

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended April 1, 2017

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____



the Tyson Foods family of brands

001-14704

(Commission File Number)

TYSON FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

2200 West Don Tyson Parkway, Springdale, Arkansas

(Address of principal executive offices)

71-0225165

(I.R.S. Employer Identification No.)

72762-6999

(Zip Code)

(479) 290-4000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 1, 2017 .

Class	Outstanding Shares
Class A Common Stock, \$0.10 Par Value (Class A stock)	288,192,047
Class B Common Stock, \$0.10 Par Value (Class B stock)	70,010,755

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Sales	\$ 9,083	\$ 9,170	\$ 18,265	\$ 18,322
Cost of Sales	8,036	7,987	15,735	15,938
Gross Profit	1,047	1,183	2,530	2,384
Selling, General and Administrative	476	479	977	904
Operating Income	571	704	1,553	1,480
Other (Income) Expense:				
Interest income	(1)	(1)	(3)	(3)
Interest expense	56	64	114	131
Other, net	(3)	(3)	11	(4)
Total Other (Income) Expense	52	60	122	124
Income before Income Taxes	519	644	1,431	1,356
Income Tax Expense	178	210	496	461
Net Income	341	434	935	895
Less: Net Income Attributable to Noncontrolling Interests	1	2	2	2
Net Income Attributable to Tyson	\$ 340	\$ 432	\$ 933	\$ 893
Weighted Average Shares Outstanding:				
Class A Basic	295	318	296	321
Class B Basic	70	70	70	70
Diluted	370	393	371	396
Net Income Per Share Attributable to Tyson:				
Class A Basic	\$ 0.95	\$ 1.14	\$ 2.59	\$ 2.32
Class B Basic	\$ 0.86	\$ 1.02	\$ 2.35	\$ 2.11
Diluted	\$ 0.92	\$ 1.10	\$ 2.51	\$ 2.25
Dividends Declared Per Share:				
Class A	\$ 0.225	\$ 0.150	\$ 0.525	\$ 0.350
Class B	\$ 0.203	\$ 0.135	\$ 0.473	\$ 0.315

See accompanying Notes to Consolidated Condensed Financial Statements.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Net Income	\$ 341	\$ 434	\$ 935	\$ 895
Other Comprehensive Income (Loss), Net of Taxes:				
Derivatives accounted for as cash flow hedges	(3)	—	—	—
Investments	1	1	—	—
Currency translation	9	10	(5)	5
Postretirement benefits	2	(1)	(1)	(3)
Total Other Comprehensive Income (Loss), Net of Taxes	9	10	(6)	2
Comprehensive Income	350	444	929	897
Less: Comprehensive Income Attributable to Noncontrolling Interests	1	2	2	2
Comprehensive Income Attributable to Tyson	\$ 349	\$ 442	\$ 927	\$ 895

See accompanying Notes to Consolidated Condensed Financial Statements.

TYSON FOODS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions, except share and per share data)
(Unaudited)

April 1, 2017

October 1, 2016

Assets	April 1, 2017	October 1, 2016
Current Assets:		
Cash and cash equivalents	\$ 243	\$ 349
Accounts receivable, net	1,589	1,542
Inventories	2,970	2,732
Other current assets	215	265
Total Current Assets	5,017	4,888
Net Property, Plant and Equipment	5,283	5,170
Goodwill	6,669	6,669
Intangible Assets, net	5,036	5,084
Other Assets	591	562
Total Assets	\$ 22,596	\$ 22,373
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current debt	\$ 543	\$ 79
Accounts payable	1,466	1,511
Other current liabilities	1,097	1,172
Total Current Liabilities	3,106	2,762
Long-Term Debt	5,905	6,200
Deferred Income Taxes	2,516	2,545
Other Liabilities	1,280	1,242
Commitments and Contingencies (Note 16)		
Shareholders' Equity:		
Common stock (\$0.10 par value):		
Class A-authorized 900 million shares, issued 369 million shares	37	36
Convertible Class B-authorized 900 million shares, issued 70 million shares	7	7
Capital in excess of par value	4,355	4,355
Retained earnings	9,098	8,348
Accumulated other comprehensive loss	(51)	(45)
Treasury stock, at cost – 81 million shares at April 1, 2017, and 73 million shares at October 1, 2016	(3,675)	(3,093)
Total Tyson Shareholders' Equity	9,771	9,608
Noncontrolling Interests	18	16
Total Shareholders' Equity	9,789	9,624
Total Liabilities and Shareholders' Equity	\$ 22,596	\$ 22,373

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	Six Months Ended	
	April 1, 2017	April 2, 2016
Cash Flows From Operating Activities:		
Net income	\$ 935	\$ 895
Depreciation and amortization	356	348
Deferred income taxes	(28)	85
Other, net	88	18
Net changes in operating assets and liabilities	(369)	(241)
Cash Provided by Operating Activities	982	1,105
Cash Flows From Investing Activities:		
Additions to property, plant and equipment	(467)	(355)
Purchases of marketable securities	(30)	(22)
Proceeds from sale of marketable securities	29	23
Other, net	(10)	2
Cash Used for Investing Activities	(478)	(352)
Cash Flows From Financing Activities:		
Payments on debt	(45)	(673)
Borrowings on revolving credit facility	1,680	300
Payments on revolving credit facility	(1,977)	—
Proceeds from issuance of commercial paper	725	—
Repayments of commercial paper	(225)	—
Purchases of Tyson Class A common stock	(733)	(826)
Dividends	(158)	(108)
Stock options exercised	83	78
Other, net	41	40
Cash Used for Financing Activities	(609)	(1,189)
Effect of Exchange Rate Changes on Cash	(1)	2
Decrease in Cash and Cash Equivalents	(106)	(434)
Cash and Cash Equivalents at Beginning of Year	349	688
Cash and Cash Equivalents at End of Period	\$ 243	\$ 254

See accompanying Notes to Consolidated Condensed Financial Statements.

TYSON FOODS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: ACCOUNTING POLICIES

Basis of Presentation

The consolidated condensed financial statements are unaudited and have been prepared by Tyson Foods, Inc. (“Tyson,” “the Company,” “we,” “us” or “our”). Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations of the United States Securities and Exchange Commission. Although we believe the disclosures contained herein are adequate to make the information presented not misleading, these consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended October 1, 2016 . Preparation of consolidated condensed financial statements requires us to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We believe the accompanying consolidated condensed financial statements contain all adjustments, which are of a normal recurring nature, necessary to state fairly our financial position as of April 1, 2017 , and the results of operations for the three and six months ended April 1, 2017 , and April 2, 2016 . Results of operations and cash flows for the periods presented are not necessarily indicative of results to be expected for the full year.

Consolidation

The consolidated condensed financial statements include the accounts of all wholly-owned subsidiaries, as well as majority-owned subsidiaries over which we exercise control and, when applicable, entities for which we have a controlling financial interest or variable interest entities for which we are the primary beneficiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Recently Issued Accounting Pronouncements

In March 2017, the Financial Accounting Standards Board ("FASB") issued guidance which will change the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only the service cost component will be eligible for capitalization when applicable. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. Early adoption is permitted and the retrospective transition method should be applied for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and the prospective transition method should be applied, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In January 2017, the FASB issued guidance which removes step 2 from the goodwill impairment test. As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting units' fair value. The guidance is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, our fiscal 2021. Early adoption is permitted for annual or interim goodwill impairment tests performed on testing dates after January 1, 2017, and the prospective transition method should be applied. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued guidance which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. Early adoption is permitted and the retrospective transition method should be applied. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In October 2016, the FASB issued guidance which requires companies to recognize the income tax effects of intercompany sales and transfers of assets, other than inventory, in the period in which the transfer occurs. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. Early adoption is permitted and the modified retrospective transition method should be applied. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

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In August 2016, the FASB issued guidance which aims to eliminate diversity in the practice of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. Early adoption is permitted and the retrospective transition method should be applied. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In June 2016, the FASB issued guidance that provides more decision-useful information about the expected credit losses on financial instruments and changes the loss impairment methodology. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2019, our fiscal 2021. Early adoption is permitted for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2018, our fiscal 2020. The application of the guidance requires various transition methods depending on the specific amendment. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In March 2016, the FASB issued guidance which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification of related amounts within the statement of cash flows and impact on earnings per share. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2016, our fiscal 2018. Early adoption is permitted and the application of the guidance requires various transition methods depending on the specific amendment. The guidance requires all income tax effects of share-based payment awards to be recognized in the consolidated statements of income when the awards vest or are settled, which is a change from the current guidance that requires such activity to be recorded in capital in excess of par value within stockholders' equity. We plan to adopt this guidance prospectively which may create volatility in our effective tax rate when adopted depending largely on future events and other factors which may include our stock price, timing of stock option exercises, and the value realized upon vesting or exercise of shares compared to the grant date fair value of those shares. Under the new guidance, companies can also make an accounting policy election to either estimate forfeitures each period or to account for forfeitures as they occur. We plan to change our accounting policy to account for forfeitures as they occur using the modified retrospective transition method and expect the impact of this change on our consolidated financial statements to be immaterial. The guidance also changes the presentation of excess tax benefits from a financing activity to an operating activity in the consolidated statements of cash flows. We plan to apply this change prospectively and do not expect a material impact on our consolidated statements of cash flows. We expect to adopt this guidance in the first quarter of fiscal 2018.

In February 2016, the FASB issued guidance which created new accounting and reporting guidelines for leasing arrangements. The guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses and cash flows arising from a lease will depend on classification as a finance or operating lease. The guidance also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2018, our fiscal 2020. Early adoption is permitted, and the modified retrospective method should be applied. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In January 2016, the FASB issued guidance that requires most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The guidance also impacts financial liabilities under the fair value option and the presentation and disclosure requirements on the classification and measurement of financial instruments. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. It should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, unless, equity securities do not have readily determinable fair values, in which case, the amendments should be applied prospectively. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In July 2015, the FASB issued guidance which requires management to evaluate inventory at the lower of cost and net realizable value. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2016, our fiscal 2018. Early adoption is permitted, and the prospective transition method should be applied. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In May 2014, the FASB issued guidance changing the criteria for recognizing revenue. The guidance provides for a single five-step model to be applied to all revenue contracts with customers. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. This guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. Early adoption is permitted for fiscal years beginning after December 15, 2016, our fiscal 2018. We plan to adopt this guidance using the modified retrospective transition method beginning in the first quarter of fiscal 2019. We continue to evaluate the impact of the adoption of this guidance, but currently, we do not expect the new guidance to materially impact our consolidated financial statements other than additional disclosure requirements.

NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES

In October 2016, the FASB issued guidance on how a reporting entity, that is the single decision maker of a variable interest entity ("VIE"), should treat indirect interests in the entity held through related parties that are under common control with the reporting entity, when determining whether it is the primary beneficiary of that VIE. This guidance is effective for annual reporting periods and interim periods within those annual reporting periods, beginning after December 15, 2016, our fiscal 2018. We were required to adopt this guidance at the same time that we adopted the amendments in ASU 2015-02; therefore, we early adopted this guidance, retrospectively, in the first quarter of fiscal 2017. The adoption did not have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance on the recognition of fees paid by a customer for cloud computing arrangements. The guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the software license consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2015, our fiscal 2017, and should be applied prospectively or retrospectively. We adopted this guidance, prospectively, in the first quarter of fiscal 2017. As a result, prior period balances were not retrospectively adjusted. The adoption did not have a material impact on our consolidated financial statements.

In February 2015, the FASB issued guidance (ASU 2015-02) changing the analysis procedures that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The new guidance affects the following areas: (1) limited partnerships and similar legal entities, (2) evaluating fees paid to a decision maker or a service provider as a variable interest, (3) the effect of fee arrangements on the primary beneficiary determination, (4) the effect of related parties on the primary beneficiary determination, and (5) certain investment funds. This guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2015, our fiscal 2017. We adopted this guidance, retrospectively, in the first quarter of fiscal 2017. The adoption did not have a material impact on our consolidated financial statements.

NOTE 3: INVENTORIES

Processed products, livestock and supplies and other are valued at the lower of cost or market. Cost includes purchased raw materials, live purchase costs, growout costs (primarily feed, grower pay and catch and haul costs), labor and manufacturing and production overhead, which are related to the purchase and production of inventories.

At April 1, 2017, 63% of the cost of inventories was determined by the first-in, first-out ("FIFO") method as compared to 61% at October 1, 2016. The remaining cost of inventories for both periods is determined by the weighted-average method.

The following table reflects the major components of inventory (in millions):

	April 1, 2017	October 1, 2016
Processed products	\$ 1,668	\$ 1,530
Livestock	903	772
Supplies and other	399	430
Total inventory	\$ 2,970	\$ 2,732

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

The major categories of property, plant and equipment and accumulated depreciation are as follows (in millions):

	April 1, 2017	October 1, 2016
Land	\$ 129	\$ 126
Buildings and leasehold improvements	3,688	3,662
Machinery and equipment	6,880	6,789
Land improvements and other	308	300
Buildings and equipment under construction	495	290
	11,500	11,167
Less accumulated depreciation	6,217	5,997
Net property, plant and equipment	\$ 5,283	\$ 5,170

NOTE 5: OTHER CURRENT LIABILITIES

Other current liabilities are as follows (in millions):

	April 1, 2017	October 1, 2016
Accrued salaries, wages and benefits	\$ 493	\$ 563
Accrued marketing, advertising and promotion expense	182	212
Other	422	397
Total other current liabilities	\$ 1,097	\$ 1,172

NOTE 6: DEBT

The major components of debt are as follows (in millions):

	April 1, 2017	October 1, 2016
Revolving credit facility	\$ 3	\$ 300
Commercial paper	500	—
Senior notes:		
7.00% Notes due May 2018	120	120
2.65% Notes due August 2019	1,000	1,000
4.10% Notes due September 2020	283	284
4.50% Senior notes due June 2022	1,000	1,000
3.95% Notes due August 2024	1,250	1,250
7.00% Notes due January 2028	18	18
6.13% Notes due November 2032	162	163
4.88% Notes due August 2034	500	500
5.15% Notes due August 2044	500	500
Discount on senior notes	(8)	(8)
Term loans:		
Tranche B due April 2019 (2.13% at 04/01/17)	500	500
Tranche B due August 2019 (2.50% at 04/01/17)	552	552
Amortizing notes - tangible equity units (see Note 7: Equity)	35	71
Other	59	58
Unamortized debt issuance costs	(26)	(29)
Total debt	6,448	6,279
Less current debt	543	79
Total long-term debt	\$ 5,905	\$ 6,200

Revolving Credit Facility

We have a \$1.25 billion revolving credit facility that supports short-term funding needs and letters of credit. The facility will mature and the commitments thereunder will terminate in September 2019. Amounts available for borrowing under this facility totaled \$739 million at April 1, 2017, net of outstanding letters of credit and amounts outstanding under our commercial paper program. At April 1, 2017, we had outstanding letters of credit issued under this facility totaling \$8 million, none of which were drawn upon. We had an additional \$82 million of bilateral letters of credit issued separately from the revolving credit facility, none of which were drawn upon. Our letters of credit are issued primarily in support of leasing obligations and workers' compensation insurance programs.

If in the future any of our subsidiaries shall guarantee any of our material indebtedness, such subsidiary shall be required to guarantee the indebtedness, obligations and liabilities under this facility.

Commercial Paper Program

In February 2017, our Board of Directors authorized a commercial paper program under which we may issue unsecured short-term promissory notes (commercial paper) up to a maximum aggregate principal amount of \$500 million. We intend to use the net proceeds from the commercial paper program for general corporate purposes. As of April 1, 2017, we had \$500 million of commercial paper outstanding at a weighted average interest rate of 1.27% with maturities of less than 45 days.

Debt Covenants

Our revolving credit and term loan facilities contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; change the nature of our business; engage in certain transactions with affiliates; and enter into hedging transactions, in each case, subject to certain qualifications and exceptions. In addition, we are required to maintain minimum interest expense coverage and maximum debt-to-capitalization ratios.

Our senior notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens; engage in certain sale/leaseback transactions; and engage in certain consolidations, mergers and sales of assets.

We were in compliance with all debt covenants at April 1, 2017 .

NOTE 7: EQUITYShare Repurchases

As of April 1, 2017 , 29.1 million shares remained available for repurchase under our share repurchase program. The share repurchase program has no fixed or scheduled termination date and the timing and extent to which we repurchase shares will depend upon, among other things, our working capital needs, markets, industry conditions, liquidity targets, limitations under our debt obligations and regulatory requirements. In addition to the share repurchase program, we purchase shares on the open market to fund certain obligations under our equity compensation plans.

A summary of share repurchases of our Class A stock is as follows (in millions):

	Three Months Ended				Six Months Ended			
	April 1, 2017		April 2, 2016		April 1, 2017		April 2, 2016	
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars
Shares repurchased:								
Under share repurchase program	2.6	\$ 167	7.3	\$ 421	11.2	\$ 717	14.9	\$ 778
To fund certain obligations under equity compensation plans	0.2	15	0.4	18	0.6	41	1.1	48
Total share repurchases	2.8	\$ 182	7.7	\$ 439	11.8	\$ 758	16.0	\$ 826

Tangible Equity Units

In fiscal 2014, we completed the public issuance of 30 million 4.75% tangible equity units (TEUs). Total proceeds, net of underwriting discounts and other expenses, were \$1,454 million . Each TEU, which has a stated amount of \$50 , is comprised of a prepaid stock purchase contract and a senior amortizing note due July 15, 2017. We allocated the proceeds from the issuance of the TEUs to equity and debt based on the relative fair values of the respective components of each TEU. The fair value of the prepaid stock purchase contracts, which was \$1,295 million , is recorded in Capital in Excess of Par Value, net of issuance costs. The fair value of the senior amortizing notes, which was \$205 million , was recorded in debt. Issuance costs associated with the TEU debt were recorded as deferred debt issuance cost and is amortized over the term of the instrument to July 15, 2017.

The aggregate values assigned upon issuance of each component of the TEUs, based on the relative fair value of the respective components of each TEU, were as follows (in millions, except price per TEU):

	Equity Component	Debt Component	Total
Price per TEU	\$ 43.17	\$ 6.83	\$ 50.00
Gross proceeds	1,295	205	1,500
Issuance cost	(40)	(6)	(46)
Net proceeds	\$ 1,255	\$ 199	\$ 1,454

Each senior amortizing note has an initial principal amount of \$6.83 and bears interest at 1.5% per annum. On each January 15, April 15, July 15 and October 15, we will pay equal quarterly cash installments of \$0.59 per amortizing note, which cash payment in the aggregate (principal and interest) is equivalent to 4.75% per year with respect to the \$50 stated amount per TEU. Each installment constitutes a payment of interest and partial repayment of principal.

As of April 1, 2017, holders have settled 21.7 million purchase contracts and, in exchange, the Company has issued 23.1 million shares of its Class A stock. Upon early settlement of these purchase contracts, the corresponding amortizing notes remain outstanding and beneficially owned by the holders that settled purchase contracts early. As of April 1, 2017, 8.3 million TEUs remained outstanding. The remaining TEUs will continue to be held pursuant to their original terms and conditions, including automatic settlement on July 15, 2017. As a result of the purchase contracts tendered as of April 1, 2017, our remaining obligation is to deliver between a minimum of 8.9 million shares and a maximum of 11.1 million shares of our Class A stock, subject to adjustment, based upon the Applicable Market Value (as defined below) of our Class A stock as described below:

- If the Applicable Market Value is equal to or greater than the conversion price of \$46.69 per share, we will deliver 1.0710 shares of Class A stock per purchase contract, or a minimum of 8.9 million Class A shares.
- If the Applicable Market Value is greater than the reference price of \$37.35 but less than the conversion price of \$46.69 per share, we will deliver a number of Class A shares per purchase contract equal to \$50, divided by the Applicable Market Value.
- If the Applicable Market Value is less than or equal to the reference price of \$37.35 per share, we will deliver 1.3389 shares of Class A stock per purchase contract, or a maximum of 11.1 million Class A shares.

The "Applicable Market Value" means the average of the closing prices of our Class A stock on each of the 20 consecutive trading days beginning on, and including, the 23rd scheduled trading day immediately preceding July 15, 2017.

On March 15, 2017, we paid our quarterly dividend to shareholders of record at March 1, 2017, equal to \$0.225 per share on our Class A stock. The amount of the distribution exceeded the \$0.075 per share dividend threshold amount. Consequently, the settlement rates, reference price and conversion price were adjusted and are reflected above.

The TEUs have a dilutive effect on our earnings per share. The 8.9 million minimum shares to be issued are included in the calculation of Class A Basic weighted average shares. The 2.2 million share difference between the minimum shares and the 11.1 million maximum shares are potentially dilutive securities, and accordingly, are included in our diluted earnings per share on a pro rata basis to the extent the Applicable Market Value is higher than the reference price but is less than the conversion price at period end.

NOTE 8: INCOME TAXES

The effective tax rate was 34.3% and 32.7% for the second quarter of fiscal 2017 and 2016, respectively, and 34.7% and 34.0% for the six months of fiscal 2017 and 2016, respectively. The effective tax rates for the second quarter and six months of fiscal 2017 and fiscal 2016 were impacted by such items as the domestic production deduction and state income taxes. In addition, changes in tax reserves resulting from the expiration of statutes of limitations reduced the effective tax rate for the second quarter of fiscal 2016 by 2.9% and the six months of fiscal 2016 by 1.4%.

Unrecognized tax benefits were \$314 million and \$305 million at April 1, 2017, and October 1, 2016, respectively.

We estimate that during the next twelve months it is reasonably possible that unrecognized tax benefits could decrease by as much as \$24 million primarily due to settlements with taxing authorities and expiration of statutes of limitations in various jurisdictions.

