our failure to consummate favorable acquisition transactions or integrate certain acquisitions' operations; (vi) the Tyson Limited Partnership's ability to exercise significant control over the Company; (vii) 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; (viii) 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; (ix) outbreak of a livestock disease (such as African swine fever (ASF), 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; (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) significant marketing plan changes by large customers or loss of one or more large customers; (xiii) our ability to leverage brand value propositions; (xiv) changes in availability and relative costs of labor and contract farmers and our ability to maintain good relationships with team members, labor unions, contract farmers and independent producers providing us livestock; (xv) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (xvi) 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; (xvii) adverse results from litigation; (xviii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xix) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xx) our participation in a multiemployer pension plan; (xxi) volatility in capital markets or interest rates; (xxii) risks associated with our commodity purchasing activities; (xxiii) the effect of, or changes in, general economic conditions; (xxiv) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxv) failure to maximize or assert our intellectual property rights; (xxvi) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvii) the effectiveness of our internal control over financial reporting, including identification of material weaknesses; and (xxviii) the other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission, including those included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K and Quarterly reports on Form 10-Q.

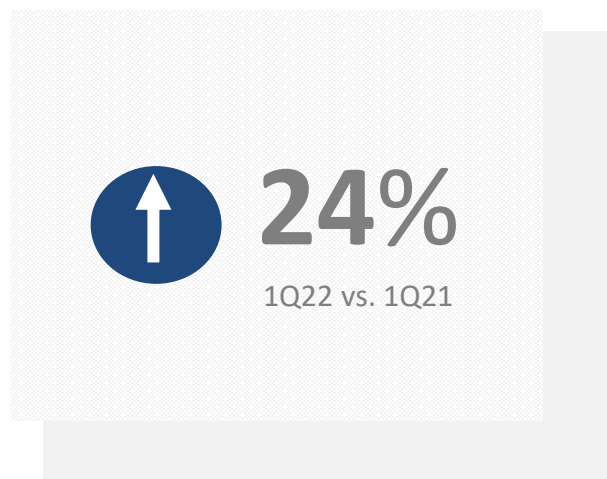
Solid start to fiscal year driven by continued strong demand and improving execution

- 1 Double digit sales and earnings growth in the quarter
- 2 Maintained share in the retail channel as demand remained elevated and gained momentum in foodservice, particularly value-added Chicken
- 3 Effective pricing strategies and productivity efforts helped mitigate higher inflationary costs across segments
- 4 On track to restore top quartile profitability in the Chicken segment
- 5 Increased capital deployed to support branded and value-added growth objectives and increased return of cash to shareholders

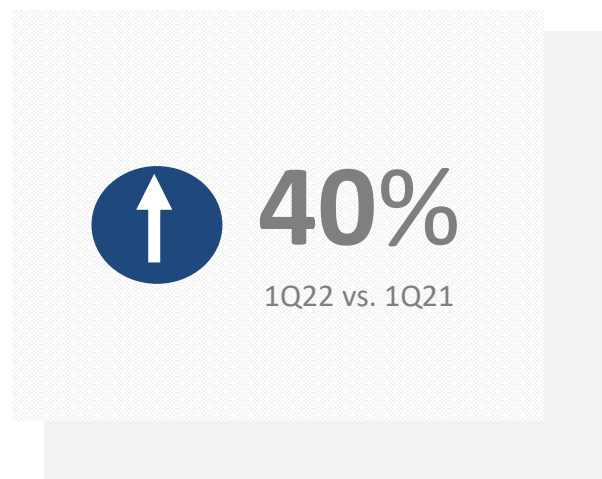


Double digit sales and earnings growth in the quarter

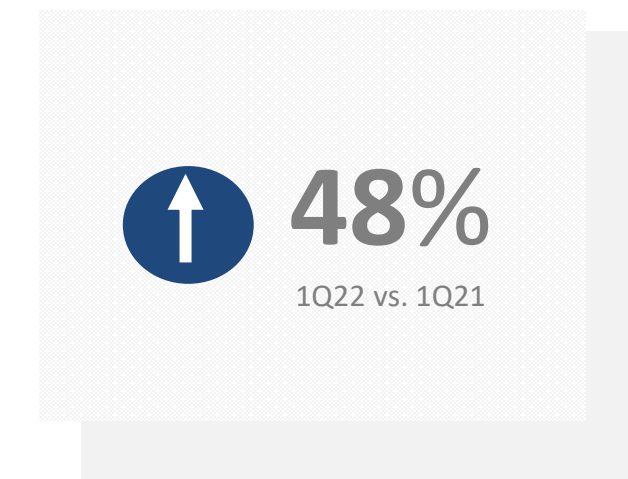
Sales¹



Adjusted Operating Income²



Adjusted Earnings Per Share²



Our Priorities

- 1 | Win with team members
- 2 | Win with customers and consumers
- 3 | Win with excellence in execution

¹Note comparison to 1Q21 is on a GAAP basis and 1Q21 sales reflect a \$320 million reduction for a legal contingency accrual.

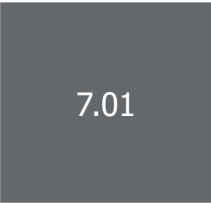
²Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.

Remain confident that actions underway will improve volume

Volume¹ (billion pounds)

Total Company

+0.3%



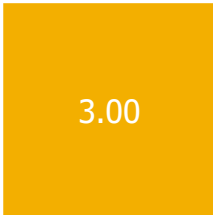
1Q21

1Q22

Remain confident in 2-3% improvement for FY22

Chicken

+3.6%



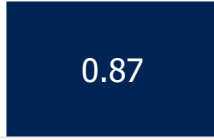
1Q21

1Q22

Strong demand and improved live production

Prepared Foods

-2.6%



1Q21

1Q22

Labor and supply chain challenges lowered throughput

Beef

-6.2%



1Q21

1Q22

Labor shortages and port congestion impacted volume

Pork

+0.2%



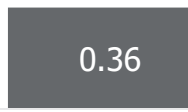
1Q21

1Q22

Gaining traction on throughput with opportunity on mix

International / Other

+9.0%



1Q21

1Q22

Investments in new capacity, innovation, and brands



¹ Intersegment sales volumes are eliminated from Total Company volumes but are included in total segment volumes and represent an aggregate reduction to volumes relative to the sum of component parts illustrated above

Hitting milestones to deliver Chicken segment recovery

Objectives

Be the employer of choice

Improve operational performance

Serve our customers

Actions

Improving turnover and absenteeism

Enhancing team member experience through flex schedules, ride-share programs, and career development