NOTE 9: OTHER INCOME AND CHARGES

In the second quarter of fiscal 2017, we recorded a \$52 million impairment charge related to our San Diego Prepared Foods operation. The impairment was comprised of \$43 million of property, plant and equipment, \$8 million of definite lived intangible assets and \$1 million of other assets. This charge, of which \$44 million was included in the Consolidated Condensed Statements of Income in Cost of Sales and \$8 million was included in the Consolidated Condensed Statements of Income in Selling, General and Administrative, was triggered by a change in a co-manufacturing contract and ongoing losses.

During the six months of fiscal 2017, we recorded \$16 million of legal cost related to a 1995 plant closure of an apparel manufacturing facility operated by a former subsidiary of The Hillshire Brands Company, which was acquired by us in fiscal 2014, \$6 million of equity earnings in joint ventures and \$1 million in net foreign currency exchange losses, which were recorded in the Consolidated Condensed Statements of Income in Other, net.

During the six months of fiscal 2016, we recorded \$5 million of equity earnings in joint ventures and \$1 million in net foreign currency exchange losses, which were recorded in the Consolidated Condensed Statements of Income in Other, net.

NOTE 10: EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share data):

	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Numerator:				
Net income	\$ 341	\$ 434	\$ 935	\$ 895
Less: Net income attributable to noncontrolling interests	1	2	2	2
Net income attributable to Tyson	340	432	933	893
Less dividends declared:				
Class A	65	46	151	104
Class B	14	9	33	22
Undistributed earnings	\$ 261	\$ 377	\$ 749	\$ 767
Class A undistributed earnings	\$ 215	\$ 314	\$ 618	\$ 641
Class B undistributed earnings	46	63	131	126
Total undistributed earnings	\$ 261	\$ 377	\$ 749	\$ 767
Denominator:				
Denominator for basic earnings per share:				
Class A weighted average shares	295	318	296	321
Class B weighted average shares, and shares under the if-converted method for diluted earnings per share	70	70	70	70
Effect of dilutive securities:				
Stock options, restricted stock and performance units	5	5	5	5
Denominator for diluted earnings per share – adjusted weighted average shares and assumed conversions	370	393	371	396
Net income per share attributable to Tyson:				
Class A basic	\$ 0.95	\$ 1.14	\$ 2.59	\$ 2.32
Class B basic	\$ 0.86	\$ 1.02	\$ 2.35	\$ 2.11
Diluted	\$ 0.92	\$ 1.10	\$ 2.51	\$ 2.25

Approximately 2 million of our stock-based compensation shares were antidilutive for each of the three and six months ended April 1, 2017. We had no stock-based compensation shares that were antidilutive for the three months ended April 2, 2016. Approximately 2 million of our stock-based compensation shares were antidilutive for the six months ended April 2, 2016. These shares were not included in the diluted earnings per share calculation.

We have two classes of capital stock, Class A stock and Class B stock. Cash dividends cannot be paid to holders of Class B stock unless they are simultaneously paid to holders of Class A stock. The per share amount of cash dividends paid to holders of Class B stock cannot exceed 90% of the cash dividends paid to holders of Class A stock.

We allocate undistributed earnings based upon a 1 to 0.9 ratio per share to Class A stock and Class B stock, respectively. We allocate undistributed earnings based on this ratio due to historical dividend patterns, voting control of Class B shareholders and contractual limitations of dividends to Class B stock.

NOTE 11: DERIVATIVE FINANCIAL INSTRUMENTS

Our business operations give rise to certain market risk exposures mostly due to changes in commodity prices, foreign currency exchange rates and interest rates. We manage a portion of these risks through the use of derivative financial instruments to reduce our exposure to commodity price risk, foreign currency risk and interest rate risk. Our risk management programs are periodically reviewed by our Board of Directors' Audit Committee. These programs are monitored by senior management and may be revised as market conditions dictate. Our current risk management programs utilize industry-standard models that take into account the implicit cost of hedging. Risks associated with our market risks and those created by derivative instruments and the fair values are strictly monitored, using value-at-risk and stress tests. Credit risks associated with our derivative contracts are not significant as we minimize counterparty concentrations, utilize margin accounts or letters of credit, and deal with credit worthy counterparties. Additionally, our derivative contracts are mostly short-term in duration and we generally do not make use of credit-risk-related contingent features. No significant concentrations of credit risk existed at April 1, 2017 .

We had the following aggregated outstanding notional amounts related to our derivative financial instruments (in millions, except soy meal tons):

	Metric	April 1, 2017	October 1, 2016
Commodity:			
Corn	Bushels	56	50
Soy meal	Tons	1,200,300	389,700
Live cattle	Pounds	419	28
Lean hogs	Pounds	218	158
Foreign currency	United States dollar \$	44 \$	38

We recognize all derivative instruments as either assets or liabilities at fair value in the Consolidated Condensed Balance Sheets, with the exception of normal purchases and normal sales expected to result in physical delivery. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument based upon the exposure being hedged (i.e., cash flow hedge or fair value hedge). We designate certain forward contracts as follows:

- Cash Flow Hedges – include certain commodity forward and option contracts of forecasted purchases (i.e., grains) and certain foreign exchange forward contracts.
- Fair Value Hedges – include certain commodity forward contracts of firm commitments (i.e., livestock).

Cash Flow Hedges

Derivative instruments are designated as hedges against changes in the amount of future cash flows related to procurement of certain commodities utilized in our production processes. For the derivative instruments we designate and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses representing hedge ineffectiveness are recognized in earnings in the current period. Ineffectiveness related to our cash flow hedges was not significant for the three and six months ended April 1, 2017 , and April 2, 2016 . As of April 1, 2017 , the net amounts expected to be reclassified into earnings within the next 12 months are pretax losses of \$2 million . During the three and six months ended April 1, 2017 , and April 2, 2016 , we did not reclassify significant pretax gains/losses into earnings as a result of the discontinuance of cash flow hedges.

The following table sets forth the pretax impact of cash flow hedge derivative instruments on the Consolidated Condensed Statements of Income (in millions):

	Gain (Loss) Recognized in OCI On Derivatives		Consolidated Condensed Statements of Income Classification	Gain (Loss) Reclassified from OCI to Earnings	
	Three Months Ended			Three Months Ended	
	April 1, 2017	April 2, 2016		April 1, 2017	April 2, 2016
Cash flow hedge – derivatives designated as hedging instruments:					
Commodity contracts	\$ (1)	\$ —	Cost of sales	\$ 3	\$ (1)
Foreign exchange contracts	—	—	Other income/expense	—	—
Total	\$ (1)	\$ —		\$ 3	\$ (1)

	Gain (Loss) Recognized in OCI On Derivatives		Consolidated Condensed Statements of Income Classification	Gain (Loss) Reclassified from OCI to Earnings	
	Six Months Ended			Six Months Ended	
	April 1, 2017	April 2, 2016		April 1, 2017	April 2, 2016
Cash flow hedge – derivatives designated as hedging instruments:					
Commodity contracts	\$ —	\$ (2)	Cost of sales	\$ (1)	\$ (2)
Foreign exchange contracts	—	—	Other income/expense	—	—
Total	\$ —	\$ (2)		\$ (1)	\$ (2)

Fair Value Hedges

We designate certain derivative contracts as fair value hedges of firm commitments to purchase livestock for harvest. Our objective of these hedges is to minimize the risk of changes in fair value created by fluctuations in commodity prices associated with fixed price livestock firm commitments. For these derivative instruments we designate and qualify as a fair value hedge, the gain or loss on the derivative, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in earnings in the same period. We include the gain or loss on the hedged items (i.e., livestock purchase firm commitments) in the same line item, Cost of Sales, as the offsetting gain or loss on the related livestock forward position.

	Consolidated Condensed Statements of Income Classification	in millions			
		Three Months Ended		Six Months Ended	
		April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Gain (Loss) on forwards	Cost of sales	\$ (12)	\$ 6	\$ 16	\$ 39
Gain (Loss) on purchase contract	Cost of sales	12	(6)	(16)	(39)

Ineffectiveness related to our fair value hedges was not significant for the three and six months ended April 1, 2017, and April 2, 2016.

Undesignated Positions

In addition to our designated positions, we also hold derivative contracts for which we do not apply hedge accounting. These include certain derivative instruments related to commodities price risk, including grains, livestock, energy and foreign currency risk. We mark these positions to fair value through earnings at each reporting date.

The following table sets forth the pretax impact of the undesignated derivative instruments in the Consolidated Condensed Statements of Income (in millions):

	Consolidated Condensed Statements of Income Classification	Gain (Loss) Recognized in Earnings		Gain (Loss) Recognized in Earnings	
		Three Months Ended		Six Months Ended	
		April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Derivatives not designated as hedging instruments:					
Commodity contracts	Sales	\$ 25	\$ (16)	\$ 76	\$ (7)
Commodity contracts	Cost of sales	(45)	7	(46)	(8)
Foreign exchange contracts	Other income/expense	—	1	—	1
Total		\$ (20)	\$ (8)	\$ 30	\$ (14)

The fair value of all outstanding derivative instruments in the Consolidated Condensed Balance Sheets are included in Note 12: Fair Value Measurements.

NOTE 12: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels as follows:

Level 1 — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs derived principally from or corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

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The following tables set forth by level within the fair value hierarchy our financial assets and liabilities accounted for at fair value on a recurring basis according to the valuation techniques we used to determine their fair values (in millions):

April 1, 2017	Level 1	Level 2	Level 3	Netting (a)	Total
Assets:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 4	\$ —	\$ (2)	\$ 2
Undesignated	—	54	—	(9)	45
Available-for-sale securities:					
Current	—	2	1	—	3
Non-current	—	40	55	—	95
Deferred compensation assets	8	258	—	—	266
Total assets	\$ 8	\$ 358	\$ 56	\$ (11)	\$ 411
Liabilities:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 21	\$ —	\$ (21)	\$ —
Undesignated	—	49	—	(38)	11
Total liabilities	\$ —	\$ 70	\$ —	\$ (59)	\$ 11
October 1, 2016					
Assets:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 72	\$ —	\$ (27)	\$ 45
Undesignated	—	38	—	(34)	4
Available-for-sale securities:					
Current	—	2	2	—	4
Non-current	—	38	55	—	93
Deferred compensation assets	18	236	—	—	254
Total assets	\$ 18	\$ 386	\$ 57	\$ (61)	\$ 400
Liabilities:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 1	\$ —	\$ (1)	\$ —
Undesignated	—	68	—	(68)	—
Total liabilities	\$ —	\$ 69	\$ —	\$ (69)	\$ —

(a) Our derivative assets and liabilities are presented in our Consolidated Condensed Balance Sheets on a net basis when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. At April 1, 2017, and October 1, 2016, we had \$48 million and \$8 million, respectively, of cash collateral posted with various counterparties where master netting arrangements exist and held no cash collateral.

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The following table provides a reconciliation between the beginning and ending balance of marketable debt securities measured at fair value on a recurring basis in the table above that used significant unobservable inputs (Level 3) (in millions):

	Six Months Ended	
	April 1, 2017	April 2, 2016
Balance at beginning of year	\$ 57	\$ 61
Total realized and unrealized gains (losses):		
Included in earnings	—	—
Included in other comprehensive income (loss)	—	—
Purchases	10	9
Issuances	—	—
Settlements	(11)	(12)
Balance at end of period	\$ 56	\$ 58
Total gains (losses) for the six-month period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at end of period	\$ —	\$ —

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Derivative Assets and Liabilities: Our derivative financial instruments primarily include exchange-traded and over-the-counter contracts which are further described in Note 11: Derivative Financial Instruments. We record our derivative financial instruments at fair value using quoted market prices adjusted for credit and non-performance risk and internal models that use as their basis readily observable market inputs including current and forward market prices. We classify these instruments in Level 2 when quoted market prices can be corroborated utilizing observable current and forward commodity market prices on active exchanges or observable market transactions.

Available-for-Sale Securities: Our investments in marketable debt securities are classified as available-for-sale and are reported at fair value based on pricing models and quoted market prices adjusted for credit and non-performance risk. Short-term investments with maturities of less than 12 months are included in Other current assets in the Consolidated Condensed Balance Sheets and primarily include certificates of deposit and commercial paper. All other marketable debt securities are included in Other Assets in the Consolidated Condensed Balance Sheets and have maturities ranging up to 32 years. We classify our investments in U.S. government, U.S. agency, certificates of deposit and commercial paper debt securities as Level 2 as fair value is generally estimated using discounted cash flow models that are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other readily available relevant economic measures. We classify certain corporate, asset-backed and other debt securities as Level 3 as there is limited activity or less observable inputs into valuation models, including current interest rates and estimated prepayment, default and recovery rates on the underlying portfolio or structured investment vehicle. Significant changes to assumptions or unobservable inputs in the valuation of our Level 3 instruments would not have a significant impact to our consolidated condensed financial statements.

The following table sets forth our available-for-sale securities' amortized cost basis, fair value and unrealized gain (loss) by significant investment category (in millions):

	April 1, 2017			October 1, 2016		
	Amortized Cost Basis	Fair Value	Unrealized Gain (Loss)	Amortized Cost Basis	Fair Value	Unrealized Gain (Loss)
Available-for-sale securities:						
Debt securities:						
U.S. treasury and agency	\$ 42	\$ 42	\$ —	\$ 40	\$ 40	\$ —
Corporate and asset-backed	55	56	1	56	57	1

Unrealized holding gains (losses), net of tax, are excluded from earnings and reported in OCI until the security is settled or sold. On a quarterly basis, we evaluate whether losses related to our available-for-sale securities are temporary in nature. Losses on equity securities are recognized in earnings if the decline in value is judged to be other than temporary. If losses related to our debt securities are determined to be other than temporary, the loss would be recognized in earnings if we intend, or more likely than not will be required, to sell the security prior to recovery. For debt securities in which we have the intent and ability to hold until maturity, losses determined to be other than temporary would remain in OCI, other than expected credit losses which are recognized in earnings. We consider many factors in determining whether a loss is temporary, including the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. We recognized no other than temporary impairment in earnings for the three and six months ended April 1, 2017, and April 2, 2016. No other than temporary losses were deferred in OCI as of April 1, 2017, and October 1, 2016.

Deferred Compensation Assets: We maintain non-qualified deferred compensation plans for certain executives and other highly compensated employees. Investments are maintained within a trust and include money market funds, mutual funds and life insurance policies. The cash surrender value of the life insurance policies is invested primarily in mutual funds. The investments are recorded at fair value based on quoted market prices and are included in Other Assets in the Consolidated Condensed Balance Sheets. We classify the investments which have observable market prices in active markets in Level 1 as these are generally publicly-traded mutual funds. The remaining deferred compensation assets are classified in Level 2, as fair value can be corroborated based on observable market data. Realized and unrealized gains (losses) on deferred compensation are included in earnings.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we record assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

In the second quarter of fiscal 2017, we recorded a \$52 million impairment charge related to our San Diego Prepared Foods operation. The impairment was comprised of \$43 million of property, plant and equipment, \$8 million of definite lived intangibles assets and \$1 million of other assets. This charge, of which \$44 million was included in the Consolidated Condensed Statements of Income in Cost of Sales and \$8 million was included in the Consolidated Condensed Statements of Income in Selling, General and Administrative, was triggered by a change in a co-manufacturing contract and ongoing losses. Our valuation of these assets was primarily based on discounted cash flows and relief-from-royalty models, which included unobservable Level 3 inputs.

We did not have any significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition during the three and six months ended April 2, 2016.

Other Financial Instruments

Fair value of our debt is principally estimated using Level 2 inputs based on quoted prices for those or similar instruments. Fair value and carrying value for our debt are as follows (in millions):

	April 1, 2017		October 1, 2016	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Total debt	\$ 6,567	\$ 6,448	\$ 6,698	\$ 6,279

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The components of the net periodic cost for the pension and postretirement benefit plans for the three and six months ended April 1, 2017, and April 2, 2016, are as follows (in millions):

	Pension Plans			
	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Service cost	\$ 3	\$ 3	\$ 6	\$ 7
Interest cost	16	18	32	38
Expected return on plan assets	(14)	(16)	(29)	(33)
Amortization of:				
Net actuarial loss	2	2	4	3
Settlement (gain) loss (a)	2	—	2	(12)
Net periodic cost	\$ 9	\$ 7	\$ 15	\$ 3

Chicken: Chicken includes our domestic operations related to raising and processing live chickens into, and purchasing raw materials for, fresh, frozen and value-added chicken products, as well as sales from allied products. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets. This segment also includes logistics operations to move products through our domestic supply chain and the global operations of our chicken breeding stock subsidiary.

Prepared Foods: Prepared Foods includes our operations related to manufacturing and marketing frozen and refrigerated food products and logistics operations to move products through the supply chain. This segment includes brands such as Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, State Fair®, Van's®, Sara Lee® and Chef Pierre®, as well as artisanal brands Aidells®, Gallo Salame®, and Golden Island®. Products primarily include pepperoni, bacon, breakfast sausage, turkey, lunchmeat, hot dogs, pizza crusts and toppings, flour and corn tortilla products, desserts, appetizers, snacks, prepared meals, ethnic foods, soups, sauces, side dishes, meat dishes, breadsticks and processed meats. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, healthcare facilities, the military and other food processors, as well as to international export markets.

We allocate expenses related to corporate activities to the segments, except for third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC, which are included in Other.

Information on segments and a reconciliation to income before income taxes are as follows (in millions):

	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Sales:				
Beef	\$ 3,487	\$ 3,639	\$ 7,015	\$ 7,253
Pork	1,302	1,190	2,554	2,403
Chicken	2,798	2,737	5,504	5,373
Prepared Foods	1,751	1,804	3,646	3,700
Other	82	86	172	185
Intersegment sales	(337)	(286)	(626)	(592)
Total sales	\$ 9,083	\$ 9,170	\$ 18,265	\$ 18,322
Operating income (loss):				
Beef	\$ 126	\$ 46	\$ 425	\$ 117
Pork	141	140	388	298
Chicken	233	347	496	705
Prepared Foods	87 ^(a)	197	277 ^(a)	404
Other	(16) ^(b)	(26) ^(b)	(33) ^(b)	(44) ^(b)
Total operating income	571	704	1,553	1,480
Total other (income) expense	52	60	122	124
Income before income taxes	\$ 519	\$ 644	\$ 1,431	\$ 1,356

(a) Includes a \$52 million impairment charge related to our San Diego Prepared Foods operation (see Note 9: Other Income and Charges).

(b) Other includes third-party merger and integration costs and corporate overhead of Tyson New Ventures, LLC of \$6 million and \$13 million for the three months ended April 1, 2017, and April 2, 2016, respectively, and \$13 million and \$18 million for the six months ended April 1, 2017, and April 2, 2016, respectively.

The Beef segment had sales of \$88 million and \$78 million in the second quarter of fiscal 2017 and 2016, respectively, and sales of \$160 million and \$150 million in the six months of fiscal 2017 and 2016, respectively, from transactions with other operating segments of the Company. The Pork segment had sales of \$240 million and \$204 million in the second quarter of fiscal 2017 and 2016, respectively, and sales of \$450 million and \$435 million in the six months of fiscal 2017 and 2016, respectively, from transactions with other operating segments of the Company. The Chicken segment had sales of \$9 million and \$4 million in the second quarter of fiscal 2017 and 2016, respectively, and sales of \$16 million and \$7 million in the six months of fiscal 2017 and 2016, respectively, from transactions with other operating segments of the Company. The aforementioned sales from intersegment transactions, which were at market prices, were included in the segment sales in the above table.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Commitments

We guarantee obligations of certain outside third parties, consisting primarily of leases, debt and grower loans, which are substantially collateralized by the underlying assets. Terms of the underlying debt cover periods up to 10 years, and the maximum potential amount of future payments as of April 1, 2017, was \$32 million. We also maintain operating leases for various types of equipment, some of which contain residual value guarantees for the market value of the underlying leased assets at the end of the term of the lease. The remaining terms of the lease maturities cover periods over the next 10 years. The maximum potential amount of the residual value guarantees is \$92 million, of which \$84 million could be recoverable through various recourse provisions and an additional undeterminable recoverable amount based on the fair value of the underlying leased assets. The likelihood of material payments under these guarantees is not considered probable. At April 1, 2017, and October 1, 2016, no material liabilities for guarantees were recorded.

We have cash flow assistance programs in which certain livestock suppliers participate. Under these programs, we pay an amount for livestock equivalent to a standard cost to grow such livestock during periods of low market sales prices. The amounts of such payments that are in excess of the market sales price are recorded as receivables and accrue interest. Participating suppliers are obligated to repay these receivables balances when market sales prices exceed this standard cost, or upon termination of the agreement. Our maximum commitment associated with these programs is limited to the fair value of each participating livestock supplier's net tangible assets. The potential maximum commitment as of April 1, 2017, was approximately \$380 million. The total receivables under these programs were \$5 million and \$2 million at April 1, 2017, and October 1, 2016, respectively. These receivables are included, net of allowance for uncollectible amounts, in Accounts Receivable in our Consolidated Condensed Balance Sheets. Even though these programs are limited to the net tangible assets of the participating livestock suppliers, we also manage a portion of our credit risk associated with these programs by obtaining security interests in livestock suppliers' assets. After analyzing residual credit risks and general market conditions, we have no allowance for these programs' estimated uncollectible receivables at April 1, 2017, and October 1, 2016.

When constructing new facilities or making major enhancements to existing facilities, we will occasionally enter into incentive agreements with local government agencies in order to reduce certain state and local tax expenditures. Under these agreements, we transfer the related assets to various local government entities and receive Industrial Revenue Bonds. We immediately lease the facilities from the local government entities and have an option to re-purchase the facilities for a nominal amount upon tendering the Industrial Revenue Bonds to the local government entities at various predetermined dates. The Industrial Revenue Bonds and the associated obligations for the leases of the facilities offset, and the underlying assets remain in property, plant and equipment. At April 1, 2017, total amounts under these type of arrangements totaled \$505 million.

Contingencies

We are involved in various claims and legal proceedings. We routinely assess the likelihood of adverse judgments or outcomes to those matters, as well as ranges of probable losses, to the extent losses are reasonably estimable. We record accruals for such matters to the extent that we conclude a loss is probable and the financial impact, should an adverse outcome occur, is reasonably estimable. Such accruals are reflected in the Company's consolidated condensed financial statements. In our opinion, we have made appropriate and adequate accruals for these matters. Unless noted otherwise below, we believe the probability of a material loss beyond the amounts accrued to be remote; however, the ultimate liability for these matters is uncertain, and if accruals are not adequate, an adverse outcome could have a material effect on the consolidated financial condition or results of operations. Listed below are certain claims made against the Company and/or our subsidiaries for which the potential exposure is considered material to the Company's consolidated condensed financial statements. We believe we have substantial defenses to the claims made and intend to vigorously defend these matters.

Below are the details of six lawsuits involving our beef, pork and prepared foods plants in which certain present and past employees allege that we failed to compensate them for the time it takes to engage in pre- and post-shift activities, such as changing into and out of protective and sanitary clothing and walking to and from the changing area, work areas and break areas in violation of the Fair Labor Standards Act and various state laws. The plaintiffs seek back wages, liquidated damages, pre- and post-judgment interest, attorneys' fees and costs. Each case is proceeding in its jurisdiction.

- Bouaphakeo (f/k/a Sharp), et al. v. Tyson Foods, Inc., N.D. Iowa, February 6, 2007 - A jury trial was held involving our Storm Lake, Iowa, pork plant which resulted in a jury verdict in favor of the plaintiffs for violations of federal and state laws for pre- and post-shift work activities. The trial court also awarded the plaintiffs liquidated damages, resulting in total damages awarded in the amount of \$5,784,758 . The plaintiffs' counsel has also filed an application for attorneys' fees and expenses in the amount of \$2,692,145 . We appealed the jury's verdict and trial court's award to the Eighth Circuit Court of Appeals. The appellate court affirmed the jury verdict and judgment on August 25, 2014, and we filed a petition for rehearing on September 22, 2014, which was denied. We filed a petition for a writ of certiorari with the United States Supreme Court, which was granted on June 8, 2015, and oral arguments before the Supreme Court occurred on November 10, 2015. On March 22, 2016, the Supreme Court affirmed the appellate court's rulings and remanded to the trial court to allocate the lump sum award among the class participants. On remand, the trial court determined that the lump sum award should be allocated to class participants according to the method prescribed by plaintiffs' expert at trial. The trial court has yet to enter a judgment.
- Edwards, et al. v. Tyson Foods, Inc. d.b.a. Tyson Fresh Meats, Inc., S.D. Iowa, March 20, 2008 - The trial court in this case, which involves our Perry and Waterloo, Iowa, pork plants, decertified the state law class and granted other pre-trial motions that resulted in judgment in our favor with respect to the plaintiffs' claims. The plaintiffs have filed a motion to modify this judgment.
- Murray, et al. v. Tyson Foods, Inc., C.D. Illinois, January 2, 2008 ; and DeVoss v. Tyson Foods, Inc. d.b.a. Tyson Fresh Meats, C.D. Illinois, March 2, 2011 - These cases involve our Joslin, Illinois, beef plant and are in their preliminary stages.
- Dozier, Southerland, et al. v. The Hillshire Brands Company, E.D. North Carolina, September 2, 2014 - This case involves our Tarboro, North Carolina, prepared foods plant. On March 25, 2016, the parties filed a joint motion for settlement totaling \$425,000 , which includes all of the plaintiffs' attorneys' fees and costs.
- Awad, et al. v. Tyson Foods, Inc. and Tyson Fresh Meats, Inc., M.D. Tennessee, February 12, 2015 - On October 12, 2016, the parties filed a joint motion for approval of a \$725,000 settlement, and plaintiffs filed an application for attorneys' fees and costs. The court granted its preliminary approval of the parties' joint motion and the application for attorneys' fees and costs, on October 21, 2016, and dismissed the action with prejudice.

On September 2, 2016, Maplevale Farms, Inc., acting on behalf of itself and a putative class of direct purchasers of poultry products, filed a class action complaint against us and certain of our poultry subsidiaries, as well as several other poultry processing companies, in the Northern District of Illinois. Subsequent to the filing of this initial complaint, additional lawsuits making similar claims on behalf of putative classes of direct and indirect purchasers were filed in the United States District Court for the Northern District of Illinois. The court consolidated the complaints, for pre-trial purposes, into actions on behalf of three different putative classes: direct purchasers, indirect purchasers/consumers and commercial/institutional indirect purchasers. These three actions are styled *In re Broiler Chicken Antitrust Litigation* . Several amended and consolidated complaints have been filed on behalf of each putative class. The currently operative complaints allege, among other things, that beginning in January 2008 the defendants conspired and combined to fix, raise, maintain, and stabilize the price of broiler chickens in violation of United States antitrust laws. The complaints on behalf of the putative classes of indirect purchasers also include causes of action under various state unfair competition laws, consumer protection laws, and unjust enrichment common laws. The complaints also allege that defendants "manipulated and artificially inflated a widely used Broiler price index, the Georgia Dock." It is further alleged that the defendants concealed this conduct from the plaintiffs and the members of the putative classes. The plaintiffs are seeking treble damages, injunctive relief, pre- and post-judgment interest, costs, and attorneys' fees on behalf of the putative classes. We filed motions to dismiss these complaints; the court has yet to rule on our motions.

On October 17, 2016, William Huser, acting on behalf of himself and a putative class of persons who purchased shares of Tyson Foods' stock between November 23, 2015, and October 7, 2016, filed a class action complaint against Tyson Foods, Inc., Donnie Smith and Dennis Leatherby in the Central District of California. The complaint alleged, among other things, that our periodic filings contained materially false and misleading statements by failing to disclose that the Company has colluded with other producers to manipulate the supply of broiler chickens in order to keep supply artificially low, as alleged in *In re Broiler Chicken Antitrust Litigation* . Subsequent to the filing of this initial complaint, additional lawsuits making similar claims were filed in the United States District Courts for the Southern District of New York, the Western District of Arkansas, and the Southern District of Ohio. Each of those cases have now been transferred to the United States District Court for the Western District of Arkansas and consolidated, and lead plaintiffs have been appointed. A consolidated complaint was filed on March 22, 2017, (which also named additional individual defendants). The consolidated complaint seek damages, pre- and post-judgment interest, costs, and attorneys' fees. We filed a motion to dismiss this complaint; the trial court has yet to rule on our motion.

On January 20, 2017, the Company received a subpoena from the Securities and Exchange Commission in connection with an investigation related to the Company. We are cooperating with the investigation, which is at an early stage. Based upon the limited information we have, we believe the investigation is based upon the allegations in *In re Broiler Chicken Antitrust Litigation*.

On March 1, 2017, we received a civil investigative demand (CID) from the Office of the Attorney General, Department of Legal Affairs, of the State of Florida. The CID requests information primarily related to possible anticompetitive conduct in connection with the Georgia Dock, a chicken products pricing index formerly published by the Georgia Department of Agriculture. We are cooperating with the Attorney General's office.

Our subsidiary, The Hillshire Brands Company (formerly named Sara Lee Corporation), is a party to a consolidation of cases filed by individual complainants with the Republic of the Philippines, Department of Labor and Employment and the National Labor Relations Commission (NLRC) from 1998 through July 1999. The complaint is filed against Aris Philippines, Inc., Sara Lee Corporation, Sara Lee Philippines, Inc., Fashion Accessories Philippines, Inc., and Attorney Cesar C. Cruz (collectively, the "respondents"). The complaint alleges, among other things, that the respondents engaged in unfair labor practices in connection with the termination of manufacturing operations in the Philippines in 1995 by Aris Philippines, Inc., a former subsidiary of The Hillshire Brands Company. In late 2004, a labor arbiter ruled against the respondents and awarded the complainants PHP 3,453,664,710 (approximately US \$69 million) in damages and fees. The respondents appealed the labor arbiter's ruling, and it was subsequently set aside by the NLRC in December 2006. Subsequent to the NLRC's decision, the parties filed numerous appeals, motions for reconsideration and petitions for review, certain of which remained outstanding for several years. While various of those appeals, motions and/or petitions were pending, The Hillshire Brands Company, on June 23, 2014, without admitting liability, filed a settlement motion requesting that the Supreme Court of the Philippines order dismissal with prejudice of all claims against it and certain other respondents in exchange for payments allocated by the court among the complainants in an amount not to exceed PHP 342,287,800 (approximately US \$6.8 million). Based in part on its finding that the consideration to be paid to the complainants as part of such settlement was insufficient, the Supreme Court of the Philippines denied the respondents' settlement motion and all motions for reconsideration thereof. The Supreme Court of the Philippines also set aside as premature the NLRC's December 2006 ruling. As a result, the cases were remanded back before the NLRC to rule on the merits of the case. On December 15, 2016, we learned that the NLRC rendered its decision on November 29, 2016, regarding the respondents' appeals regarding the labor arbiter's 2004 ruling in favor of the complainants. The NLRC increased the award for 4,922 of the total 5,984 complainants to PHP 14,858,495,937 (approximately US \$296 million). However, the NLRC approved of a prior settlement reached with the group comprising approximately 18% of the class of 5,984 complainants, pursuant to which The Hillshire Brands Company agreed to pay each settling complainant PHP 68,000 (approximately US \$1,353). The settlement payment was made on December 21, 2016, to the NLRC, which is responsible for distributing the funds to each settling complainant. On December 27, 2016, the respondents filed motions for reconsideration with the NLRC asking that the award be set aside. The NLRC denied respondents' motions for reconsideration in a resolution received on May 5, 2017. We will challenge the NLRC decision through appeals to the courts. We have recorded an accrual for this matter for the amount of loss that, at this time, we deem probable and enforceable. This accrual is reflected in the Company's consolidated condensed financial statements and reflects an amount significantly less than the amount awarded by the labor arbiter in 2004 (i.e., PHP 3,453,664,710 (approximately US \$69 million)). The ultimate enforceable loss is uncertain, and if our accrual is not adequate, an adverse outcome could have a material effect on the consolidated financial condition or results of operations.

NOTE 17: SUBSEQUENT EVENTS

Sale of Non-Protein Businesses

On April 24, 2017, we announced our intent to sell three non-protein businesses as part of our strategic focus on protein-packed brands. These businesses, which are all part of our Prepared Foods segment, include Sara Lee® Frozen Bakery, Kettle and Van's® and produce items such as frozen desserts, waffles, breakfast bars, and soups, sauces and sides. The sale is also expected to include the Chef Pierre®, Bistro Collection®, Kettle Collection™, and Van's® brands, a license to use the Sara Lee® brand in various channels, as well as our Tarboro, North Carolina, Fort Worth, Texas, and Traverse City, Michigan, prepared foods facilities. In our third quarter of fiscal 2017, we determined these businesses met the definition of assets held for sale, and accordingly, will be presented as such in future periods. The net carrying value of these businesses approximated \$800 million at April 1, 2017, which also included allocated goodwill, certain intangible assets and deferred taxes. The net carrying value will change in future periods due to such items as normal business operations, timing of closing of the sale, as well as final negotiated deal terms. We anticipate we will be able to identify buyers and close the transactions within the next twelve months and expect to record a net gain as a result of the sale of these businesses.

AdvancePierre Foods Holdings, Inc. Acquisition

On April 25, 2017, we entered into a definitive merger agreement (the “Merger Agreement”) to acquire all of the outstanding shares of AdvancePierre Foods Holdings, Inc. (“AdvancePierre”) for \$40.25 per share in cash without interest, or approximately \$3.2 billion, and assume approximately \$1.1 billion of AdvancePierre’s gross debt, as part of our strategy to sustainably feed the world with the fastest growing portfolio of protein-packed brands. Pursuant to the Merger Agreement, and upon the terms and subject to the conditions described therein, Tyson will cause a newly formed wholly owned subsidiary of Tyson (the “Merger Sub”) to commence a cash tender offer (the “Offer”) to acquire all of AdvancePierre’s outstanding shares of common stock for \$40.25 per share, net to the seller in cash, without interest, subject to any required withholding of taxes. The Offer will initially expire 20 business days following the commencement of the Offer. Under certain circumstances, Merger Sub may be required to extend the Offer on one or more occasions in accordance with the terms set forth in the Merger Agreement and the applicable rules and regulations of the Securities and Exchange Commission. Merger Sub will not be required to extend the Offer beyond December 25, 2017, and may not extend the Offer beyond such date without the prior written consent of AdvancePierre. Upon closing the transaction, we expect to retire all of AdvancePierre’s debt as part of our permanent financing of the acquisition.

Concurrently with entering into the Merger Agreement, Tyson and Merger Sub entered into a separate tender and support agreement (the “Tender and Support Agreement”) with the principal stockholder of AdvancePierre, Oaktree Capital Management, L.P. and its affiliates (collectively, “Oaktree”), beneficially owning, as of April 25, 2017, approximately 42% of the outstanding shares of AdvancePierre’s common stock. Under the Tender and Support Agreement, Oaktree agreed to tender all of its shares of AdvancePierre common stock in the Offer. The Tender and Support Agreement terminates upon the first to occur of (i) the Effective Time (as defined in the Merger Agreement); (ii) termination of the Merger Agreement; (iii) AdvancePierre’s Board of Directors changing its recommendation regarding the Offer; or (iv) with respect to any individual stockholder party to the Tender and Support Agreement, a reduction in the Offer Price.

Merger Sub’s obligation to purchase the shares of AdvancePierre stock tendered in the Offer is subject to customary conditions, including (i) shares of AdvancePierre stock having been validly tendered and received and not withdrawn that represent, together with the shares then owned by Tyson and Merger Sub and any other direct or indirect wholly-owned subsidiary of Tyson, at least a majority of the then-outstanding shares of AdvancePierre stock, (ii) the expiration or termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, without the imposition of a “Burdensome Condition” (as defined in the Merger Agreement) and (iii) the absence of any applicable law or any injunction or other order issued by a court of competent jurisdiction in the United States challenging or seeking to prevent the consummation of the Offer (or the related merger) or seeking to impose a Burdensome Condition. The consummation of the Offer is not subject to any financing condition.

As soon as possible (and in no event later than two business days) after the time at which the Offer closes, subject to the satisfaction or waiver of certain customary conditions set forth in the Merger Agreement, Merger Sub will be merged with and into AdvancePierre, with AdvancePierre surviving the merger as a wholly owned subsidiary of Tyson, pursuant to the procedure provided for under Delaware General Corporation Law without any additional stockholder approvals, and any remaining shares of AdvancePierre stock not tendered in the Offer will be converted into the right to receive \$40.25 per share in cash, without interest.

We expect to close the acquisition in our third quarter of fiscal 2017 upon the completion of the Offer; however, there can be no assurance that the acquisition will close at such time. Additionally, a termination fee of \$100 million may be payable by either party should the Offer be terminated under certain conditions.

Acquisition Financing

In the third quarter of fiscal 2017, we entered into a commitment letter establishing an aggregate principal amount of \$4.5 billion of commitments under a 364 -day senior unsecured bridge facility. The bridge facility, together with cash on hand, will be available to fund the AdvancePierre acquisition and debt extinguishment, including the payment of related fees and expenses, subject to the satisfaction of certain customary closing conditions. The commitment letter provides that the commitments will be automatically reduced on a dollar-for-dollar basis by, among other things, the net cash proceeds of certain offerings of debt and certain term loan facilities and will mature on the date that is 364 days after the date on which lenders are obligated to make initial loans under the bridge facility. The bridge facility is expected to contain certain covenants which are consistent with our existing covenants that are described in Note 6: Debt.

Permanent financing for the AdvancePierre acquisition is expected to include a mix of senior notes, term loans, commercial paper and cash on hand. We anticipate securing the remainder of the permanent financing in our third quarter of fiscal 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Description of the Company

We are one of the world's largest food companies with leading brands such as Tyson®, Jimmy Dean®, Hillshire Farm®, Sara Lee®, Ball Park®, Wright®, Aidells® and State Fair®. We are a recognized market leader in beef, pork and chicken, as well as prepared foods, including bacon, breakfast sausage, turkey, lunchmeat, hot dogs, pizza crusts and toppings, tortillas and desserts. Some of the key factors influencing our business are customer demand for our products; the ability to maintain and grow relationships with customers and introduce new and innovative products to the marketplace; accessibility of international markets; market prices for our products; the cost and availability of live cattle and hogs, raw materials, and feed ingredients; and operating efficiencies of our facilities.

We operate in four reportable segments: Beef, Pork, Chicken and Prepared Foods. Other primarily includes our foreign chicken production operations in China and India, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC.

Overview

- General – Our operating income grew 5% for the first six months of fiscal 2017, which was led by strong earnings in our Beef and Pork segments. Operating income declined 19% in the second quarter of fiscal 2017 due to declines in our Chicken and Prepared Foods segments, partially offset by improvement in our Beef segment. In the second quarter of fiscal 2017, our Chicken segment experienced disruptions as a result of two plant fires which also resulted in an incremental \$23 million of net costs. Our Prepared Foods segment recorded a \$52 million impairment in the second quarter of fiscal 2017 related to our San Diego Prepared Foods operation. In addition, we incurred an incremental \$14 million of compensation and benefit integration expense in the second quarter of fiscal 2017, for a total of \$72 million of incremental expense in the six months of fiscal 2017, as we continued to integrate and make investments in our talent. Sales decreased in the second quarter of fiscal 2017 primarily driven by a continued decline in beef prices, partially offset by higher pork and chicken prices.
- Integration - We maintain focus on the integration of The Hillshire Brands Company ("Hillshire Brands") and synergy capture. We estimate the impact of the Hillshire Brands synergies, along with the profit improvement plan related to our legacy Prepared Foods business, will have a positive impact of approximately \$675 million in fiscal 2017. The majority of these benefits are expected to be realized in the Prepared Foods segment. We will continue to invest a portion of the synergies in innovation, new product launches and supporting the growth of our brands. In the second quarter of fiscal 2017, we captured an incremental \$29 million of synergies above the \$144 million realized in the second quarter of fiscal 2016, for a total of \$173 million of synergies and profit improvement initiatives realized in the second quarter of fiscal 2017. For the six months of fiscal 2017, we captured \$69 million of incremental synergies above the \$265 million captured for the six months of fiscal 2016, for a total of \$334 million of synergies realized in fiscal 2017.
- Strategy - In the second quarter of fiscal 2017, we announced our strategy to sustainably feed the world with the fastest growing portfolio of protein-packed brands. We will accomplish this by growing our portfolio of protein-packed brands and delivering food at scale, which will be enabled by driving profitable growth with and for our customers through differentiated capabilities and creating fuel for reinvestment through a disciplined financial fitness model.
 - On April 25, 2017, we entered into a definitive merger agreement to acquire all of the outstanding shares of AdvancePierre Foods Holdings, Inc. ("AdvancePierre") as part of our strategy to sustainably feed the world with the fastest growing portfolio of protein-packed brands. We expect to purchase all of AdvancePierre's outstanding stock for \$40.25 per share in cash, or approximately \$3.2 billion, and assume \$1.1 billion of AdvancePierre's gross debt. Upon closing the transaction, we expect to retire all of AdvancePierre's debt as part of our permanent financing of the acquisition. The transaction is expected to close during our third quarter of fiscal 2017, subject to a tender offer process, customary regulatory approvals, and the satisfaction of other conditions. We expect the majority of AdvancePierre's results will be included in the Prepared Foods segment.
 - On April 24, 2017, we announced our intent to sell three non-protein businesses, Sara Lee® Frozen Bakery, Kettle and Van's®, which are all a part of our Prepared Foods segment, as part of our strategic focus on protein-packed brands. We anticipate we will be able to identify buyers and close the transactions within the next twelve months and expect to record a net gain as a result of the sale of these businesses.

- Market Environment - According to the United States Department of Agriculture (USDA), domestic protein production (beef, pork, chicken and turkey) increased approximately 2% in the second quarter of fiscal 2017 over the same period in fiscal 2016, and we expect it to be up approximately 3-4% for the full fiscal year. The Beef segment improved due to better domestic and export demand and more favorable market conditions associated with an increase in cattle supply which resulted in lower fed cattle costs. The Pork segment's operating margin was above its normalized range due to favorable market conditions associated with strong demand for our pork products and improved export markets. Our Chicken segment had higher feed costs in the second quarter of fiscal 2017 and higher operating costs as a result of operational disruptions associated with fires at two of our plants. Our Prepared Foods segment was challenged with higher operating costs at some of our facilities, a \$52 million impairment related to our San Diego operation, increased marketing, advertising, and promotion spend and higher input costs, partially offset by synergies.
- Margins – Our total operating margin was 6.3% in the second quarter of fiscal 2017 . Operating margins by segment were as follows (Prepared Foods recorded a \$52 million impairment related to our San Diego Prepared Foods operation):
 - Beef – 3.6%
 - Pork – 10.8%
 - Chicken – 8.3%
 - Prepared Foods – 5.0%
- Liquidity – We generated \$982 million of operating cash flows during the six months of fiscal 2017 . At April 1, 2017 , we had approximately \$1.0 billion of liquidity, which includes availability under our revolving credit facility and \$243 million of cash and cash equivalents.

in millions, except per share data	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Net income attributable to Tyson	\$ 340	\$ 432	\$ 933	\$ 893
Net income attributable to Tyson – per diluted share	0.92	1.10	2.51	2.25

Second quarter and Six months– Fiscal 2017 – Net income attributable to Tyson included the following item:

- \$52 million, or \$0.09 per diluted share, impairment charge related to our San Diego Prepared Foods operation.