Debone automation program on track

Hatch rate improvement ahead of schedule; averaged 80.9% in December

Continue to ramp-up Humboldt

Harvest capacity utilization on track to reach 40 million head per week milestone for FY22

Multi-quarter sequential reductions to outside meat purchase volumes

Adding fully cooked capacity through line upgrades and new lines

New Danville, VA plant under construction

Reducing risk and recovering inflation through pricing; significantly more variable in pricing mechanisms

Investing to grow Tyson brand leadership

Outcomes

Optimize outside meat purchase volume

Improving capacity utilization

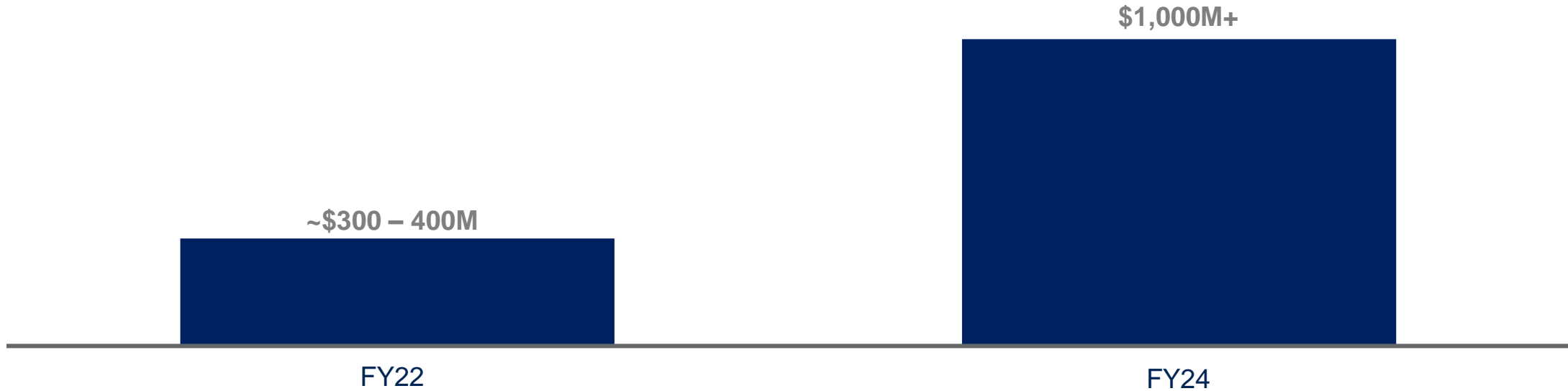
Increase customer fill rates

Improve AOI margin to 5-7% by mid-FY22



Productivity savings are on track

Targeting \$1B+ in productivity gains by end of FY2024 with 30%+ delivered by the end of FY2022



Actions will lead to sustainable productivity savings in three key focus areas

Operational & Functional Excellence and Agility

- Plant productivity initiatives implemented across all Business Units
- Additional plant productivity to continue through FY22
- Implementing new procurement program

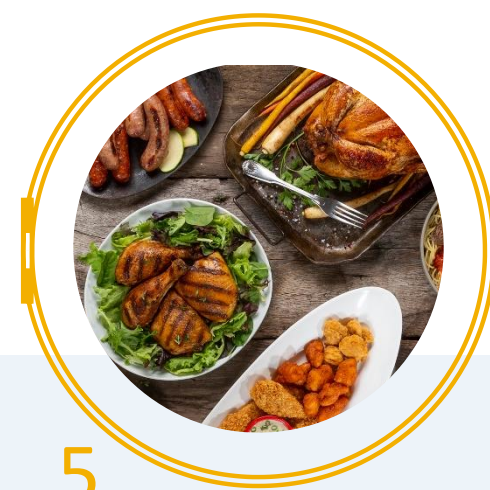
Digital Solutions

- The first go lives of new supply chain planning tools like demand sensing are in place
- New management model now in operation in logistics, with better visibility to navigate challenging inflationary environment

Automation

- On track with Chicken debone automation installation and implementation

Making progress on strengthening our position as a global protein leader



Imperatives

1

Transforming our team member experience

2

Outpacing the market by enhancing our portfolio and capacity to serve demand growth

3

Aggressively restoring our competitiveness in Chicken

4

Driving operational and functional excellence and purposefully investing in digital and automation

5

Leveraging our financial strength to invest in the business and return cash to shareholders

Actions

Hosted 40+ vaccine booster events

Awarded \$50 million in bonuses to frontline team members in December

Innovative partnerships and investments to address transportation and childcare needs

Volumes improved slightly in the quarter; up 3.6% in Chicken and 9% in International/Other

Maintained retail share position

Retail launches continue to see strong repeat rates in market

Hatch rate improvement underway

Double digit sales and earnings improvement versus 1Q'21

On track to restore profitability in Chicken to the 5-7% margin range by mid-FY22

On track to deliver \$300 - \$400 million in productivity savings for the fiscal year 2022

Accelerating program delivery and focusing automation on programs versus projects

Returned >\$500 million in cash to shareholders in dividends and share repurchases this quarter

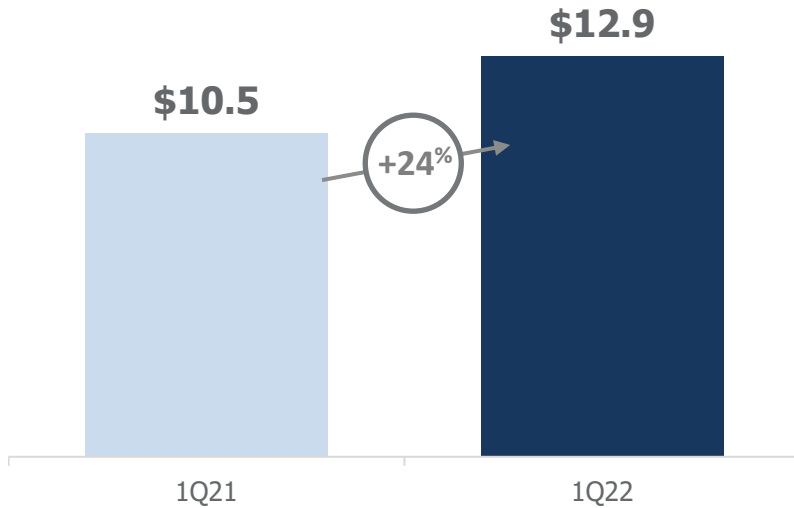
Invested \$408 million in capital expenditures



Continued strong financial performance overall

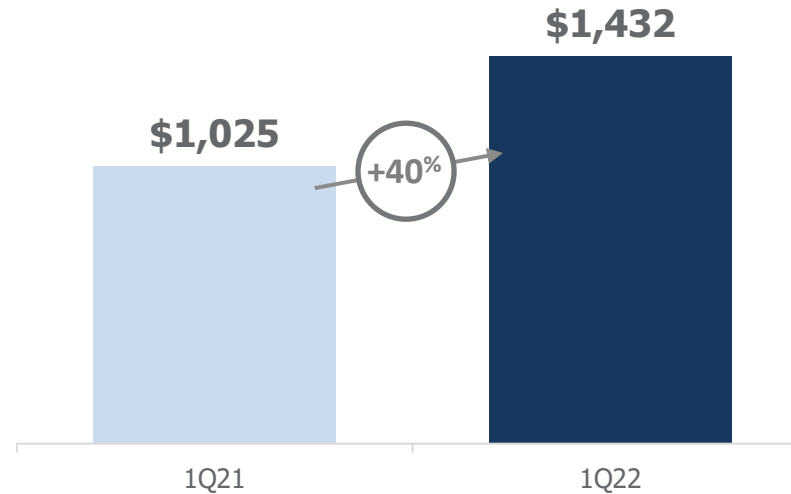
First Quarter 2022 vs First Quarter 2021

SALES (in billions of dollars)



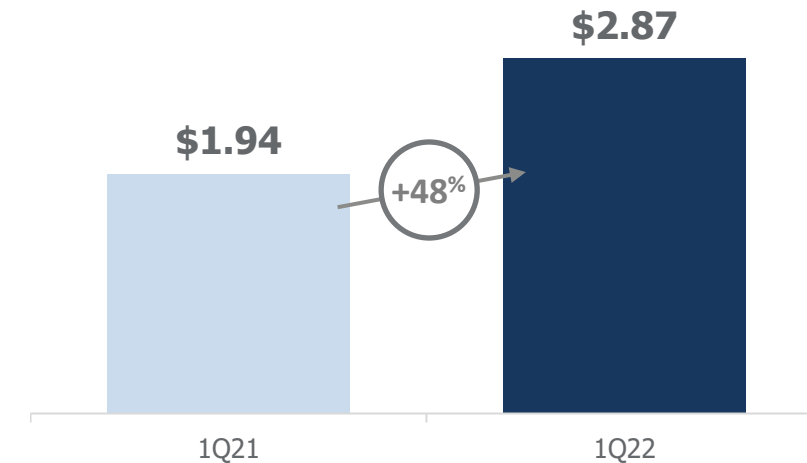
- Volumes up 0.3% with continued labor challenges impacting ability to serve elevated demand
- Average sales price² up 19.6% due to recovery actions to address inflation and improved mix
- All segments contributed to sales improvement with the most significant increases in Beef (up 25%) and Chicken (up 37%)

ADJUSTED OPERATING INCOME¹ (in millions of dollars)



- Higher average sales price and mix drove improved adjusted operating margin, which was partially offset by higher COGS up 18%

ADJUSTED EPS¹ (in dollars per share)



- Higher operating income led to increased adjusted EPS, compared to the same period last year
- EPS also benefitted from lower net interest expense and taxes

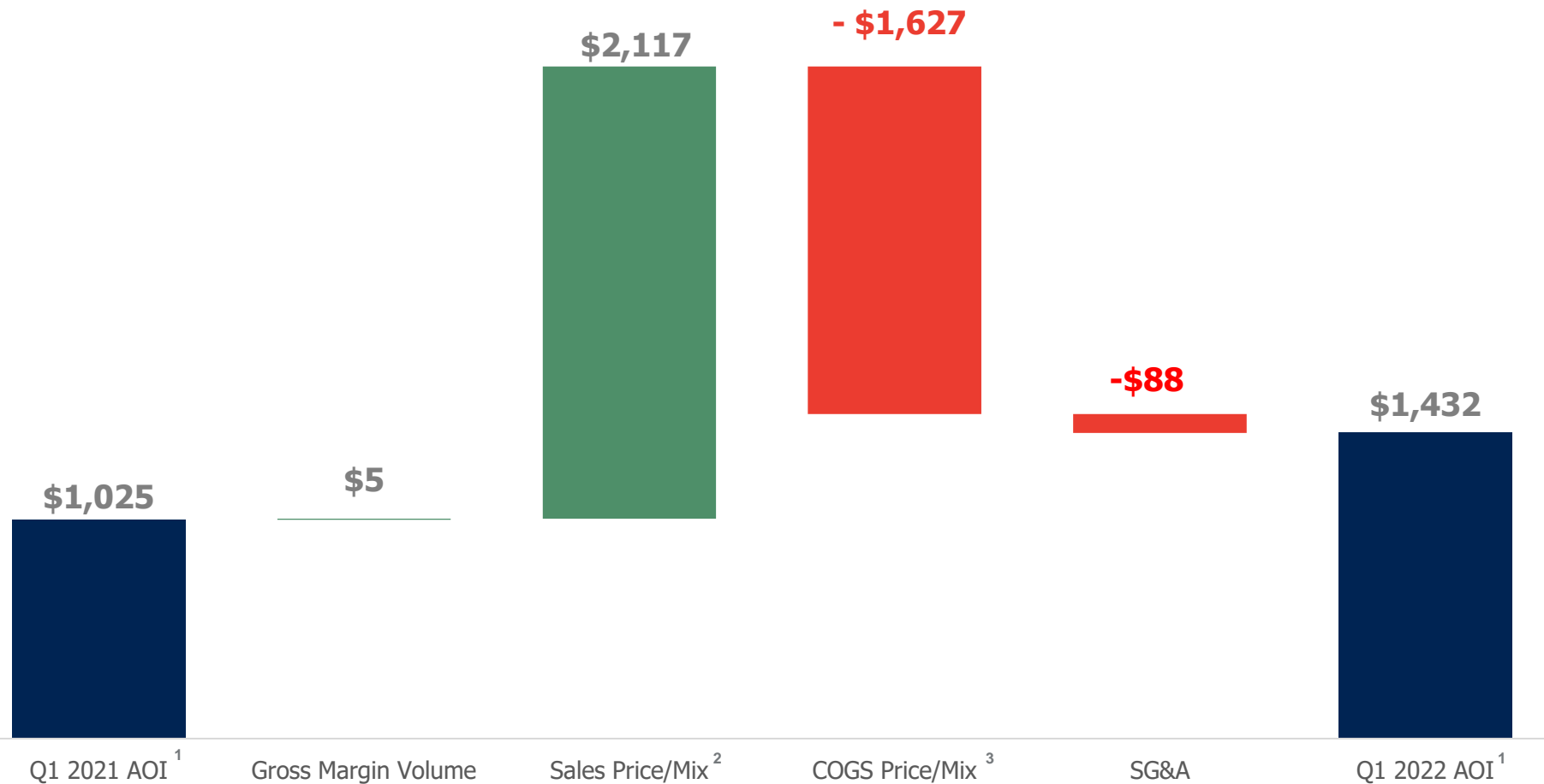
¹ Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.