Second quarter and Six months– Fiscal 2016 – Net income attributable to Tyson included the following item:

- \$12 million, or (\$0.03) per diluted share, related to income recognition of previously unrecognized tax benefits.

Summary of Results

Sales

in millions	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Sales	\$ 9,083	\$ 9,170	\$ 18,265	\$ 18,322
Change in sales volume	(1.9)%		0.2 %	
Change in average sales price	0.9 %		(0.6)%	
Sales growth	(0.9)%		(0.3)%	

Second quarter – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales were negatively impacted by a decrease in sales volume, which accounted for a decrease of \$169 million. Each segment had a decrease in sales volume with the Chicken and Beef segments contributing the majority of the decrease driven by operational disruptions associated with fires at two of our chicken plants, a decrease in rendered product sales and a decrease in live cattle pounds processed, partially offset by increased exports.
- **Average Sales Price** – Sales were positively impacted by higher average sales prices, which accounted for an increase of \$82 million. The Chicken and Pork segments drove most of the change and had increases in average sales price due to sales mix changes and increased demand for our pork products. These increases were partially offset with a decrease in average sales price in the Beef and Prepared Foods segments as a result of decreased pricing associated with lower live cattle costs and sales mix changes.

Six months – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales were positively impacted by an increase in sales volume, which accounted for an increase of \$44 million. The Beef, Pork and Prepared Foods segments had an increase in sales volume with the Beef and Pork segments contributing to the majority of the increase driven by increased availability of live cattle supply, better demand for our beef and pork products and increased exports.
- **Average Sales Price** – Sales were negatively impacted by lower average sales prices, which accounted for a decrease of \$101 million. The Beef and Prepared Foods segments had a decrease in average sales price as a result of decreased pricing associated with lower live cattle and raw material costs. These decreases were partially offset with an increase in average sales price in the Chicken and Pork segments from sales mix changes and increased demand for our pork products.

Cost of Sales

in millions	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Cost of sales	\$ 8,036	\$ 7,987	\$ 15,735	\$ 15,938
Gross profit	\$ 1,047	\$ 1,183	\$ 2,530	\$ 2,384
Cost of sales as a percentage of sales	88.5%	87.1%	86.1%	87.0%

Second quarter – Fiscal 2017 vs Fiscal 2016

- Cost of sales increased \$49 million. Higher input cost per pound increased cost of sales \$197 million while lower sales volume decreased cost of sales \$148 million.
 - The \$197 million impact of higher input cost per pound was primarily driven by:
 - Decrease in live cattle costs of approximately \$290 million in our Beef segment.
 - Increase of approximately \$50 million in our Chicken segment related to increased feed costs, growout expenses, and outside meat purchases.
 - Increase in raw material and other input costs of \$20 million in our Prepared Foods segment.
 - Increase due to impairment charges of \$44 million related to our San Diego Prepared Foods operation and an increase of \$23 million related to costs associated with fires at two chicken plants.
 - Increase in live hog costs of approximately \$75 million in our Pork segment.
 - Increase due to net realized derivative losses of \$12 million in the second quarter of fiscal 2017, compared to no net realized derivative losses in the second quarter of fiscal 2016 due to our risk management activities. These amounts exclude offsetting impacts from related physical purchase transactions, which are included in the change in live cattle and hog costs and raw material and feed costs described above. Additionally, cost of sales increased due to net unrealized losses of \$41 million in the second quarter of fiscal 2017, compared to net unrealized gains of \$11 million in the second quarter of fiscal 2016, primarily due to our Chicken and Beef segment commodity risk management activities.
 - Remainder of net change is mostly due to increased cost per pound from a mix upgrade in the Chicken segment as we increased sales volume in value-added products as well as increased operating costs, freight, and plant variances across all segments, which also included \$10 million of compensation and benefit integration expense.
- The \$148 million impact of lower sales volume was driven by decreases in sales volume in all segments, with the majority of the decrease in the Chicken and Beef segments.

Six months – Fiscal 2017 vs Fiscal 2016

- Cost of sales decreased \$203 million. Lower input cost per pound decreased cost of sales \$241 million while higher sales volume increased cost of sales \$38 million.
 - The \$241 million impact of lower input cost per pound was primarily driven by:
 - Decrease in live cattle costs of approximately \$700 million in our Beef segment.
 - Decrease in raw material and other input costs of \$80 million in our Prepared Foods segment.
 - Increase due to impairment charges of \$44 million related to our San Diego Prepared Foods operation and an increase of \$23 million related to costs associated with fires at two chicken plants.

- Increase due to net realized derivative gains of \$34 million for the six months of fiscal 2017, compared to net realized derivative gains of \$39 million for the six months of fiscal 2016 due to our risk management activities. These amounts exclude offsetting impacts from related physical purchase transactions, which are included in the change in live cattle and hog costs and raw material and feed costs described above. Additionally, cost of sales increased due to net unrealized losses of \$64 million for the six months of fiscal 2017, compared to net unrealized losses of \$11 million for the six months of fiscal 2016, primarily due to our Beef segment commodity risk management activities.
- Remainder of net change is mostly due to increased cost per pound from a mix upgrade in the Chicken segment as we increased sales volume in value-added products as well as increased operating costs, freight, and plant variances across all segments, which also included \$53 million of compensation and benefit integration expense.
- The \$38 million impact of higher sales volume was driven by increases in sales volume in our Beef, Pork and Prepared Foods segments, partially offset by a decrease in sales volume in our Chicken segment.

Selling, General and Administrative

in millions	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Selling, general and administrative expense	\$ 476	\$ 479	\$ 977	\$ 904
As a percentage of sales	5.2%	5.2%	5.3%	4.9%

Second quarter – Fiscal 2017 vs Fiscal 2016

- Decrease of \$3 million in selling, general and administrative was primarily driven by:
 - Increase of \$10 million in severance related expenses.
 - Increase of \$8 million from an impairment of our San Diego Prepared Foods operation.
 - Decrease of \$20 million in employee costs primarily due to reduced stock-based and incentive-based compensation, partially offset by \$4 million compensation and benefit integration expense.

Six months – Fiscal 2017 vs Fiscal 2016

- Increase of \$73 million in selling, general and administrative was primarily driven by:
 - Increase of \$26 million in severance related expenses.
 - Increase of \$24 million related to marketing, advertising and promotion expense to drive sales growth.
 - Increase of \$8 million due to impairment related to our San Diego Prepared Foods operation.
 - Increase of \$8 million in employee costs, which included \$19 million compensation and benefit integration expense, partially offset by reduced incentive-based compensation.
 - Increase of \$7 million in all other primarily related to professional fees and information technology costs.

Interest Expense

in millions	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Cash interest expense	\$ 57	\$ 64	\$ 115	\$ 131
Non-cash interest expense	(1)	—	(1)	—
Total interest expense	\$ 56	\$ 64	\$ 114	\$ 131

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- Cash interest expense primarily included interest expense related to the coupon rates for senior notes and term loans and commitment/letter of credit fees incurred on our revolving credit facilities. The decrease in cash interest expense in the six months of fiscal 2017 was primarily due to the repayment of our 2016 Notes in fiscal 2016.
- Non-cash interest expense primarily included amounts related to the amortization of debt issuance costs and discounts/premiums on note issuances, offset by interest capitalized.

Other (Income) Expense, net

in millions	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Total other (income) expense, net	\$ (3)	\$ (3)	\$ 11	\$ (4)

Six months – Fiscal 2017

- Included \$16 million of legal cost related to a 1995 plant closure of an apparel manufacturing facility operated by a former subsidiary of The Hillshire Brands Company, which was acquired by us in fiscal 2014. Also, included \$6 million of income from equity earnings in joint ventures and \$1 million in net foreign currency exchange losses.

Six months – Fiscal 2016

- Included \$5 million of income from equity earnings in joint ventures and \$1 million in net foreign currency exchange losses.

Effective Tax Rate

	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
	34.3%	32.7%	34.7%	34.0%

Second quarter and six months– Fiscal 2017 – The effective tax rate was impacted by:

- state income taxes; and
- the domestic production deduction.

Second quarter and six months– Fiscal 2016 – The effective tax rate was impacted by:

- state income taxes;
- the domestic production deduction; and
- decrease in tax reserves due to the expiration of statutes of limitations.

Segment Results

We operate in four segments: Beef, Pork, Chicken, and Prepared Foods. The following table is a summary of sales and operating income (loss), which is how we measure segment profit.

in millions	Sales			
	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Beef	\$ 3,487	\$ 3,639	\$ 7,015	\$ 7,253
Pork	1,302	1,190	2,554	2,403
Chicken	2,798	2,737	5,504	5,373
Prepared Foods	1,751	1,804	3,646	3,700
Other	82	86	172	185
Intersegment sales	(337)	(286)	(626)	(592)
Total	\$ 9,083	\$ 9,170	\$ 18,265	\$ 18,322

in millions	Operating Income (Loss)			
	Three Months Ended		Six Months Ended	
	April 1, 2017	April 2, 2016	April 1, 2017	April 2, 2016
Beef	\$ 126	\$ 46	\$ 425	\$ 117
Pork	141	140	388	298
Chicken	233	347	496	705
Prepared Foods	87	197	277	404
Other	(16)	(26)	(33)	(44)
Total	\$ 571	\$ 704	\$ 1,553	\$ 1,480

Beef Segment Results

in millions	Three Months Ended			Six Months Ended		
	April 1, 2017	April 2, 2016	Change	April 1, 2017	April 2, 2016	Change
Sales	\$ 3,487	\$ 3,639	\$ (152)	\$ 7,015	\$ 7,253	\$ (238)
Sales volume change			(1.1)%			1.7%
Average sales price change			(3.1)%			(4.9)%
Operating income	\$ 126	\$ 46	\$ 80	\$ 425	\$ 117	\$ 308
Operating margin	3.6%	1.3%		6.1%	1.6%	

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales volume increased for the six months of fiscal 2017 due to improved availability of cattle supply, stronger domestic demand for our beef products and increased exports. Sales volume decreased in the second quarter of fiscal 2017 due to a reduction in live cattle processed.
- **Average Sales Price** – Average sales price decreased due to increased availability of live cattle supply and lower livestock cost.
- **Operating Income** – Operating income increased due to more favorable market conditions as we maximized our revenues relative to the decline in live fed cattle costs, partially offset by higher operating costs.

Pork Segment Results

in millions	Three Months Ended			Six Months Ended		
	April 1, 2017	April 2, 2016	Change	April 1, 2017	April 2, 2016	Change
Sales	\$ 1,302	\$ 1,190	\$ 112	\$ 2,554	\$ 2,403	\$ 151
Sales volume change			(1.3)%			1.4%
Average sales price change			10.9%			4.8%
Operating income	\$ 141	\$ 140	\$ 1	\$ 388	\$ 298	\$ 90
Operating margin	10.8%	11.8%		15.2%	12.4%	

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales volume increased for the six months of fiscal 2017 due to strong demand for our pork products and increased exports. Sales volume decreased in the second quarter of fiscal 2017 as a result of balancing our supply with customer demand, partially offset by increased exports.
- **Average Sales Price** – Average sales price increased as domestic availability of products decreased due to strong exports.
- **Operating Income** – Operating income increased as we maximized our revenues relative to the live hog markets, partially attributable to stronger export markets and operational and mix performance, which were partially offset by higher operating costs.

Chicken Segment Results

in millions	Three Months Ended			Six Months Ended		
	April 1, 2017	April 2, 2016	Change	April 1, 2017	April 2, 2016	Change
Sales	\$ 2,798	\$ 2,737	\$ 61	\$ 5,504	\$ 5,373	\$ 131
Sales volume change			(2.0)%			(0.4)%
Average sales price change			4.3%			2.9%
Operating income	\$ 233	\$ 347	\$ (114)	\$ 496	\$ 705	\$ (209)
Operating margin	8.3%	12.7%		9.0%	13.1%	

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales volume decreased in the six months and second quarter of fiscal 2017 due to operational disruptions from fires at two of our plants and decreased rendered product sales, partially offset by better demand for our chicken products.
- **Average Sales Price** – Average sales price increased for the six months and second quarter of fiscal 2017 as a result of sales mix changes.

- **Operating Income** – Operating income for the six months and second quarter of fiscal 2017 was negatively impacted by higher operating costs which included increased marketing, advertising and promotion spend, \$23 million of incremental net costs and lower sales volume attributable to the two plant fires, and compensation and benefit integration expense of \$30 million and \$7 million for the six months and second quarter of fiscal 2017, respectively. Feed costs decreased \$10 million and increased \$10 million for the six months and second quarter of fiscal 2017, respectively.

Prepared Foods Segment Results

in millions	Three Months Ended			Six Months Ended		
	April 1, 2017	April 2, 2016	Change	April 1, 2017	April 2, 2016	Change
Sales	\$ 1,751	\$ 1,804	\$ (53)	\$ 3,646	\$ 3,700	\$ (54)
Sales volume change			(2.1)%			0.4 %
Average sales price change			(0.8)%			(1.9)%
Operating income	\$ 87	\$ 197	\$ (110)	\$ 277	\$ 404	\$ (127)
Operating margin	5.0%	10.9%		7.6%	10.9%	

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- **Sales Volume** – Sales volume was up slightly for the six months of fiscal 2017 due to improved demand for our retail products, partially offset by declines in foodservice. Sales volume decreased in the second quarter of fiscal 2017 primarily as the result of declines in foodservice.
- **Average Sales Price** – Average sales price decreased for the six months of fiscal 2017 primarily due to a decline in input costs of approximately \$80 million for the six months of fiscal 2017, partially offset by product mix changes. Average sales price decreased in the second quarter of fiscal 2017 mostly due to declines in foodservice, partially offset by increased input costs of approximately \$20 million.
- **Operating Income** – Operating income decreased due to an impairment of \$52 million related to our San Diego operation, in addition to higher operating costs at some of our facilities, increased marketing, advertising and promotion spend and \$25 million and \$3 million of compensation and benefit integration expense for the six months and second quarter of fiscal 2017, respectively. Additionally, Prepared Foods operating income was positively impacted by \$139 million in synergies, of which \$28 million was incremental synergies in the second quarter of fiscal 2016. The positive impact of these synergies to operating income was partially offset with investments in innovation, new product launches and supporting the growth of our brands.

Other Results

in millions	Three Months Ended			Six Months Ended		
	April 1, 2017	April 2, 2016	Change	April 1, 2017	April 2, 2016	Change
Sales	\$ 82	\$ 86	\$ (4)	\$ 172	\$ 185	\$ (13)
Operating loss	\$ (16)	\$ (26)	\$ 10	\$ (33)	\$ (44)	\$ 11

Second quarter and six months – Fiscal 2017 vs Fiscal 2016

- **Sales** – Sales decreased in the six months of fiscal 2017 due to a decline in average sales price and sales volume in our foreign chicken production operations. Sales decreased in the second quarter of fiscal 2017 due to a decline in average sales price, partially offset by an increase in sales volume in our foreign chicken production operations during the second quarter of fiscal 2017.
- **Operating Loss** – Operating loss improved due to better performance at our China operation and a decrease in third-party merger and integration expense.

LIQUIDITY AND CAPITAL RESOURCES

Our cash needs for working capital, capital expenditures, growth opportunities, the repurchases of senior notes, repayment of term loans and share repurchases are expected to be met with current cash on hand, cash flows provided by operating activities, or short-term borrowings. Based on our current expectations, we believe our liquidity and capital resources will be sufficient to operate our business. However, we may take advantage of opportunities to generate additional liquidity or refinance existing debt through capital market transactions. The amount, nature and timing of any capital market transactions will depend on our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

Cash Flows from Operating Activities

in millions	Six Months Ended	
	April 1, 2017	April 2, 2016
Net income	\$ 935	\$ 895
Non-cash items in net income:		
Depreciation and amortization	356	348
Deferred income taxes	(28)	85
Other, net	88	18
Net changes in operating assets and liabilities	(369)	(241)
Net cash provided by operating activities	\$ 982	\$ 1,105

- Cash flows associated with net changes in operating assets and liabilities for the six months ended:
 - **April 1, 2017** – Decreased primarily due to increased inventory and accounts receivable and decreased accounts payable and accrued employee costs. The increase in inventory is primarily due to seasonality and planned inventory builds and the increase in accounts receivable is largely due to timing of sales. The decrease in accounts payable and accrued employee costs are primarily due to timing of payments.
 - **April 2, 2016** – Decreased primarily due to lower accounts payable and increased inventory, partially offset by a decrease in accounts receivable. The decrease in accounts receivable and accounts payable is largely due to decreased raw material costs and timing of sales and payments. The increase in inventory is primarily due to seasonality and planned inventory builds.

Cash Flows from Investing Activities

in millions	Six Months Ended	
	April 1, 2017	April 2, 2016
Additions to property, plant and equipment	\$ (467)	\$ (355)
(Purchases of)/Proceeds from marketable securities, net	(1)	1
Other, net	(10)	2
Net cash used for investing activities	\$ (478)	\$ (352)

- Additions to property, plant and equipment include acquiring new equipment and upgrading our facilities to maintain competitive standing and position us for future opportunities.
 - Capital spending for fiscal 2017 is expected to approximate \$1 billion and 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.
- On April 24, 2017, we announced our intent to sell three non-protein businesses, which are all a part of our Prepared Foods segment, as part of our strategic focus on protein-packed brands. The net carrying value of these businesses approximated \$800 million at April 1, 2017, which also included allocated goodwill, certain intangible assets and deferred taxes. The net carrying value will change in future periods due to such items as normal business operations, timing of closing of the sale, as well as final negotiated deal terms. We anticipate we will be able to identify buyers and close the transactions within the next twelve months and expect to record a net gain as a result of the sale of these businesses.
- On April 25, 2017, we entered into a definitive merger agreement to acquire all of AdvancePierre's outstanding stock for \$40.25 per share in cash, or approximately \$3.2 billion, and assume \$1.1 billion of AdvancePierre's gross debt. Upon closing the transaction, we expect to retire all of AdvancePierre's debt as part of our permanent financing of the acquisition. Refer to further description regarding this transaction under Part 1, Item 1, Notes to the Consolidated Condensed Financial Statements, Note 17: Subsequent Events.

Cash Flows from Financing Activities

in millions	Six Months Ended	
	April 1, 2017	April 2, 2016
Payments on debt	\$ (45)	\$ (673)
Borrowings on revolving credit facility	1,680	300
Payments on revolving credit facility	(1,977)	—
Proceeds from issuance of commercial paper	725	—
Repayments of commercial paper	(225)	—
Purchases of Tyson Class A common stock	(733)	(826)
Dividends	(158)	(108)
Stock options exercised	83	78
Other, net	41	40
Net cash used for financing activities	(609)	(1,189)

- We had net payments on our revolving credit facility of \$297 million for the six months of fiscal 2017. We utilized our revolving credit facility for general corporate purposes.
- In the second quarter of fiscal 2017, we had net issuances of \$500 million in unsecured short-term promissory notes (commercial paper) pursuant to our commercial paper program. We used the net proceeds from the commercial paper program for general corporate purposes.
- During the six months of fiscal 2016, we repaid the outstanding \$638 million principal balance on our 2016 Notes.
- Purchases of Tyson Class A stock included:
 - \$692 million and \$778 million of shares repurchased pursuant to our share repurchase program during the six months ended April 1, 2017, and April 2, 2016, respectively.
 - \$41 million and \$48 million of shares repurchased to fund certain obligations under our equity compensation programs during the six months ended April 1, 2017, and April 2, 2016, respectively.
- For the remainder of fiscal 2017, we currently do not plan to repurchase shares other than to fund obligations under equity compensation programs.
- Dividends paid during the six months of fiscal 2017 included a 50% increase to our fiscal 2016 quarterly dividend rate.
- AdvancePierre Acquisition Financing - In the third quarter of fiscal 2017, we entered into a commitment letter establishing an aggregate principal amount of \$4.5 billion of commitments under a 364-day senior unsecured bridge facility. The bridge facility, together with cash on hand, will be available to fund the AdvancePierre acquisition and retire AdvancePierre's existing indebtedness, including the payment of related fees and expenses, subject to the satisfaction of certain customary closing conditions. The commitment letter provides that the commitments will be automatically reduced on a dollar-for-dollar basis by, among other things, the net cash proceeds of certain offerings of debt and certain term loan facilities and will mature on the date that is 364 days after the date on which lenders are obligated to make initial loans under the bridge facility. Permanent financing for the AdvancePierre acquisition is expected to include a mix of senior notes, term loans, commercial paper and cash on hand. We anticipate securing the permanent financing in our third quarter of fiscal 2017.

Liquidity

in millions	Commitments Expiration Date	Facility Amount	Outstanding Letters of Credit (no draw downs)	Outstanding Commercial Paper	Amount Borrowed	Amount Available at April 1, 2017
Cash and cash equivalents					\$	243
Short-term investments						3
Revolving credit facility	September 2019	\$ 1,250	\$ 8	\$ 500	3	739
Total liquidity					\$	985

- The revolving credit facility supports our short-term funding needs and letters of credit. The letters of credit issued under this facility are primarily in support of leasing obligations and workers' compensation insurance programs. Our maximum borrowing under the revolving credit facility during the six months of fiscal 2017 was \$590 million.
- We expect net interest expense to approximate \$275 million for fiscal 2017, which includes estimates regarding the timing and composition of the debt financing and closing of the AdvancePierre acquisition. To the extent the timing or composition changes, the fiscal 2017 net interest expense may be different.

- At April 1, 2017, approximately \$230 million of our cash was held in the international accounts of our foreign subsidiaries. Generally, we do not rely on the foreign cash as a source of funds to support our ongoing domestic liquidity needs. Rather, we manage our worldwide cash requirements by reviewing available funds among our foreign subsidiaries and the cost effectiveness with which those funds can be accessed. The repatriation of cash balances from certain of our foreign subsidiaries could have adverse tax consequences or be subject to regulatory capital requirements; however, those balances are generally available without legal restrictions to fund ordinary business operations. United States income taxes, net of applicable foreign tax credits, have not been provided on undistributed earnings of foreign subsidiaries. Our intention is to reinvest the cash held by foreign subsidiaries permanently or to repatriate the cash only when it is tax efficient to do so.
- Our current ratio was 1.62 to 1 and 1.77 to 1 at April 1, 2017, and October 1, 2016, respectively.

Capital Resources

As described above, subsequent to our second quarter of fiscal 2017, we entered into \$4.5 billion of bridge financing commitments in order to finance our pending acquisition of AdvancePierre. The impacts of these capital resources may affect future periods' debt-to-total capitalization ratios and credit ratings.

Credit Facility

Cash flows from operating activities and cash on hand are our primary sources of liquidity for funding debt service, capital expenditures, dividends and share repurchases. We also have a revolving credit facility, with a committed capacity of \$1.25 billion, to provide additional liquidity for working capital needs, letters of credit and general corporate purposes.

As of April 1, 2017, we had \$3 million borrowed, outstanding letters of credit issued under this facility totaling \$8 million, none of which were drawn upon, and \$500 million outstanding under our commercial paper program which left \$ 739 million available for borrowing. Our revolving credit facility is funded by a syndicate of 42 banks, with commitments ranging from \$0.3 million to \$85 million per bank. The syndicate includes bank holding companies that are required to be adequately capitalized under federal bank regulatory agency requirements.

Commercial Paper Program

Our commercial paper program provides a low-cost source of borrowing to fund general corporate purposes including working capital requirements. The maximum borrowing capacity under the commercial paper program is \$500 million. The maturities of the notes may vary, but may not exceed 397 days from the date of issuance. As of April 1, 2017, \$500 million was outstanding under this program.

Capitalization

To monitor our credit ratings and our capacity for long-term financing, we consider various qualitative and quantitative factors. We monitor the ratio of our net debt to EBITDA as support for our long-term financing decisions. At April 1, 2017, and October 1, 2016, the ratio of our net debt to EBITDA was 1.7x. Refer to Part I, Item 3, EBITDA Reconciliations, for an explanation and reconciliation to comparable GAAP measures.

Credit Ratings

Term Loans: Tranche B due April 2019 and Tranche B due August 2019

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business (S&P), credit rating for both term loans is "BBB." Moody's Investor Service, Inc. (Moody's) credit rating for both term loans is "Baa2." Fitch Ratings, a wholly owned subsidiary of Fimlac, S.A. (Fitch), credit rating for both term loans is "BBB." The below table outlines the borrowing spread on the outstanding principal balance depending on the rating levels of both term loans from S&P, Moody's and Fitch.

Ratings Level (S&P/Moody's/Fitch)	Tranche B due April 2019 Borrowing Spread	Tranche B due August 2019 Borrowing Spread
BBB+/Baa1/BBB+	1.000%	1.250%
BBB/Baa2/BBB (current level)	1.125%	1.500%
BBB-/Baa3/BBB-	1.375%	1.750%
BB+/Ba1/BB+	1.625%	2.000%
BB/Ba2/BB or lower	1.875%	2.500%

Revolving Credit Facility

S&P's corporate credit rating for Tyson Foods, Inc. is "BBB." Moody's, senior unsecured, long-term debt rating for Tyson Foods, Inc. is "Baa2." Fitch's issuer default rating for Tyson Foods, Inc. is "BBB." The below table outlines the fees paid on the unused portion of the facility (Facility Fee Rate) and letter of credit fees (Undrawn Letter of Credit Fee and Borrowing Spread) depending on the rating levels of Tyson Foods, Inc. from S&P, Moody's and Fitch.

Ratings Level (S&P/Moody's/Fitch)	Facility Fee Rate	Undrawn Letter of Credit Fee and Borrowing Spread
A-/A3/A- or above	0.100%	1.000%
BBB+/Baa1/BBB+	0.125%	1.125%
BBB/Baa2/BBB (current level)	0.150%	1.250%
BBB-/Baa3/BBB-	0.200%	1.500%
BB+/Ba1/BB+ or lower	0.250%	1.750%

In the event the rating levels are split, the applicable fees and spread will be based upon the rating level in effect for two of the rating agencies, or, if all three rating agencies have different rating levels, the applicable fees and spread will be based upon the rating level that is between the rating levels of the other two rating agencies.

Debt Covenants

Our revolving credit and term loan facilities contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens and encumbrances; incur debt; merge, dissolve, liquidate or consolidate; make acquisitions and investments; dispose of or transfer assets; change the nature of our business; engage in certain transactions with affiliates; and enter into hedging transactions, in each case, subject to certain qualifications and exceptions. In addition, we are required to maintain minimum interest expense coverage and maximum debt-to-capitalization ratios.

Our senior notes also contain affirmative and negative covenants that, among other things, may limit or restrict our ability to: create liens; engage in certain sale/leaseback transactions; and engage in certain consolidations, mergers and sales of assets.

As described above, subsequent to our second quarter of fiscal 2017, we entered into a \$4.5 billion bridge commitment in order to finance our pending acquisition of AdvancePierre. The bridge facility is expected to contain certain covenants which are consistent with our existing revolving credit agreement's covenants.

We were in compliance with all debt covenants at April 1, 2017 .

RECENTLY ISSUED/ADOPTED ACCOUNTING PRONOUNCEMENTS

Refer to the discussion of recently issued/adopted accounting pronouncements under Part I, Item 1, Notes to Consolidated Condensed Financial Statements, Note 1: Accounting Policies and Note 2: Changes in Accounting Principles.

CRITICAL ACCOUNTING ESTIMATES

We consider accounting policies related to: contingent liabilities; marketing, advertising and promotion costs; accrued self-insurance; defined benefit pension plans; impairment of long-lived assets and definite life intangibles; impairment of goodwill and indefinite life intangible assets; and income taxes to be critical accounting estimates. These policies are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended October 1, 2016 .

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain information in this report constitutes forward-looking statements. Such forward-looking statements include, but are not limited to, current views and estimates of our outlook for fiscal 2017, 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 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 effect of, or changes in, general economic conditions; (ii) 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; (iii) 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; (iv) successful rationalization of existing facilities and operating efficiencies of the facilities; (v) risks associated with our commodity purchasing activities; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) 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; (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) significant marketing plan changes by large customers or loss of one or more large customers; (xii) adverse results from litigation; (xiii) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemic or extreme weather; (xiv) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (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) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xvii) cyber incidents, security breaches or other disruptions of our information technology systems; (xviii) effectiveness of advertising and marketing programs; and (xix) those factors listed under Item 1A. “Risk Factors” included in our Annual Report filed on Form 10-K for the year ended October 1, 2016.

In addition, this communication contains forward-looking statements, including statements regarding the expected consummation of the acquisition of AdvancePierre Foods Holdings, Inc. (“**AdvancePierre**”), which involve a number of risks and uncertainties, including the satisfaction of closing conditions for the acquisition (such as regulatory approval for the transaction and the tender of at least a majority of the outstanding shares of capital stock of AdvancePierre); the possibility that the transaction will not be completed; the impact of general economic, industry, market or political conditions; risks related to the ultimate outcome and results of integrating the operations of Tyson and AdvancePierre; the ultimate outcome of Tyson’s operating strategy applied to AdvancePierre and the ultimate ability to realize synergies; the effects of the business combination on Tyson and AdvancePierre, including on the combined company’s future financial condition, operating results, strategy and plans; and other risks and uncertainties, including those identified in AdvancePierres’ periodic filings, including AdvancePierres’ Annual Report on Form 10-K for the year ended December 31, 2016 and AdvancePierres’ Registration Statement on Form S-1 filed with the U.S. Securities Exchange Commission (“**SEC**”) on April 5, 2017 and any subsequent quarterly reports on Form 10-Q, as well as the tender offer documents to be filed with the SEC by Tyson and the Solicitation/Recommendation statement on Schedule 14D-9 to be filed by AdvancePierre. These statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words “may,” “might,” “will,” “should,” “estimate,” “project,” “plan,” “anticipate,” “expect,” “intend,” “outlook,” “believe” and other similar expressions (or the negative of such terms) are intended to identify forward-looking statements. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results and the timing of events may differ materially from the results and/or timing discussed in the forward-looking statements, and readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date of this communication, and neither Tyson nor AdvancePierre undertakes any obligation to update any forward-looking statement except as required by law.

Additional Information And Where To Find It

The tender offer referenced in this communication has not yet commenced. This reference is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell securities, nor is it a substitute for the tender offer materials that will be filed with the SEC. The solicitation and offer to buy AdvancePierre stock will only be made pursuant to an Offer to Purchase and related tender offer materials. At the time the tender offer is commenced, Tyson and its acquisition subsidiary will file a tender offer statement on Schedule TO and thereafter AdvancePierre will file a Solicitation/Recommendation Statement on Schedule 14D-9 with the SEC with respect to the tender offer. THE TENDER OFFER MATERIALS (INCLUDING AN OFFER TO PURCHASE, A RELATED LETTER OF TRANSMITTAL AND CERTAIN OTHER TENDER OFFER DOCUMENTS) AND THE SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 WILL CONTAIN IMPORTANT INFORMATION. ADVANCEPIERRE STOCKHOLDERS ARE URGED TO READ THESE DOCUMENTS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION THAT HOLDERS OF ADVANCEPIERRE SECURITIES SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING TENDERING THEIR SECURITIES. The Offer to Purchase, the related Letter of Transmittal and certain other tender offer documents, as well as the Solicitation/Recommendation Statement, will be made available to all holders of AdvancePierre stock at no expense to them. The tender offer materials and the Solicitation/Recommendation Statement will be made available for free at the SEC's website at www.sec.gov. Copies of the documents filed with the SEC by Tyson will be available free of charge on Tyson's internet website at <http://www.tyson.com> or by contacting Jon Kathol at Tyson's Investor Relations Department at (479) 290-4235 or by email at jon.kathol@tyson.com. Copies of the documents filed with the SEC by AdvancePierre will be available free of charge on AdvancePierres' internet website at <http://www.advancepierre.com> or by contacting John Morgan at AdvancePierres' Investor Relations Department at (513) 372-9338 or by email at ir@advancepierre.com.

In addition to the Offer to Purchase, the related Letter of Transmittal and certain other tender offer documents, as well as the Solicitation/Recommendation Statement, AdvancePierre files annual, quarterly and current reports and other information with the SEC. You may read and copy any reports or other information filed by AdvancePierre at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. AdvancePierres' filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk relating to our operations results primarily from changes in commodity prices, interest rates and foreign exchange rates, as well as credit risk concentrations. To address certain of these risks, we enter into various derivative transactions as described below. If a derivative instrument is accounted for as a hedge, depending on the nature of the hedge, changes in the fair value of the instrument either will be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or be recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value is recognized immediately. Additionally, we hold certain positions, primarily in grain and livestock futures that either do not meet the criteria for hedge accounting or are not designated as hedges. With the exception of normal purchases and normal sales that are expected to result in physical delivery, we record these positions at fair value, and the unrealized gains and losses are reported in earnings at each reporting date. Changes in market value of derivatives used in our risk management activities relating to forward sales contracts are recorded in sales. Changes in market value of derivatives used in our risk management activities surrounding inventories on hand or anticipated purchases of inventories are recorded in cost of sales.

The sensitivity analyses presented below are the measures of potential losses of fair value resulting from hypothetical changes in market prices related to commodities. Sensitivity analyses do not consider the actions we may take to mitigate our exposure to changes, nor do they consider the effects such hypothetical adverse changes may have on overall economic activity. Actual changes in market prices may differ from hypothetical changes.

Commodities Risk: We purchase certain commodities, such as grains and livestock in the course of normal operations. As part of our commodity risk management activities, we use derivative financial instruments, primarily futures and options, to reduce the effect of changing prices and as a mechanism to procure the underlying commodity. However, as the commodities underlying our derivative financial instruments can experience significant price fluctuations, any requirement to mark-to-market the positions that have not been designated or do not qualify as hedges could result in volatility in our results of operations. Contract terms of a hedge instrument closely mirror those of the hedged item providing a high degree of risk reduction and correlation. Contracts designated and highly effective at meeting this risk reduction and correlation criteria are recorded using hedge accounting. The following table presents a sensitivity analysis resulting from a hypothetical change of 10% in market prices as of April 1, 2017, and October 1, 2016, on the fair value of open positions. The fair value of such positions is a summation of the fair values calculated for each commodity by valuing each net position at quoted futures prices. The market risk exposure analysis included hedge and non-hedge derivative financial instruments.

Effect of 10% change in fair value	in millions	
	April 1, 2017	October 1, 2016
Livestock:		
Live Cattle	\$ 44	\$ 5
Lean Hogs	13	7
Grain:		
Corn	30	26
Soy Meal	20	8

Interest Rate Risk: At April 1, 2017, we had variable rate debt of \$1,555 million with a weighted average interest rate of 2.0%. A hypothetical 10% increase in interest rates effective at April 1, 2017, and October 1, 2016, would have a minimal effect on interest expense.

Additionally, changes in interest rates impact the fair value of our fixed-rate debt. At April 1, 2017, we had fixed-rate debt of \$4,893 million with a weighted average interest rate of 4.3%. Market risk for fixed-rate debt is estimated as the potential increase in fair value, resulting from a hypothetical 10% decrease in interest rates. A hypothetical 10% decrease in interest rates would have increased the fair value of our fixed-rate debt by approximately \$ 82 million at April 1, 2017, and \$71 million at October 1, 2016. The fair values of our debt were estimated based on quoted market prices and/or published interest rates.

We have interest rate risk associated with our pension and post-retirement benefit obligations. Changes in interest rates impact the liabilities associated with these benefit plans as well as the amount of income or expense recognized for these plans. Declines in the value of the plan assets could diminish the funded status of the pension plans and potentially increase the requirements to make cash contributions to these plans. See Part II, Item 8, Notes to Consolidated Financial Statements, Note 14: Pensions and Other Postretirement Benefits in the Annual Report on Form 10-K for the year ended October 1, 2016, for additional information.

Foreign Currency Risk: We have foreign exchange exposure from fluctuations in foreign currency exchange rates primarily as a result of certain receivable and payable balances. The primary currencies we have exposure to are the Brazilian real, the British pound sterling, the Canadian dollar, the Chinese renminbi, the European euro, the Japanese yen and the Mexican peso. We periodically enter into foreign exchange forward and option contracts to hedge some portion of our foreign currency exposure. A hypothetical 10% change in foreign exchange rates effective at April 1, 2017, and October 1, 2016, related to the foreign exchange forward and option contracts would have a \$6 million and \$3 million impact, respectively, on pretax income.

Concentration of Credit Risk: Refer to our market risk disclosures set forth in the 2016 Annual Report filed on Form 10-K for a detailed discussion of quantitative and qualitative disclosures about concentration of credit risks, as these risk disclosures have not changed significantly from the 2016 Annual Report.

EBITDA Reconciliations

A reconciliation of net income to EBITDA is as follows (in millions, except ratio data):

	Six Months Ended		Fiscal Year Ended	Twelve Months Ended
	April 1, 2017	April 2, 2016	October 1, 2016	April 1, 2017
Net income	\$ 935	\$ 895	\$ 1,772	\$ 1,812
Less: Interest income	(3)	(3)	(6)	(6)
Add: Interest expense	114	131	249	232
Add: Income tax expense	496	461	826	861
Add: Depreciation	314	305	617	626
Add: Amortization (a)	38	39	80	79
EBITDA	\$ 1,894	\$ 1,828	\$ 3,538	\$ 3,604

Total gross debt	\$ 6,279	\$ 6,448
Less: Cash and cash equivalents	(349)	(243)
Less: Short-term investments	(4)	(3)
Total net debt	\$ 5,926	\$ 6,202

Ratio Calculations:

Gross debt/EBITDA	1.8x	1.8x
Net debt/EBITDA	1.7x	1.7x

(a) Excludes the amortization of debt discount expense of \$4 million for the six months ended April 1, 2017, and April 2, 2016, and \$8 million for the fiscal year ended October 1, 2016, and for the twelve months ended April 1, 2017, as it is included in interest expense.

EBITDA represents net income, net of interest, income tax and depreciation and amortization. Net debt to EBITDA represents the ratio of our debt, net of cash and short-term investments, to EBITDA. EBITDA and net debt to EBITDA are presented as supplemental financial measurements in the evaluation of our business. We believe the presentation of these financial measures helps investors to assess our operating performance from period to period, including our ability to generate earnings sufficient to service our debt, and 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 net debt to EBITDA may not be comparable to those of other companies, which limits their usefulness as comparative measures. EBITDA and net debt to 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 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 involve outlays of cash. As a result, actual cash available to service our debt obligations will be different from EBITDA. Investors should rely primarily on our GAAP results, and use non-GAAP financial measures only supplementally, in making investment decisions.

Item 4. Controls and Procedures

An evaluation was performed, under the supervision and with the participation of management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based on that evaluation, management, including the CEO and CFO, has concluded that, as of April 1, 2017, our disclosure controls and procedures were effective.

In the second quarter ended April 1, 2017, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the description of certain legal proceedings pending against us under Part I, Item 1, Notes to Consolidated Condensed Financial Statements, Note 16: Commitments and Contingencies, which discussion is incorporated herein by reference. Listed below are certain additional legal proceedings involving the Company and/or its subsidiaries.

On January 27, 2017, Haff Poultry, Inc., Craig Watts, Johnny Upchurch, Jonathan Walters and Brad Carr, acting on behalf of themselves and a putative class of broiler chicken farmers, filed a class action complaint against us and certain of our poultry subsidiaries, as well as several other vertically-integrated poultry processing companies, in the United States District Court for the Eastern District of Oklahoma. The plaintiffs allege, among other things, that the defendants colluded not to compete for broiler raising services “with the purpose and effect of fixing, maintaining, and/or stabilizing grower compensation below competitive levels” through the use of certain benchmarking services and an agreement “not to solicit or recruit growers from one another” in violation of the Sherman Antitrust Act. The plaintiffs also allege that defendants exchanged grower compensation data in violation of Section 202 of the Grain Inspection, Packers and Stockyards Act of 1921. The plaintiffs are seeking treble damages, pre- and post-judgment interest, costs, and attorneys’ fees on behalf of the putative class. This matter is in its initial stage, and we intend to defend against these allegations.

On March 28, 2017, a second class action complaint was filed on behalf of a putative class of broiler chicken farmers against us and certain of our poultry subsidiaries, as well as other vertically-integrated poultry processing companies, in the United States District Court for the Eastern District of Oklahoma. Like the *Haff Poultry* case described immediately above, the plaintiffs allege that the defendants colluded not to compete for broiler raising services and illegally exchanged information through the use of certain benchmarking services. They allege these actions violate the Sherman Antitrust Act as well as section 202 of the Grain Inspection, Packers and Stockyards Act of 1921. They also allege that certain payment practices of defendants are “unfair” practices under the Packers and Stockyards Act. The plaintiffs are seeking treble damages, pre- and post-judgment interest, costs, and attorneys’ fees on behalf of the putative class. The plaintiffs in this case and the *Haff Poultry* case are seeking consolidation of these cases. The matter is in its initial stage, and we intend to defend against these allegations.

On April 23, 2015, the United States Environmental Protection Agency (EPA) issued a Finding and Notice of Violation (NOV) to Tyson Foods, Inc. and our subsidiary, Southwest Products, LLC, alleging violations of the California Truck and Bus Regulation. The NOV alleges that certain diesel-powered trucks operated by us in California did not comply with California’s emission requirements for in-use trucks and that we did not verify the compliance status of independent carriers hired to carry products in California. In January 2016, the EPA proposed that we pay a civil penalty of \$283,990 to resolve these allegations. We are cooperating with the EPA and believe that we have defenses to the allegations of the NOV.

On June 17, 2014, the Missouri attorney general filed a civil lawsuit against us in the Circuit Court of Barry County, Missouri, concerning an incident that occurred in May 2014 in which some feed supplement was discharged from our plant in Monett, Missouri, to the City of Monett’s wastewater treatment plant allegedly leading to a fish kill in a local stream and odor issues around the plant. In January 2015, a consent judgment was entered that resolved the lawsuit. The judgment required payment of \$540,000, which included amounts for penalties, cost recovery and supplemental environmental projects. We subsequently satisfied all these requirements, and the consent judgment was terminated in January 2017. The EPA has also indicated that a criminal investigation into the incident is ongoing. If we become subject to criminal charges, we may be subject to a fine and other relief, as well as government contract suspension and debarment. We are cooperating with the EPA but cannot predict the outcome of its investigation at this time. It is also possible that other regulatory agencies may commence investigations and allege additional violations.

On June 19, 2005, the Attorney General and the Secretary of the Environment of the State of Oklahoma filed a complaint in the United States District Court for the Northern District of Oklahoma against Tyson Foods, Inc., three subsidiaries and six other poultry integrators. The complaint, which was subsequently amended, asserts a number of state and federal causes of action including, but not limited to, counts under the Comprehensive Environmental Response, Compensation, and Liability Act, Resource Conservation and Recovery Act, and state-law public nuisance theories. Oklahoma alleges that the defendants and certain contract growers who were not joined in the lawsuit polluted the surface waters, groundwater and associated drinking water supplies of the Illinois River Watershed through the land application of poultry litter. Oklahoma’s claims were narrowed through various rulings issued before and during trial and its claims for natural resource damages were dismissed by the district court in a ruling issued on July 22, 2009, which was subsequently affirmed on appeal by the Tenth Circuit Court of Appeals. A non-jury trial of the remaining claims including Oklahoma’s request for injunctive relief began on September 24, 2009. Closing arguments were held on February 11, 2010. The district court has not yet rendered its decision from the trial.