² Average Price Change for the Chicken Segment and Total Company excludes a \$320 million legal contingency accrual recognized as a reduction to Sales in Q1 of fiscal 2021.

Earnings increased primarily due to pricing to offset inflation

First Quarter 2022

\$ millions



Highlights

- **Volumes** increased slightly due to growth in Chicken offset by declines in Beef and Prepared Foods
- **Price/mix** benefitted substantially due to strength in Beef and pricing to achieve a fair value for our products
- **COGS** price/mix up as a result of raw material, labor and supply chain inflationary cost pressures, partially offset by productivity savings
- **SG&A** reflects increased employee and technology related costs as well as the impact of a \$55 million gain from restitution recovered during 1Q21 associated with cattle supplier fraud

¹ Represents a non-GAAP financial measure. Adjusted operating income is explained and reconciled to comparable GAAP measures in the Appendix.

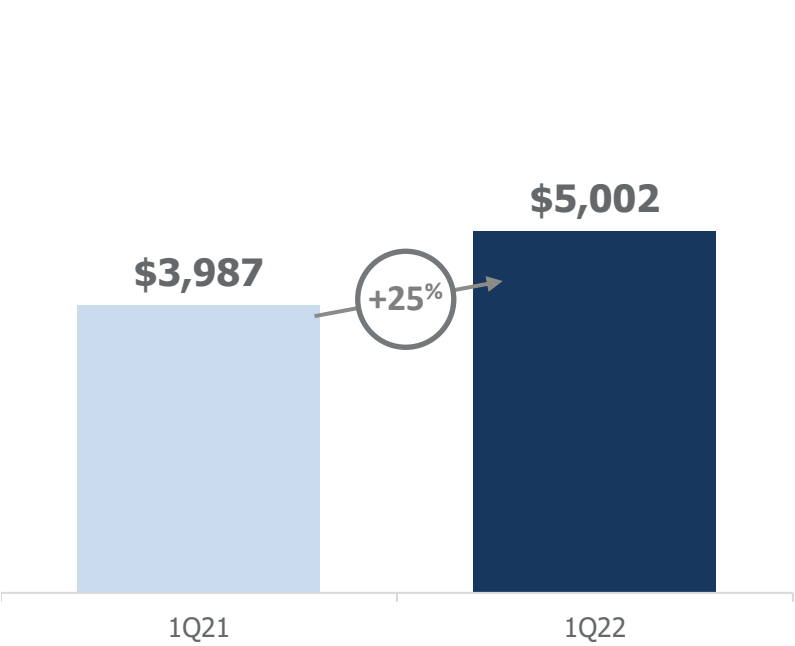
² Excludes the impact of \$320 million of legal contingency accruals recognized in the first quarter of fiscal 2021 as a reduction to Sales

³ Excludes the impacts of production facilities fire insurance proceeds, net of costs (\$23 million).

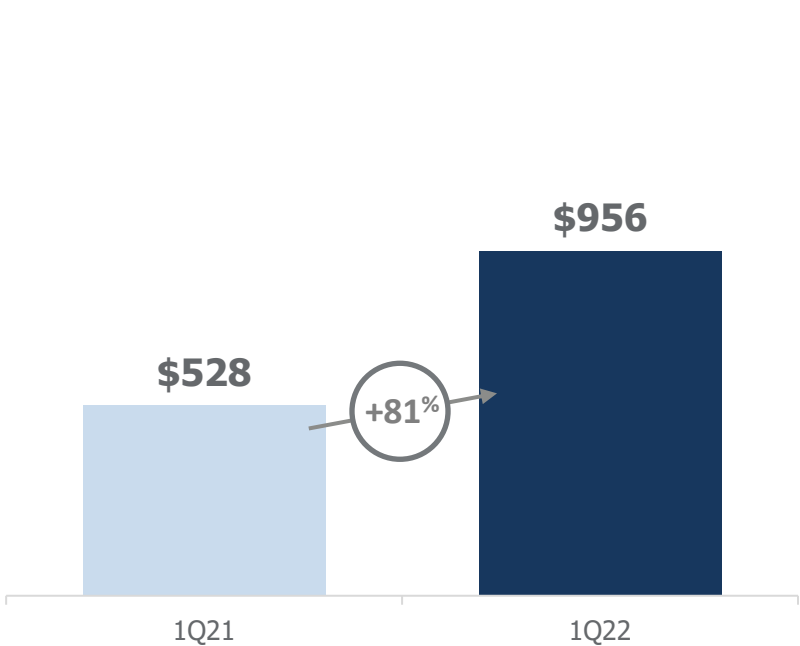
Global demand and adequate cattle supply support Beef

First Quarter 2022 vs First Quarter 2021

SALES (in millions of dollars)



ADJUSTED OPERATING INCOME¹ (in millions of dollars)



HIGHLIGHTS

- Sales volume decreased due to lower production associated with a challenging labor environment and increased supply chain constraints, partially offset by strong global demand
- Average sales price increased as input costs such as live cattle, labor, freight and transportation costs also increased and demand for our beef products remained strong
- Operating income increased due to strong demand as we continued to optimize revenues relative to live cattle supply
- Increase in live cattle costs of approximately \$445 million

<u>Sales Development</u>	<u>Volume</u>	<u>Price</u>
1Q22 vs 1Q21	↓ (6.2%)	↑ 31.7%