Other Matters: As of October 1, 2016, we had approximately 114,000 employees and, at any time, have various employment practices matters outstanding. In the aggregate, these matters are significant to the Company, and we devote significant resources to managing employment issues. Additionally, we are subject to other lawsuits, investigations and claims (some of which involve substantial amounts) arising out of the conduct of our business. While the ultimate results of these matters cannot be determined, they are not expected to have a material adverse effect on our consolidated results of operations or financial position.

Item 1A. Risk Factors

In addition to the information set forth below and elsewhere in this Form 10-Q and the risk factors listed in Part I, “Item 1A. Risk Factors” in the Annual Report on Form 10-K for the year ended October 1, 2016, you should carefully consider the risk factors set forth below. These risks could materially adversely affect our business, financial condition or results of operations.

Risks Related to the Proposed AdvancePierre Foods Holdings, Inc. (AdvancePierre) Acquisition

The announcement and pendency of the AdvancePierre Acquisition could impact or cause disruptions in our and AdvancePierre's businesses.

Specifically:

- our and AdvancePierre's current and prospective customers and suppliers may experience uncertainty associated with the AdvancePierre Acquisition, including with respect to current or future business relationships with us, AdvancePierre or the combined business and may attempt to negotiate changes in existing business;
- our and AdvancePierre's employees may experience uncertainty about their future roles with us, which may adversely affect our and AdvancePierre's ability to retain and hire key employees;
- the AdvancePierre Acquisition may give rise to potential liabilities, including as a result of pending and future AdvancePierre shareholder lawsuits relating to the AdvancePierre Acquisition;
- if the AdvancePierre Acquisition is completed, the accelerated vesting of equity-based awards and payment of “change in control” benefits to some members of AdvancePierre's management on completion of the AdvancePierre Acquisition could result in increased difficulty or cost in retaining AdvancePierre's officers and employees;
- and the attention of our management and that of AdvancePierre may be directed toward the completion and implementation of the AdvancePierre Acquisition and transaction-related considerations and may be diverted from the day-to-day business operations of the respective companies.

In connection with the AdvancePierre Acquisition, we could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the AdvancePierre Acquisition, as described in more detail above.

The AdvancePierre Acquisition may not be successful.

We recently announced our entry into the merger agreement to acquire AdvancePierre. Risks associated with the AdvancePierre acquisition include the risk that the transaction may not be consummated, the risk that regulatory approval that may be required for the transaction is not obtained or is obtained subject to certain conditions that are not anticipated, litigation risk associated with claims or potential claims brought by shareholders of AdvancePierre to enjoin the transaction or seek monetary damages, and risks associated with our ability to issue debt to fund a portion of the purchase price.

If the AdvancePierre Acquisition is consummated, we may be unable to successfully integrate AdvancePierre's operations or to realize targeted cost savings, revenues and other benefits of the AdvancePierre Acquisition.

We entered into the merger agreement for the AdvancePierre acquisition because we believe that the AdvancePierre acquisition will be beneficial to us and our stockholders. Achieving the targeted benefits of the AdvancePierre acquisition will depend in part upon whether we can integrate AdvancePierre's businesses in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. The necessity of coordinating geographically separated organizations, systems and facilities and addressing possible differences in business backgrounds, corporate cultures and management philosophies may increase the difficulties of integration. We and AdvancePierre operate numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance. Moreover, the integration of our respective operations will require the dedication of significant management resources, which is likely to distract management's attention from day-to-day operations. Employee uncertainty and lack of focus during the integration process may also disrupt our business and result in undesired employee attrition. An inability of management to successfully integrate the operations of the two companies could have a material adverse effect on the business, results of operations and financial condition of the combined businesses.

In addition, we continue to evaluate our estimates of synergies to be realized from the AdvancePierre acquisition and refine them, so that our actual cost-savings could differ materially from our current estimates. Actual cost-savings, the costs required to realize the cost savings and the source of the cost-savings could differ materially from our estimates, and we cannot assure you that we will achieve the full amount of cost-savings on the schedule anticipated or at all or that these cost-savings programs will not have other adverse effects on our business. In light of these uncertainties, you should not place undue reliance on our estimated cost-savings.

Finally, we may not be able to achieve the targeted operating or long-term strategic benefits of the AdvancePierre acquisition or could incur higher transition costs. An inability to realize the full extent of, or any of, the anticipated benefits of the AdvancePierre acquisition, as well as any delays encountered in the integration process, could have an adverse effect on our business, results of operations and financial condition.

We will incur significant transaction and acquisition-related costs in connection with the AdvancePierre Acquisition.

We expect to incur significant costs associated with the AdvancePierre acquisition and combining the operations of the two companies, including costs to achieve targeted cost-savings. The substantial majority of the expenses resulting from the AdvancePierre acquisition will be composed of transaction costs related to the AdvancePierre acquisition, systems consolidation costs, and business integration and employment-related costs, including costs for severance, retention and other restructuring. We may also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below provides information regarding our purchases of Class A stock during the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
Jan. 1, 2017 to Jan. 28, 2017	83,671	\$ 62.54	—	31,708,848
Jan. 29, 2017 to Mar. 4, 2017	2,286,701	64.67	2,193,535	29,515,313
Mar 5, 2017 to Apr. 1, 2017	460,663	62.54	404,321	29,110,992
Total	2,831,035 ⁽²⁾	\$ 64.26	2,597,856 ⁽³⁾	29,110,992

- (1) On February 7, 2003, we announced our Board of Directors approved a program to repurchase up to 25 million shares of Class A common stock from time to time in open market or privately negotiated transactions. On May 3, 2012, our Board of Directors approved an increase of 35 million shares, on January 30, 2014, our Board of Directors approved an increase of 25 million shares and, on February 4, 2016, our Board of Directors approved an increase of 50 million shares, authorized for repurchase under our share repurchase program. The program has no fixed or scheduled termination date.
- (2) We purchased 233,179 shares during the period that were not made pursuant to our previously announced stock repurchase program, but were purchased to fund certain Company obligations under our equity compensation plans. These transactions included 190,969 shares purchased in open market transactions and 42,210 shares withheld to cover required tax withholdings on the vesting of restricted stock.
- (3) These shares were purchased during the period pursuant to our previously announced stock repurchase program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information**Grant of Non-Qualified Stock Options**

The Compensation and Leadership Development Committee (Committee) of the Company's Board of Directors adopted a procedure in 2006 to grant non-qualified stock options on the fourth (4th) business day immediately following the date of our release of fiscal year-end earnings to the public, with such options to be granted at the closing price on the date of grant. At the May 3, 2017, meeting, the Committee approved resolutions stating options shall be granted once annually on the 4th business day after each fiscal year-end earnings are released to the public, absent subsequent Committee action to the contrary.

Item 6. Exhibits

The following exhibits are filed with this report.

Exhibit No.	Exhibit Description
10.1*	Amended and Restated Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective January 1, 2017 (previously filed as Exhibit 10.68 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2016, Commission File No. 001-14704, and incorporated herein by reference).
10.2*	Employment Agreement, dated November 1, 2012, by and between the Company and Scott E. Rouse.
10.3*	Employment Agreement, dated October 5, 2014, by and between the Company and Douglas W. Ramsey.
12.1	Ratio of Earnings to Fixed Charges
31.1	Certification of Chief Executive Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to SEC Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended April 1, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Condensed Statements of Income, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows, and (v) the Notes to Consolidated Condensed Financial Statements.
*	Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TYSON FOODS, INC.

Date: May 8, 2017

/s/ Dennis Leatherby

Dennis Leatherby

Executive Vice President and Chief Financial Officer

Date: May 8, 2017

/s/ Curt T. Calaway

Curt T. Calaway

Senior Vice President, Controller and Chief Accounting Officer

EXHIBIT INDEX

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*	Indicates a management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), effective the 1 day of Nov., 2012 (the "Effective Date"), by and between Tyson Foods, Inc., a Delaware corporation, and any of its subsidiaries and affiliates (hereinafter collectively referred to as "Tyson"), and Scott E Rouse, Persn xxxxxx (hereinafter referred to as "you").

WITNESSETH:

WHEREAS, Tyson is engaged in a very competitive business, where the development and retention of extensive confidential information, trade secrets and proprietary information as well as customer relationships and goodwill are critical to future business success; and

WHEREAS, by virtue of your employment with Tyson, you are involved in the development of, and have access to, Tyson's confidential information, trade secrets and proprietary information, and, if such information were to get into the hands of competitors of Tyson, it could do substantial business harm to Tyson; and

WHEREAS, you will not be provided with or given access to Tyson's customers and goodwill or Tyson's confidential information, trade secrets and proprietary information unless you execute this Agreement; and

WHEREAS, you and Tyson previously entered into an agreement which became effective October 5, 2009 (the "20 09 Agreement"), whereby you provided certain services to the Company; and

WHEREAS, you and Tyson desire to enter into a new employment agreement and terminate the 20 09 Agreement;

WHEREAS, Tyson has advised you that agreement to the terms of this Agreement, and specifically the non-compete and non-solicitation sections, is an integral part of this Agreement, and you acknowledge the importance of the non-compete and non-solicitation sections, and having reviewed the Agreement as a whole, are willing to commit to the restrictions set forth herein;

NOW, THEREFORE, Tyson and you hereby mutually agree as follows:

1. Employment.

(a) Consideration. In consideration of the above and other good and valuable consideration, you are expressly being given employment, continued employment, a relationship with Tyson, certain monies, benefits, severance, stock awards, training and/or access to trade secrets and confidential information of Tyson and its customers, suppliers, vendors or affiliates to which you would not have access but for your relationship with Tyson in exchange for you agreeing to the terms of this Agreement.

(b) Duties. Tyson hereby agrees to employ you and you hereby accept employment with Tyson. The duties and services required to be performed by you shall be consistent with your position, as assigned by Tyson in its sole discretion from time to time, and shall be consistent with the level and responsibility of the duties and services performed by other employees in your band ("Band"). At Tyson's sole discretion, both your position and Band are subject to change during your term of employment. You agree to devote substantially all of your working time, attention and energies to the business of Tyson. You may make and manage personal investments (provided such investments in other activities do not violate, in any material respect, the provisions of Section 6 of this Agreement), be involved in charitable and professional activities, and, with the prior written consent of Tyson's General Counsel or Chief Human Resources Officer, serve on boards of other for profit entities, provided such activities do not materially interfere with the performance of your duties hereunder. You agree that during your employment with Tyson, you will not engage in any (i) competitive outside business activities, (ii) outside business that provides goods or services to Tyson, or (iii) outside business that buys products from Tyson, other than with Tyson's prior written approval. You will devote your best efforts to the performance of your duties and the advancement of Tyson and shall not engage in any other employment, profitable activities, or other pursuits which would cause you to disclose or utilize Confidential Information (as defined in Section 6(a)), or reflect adversely on Tyson. This obligation shall include, but is not limited to, obtaining Tyson's consent prior to performing tasks for business associates of Tyson outside of your customary duties for Tyson, giving speeches or writing articles, blogs, or posts, about Tyson's business, improperly using Tyson's name or identifying your association or position with Tyson in a manner that reflects unfavorably upon Tyson. You further agree that you will not use, incorporate, or otherwise create any business entity or organization or domain name using any name confusingly similar to the name of Tyson or the name of any affiliate of Tyson or any other name under which any such entities do business.

(c) Term of Employment. Your employment under this Agreement will commence on the Effective Date above and end on the date your employment terminates pursuant to Section 3 (the "Period of Employment").

2. Compensation.

(a) Initial Consideration. You shall receive, in addition to all regular compensation for services as described in this Section 2 and the severance and benefits provided under Section 4 and Section 5, \$ 10,000.00 as additional consideration for signing this Agreement and for agreeing to abide and be bound by the terms, provisions and restrictions of Section 6. You understand and acknowledge that you have been properly and timely informed of the type, amount and terms of such consideration and that you would not be entitled to such consideration, and that such consideration would not be paid, if you did not execute and agree to be bound by the provisions of this Agreement.

(b) Base Salary. For the services to be performed hereunder during the Period of Employment, Tyson shall pay you at a base salary of \$ 325,000.00, which may be adjusted by Tyson from time to time within the range paid to other employees in your Band. Such base salary shall be paid in accordance with Tyson's payroll practice.

(c) Performance Incentive Eligibility. You may receive performance incentive awards under Tyson's annual and long-term incentive plans then in effect (if any), on terms and in amounts consistent with those provided to other employees in your Band, subject to the discretion of the senior management of Tyson.

(d) Stock Grants. You may receive stock awards under an equity incentive compensation plan of Tyson then in effect (if any), on terms and in amounts consistent with those provided to other employees in your Band, subject to the discretion of the senior management of Tyson.

(e) Benefit Plans, Vacation and Reimbursement Programs. You shall be entitled to participate in any benefit plans of Tyson as adopted or amended from time to time on terms and in amounts consistent with those generally applicable to other employees in your Band. You will be entitled to an annual paid vacation in accordance with Tyson's applicable vacation policy, as in effect from time to time. Tyson will pay or reimburse you for all reasonable expenses actually incurred or paid by you in the performance of your services to Tyson, subject to and in accordance with applicable expense reimbursement and related policies and procedures as in effect from time to time.

(f) Review. Base salary, performance incentive compensation, stock grant levels, and plan participation will be subject to review annually (or from time to time at Tyson's discretion), when compensation of other officers and managers of Tyson are reviewed for consideration of adjustments thereof.

3. Termination. Upon any termination of your employment for any reason, you shall immediately resign from all boards, offices and other positions with Tyson or from any board or committee of an association or industry group where you represent Tyson. The date upon which your employment terminates and the Period of Employment ends will be your "Termination Date" for all purposes of this Agreement. Your employment may be terminated under this Agreement in the following events:

(a) Death. Your employment hereunder will terminate upon your death.

(b) Disability. Your employment hereunder will terminate upon your "Disability". For purposes of this Agreement, Disability has the same meaning as provided in the long-term disability plan or policy maintained or, if applicable, most recently maintained, by Tyson. If no long-term disability plan or policy was ever maintained on behalf of you or, if the determination of Disability relates to an incentive stock option, Disability means that condition described in Section 22(e)(3) of the Internal Revenue Code (the "Code"), as amended from time to time. In the event of a dispute, the determination of Disability will be made by the Committee (as defined in Tyson's equity incentive plan) and will be supported by advice of a physician competent in the area to which such Disability relates.

(c) Termination by You for Good Reason. Upon the occurrence of a "Good Reason" event, you may terminate your employment pursuant to this Agreement by providing a notice of termination for Good Reason to Tyson within no more than seven (7) days of the Good Reason event and providing Tyson thirty (30) days following receipt of such notice to cure the Good Reason event. If Tyson cures the Good Reason event within such 30 day period, you may not terminate your employment for Good Reason, but may voluntarily resign pursuant to Section 3(d) below. If Tyson fails to cure the Good Reason event within such 30 day period, your termination of employment will be effective under this Section 3(c). For purposes of the Agreement, you will be treated as having terminated for "Good Reason" if you terminate employment after having been demoted to a less senior Band than that in which you were employed when executing this Agreement or to a position not covered by a Band, which Tyson does not cure by restoring you to your former Band.

(d) Voluntary Termination by You without Good Reason. You may terminate your employment pursuant to this Agreement at any time by not less than thirty (30) days prior written notice to Tyson, which notice period may be waived by Tyson. Upon receipt of such notice, Tyson shall have the right, at its sole discretion, to accelerate your Termination Date at any time during said notice period.

(e) Termination for Cause by Tyson. Tyson may terminate your employment hereunder for "Cause" at any time after providing a notice of termination for Cause to you. For purposes of this Agreement, you shall be treated as having been terminated for Cause if and only if you are terminated as a result of the occurrence of one or more of the following events:

- (i) any willful and wrongful conduct or omission by you that injures Tyson;
- (ii) any act by you of intentional misrepresentation or embezzlement, misappropriation or conversion of assets of Tyson;
- (iii) you are convicted of, confess to, plead no contest to, or become the subject of proceedings that provide a reasonable basis for Tyson to believe that you have been engaged in a felony; or
- (iv) your intentional or willful violation of any restrictive covenant provided for under Section 6 of this Agreement or any other agreement to which you are a party.

For purposes of this Agreement an act or failure to act shall be considered "willful" only if done or omitted to be done without your good faith reasonable belief that such act or failure to act was in the best interests of Tyson. In no event shall Tyson's failure to notify you of the occurrence of any event constituting Cause, or to terminate you as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of Tyson's right to terminate you for Cause as a result thereof.

(f) Termination by Tyson without Cause. Tyson may terminate your employment hereunder without Cause at any time upon notice to you.

4. Compensation Following Termination of Employment. In the event that your employment hereunder is terminated in a manner as set forth in Section 3 above, you shall be entitled to the compensation and benefits provided under this Section 4.

(a) Termination Due to Death, Disability, Voluntary Termination without Good Reason or Termination for Cause by Tyson. In the event that your employment is terminated by reason of death, Disability, voluntary termination by you without Good Reason or for Cause by Tyson, Tyson shall pay the following amounts to you or your estate:

- (i) Any accrued but unpaid base salary for services rendered to the Termination Date, any accrued but unpaid expenses required to be reimbursed under this Agreement, and any vacation accrued to the Termination Date ("Accrued Compensation"); and
- (ii) Any benefits accrued through the date of termination to which you may be entitled pursuant to the plans, policies and arrangements, as determined and paid in accordance with the terms of such plans, policies and arrangements ("Plan Benefits").

(b) Termination by Tyson without Cause or by you for Good Reason. In the event that your employment is terminated by Tyson for reasons other than death, Disability or Cause, or by you for Good Reason, Tyson shall pay the following amounts to you:

- (i) Accrued Compensation;

- (ii) Plan Benefits;
- (iii) Subject to your execution of the Release (as defined below), you will become vested in a pro rata portion of any of your unvested restricted stock awards that are outstanding on your Termination Date provided the applicable performance criteria, if any, are met. Such pro rata portion shall be equal to the percentage of the total vesting period, measured in days, in which you remained employed by Tyson multiplied by the number of shares subject to the award. Any award subject to this subsection (iii) shall not be paid until such time as it would otherwise have been paid if under the terms of the award it was subject to performance criteria and will only be paid if any applicable performance criteria are met;
- (iv) Subject to your execution of the Release (as defined below), you will become fully vested in any of your unvested stock options that are outstanding on the Termination Date; and
- (v) Subject to your execution of the Release (as defined below), you will become entitled to a pro rata portion of any performance share awards that are outstanding on the Termination Date provided the applicable performance criteria is met. The pro rata portion of your award shall equal the percentage of the total performance period, measured in days, in which you remained employed by Tyson multiplied by the percentage of the award that you would have received had you remained employed for the entire performance period. Any award subject to this subsection (v) shall not be paid until such time as it would have otherwise been paid under the terms of the award and will only be paid if the performance criteria are met.

- (vi) Subject to your execution of the Release (as defined below), an amount equal to, and on terms equal to, the severance payments and severance benefits provided to other employees within your Band, as determined under the Tyson Foods Severance Pay Plan for Contracted Employees. In the event of a Change of Control (defined below) the amount you would be entitled to in the event of termination subject to this Section 4(b) will be based on the Tyson Foods Severance Pay Plan for Contracted Employees in place at the time immediately prior to the Change of Control.

(c) Release. For purposes of this Agreement, "Release" means that specific document which Tyson shall present to you for consideration and execution after your termination of employment, under which you agree to irrevocably and unconditionally release and forever discharge Tyson, its subsidiaries, affiliates and related parties from any and all causes of action which you at that time had or may have had against Tyson (excluding any claim for indemnity under this Agreement, or any claim under state workers' compensation or unemployment laws). The Release will be provided to you as soon as practical after your Termination Date, but in any event in sufficient time so that you will have adequate time to review the Release as provided by applicable law. The Release must be signed within twenty-one (21) days of its presentation to you (or within forty-five (45) days if you are terminated as part of a group termination). The Release shall not become effective until seven (7) days after it is executed. Tyson maintains a form of Release, which it may change from time to time as it deems appropriate. The latest version of the Release shall be available for your review upon request. Subject to the payment provisions of the Tyson Foods Severance Pay Plan for Contracted Employees and Section 8 below, any payments subject to a Release shall commence on the first payroll period commencing on or after the date the Release becomes effective.

5. Acceleration of Stock Grants on Change in Control. Upon the occurrence of a Change in Control (defined below) the stock awards that have been granted to you pursuant to award agreements from Tyson under Section 2, or which have otherwise been previously granted to you under an award agreement from Tyson; and which awards remain outstanding at the time of the Change in Control, will be treated in accordance with the applicable award agreements. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as set forth in Tyson's equity incentive compensation plan then in effect; provided, however, that a Change in Control shall not include any event as a result of which one or more of the following persons or entities possess or continues to possess, immediately after such event, over fifty percent (50%) of the combined voting power of the Company or, if applicable, a successor entity: (a) Tyson Limited Partnership, or any successor entity; (b) individuals related to the late Donald John Tyson by blood, marriage or adoption, or the estate of any such individual (including Donald John Tyson's); or (c) any entity (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more of the entities, individuals or estates described in clauses (a) and (b) hereof possess over fifty percent (50%) of the combined voting power or beneficial interests of such entity. Notwithstanding the foregoing, this Section 5 shall not affect the time or form of payment under an applicable award agreement, and all awards shall be paid at the time, and in the form, provided under the terms of such award agreement. The Committee (as defined in Tyson's equity incentive plan) shall have the sole discretion to interpret the foregoing provisions of this paragraph.