<u>Adj Operating Margin¹</u>	
<u>1Q21</u>	<u>1Q22</u>
13.2%	19.1%

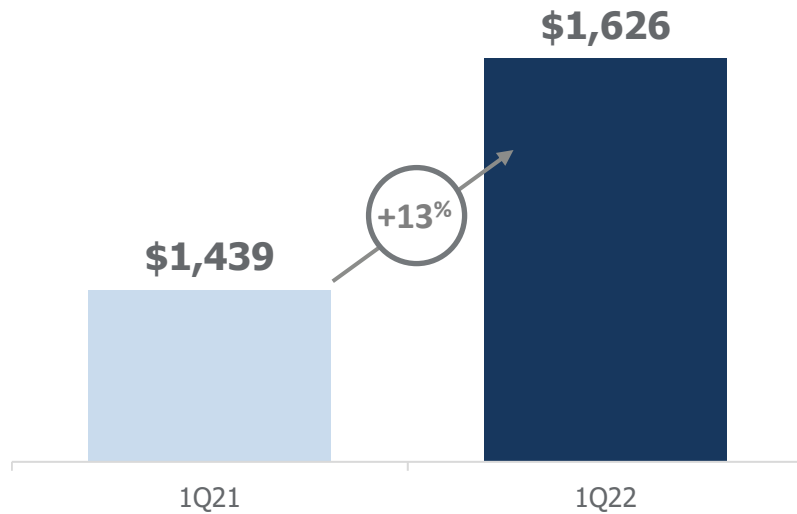


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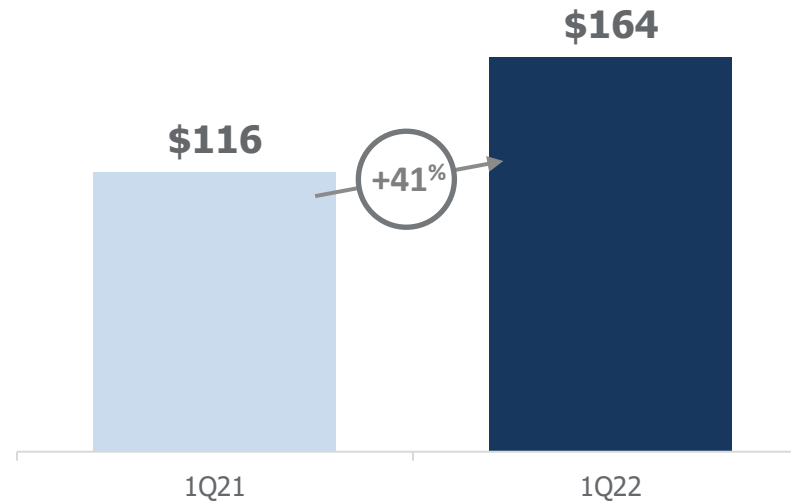
Improved margin spread benefits the Pork segment

First Quarter 2022 vs First Quarter 2021

SALES (in millions of dollars)



ADJUSTED OPERATING INCOME¹ (in millions of dollars)



HIGHLIGHTS

- Sales volume was up slightly as strong global demand was offset by the impacts associated with a challenging labor environment
- Average sales price increased as input costs such as live hogs, labor, freight and transportation costs increased and demand for our pork products remained strong
- Increase in live hog costs of approximately \$105 million

Sales Development

1Q22 vs 1Q21 ↑ 0.2% ↑ 12.8%

Volume

↑

0.2%

↑

Price

12.8%

Adj Operating Margin¹

1Q21

8.1%

1Q22

10.1%

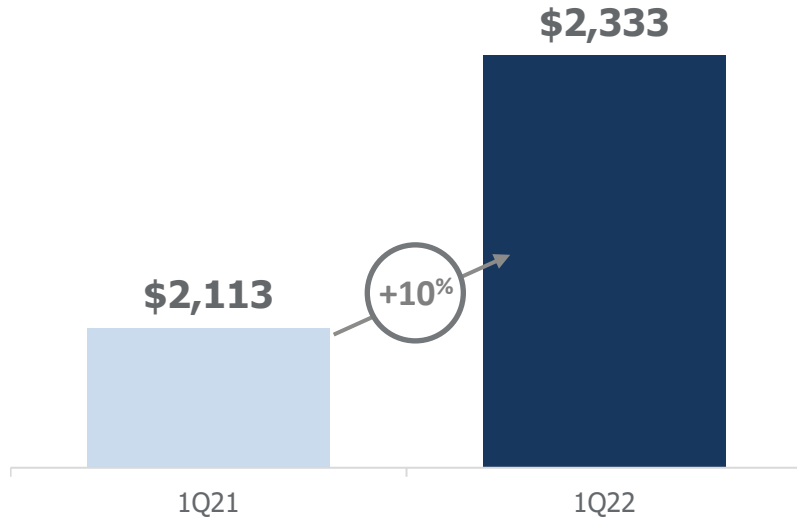


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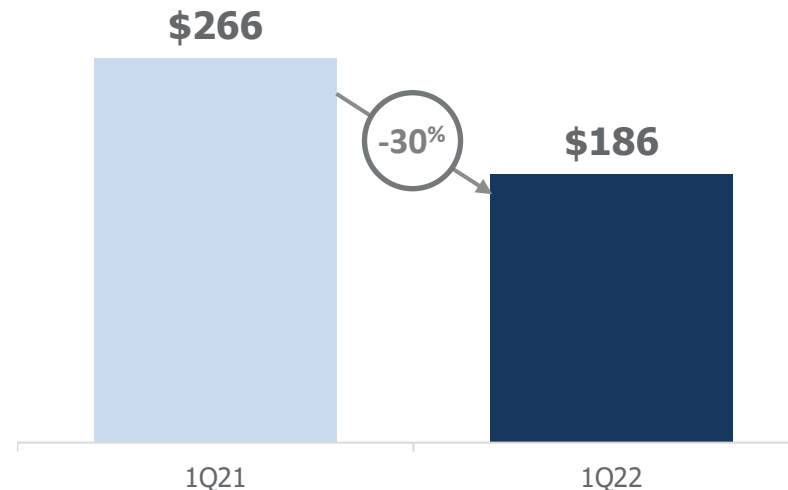
Effective revenue management and productivity in Prepared Foods

First Quarter 2022 vs First Quarter 2021

SALES (in millions of dollars)



ADJUSTED OPERATING INCOME¹ (in millions of dollars)



HIGHLIGHTS

- Sales volume decreased due to the sale of our Pet Treats business and lower production throughput primarily associated with a challenging labor and supply environment
- Average sales price increased due strong revenue management in an inflationary environment
- Operating income decreased due to the impact of inflationary market conditions, including \$215 million of increased raw materials and other input costs, increased supply chain costs, and a challenging labor environment, partially offset by favorable pricing



TYSON FOODS, INC. FEBRUARY 7, 2022

Sales Development

1Q22 vs 1Q21



Volume²

(2.6%)



Price

13.0%

Adj Operating Margin¹

1Q21

12.6%

1Q22

8.0%

¹ Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.

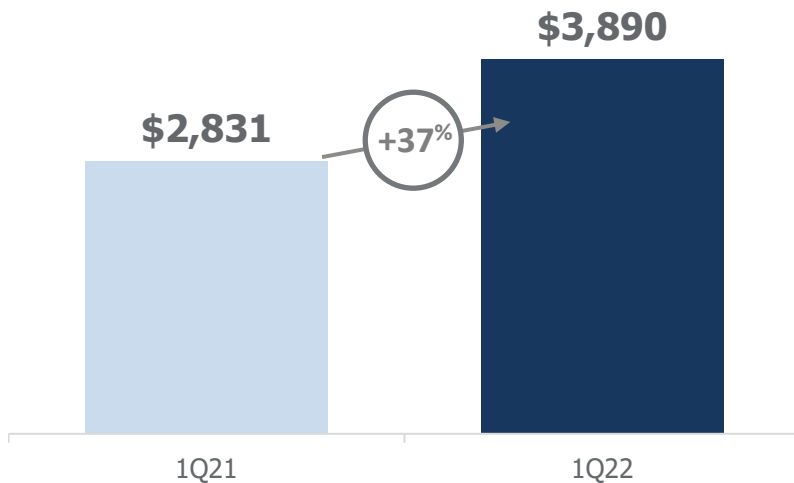
² The reduction in volume is due in part to the divestiture of the Pet Treats business in Q4 of fiscal 2021.

Strong demand and improving execution in the Chicken segment

First Quarter 2022 vs First Quarter 2021

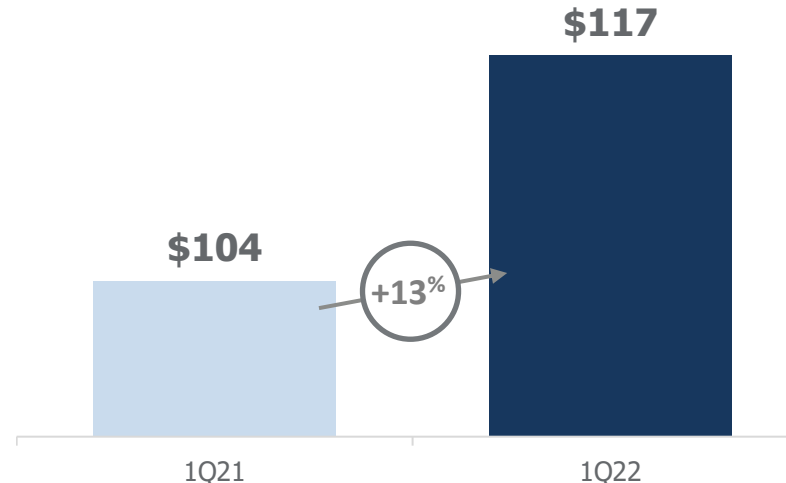
SALES

(in millions of dollars)



ADJUSTED OPERATING INCOME¹

(in millions of dollars)



HIGHLIGHTS

- 1Q22 sales volume increased primarily due to increased live production and a strong demand environment, partially offset by higher costs
- Average sales price increased due to inflation-justified pricing due to rising input costs
- Operating income increased due to the increased sales volume and average sales prices, partially offset by the impact of inflationary market conditions, including \$185 million of higher feed ingredient costs



More to Love

Sales Development

1Q22 vs 1Q21

↑

Volume

3.6%

↑

Price

19.9%

Adj Operating Margin¹

1Q21

3.3%

1Q22

3.0%

¹ Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix.

² Average Price Change for the Chicken Segment and Total Company excludes a \$320 million legal contingency accrual recognized as a reduction to Sales in Q1 2021.

Using financial strength to invest in our business and return cash to shareholders



MANAGE FINANCIAL STRENGTH

Manage our leverage ratio to be at or below our long-term target

INVEST IN OUR BUSINESS

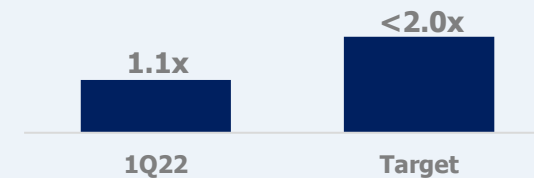
Disciplined investments to modernize and expand capacity and support growth

RETURN CASH TO SHAREHOLDERS

Committed to returning cash to shareholders through dividends and share repurchases

Leverage Ratio

(Net Debt/Adj. EBITDA)¹



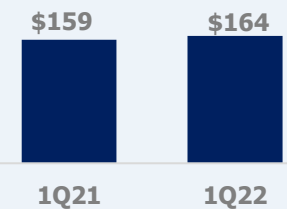
Capital Expenditures

(in billions)



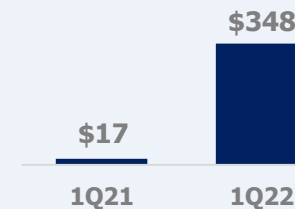
Dividends

(in millions)



Share Repurchases

(in millions)



¹ Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income, adjusted operating margin, and adjusted EBITDA are explained and reconciled to comparable GAAP measures in the Appendix.

Maintaining sales guidance and segment margin indications

FY2022 Guidance²

	1Q21	1Q22	Prior Indication	Revised Indication
Sales	\$10.5 billion	\$12.9 billion	\$49 – \$51 billion	Unchanged
Volume	(4.4)%	0.3%	2 – 3% growth	Unchanged
Chicken AOI Margin¹	3.3%	3.0%	5 – 7%	Unchanged
Prepared Foods AOI Margin¹	12.6%	8.0%	7 – 9%	Unchanged
Beef AOI Margin¹	13.2%	19.1%	9 – 11%	Unchanged
Pork AOI Margin¹	8.1%	10.1%	5 – 7 %	Unchanged
Capital Expenditures	\$289 million	\$408 million	\$2.0 billion	Unchanged
Net Interest Expense	\$108 million	\$97 million	~\$380 million	~\$360 million
Effective Tax Rate³	23.4%	20.2%	~23%	Unchanged
Net Debt-to-Adj. EBITDA	2.0x	1.1x	<2.0x	Unchanged

¹ Represents a non-GAAP financial measure. Adjusted EPS, adjusted operating income and adjusted operating margin are explained and reconciled to comparable GAAP measures in the Appendix

² The Company is not able to reconcile its full-year fiscal 2022 projected adjusted results to its fiscal 2022 projected GAAP results because certain information necessary to calculate such measures 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, such as legal contingency accruals and other significant items which could be significant, the Company is unable to provide a reconciliation for these forward-looking non-GAAP measures without unreasonable effort. Adjusted operating margin should not be considered a substitute for operating margin or any other measures 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.