6. Restrictive Covenants and Other Restrictions.

(a) Confidential Information. You acknowledge that during the course of your employment with Tyson, you will be provided, learn, develop and have access to Tyson's trade secrets, confidential information and proprietary materials which may include, but are not limited to, the following: strategies, methods, books, records, and documents; technical information concerning products, formulas, production, distribution, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers, suppliers, vendors, investors, and other business affiliates (such as contact name, service provided, pricing, type and amount of services used, credit and financial data, and/or other information relating to Tyson's relationship with that business affiliate); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; weather data; financial analysis, returns and reports and sales data; trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and marks; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating Tyson; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; payment amounts or rates paid to consultants or other service providers; and other information, whether tangible or intangible, in any form or medium provided (collectively, "Confidential Information") which is not generally available to the public and which has been developed, will be developed or acquired by Tyson at considerable effort and expense. Without limiting the foregoing, you acknowledge and agree that you will learn, be provided, develop and have access to certain techniques, methods or applications implemented or developed by Tyson which are not generally known to the public or within the community in which Tyson competes, and any and all such information shall be treated as Confidential Information.

During the term of this Agreement or at any time thereafter, unless otherwise specifically authorized in writing by Tyson, you hereby covenant and agree: (i) to hold Confidential Information in the strictest confidence; (ii) not to, directly or indirectly, disclose, divulge or reveal any Confidential Information to any person or entity other than as authorized by Tyson; (iii) to use such Confidential Information only within the scope of your employment with Tyson for the benefit of Tyson; and (iv) to take such protective measures as may be reasonably necessary to preserve the secrecy and interest of Tyson in the Confidential Information. You agree to immediately notify Tyson of any unauthorized disclosure or use of any Confidential Information of which you become aware. The confidentiality obligations herein shall not prohibit you from revealing evidence of criminal wrongdoing to legitimate law enforcement officials or Confidential Information by order of court or agency of competent jurisdiction or as otherwise required by law; however, you shall promptly inform Tyson of any such situations and shall take reasonable steps to prevent disclosure of Confidential Information until Tyson has been informed of such required disclosure and has had a reasonable opportunity first to seek a protective order.

(b) Creative Works. "Creative Works" include, but are not limited to, all original works of authorship, inventions, discoveries, designs, computer hardware and software, algorithms, programming, scripts, applets, databases, database structures, or other proprietary information, business ideas, and related improvements and devices, which are conceived, developed, or made by you, either alone or with others, in whole or in part, on or off Tyson's premises, (i) during your employment with Tyson, (ii) with the use of the time, materials, or facilities of Tyson, (iii) relating to any product, service, or activity of Tyson of which you have knowledge, or (iv) suggested by or resulting from any work performed by you for Tyson. Creative Works do not include inventions or other works developed by you entirely on your own time without using Tyson's equipment, supplies, facilities, or trade secret information except for those inventions or works developed during your Period of Employment that either: (a) relate at the time of conception or reduction to practice of the invention to Tyson's business, or actual or demonstrably anticipated research or development of Tyson; or (b) result from any work performed by you for Tyson. If you are or become a resident of any state during your employment that has enacted laws relating to ownership of works created without use of or reference to Tyson materials, facilities, and/or intellectual property and do not relate to Tyson's business, this Section shall be limited solely to the extent provided by the applicable laws of such states.

To the extent any rights in the Creative Works are not already owned by Tyson, you irrevocably assign and transfer to Tyson all proprietary rights, including, but not limited to, all patent, copyright, trade secret, trademark, and publicity rights, in the Creative Works and agree that Tyson will be the sole and exclusive owner of all right, title, and interest in the Creative Works. Tyson will have the right to use all Creative Works, whether original or derivative, in any manner whatsoever and in any medium now known or later developed. You agree not, at any time, to assert any claim, ownership, or other interest in any of the Creative Works or Confidential Information.

Both during and after your employment, you agree to execute any documents necessary to effectuate the assignment to Tyson of the Creative Works, and will execute all papers and perform any other lawful acts reasonably requested by Tyson for the preparation, prosecution, procurement, and maintenance of any trademark, copyright, and/or patent rights in and for the Creative Works. You further agree that you will not be entitled to any compensation in addition to the salary paid to you during the development of the Creative Works. In the event Tyson is unable for any reason to secure your signature to any document Tyson reasonably requests you to execute under this Section 6, you hereby irrevocably designate and appoint Tyson and its authorized officers and agents as your agents and attorneys-in-fact to act for and in your behalf and instead of you to execute such document with the same legal force and effect as if executed by you.

(c) No Restrictions on Employment. You are being employed or continuing to be employed by Tyson with the understanding that (i) you are free to enter into employment or continued employment with Tyson, (ii) your employment with Tyson will not violate any agreement you may have with a third party (e.g., existing employment, non-compete, intellectual property ownership, and/or non-disclosure agreements) and (iii) only Tyson is entitled to the benefit of your work. If you have any agreements with a prior employer, you are required to provide such agreements to Tyson prior to executing this Agreement. Tyson has no interest in using any other person's patents, copyrights, trade secrets, or trademarks in an unlawful manner. You should be careful not to disclose to Tyson any intellectual property or confidential information of your prior employers or anyone else or misapply proprietary rights that Tyson has no right to use and you further represent and warrant that you have either already returned or have coordinated the return of all such information to any prior employer.

(d) Removal and Return of Tyson Property. All written materials, records, data, and other documents prepared or possessed by you during your employment with Tyson are Tyson's property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are Tyson's property. You agree not to remove any property of Tyson, including, but not limited to, any Confidential Information or Creative Works, from Tyson's premises, except as authorized under Tyson's policies or with the prior written approval of Tyson's General Counsel or Chief Human Resources Officer. Unless specifically authorized by Tyson in writing, you may not place Tyson Confidential Information or Creative Works on Removable Media, as defined below. On Tyson's request, your acceptance of other employment, or the termination of your employment for any reason, you will immediately return to Tyson all Tyson property, including all Confidential Information and Creative Works and any and all documents and materials that contain, refer to, or relate in any way to any Confidential Information, as well as any other property of Tyson in your possession or control, including all electronic and telephonic equipment, credit cards, security badges, and passwords. You will permit Tyson to inspect any property provided by Tyson to you or developed by you as a result of or in connection with your employment with Tyson when you accept other employment or otherwise separate from your employment, regardless of where the property is located. For purposes of this Section, "Removable Media" means portable or removable hard disks, floppy disks, USB memory drives, zip disks, optical disks, CDs, DVDs, digital film, memory cards (e.g., Secure Digital (SD), Memory Sticks (MS), CompactFlash (CF), SmartMedia (SM), MultiMediaCard (MMC), and xD-Picture Card (xD)), magnetic tape, and all other removable data storage media.

(e) Non-Competition . You acknowledge that Tyson performs services throughout the United States and that your duties and services impact Tyson's performance of services throughout the United States. Accordingly, you acknowledge the need for certain restrictions contained in this Agreement to be without limitation as to location or geography within the United States. You agree that during your employment with Tyson, and for a period of 12 months thereafter, you will not directly or indirectly, on behalf of yourself or in conjunction with any other person, company or entity, own (other than less than 5% ownership in a publicly traded company), manage, operate, or participate in the ownership, management, operation, or control of, or be employed by or a consultant to any person, company or entity which is in competition with Tyson, with which you would hold a position with responsibilities similar to any position you held with Tyson during the 24 months preceding your Termination Date or in which you would utilize or disclose confidential methodologies, techniques, customer lists or information of Tyson. You agree that during your employment with Tyson and for a period of 12 months thereafter you will not directly or indirectly, on behalf of you or any other person, company or entity, participate in the planning, research or development of any strategies or methodologies, similar to strategies or methodologies, utilized or developed by Tyson, excluding general industry knowledge, for which you had access to, utilized or developed during the 36 months preceding your Termination Date. You agree that nothing in this Section shall limit your confidentiality obligations in this Agreement. Further, you understand and agree that during your employment and the restricted time periods thereafter designated in this Agreement, while you may gather information to investigate other employment opportunities, you shall not make plans or prepare to compete, solicit or take on activities which are in violation of this Agreement. Should you leave Tyson and accept employment or a consulting position with a competitor, you are required beforehand to inform Tyson of the identity of your new employer and your responsibilities for the new employer. You are also required to show this Agreement to all new employers prior to accepting new employment and Tyson shall also be permitted to show this Agreement to all new employers as well.

(f) Non-Solicitation. You agree that during your employment with Tyson and for a period of 36 months thereafter, you will not, nor will you assist any third party to, directly or indirectly (i) raid, hire, solicit, encourage or attempt to persuade any employee or independent contractor of Tyson, or any person who was an employee or independent contractor of Tyson during the 6 months preceding the Termination Date, who possesses or had access to Confidential Information of Tyson, to leave the employ of or terminate a relationship with Tyson; (ii) interfere with the performance by any such persons of their duties for Tyson; (iii) communicate with any such persons for the purposes described in the paragraph above; or (iv) solicit, encourage or attempt to persuade any customer or vendor of Tyson during the 6 months preceding your Termination Date to terminate or modify its relationship with Tyson.

(g) Non-Disparagement. You agree that you shall not at any time engage in any form of conduct, or make any statement or representation, either oral or written, that disparages, impugns or otherwise impairs the reputation, goodwill or interests of Tyson, or any of its officers, directors, shareholders, managing members, representatives, and/or employees or agents in either the individual or representative capacities of any of the foregoing individuals (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments). Nor shall you direct, arrange or encourage others to make any such derogatory or disparaging statements on your behalf. Nothing in this Section, however, shall prevent you from providing truthful testimony or information in any proceeding or in response to any request from any governmental agency, or judicial, arbitral or self-regulatory forum.

(h) Effect of Breach. You acknowledge and agree that, in the event of any breach by you of the terms and conditions of this Agreement, pursuant to the terms of certain benefit plans and programs, your accrued benefits thereunder may be discontinued or forfeited, in addition to any other rights and remedies Tyson may have at law or in equity. You acknowledge that irreparable damage would result to Tyson if the provisions of this Agreement are not specifically enforced, and that, in addition to any other legal or equitable relief available, and notwithstanding any alternative dispute resolution provisions that have been or may be agreed to between Tyson and you, Tyson shall be entitled to injunctive relief in the event of any failure to comply with the provisions of this Agreement. If you violate any of the terms of this Agreement, you will indemnify Tyson for the expenses, including but not limited to reasonable attorneys' fees, incurred by Tyson in enforcing this Agreement.

(i) Clawback Policies. In addition to subsection (h) above, any amounts payable under this Agreement are subject to any policy, whether in existence as of the Effective Date or later adopted, established by Tyson that provides for the clawback or recovery of amounts that were paid to you under circumstances requiring clawback or recovery as set forth in such policy. Tyson will make any determinations for clawback or recover in its sole discretion and in accordance with any applicable law or regulation. Further, notwithstanding any other provisions of this Agreement, if within one year of the termination of your employment, Tyson becomes aware of facts that would have allowed Tyson to terminate your employment for Cause (within the meaning of Section 3), then, to the extent permitted by law:

- (i) Tyson may elect to cancel any and all payments of benefits otherwise due to you, but not yet paid, under this Agreement or otherwise; and
- (ii) you will refund to Tyson any amounts, plus interest, previously paid by Tyson to you in excess of your Accrued Compensation and Plan Benefits (within the meaning of Section 4).

7. General.

(a) Enforcement and Severability. You specifically acknowledge and agree that the purpose of the restrictions contained in this Agreement is to protect Tyson from unfair competition, including improper use of the Confidential Information by you, and that the restrictions and covenants contained herein are reasonable with respect to both scope and duration of application. Notwithstanding the foregoing, if any court determines that any of the terms herein are unreasonable, invalid or unenforceable, the court may interpret, alter, amend or modify any or all of the terms to include as much of the scope, time period and intent as will render the restrictions enforceable, and then as modified, enforce the terms. Each covenant and restriction contained in this Agreement is independent of each other such covenant and restriction, and if any such covenant or restriction is held for any reason to be invalid, unenforceable and incapable of corrective modification, then the invalidity or unenforceability of such covenant or restriction shall not invalidate, affect or impair in any way the validity and enforceability of any other such covenant or restriction.

(b) Notices. All written notices, requests and other communications provided pursuant to this Agreement shall be deemed to have been duly given, if delivered in person or by courier, or by facsimile transmission or sent by express, registered or certified mail, postage prepaid addressed, if to you, at the most recent address on record in Tyson's human resources information system, and if to Tyson, at its headquarters:

Tyson Foods, Inc.
Attn: Chief Human Resources Officer 2200 Don Tyson Parkway
Springdale, Arkansas 72762-6999

(c) Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto, except for any pre employment confidentiality agreement that may exist between the parties or any agreement or policy specifically referenced herein. This Agreement cannot be modified except by a writing signed by both parties.

(d) Assignment. This Agreement shall be binding upon you, your heirs, executors and personal representatives and upon Tyson, its successors and assigns. You acknowledge that the services to be rendered by you are unique and personal. You may not assign, transfer or pledge your rights or delegate your duties or obligations under this Agreement, in whole or in part, without first obtaining the written consent of Tyson's General Counsel or Chief Human Resources Officer.

(e) Applicable Law. You acknowledge that this Agreement is performable at various locations throughout the United States and specifically performable wholly or partly within the State of Arkansas and consent to the validity, interpretation, performance and enforcement of this Agreement being governed by the internal laws of said State of Arkansas, without giving effect to the conflicts of laws provisions thereof.

(f) Jurisdiction and Venue of Disputes. The courts of Washington County, Arkansas shall have exclusive jurisdiction and be the venue of all disputes between Tyson and you, whether such disputes arise from this Agreement or otherwise. In addition, you expressly waive any right that you may have to sue or be sued in the county of your residence and consent to venue in Washington County, Arkansas.

(g) Funding. All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid from the general funds of Tyson, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. You shall have no right, title or interest whatever in or to any investments which Tyson may make to aid Tyson in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from Tyson hereunder, such right shall be no greater than the right of an unsecured creditor of Tyson.

8. Special Tax Considerations.

(a) Tax Withholding. Tyson shall provide for the withholding of any taxes required to be withheld by federal, state and local law with respect to any payments in cash and/or other property made by or on behalf of Tyson to or for your benefit under this Agreement or otherwise.

(b) Excise Tax. Notwithstanding the foregoing, if the total payments to be paid to you under this Agreement, along with any other payments to you by Tyson, would result in you being subject to the excise tax imposed by Section 4999 of the Code (commonly referred to as the "Golden Parachute Tax"), Tyson shall reduce the aggregate payments to the largest amount which can be paid to you without triggering the excise tax, but only if and to the extent that such reduction would result in you retaining larger aggregate after-tax payments. The determination of the excise tax and the aggregate after-tax payments to be received by you will be made by Tyson. If payments are to be reduced, the payments made latest in time will be reduced first and if payments are to be made at the same time, non-cash payments will be reduced before cash payments.

(c) Separation from Service. In the event that the termination of your employment does not constitute a "separation from service" as defined in Code Section 409A, including all regulations and other guidance issued pursuant thereto, your rights to the payments and benefits described in Section 4 will vest upon the Termination Date, but no payment to you that is subject to Code Section 409A will be paid until you incur a separation from service (or until six (6) months after such date if you are a "specified employee" pursuant to subsection (d) of this Section), and any amounts that would otherwise have been paid before such date will be paid instead as soon as practicable after such date.

(d) Six-Month Delay in Payment. Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" as defined and applied in Code Section 409A as of your Termination Date, then, to the extent any payment under this Agreement or any Tyson plan or policy constitutes deferred compensation (after taking into account any applicable exemptions from Code Section 409A, including those specified in subsection (f) of this Section) and to the extent required by Code Section 409A, no payments due under this Agreement or any Tyson plan or policy may be made until the earlier of: (i) the first (1st) day following the six (6) month anniversary of your Termination Date and (ii) your date of death; provided, however, that any payments delayed during the six (6) month period will be paid in the aggregate as soon as reasonably practicable following the six (6) month anniversary of your Termination Date.

(e) Expense Reimbursement. In no event will an expense be reimbursed after December 31 of the calendar year following the calendar year in which the expense was incurred. You are not permitted to receive a payment or other benefit in lieu of reimbursement under Section 2(e).

(f) Application of Exemptions. For purposes of Code Section 409A, each "payment" (as defined by Code Section 409A) made under this Agreement will be considered a "separate payment." In addition, for purposes of Code Section 409A, each such payment will be deemed exempt from Code Section 409A to the fullest extent possible under (i) the "short-term deferral" exemption of Treasury Regulation § 1.409A-1(b)(4), and (ii) with respect to any additional amounts paid no later than the second (2nd) calendar year following the calendar year containing your Termination Date, the "involuntary separation" pay exemption of Treasury Regulation § 1.409A-1(b)(9)(iii), which are hereby incorporated by reference.

(g) Effect of Release. Any amounts that are not exempt from Code Section 409A under paragraph (f) above, and which are paid subject to your execution of a Release that provides for a consideration period and revocation period that crosses two calendar years, shall be paid on the first payroll date in the second calendar year that occurs on or after the expiration of the revocation period, regardless of the date the Release is signed.

(h) Interpretation and Administration of Agreement. To the maximum extent permitted by law, this Agreement will be interpreted and administered in such a manner that the payments to you are either exempt from, or comply with, the requirements of Code Section 409A.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

YOU ACKNOWLEDGE THAT YOU HAVE COMPLETELY READ THE ABOVE, HAVE BEEN ADVISED TO CONSIDER THIS AGREEMENT CAREFULLY, AND HAVE BEEN FURTHER ADVISED TO REVIEW IT WITH LEGAL COUNSEL OF YOUR CHOOSING BEFORE SIGNING. YOU FURTHER ACKNOWLEDGE TUAT YOU ARE SIGNING THIS AGREEMENT VOLUNTARILY, AND WITHOUT DURESS, COERCION, OR UNDUE INFLUENCE AND THEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS CONTAINED HEREIN.

/s/ Scott Rouse
(Employee)

Corporate T2F4
(Location)

11/1/2012
(Date)

Tyson Foods, Inc.
By /s/ James Lochner
Title Chief Operating Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), effective the 5th day of October, 2014 (the "Effective Date"), by and between Tyson Foods, Inc., a Delaware corporation, and any of its subsidiaries and affiliates (hereinafter collectively referred to as "Tyson"), and Douglas W Ramsey Persn xxxxx (hereinafter referred to as "you").

WITNESSETH:

WHEREAS, Tyson is engaged in a very competitive business, where the development and retention of extensive confidential information, trade secrets and proprietary information as well as customer relationships and goodwill are critical to future business success; and

WHEREAS, by virtue of your employment with Tyson, you are involved in the development of, and have access to, Tyson's confidential information, trade secrets and proprietary information, and, if such information were to get into the hands of competitors of Tyson, it could do substantial business harm to Tyson; and

WHEREAS, you will not be provided with or given access to Tyson's customers and goodwill or Tyson's confidential information, trade secrets and proprietary information unless you execute this Agreement; and

WHEREAS, Tyson has advised you that agreement to the terms of this Agreement, and specifically the non-compete and non-solicitation sections, is an integral part of this Agreement, and you acknowledge the importance of the non-compete and non-solicitation sections, and having reviewed the Agreement as a whole, are willing to commit to the restrictions set forth herein;

NOW, THEREFORE, Tyson and you hereby mutually agree as follows:

1. Employment.

(a) Consideration. In consideration of the above and other good and valuable consideration, you are expressly being given employment, continued employment, a relationship with Tyson, certain monies, benefits, severance, stock awards, training and/or access to trade secrets and confidential information of Tyson and its customers, suppliers, vendors or affiliates to which you would not have access but for your relationship with Tyson in exchange for you agreeing to the terms of this Agreement.

(b) Duties. Tyson hereby agrees to employ you and you hereby accept employment with Tyson. The duties and services required to be performed by you shall be consistent with your position, as assigned by Tyson in its sole discretion from time to time, and shall be consistent with the level and responsibility of the duties and services performed by other employees in your band ("Band"). At Tyson's sole discretion, both your position and Band are subject to change during your term of employment. You agree to devote substantially all of your working time, attention and energies to the business of Tyson. You may make and manage personal investments (provided such investments in other activities do not violate, in any material respect, the provisions of Section 6 of this Agreement), be involved in charitable and professional activities, and, with the prior written consent of Tyson's General Counsel or Chief Human Resources Officer, serve on boards of other for profit entities, provided such activities do not materially interfere with the performance of your duties hereunder. You agree that during your employment with Tyson, you will not engage in any (i) competitive outside business activities, (ii) outside business that provides goods or services to Tyson, or (iii) outside business that buys products from Tyson, other than with Tyson's prior written approval. You will devote your best efforts to the performance of your duties and the advancement of Tyson and shall not engage in any other employment, profitable activities, or other pursuits which would cause you to disclose or utilize Confidential Information (as defined in Section 6(a)), or reflect adversely on Tyson. This obligation shall include, but is not limited to, obtaining Tyson's consent prior to performing tasks for business associates of Tyson outside of your customary duties for Tyson, giving speeches or writing articles, blogs, or posts, about Tyson's business, improperly using Tyson's name or identifying your association or position with Tyson in a manner that reflects unfavorably upon Tyson. You further agree that you will not use, incorporate, or otherwise create any business entity or organization or domain name using any name confusingly similar to the name of Tyson or the name of any affiliate of Tyson or any other name under which any such entities do business.

(c) Term of Employment. Your employment under this Agreement will commence on the Effective Date above and end on the date your employment terminates pursuant to Section 3 (the "Period of Employment").

2. Compensation.

(a) Initial Consideration. You shall receive, in addition to all regular compensation for services as described in this Section 2 and the severance and benefits provided under Section 4 and Section 5, \$11,543.00 as additional consideration for signing this Agreement and for agreeing to abide and be bound by the terms, provisions and restrictions of Section 6. You understand and acknowledge that you have been properly and timely informed of the type, amount and terms of such consideration and that you would not be entitled to such consideration, and that such consideration would not be paid, if you did not execute and agree to be bound by the provisions of this Agreement.