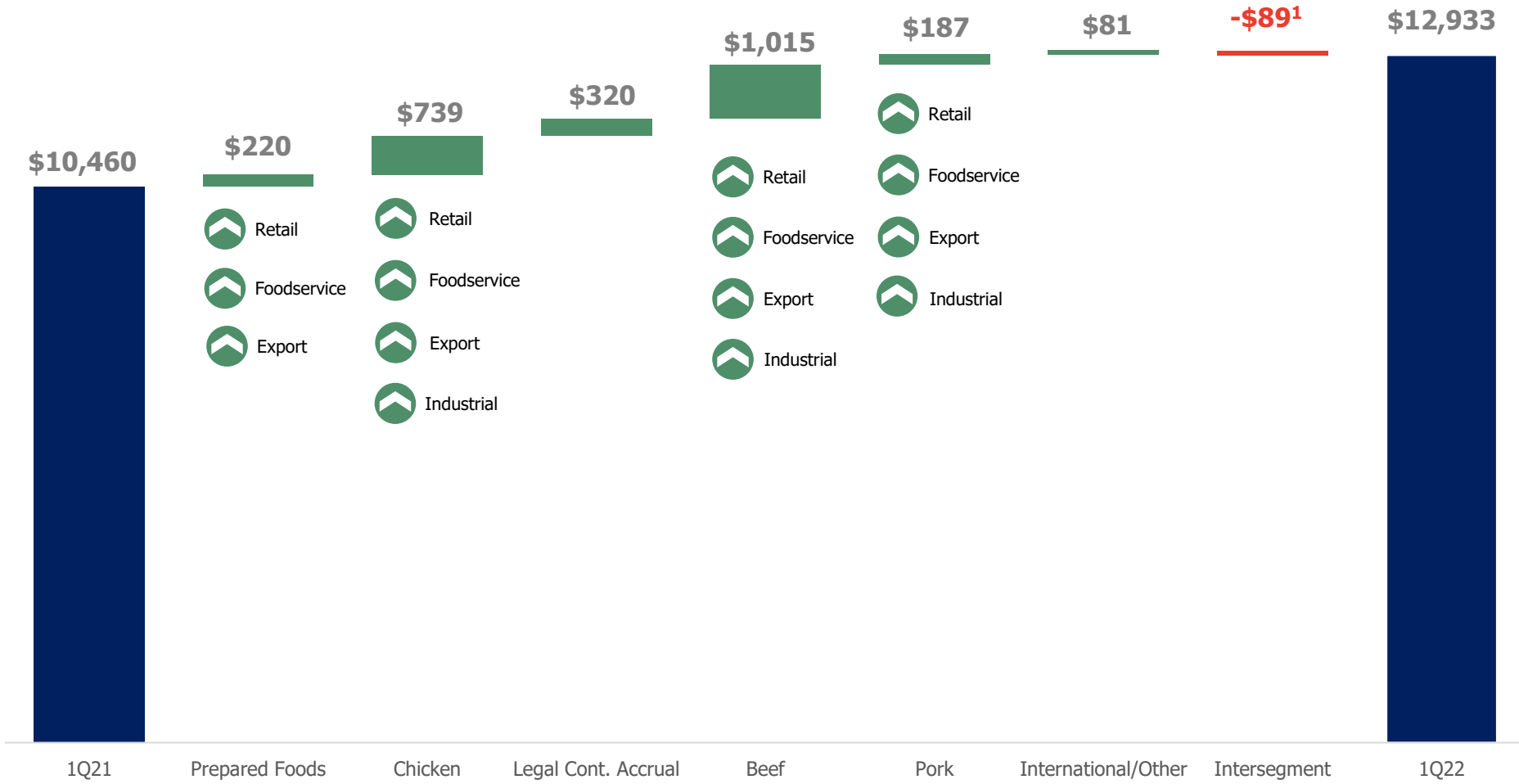
³ The effective tax rate for 1Q22 includes the impact of approximately \$36 million related to the tax benefit from remeasurement of net deferred tax liabilities at lower enacted state tax rates. The FY2022 guidance effective tax rate is presented on an adjusted basis, and therefore, excludes the impact of this benefit.

Appendix

Sales improved in all segments and across all channels

First Quarter 2022

\$ millions



Channel Highlights

- **Retail** sales improved by \$349 million in the quarter, led by increases in Chicken up \$197 million and Beef up \$84 million
- **Foodservice** drove \$1 billion in increased sales in the quarter, led by Beef up \$415 million, Chicken up \$375 million, and Prepared Foods up \$189 million
- **Exports²** increased \$333 million, led by Beef, where exports improved despite port congestion dampening volumes
- **Industrial and other** improved \$687 million, partially due to the prior period reflecting a \$320 million reduction for a legal contingency accrual

¹ The amount of intersegment sales increased on a year-over-year basis, which is a reduction to total company sales
² Exports refer to sales of domestically produced products from each of our domestic segments to international markets

EPS Reconciliations

\$ in millions, except per share data (Unaudited)

	First Quarter			
	Pretax Impact		EPS Impact	
	2022	2021	2022	2021
Reported net income per share attributable to Tyson (GAAP EPS)			\$ 3.07	\$ 1.28
Add: Legal contingency accrual ¹	\$ —	\$ 320	—	0.67
Less: Production facility fire insurance proceeds, net of costs ²	\$ (45)	\$ (6)	(0.10)	(0.01)
Less: Remeasurement of net deferred tax liabilities at lower enacted state tax rates	\$ —	\$ —	(0.10)	—
Adjusted net income per share attributable to Tyson (Adjusted EPS)			\$ 2.87	\$ 1.94

¹ Legal contingency accrual included \$320 million recognized as a reduction of Sales in the first quarter of fiscal 2021.

² Relates to fires at production facilities in Chicken in the fourth quarter of fiscal 2021 and Beef in the fourth quarter of fiscal 2019. Amount includes insurance proceeds, net of costs incurred, of \$23 million recognized in Cost of Sales and \$22 million net proceeds recognized in Other, net in the first quarter of fiscal 2022 and \$6 million net proceeds recognized in Other, net in the first quarter of fiscal 2021.

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.

Segment Operating Income Reconciliations

\$ in millions (Unaudited)

Adjusted Operating Income											
<i>(for the first quarter ended January 1, 2022)</i>											
	Beef		Pork		Chicken		Prepared Foods		International/Other		Total
Reported operating income	\$	956	\$	164	\$	140	\$	186	\$	9	\$ 1,455
Less: Production facilities fire insurance proceeds, net of costs ²		—		—		(23)		—		—	(23)
Adjusted operating income	\$	956	\$	164	\$	117	\$	186	\$	9	\$ 1,432

Adjusted Operating Income (Loss)											
<i>(for the three months ended January 2, 2021)</i>											
	Beef		Pork		Chicken		Prepared Foods		International/Other		Total
Reported operating income (loss)	\$	528	\$	116	\$	(216)	\$	266	\$	11	\$ 705
Add: Legal contingency accrual ¹		—		—		320		—		—	320
Adjusted operating income	\$	528	\$	116	\$	104	\$	266	\$	11	\$ 1,025

¹ Legal contingency accrual included \$320 million recognized as a reduction of Sales in the first quarter of fiscal 2021.

² Relates to fires at production facilities in Chicken in the fourth quarter of fiscal 2021. Amount includes insurance proceeds, net of costs incurred, of \$23 million recognized in Cost of Sales.

Adjusted operating income is presented as a supplementary measure in the evaluation of our business that is not required by, or presented in accordance with, GAAP. We use adjusted operating income as an internal performance measurement and as a 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 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 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.

EBITDA Reconciliations

\$ in millions (Unaudited)

	Three Months Ended		Fiscal Year Ended		Twelve Months Ended	
	January 1, 2022	January 2, 2021	October 2, 2021	January 1, 2022		
Net Income	\$ 1,126	\$ 472	\$ 3,060	\$ 3,714		
Less: Interest income	(3)	(2)	(8)	(9)		
Add: Interest expense	100	110	428	418		
Add: Income tax expense	284	144	981	1,121		
Add: Depreciation	236	229	934	941		
Add: Amortization ¹	62	66	261	257		
EBITDA	\$ 1,805	\$ 1,019	\$ 5,656	\$ 6,442		
Adjustments to EBITDA:						
Less: Gain on sale of business	\$ —	\$ —	\$ (784)	\$ (784)		
Add: China plant relocation charge ²	—	—	27	27		
Add: Legal contingency accruals ³	—	320	626	306		
(Less)/Add: Production facility fire insurance proceeds, net of costs ⁴	(45)	(6)	17	(22)		
Less: Defined benefit plan gains	—	—	(34)	(34)		
Total Adjusted EBITDA	\$ 1,760	\$ 1,333	\$ 5,508	\$ 5,935		
Total gross debt						
Total gross debt			\$ 9,348	\$ 9,364		
Less: Cash and cash equivalents			(2,507)	(2,956)		
Less: Short-term investments			—	—		
Total net debt			\$ 6,841	\$ 6,408		
Ratio Calculations:						
Gross debt/EBITDA			1.7x	1.5x		
Net debt/EBITDA			1.2x	1.0x		
Gross debt/Adjusted EBITDA						
Gross debt/Adjusted EBITDA			1.7x	1.6x		
Net debt/Adjusted EBITDA						
Net debt/Adjusted EBITDA			1.2x	1.1x		

¹Excludes the amortization of debt issuance and debt discount expense of \$2 million for the three months ended January 1, 2022, \$3 million for the three months ended January 2, 2021, \$19 million for the fiscal year ended October 2, 2021, and \$18 million for the twelve months ended January 1, 2022 as it is included in interest expense.

²Relates to a plant relocation from a government land expropriation and includes accelerated depreciation and team member related charges recognized as an increase of Cost of Sales.

³Legal contingency accruals included \$320 million recognized as a reduction of Sales in the first quarter of fiscal 2021 and \$545 million recognized as a reduction of Sales and \$81 million recognized as an increase of Cost of Sales in fiscal 2021.

⁴Relates to fires at production facilities in Chicken in the fourth quarter of fiscal 2021 and Beef in the fourth quarter of fiscal 2019. Amount includes insurance proceeds, net of costs incurred, of \$23 million recognized in Cost of Sales and \$22 million net proceeds recognized in Other, net in the first quarter of fiscal 2022 and \$23 million net expense recognized in Cost of Sales and \$6 million net proceeds recognized in Other, net for fiscal 2021.

EBITDA Reconciliations

\$ in millions (Unaudited)

	Three Months Ended		Fiscal Year Ended		Twelve Months Ended	
	January 2, 2021	December 28, 2019	October 3, 2020	January 2, 2021		
Net Income	\$ 472	\$ 509	\$ 2,071	\$ 2,034		
Less: Interest income	(2)	(3)	(10)	(9)		
Add: Interest expense	110	120	485	475		
Add: Income tax expense	144	148	593	589		
Add: Depreciation	229	217	900	912		
Add: Amortization ¹	66	68	278	276		
EBITDA	\$ 1,019	\$ 1,059	\$ 4,317	\$ 4,277		
Adjustments to EBITDA:						
Add: Legal contingency accrual ²	\$ 320	\$ —	\$ —	\$ 320		
Add: Restructuring and related charges	—	52	75	23		
Add/(Less): Production facility fire costs, net of insurance proceeds	(6)	16	1	(21)		
Less: Defined benefit plan gains	—	—	(116)	(116)		
Less: Impact of additional week in fiscal 2020	—	—	(96)	(96)		
Total Adjusted EBITDA	\$ 1,333	\$ 1,127	\$ 4,181	\$ 4,387		
Total gross debt			\$ 11,339	\$ 11,357		
Less: Cash and cash equivalents			(1,420)	(2,406)		
Less: Short-term investments			—	—		
Total net debt			\$ 9,919	\$ 8,951		
Ratio Calculations:						
Gross debt/EBITDA			2.6x	2.7x		
Net debt/EBITDA			2.3x	2.1x		
Gross debt/Adjusted EBITDA			2.7x	2.6x		
Net debt/Adjusted EBITDA			2.4x	2.0x		

¹ Excludes the amortization of debt issuance and debt discount expense of \$3 million for the three months ended January 2, 2021 and December 28, 2019 and \$14 million for the fiscal year ended October 3, 2020 and the twelve months ended January 2, 2021 as it is included in interest expense.

² Legal contingency accrual included \$320 million recognized as a reduction of Sales in the first quarter of fiscal 2021