(b) Base Salary. For the services to be performed hereunder during the Period of Employment, Tyson shall pay you at a base salary of \$356,745.00, which may be adjusted by Tyson from time to time within the range paid to other employees in your Band. Such base salary shall be paid in accordance with Tyson's payroll practice.

(c) Performance Incentive Eligibility. You may receive performance incentive awards under Tyson's annual and long-term incentive plans then in effect (if any), on terms and in amounts consistent with those provided to other employees in your Band, subject to the discretion of the senior management of Tyson.

(d) Stock Grants. You may receive stock awards under an equity incentive compensation plan of Tyson then in effect (if any), on terms and in amounts consistent with those provided to other employees in your Band, subject to the discretion of the senior management of Tyson.

(e) Benefit Plans, Vacation and Reimbursement Programs. You shall be entitled to participate in any benefit plans of Tyson as adopted or amended from time to time on terms and in amounts consistent with those generally applicable to other employees in your Band. You will be entitled to an annual paid vacation in accordance with Tyson's applicable vacation policy, as in effect from time to time. Tyson will pay or reimburse you for all reasonable expenses actually incurred or paid by you in the performance of your services to Tyson, subject to and in accordance with applicable expense reimbursement and related policies and procedures as in effect from time to time.

(f) Review. Base salary, performance incentive compensation, stock grant levels, and plan participation will be subject to review annually (or from time to time at Tyson's discretion), when compensation of other officers and managers of Tyson are reviewed for consideration of adjustments thereof.

3. Termination. Upon any termination of your employment for any reason, you shall immediately resign from all boards, offices and other positions with Tyson or from any board or committee of an association or industry group where you represent Tyson. The date upon which your employment terminates and the Period of Employment ends will be your "Termination Date" for all purposes of this Agreement. Your employment may be terminated under this Agreement in the following events:

(a) Death. Your employment hereunder will terminate upon your death.

(b) Disability. Your employment hereunder will terminate upon your "Disability". For purposes of this Agreement, Disability has the same meaning as provided in the long-term disability plan or policy maintained or, if applicable, most recently maintained, by Tyson. If no long-term disability plan or policy was ever maintained on behalf of you or, if the determination of Disability relates to an incentive stock option, Disability means that condition described in Section 22(e)(3) of the Internal Revenue Code (the "Code"), as amended from time to time. In the event of a dispute, the determination of Disability will be made by the Committee (as defined in Tyson's equity incentive plan) and will be supported by advice of a physician competent in the area to which such Disability relates.

(c) Termination by You for Good Reason. Upon the occurrence of a "Good Reason" event, you may terminate your employment pursuant to this Agreement by providing a notice of termination for Good Reason to Tyson within no more than seven (7) days of the Good Reason event and providing Tyson thirty (30) days following receipt of such notice to cure the Good Reason event. If Tyson cures the Good Reason event within such 30 day period, you may not terminate your employment for Good Reason, but may voluntarily resign pursuant to Section 3(d) below. If Tyson fails to cure the Good Reason event within such 30 day period, your termination of employment will be effective under this Section 3(c). For purposes of the Agreement, you will be treated as having terminated for "Good Reason" if you terminate employment after having been demoted to a less senior Band than that in which you were employed when executing this Agreement or to a position not covered by a Band, which Tyson does not cure by restoring you to your former Band.

(d) Voluntary Termination by You without Good Reason. You may terminate your employment pursuant to this Agreement at any time by not less than thirty (30) days prior written notice to Tyson, which notice period may be waived by Tyson. Upon receipt of such notice, Tyson shall have the right, at its sole discretion, to accelerate your Termination Date at any time during said notice period.

(e) Termination for Cause by Tyson. Tyson may terminate your employment hereunder for "Cause" at any time after providing a notice of termination for Cause to you. For purposes of this Agreement, you shall be treated as having been terminated for Cause if and only if you are terminated as a result of the occurrence of one or more of the following events:

- (i) any willful and wrongful conduct or omission by you that injures Tyson;
- (ii) any act by you of intentional misrepresentation or embezzlement, misappropriation or conversion of assets of Tyson;
- (iii) you are convicted of, confess to, plead no contest to, or become the subject of proceedings that provide a reasonable basis for Tyson to believe that you have been engaged in a felony; or
- (iv) your intentional or willful violation of any restrictive covenant provided for under Section 6 of this Agreement or any other agreement to which you are a party.

For purposes of this Agreement an act or failure to act shall be considered "willful" only if done or omitted to be done without your good faith reasonable belief that such act or failure to act was in the best interests of Tyson. In no event shall Tyson's failure to notify you of the occurrence of any event constituting Cause, or to terminate you as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of Tyson's right to terminate you for Cause as a result thereof.

(f) Termination by Tyson without Cause. Tyson may terminate your employment hereunder without Cause at any time upon notice to you.

4. Compensation Following Termination of Employment. In the event that your employment hereunder is terminated in a manner as set forth in Section 3 above, you shall be entitled to the compensation and benefits provided under this Section 4.

(a) Termination Due to Death, Disability, Voluntary Termination without Good Reason or Termination for Cause by Tyson. In the event that your employment is terminated by reason of death, Disability, voluntary termination by you without Good Reason or for Cause by Tyson, Tyson shall pay the following amounts to you or your estate:

- (i) Any accrued but unpaid base salary for services rendered to the Termination Date, any accrued but unpaid expenses required to be reimbursed under this Agreement, and any vacation accrued to the Termination Date ("Accrued Compensation"); and
- (ii) Any benefits accrued through the date of termination to which you may be entitled pursuant to the plans, policies and arrangements, as determined and paid in accordance with the terms of such plans, policies and arrangements ("Plan Benefits").

(b) Termination by Tyson without Cause or by you for Good Reason. In the event that your employment is terminated by Tyson for reasons other than death, Disability or Cause, or by you for Good Reason, Tyson shall pay the following amounts to you:

- (i) Accrued Compensation;
- (ii) Plan Benefits;

- (iii) Subject to your execution of the Release (as defined below), you will become vested in a pro rata portion of any of your unvested restricted stock awards that are outstanding on your Termination Date provided the applicable performance criteria, if any, are met. Such pro rata portion shall be equal to the percentage of the total vesting period, measured in days, in which you remained employed by Tyson multiplied by the number of shares subject to the award. Any award subject to this subsection (iii) shall not be paid until such time as it would otherwise have been paid if under the terms of the award it was subject to performance criteria and will only be paid if any applicable performance criteria are met;
- (iv) Subject to your execution of the Release (as defined below), you will become fully vested in any of your unvested stock options that are outstanding on the Termination Date; and
- (v) Subject to your execution of the Release (as defined below), you will become entitled to a pro rata portion of any performance share awards that are outstanding on the Termination Date provided the applicable performance criteria is met. The pro rata portion of your award shall equal the percentage of the total performance period, measured in days, in which you remained employed by Tyson multiplied by the percentage of the award that you would have received had you remained employed for the entire performance period. Any award subject to this subsection (v) shall not be paid until such time as it would have otherwise been paid under the terms of the award and will only be paid if the performance criteria are met.
- (vi) Subject to your execution of the Release (as defined below), an amount equal to, and on terms equal to, the severance payments and severance benefits provided to other employees within your Band, as determined under the Tyson Foods Severance Pay Plan for Contracted Employees. In the event of a Change of Control (defined below) the amount you would be entitled to in the event of termination subject to this Section 4(b) will be based on the Tyson Foods Severance Pay Plan for Contracted Employees in place at the time immediately prior to the Change of Control.

(c) Release . For purposes of this Agreement, "Release" means that specific document which Tyson shall present to you for consideration and execution after your termination of employment, under which you agree to irrevocably and unconditionally release and forever discharge Tyson, its subsidiaries, affiliates and related parties from any and all causes of action which you at that time had or may have had against Tyson (excluding any claim for indemnity under this Agreement, or any claim under state workers' compensation or unemployment laws). The Release will be provided to you as soon as practical after your Termination Date, but in any event in sufficient time so that you will have adequate time to review the Release as provided by applicable law. The Release must be signed within twenty-one (21) days of its presentation to you (or within forty-five (45) days if you are terminated as part of a group termination). The Release shall not become effective until seven (7) days after it is executed. Tyson maintains a form of Release, which it may change from time to time as it deems appropriate. The latest version of the Release shall be available for your review upon request. Subject to the payment provisions of the Tyson Foods Severance Pay Plan for Contracted Employees and Section 8 below, any payments subject to a Release shall commence on the first payroll period commencing on or after the date the Release becomes effective.

5. Acceleration of Stock Grants on Change in Control. Upon the occurrence of a Change in Control (defined below) the stock awards that have been granted to you pursuant to award agreements from Tyson under Section 2, or which have otherwise been previously granted to you under an award agreement from Tyson; and which awards remain outstanding at the time of the Change in Control, will be treated in accordance with the applicable award agreements. For purposes of this Agreement, the term "Change in Control" shall have the same meaning as set forth in Tyson's equity incentive compensation plan then in effect; provided, however, that a Change in Control shall not include any event as a result of which one or more of the following persons or entities possess or continues to possess, immediately after such event, over fifty percent (50%) of the combined voting power of the Company or, if applicable, a successor entity: (a) Tyson Limited Partnership, or any successor entity; (b) individuals related to the late Donald John Tyson by blood, marriage or adoption, or the estate of any such individual (including Donald John Tyson's); or (c) any entity (including, but not limited to, a partnership, corporation, trust or limited liability company) in which one or more of the entities, individuals or estates described in clauses (a) and (b) hereof possess over fifty percent (50%) of the combined voting power or beneficial interests of such entity. Notwithstanding the foregoing, this Section 5 shall not affect the time or form of payment under an applicable award agreement, and all awards shall be paid at the time, and in the form, provided under the terms of such award agreement. The Committee (as defined in Tyson's equity incentive plan) shall have the sole discretion to interpret the foregoing provisions of this paragraph.

6. Restrictive Covenants and Other Restrictions.

(a) Confidential Information. You acknowledge that during the course of your employment with Tyson, you will be provided, learn, develop and have access to Tyson's trade secrets, confidential information and proprietary materials which may include, but are not limited to, the following: strategies, methods, books, records, and documents; technical information concerning products, formulas, production, distribution, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers, suppliers, vendors, investors, and other business affiliates (such as contact name, service provided, pricing, type and amount of services used, credit and financial data, and/or other information relating to Tyson's relationship with that business affiliate); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; weather data; financial analysis, returns and reports and sales data; trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and marks; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating Tyson; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; payment amounts or rates paid to consultants or other service providers; and other information, whether tangible or intangible, in any form or medium provided (collectively, "Confidential Information") which is not generally available to the public and which has been developed, will be developed or acquired by Tyson at considerable effort and expense. Without limiting the foregoing, you acknowledge and agree that you will learn, be provided, develop and have access to certain techniques, methods or applications implemented or developed by Tyson which are not generally known to the public or within the community in which Tyson competes, and any and all such information shall be treated as Confidential Information.

During the term of this Agreement or at any time thereafter, unless otherwise specifically authorized in writing by Tyson, you hereby covenant and agree: (i) to hold Confidential Information in the strictest confidence; (ii) not to, directly or indirectly, disclose, divulge or reveal any Confidential Information to any person or entity other than as authorized by Tyson; (iii) to use such Confidential Information only within the scope of your employment with Tyson for the benefit of Tyson; and (iv) to take such protective measures as may be reasonably necessary to preserve the secrecy and interest of Tyson in the Confidential Information. You agree to immediately notify Tyson of any unauthorized disclosure or use of any Confidential Information of which you become aware. The confidentiality obligations herein shall not prohibit you from revealing evidence of criminal wrongdoing to legitimate law enforcement officials or Confidential Information by order of court or agency of competent jurisdiction or as otherwise required by law; however, you shall promptly inform Tyson of any such situations and shall take reasonable steps to prevent disclosure of Confidential Information until Tyson has been informed of such required disclosure and has had a reasonable opportunity first to seek a protective order.

(b) Creative Works. "Creative Works" include, but are not limited to, all original works of authorship, inventions, discoveries, designs, computer hardware and software, algorithms, programming, scripts, applets, databases, database structures, or other proprietary information, business ideas, and related improvements and devices, which are conceived, developed, or made by you, either alone or with others, in whole or in part, on or off Tyson's premises, (i) during your employment with Tyson, (ii) with the use of the time, materials, or facilities of Tyson, (iii) relating to any product, service, or activity of Tyson of which you have knowledge, or (iv) suggested by or resulting from any work performed by you for Tyson. Creative Works do not include inventions or other works developed by you entirely on your own time without using Tyson's equipment, supplies, facilities, or trade secret information except for those inventions or works developed during your Period of Employment that either: (a) relate at the time of conception or reduction to practice of the invention to Tyson's business, or actual or demonstrably anticipated research or development of Tyson; or (b) result from any work performed by you for Tyson. If you are or become a resident of any state during your employment that has enacted laws relating to ownership of works created without use of or reference to Tyson materials, facilities, and/or intellectual property and do not relate to Tyson's business, this Section shall be limited solely to the extent provided by the applicable laws of such states.

To the extent any rights in the Creative Works are not already owned by Tyson, you irrevocably assign and transfer to Tyson all proprietary rights, including, but not limited to, all patent, copyright, trade secret, trademark, and publicity rights, in the Creative Works and agree that Tyson will be the sole and exclusive owner of all right, title, and interest in the Creative Works. Tyson will have the right to use all Creative Works, whether original or derivative, in any manner whatsoever and in any medium now known or later developed. You agree not, at any time, to assert any claim, ownership, or other interest in any of the Creative Works or Confidential Information.

Both during and after your employment, you agree to execute any documents necessary to effectuate the assignment to Tyson of the Creative Works, and will execute all papers and perform any other lawful acts reasonably requested by Tyson for the preparation, prosecution, procurement, and maintenance of any trademark, copyright, and/or patent rights in and for the Creative Works. You further agree that you will not be entitled to any compensation in addition to the salary paid to you during the development of the Creative Works. In the event Tyson is unable for any reason to secure your signature to any document Tyson reasonably requests you to execute under this Section 6, you hereby irrevocably designate and appoint Tyson and its authorized officers and agents as your agents and attorneys-in-fact to act for and in your behalf and instead of you to execute such document with the same legal force and effect as if executed by you.

(c) No Restrictions on Employment. You are being employed or continuing to be employed by Tyson with the understanding that (i) you are free to enter into employment or continued employment with Tyson, (ii) your employment with Tyson will not violate any agreement you may have with a third party (e.g., existing employment, non-compete, intellectual property ownership, and/or non-disclosure agreements) and (iii) only Tyson is entitled to the benefit of your work. If you have any agreements with a prior employer, you are required to provide such agreements to Tyson prior to executing this Agreement. Tyson has no interest in using any other person's patents, copyrights, trade secrets, or trademarks in an unlawful manner. You should be careful not to disclose to Tyson any intellectual property or confidential information of your prior employers or anyone else or misapply proprietary rights that Tyson has no right to use and you further represent and warrant that you have either already returned or have coordinated the return of all such information to any prior employer.

(d) Removal and Return of Tyson Property. All written materials, records, data, and other documents prepared or possessed by you during your employment with Tyson are Tyson's property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are Tyson's property. You agree not to remove any property of Tyson, including, but not limited to, any Confidential Information or Creative Works, from Tyson's premises, except as authorized under Tyson's policies or with the prior written approval of Tyson's General Counsel or Chief Human Resources Officer. Unless specifically authorized by Tyson in writing, you may not place Tyson Confidential Information or Creative Works on Removable Media, as defined below. On Tyson's request, your acceptance of other employment, or the termination of your employment for any reason, you will immediately return to Tyson all Tyson property, including all Confidential Information and Creative Works and any and all documents and materials that contain, refer to, or relate in any way to any Confidential Information, as well as any other property of Tyson in your possession or control, including all electronic and telephonic equipment, credit cards, security badges, and passwords. You will permit Tyson to inspect any property provided by Tyson to you or developed by you as a result of or in connection with your employment with Tyson when you accept other employment or otherwise separate from your employment, regardless of where the property is located. For purposes of this Section, "Removable Media" means portable or removable hard disks, floppy disks, USB memory drives, zip disks, optical disks, CDs, DVDs, digital film, memory cards (e.g., Secure Digital (SD), Memory Sticks (MS), CompactFlash (CF), SmartMedia (SM), MultiMediaCard (MMC), and xD-Picture Card (xD)), magnetic tape, and all other removable data storage media.

(e) Non-Competition. You acknowledge that Tyson performs services throughout the United States and that your duties and services impact Tyson's performance of services throughout the United States. Accordingly, you acknowledge the need for certain restrictions contained in this Agreement to be without limitation as to location or geography within the United States. You agree that during your employment with Tyson, and for a period of 12 months thereafter, you will not directly or indirectly, on behalf of yourself or in conjunction with any other person, company or entity, own (other than less than 5% ownership in a publicly traded company), manage, operate, or participate in the ownership, management, operation, or control of, or be employed by or a consultant to any person, company or entity which is in competition with Tyson, with which you would hold a position with responsibilities similar to any position you held with Tyson during the 24 months preceding your Termination Date or in which you would utilize or disclose confidential methodologies, techniques, customer lists or information of Tyson. You agree that during your employment with Tyson and for a period of 12 months thereafter you will not directly or indirectly, on behalf of you or any other person, company or entity, participate in the planning, research or development of any strategies or methodologies, similar to strategies or methodologies, utilized or developed by Tyson, excluding general industry knowledge, for which you had access to, utilized or developed during the 36 months preceding your Termination Date. You agree that nothing in this Section shall limit your confidentiality obligations in this Agreement. Further, you understand and agree that during your employment and the restricted time periods thereafter designated in this Agreement, while you may gather information to investigate other employment opportunities, you shall not make plans or prepare to compete, solicit or take on activities which are in violation of this Agreement. Should you leave Tyson and accept employment or a consulting position with a competitor, you are required beforehand to inform Tyson of the identity of your new employer and your responsibilities for the new employer. You are also required to show this Agreement to all new employers prior to accepting new employment and Tyson shall also be permitted to show this Agreement to all new employers as well.

(f) Non-Solicitation. You agree that during your employment with Tyson and for a period of 36 months thereafter, you will not, nor will you assist any third party to, directly or indirectly (i) raid, hire, solicit, encourage or attempt to persuade any employee or independent contractor of Tyson, or any person who was an employee or independent contractor of Tyson during the 6 months preceding the Termination Date, who possesses or had access to Confidential Information of Tyson, to leave the employ of or terminate a relationship with Tyson; (ii) interfere with the performance by any such persons of their duties for Tyson; (iii) communicate with any such persons for the purposes described in the paragraph above; or (iv) solicit, encourage or attempt to persuade any customer or vendor of Tyson during the 6 months preceding your Termination Date to terminate or modify its relationship with Tyson.

(g) Non-Disparagement. You agree that you shall not at any time engage in any form of conduct, or make any statement or representation, either oral or written, that disparages, impugns or otherwise impairs the reputation, goodwill or interests of Tyson, or any of its officers, directors, shareholders, managing members, representatives, and/or employees or agents in either the individual or representative capacities of any of the foregoing individuals (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments). Nor shall you direct, arrange or encourage others to make any such derogatory or disparaging statements on your behalf. Nothing in this Section, however, shall prevent you from providing truthful testimony or information in any proceeding or in response to any request from any governmental agency, or judicial, arbitral or self-regulatory forum.

(h) Effect of Breach. You acknowledge and agree that, in the event of any breach by you of the terms and conditions of this Agreement, pursuant to the terms of certain benefit plans and programs, your accrued benefits thereunder may be discontinued or forfeited, in addition to any other rights and remedies Tyson may have at law or in equity. You acknowledge that irreparable damage would result to Tyson if the provisions of this Agreement are not specifically enforced, and that, in addition to any other legal or equitable relief available, and notwithstanding any alternative dispute resolution provisions that have been or may be agreed to between Tyson and you, Tyson shall be entitled to injunctive relief in the event of any failure to comply with the provisions of this Agreement. If you violate any of the terms of this Agreement, you will indemnify Tyson for the expenses, including but not limited to reasonable attorneys' fees, incurred by Tyson in enforcing this Agreement.

(i) Clawback Policies. In addition to subsection (h) above, any amounts payable under this Agreement are subject to any policy, whether in existence as of the Effective Date or later adopted, established by Tyson that provides for the clawback or recovery of amounts that were paid to you under circumstances requiring clawback or recovery as set forth in such policy. Tyson will make any determinations for clawback or recover in its sole discretion and in accordance with any applicable law or regulation. Further, notwithstanding any other provisions of this Agreement, if within one year of the termination of your employment, Tyson becomes aware of facts that would have allowed Tyson to terminate your employment for Cause (within the meaning of Section 3), then, to the extent permitted by law:

- (i) Tyson may elect to cancel any and all payments of benefits otherwise due to you, but not yet paid, under this Agreement or otherwise; and
- (ii) you will refund to Tyson any amounts, plus interest, previously paid by Tyson to you in excess of your Accrued Compensation and Plan Benefits (within the meaning of Section 4).

7. General.

(a) Enforcement and Severability. You specifically acknowledge and agree that the purpose of the restrictions contained in this Agreement is to protect Tyson from unfair competition, including improper use of the Confidential Information by you, and that the restrictions and covenants contained herein are reasonable with respect to both scope and duration of application. Notwithstanding the foregoing, if any court determines that any of the terms herein are unreasonable, invalid or unenforceable, the court may interpret, alter, amend or modify any or all of the terms to include as much of the scope, time period and intent as will render the restrictions enforceable, and then as modified, enforce the terms. Each covenant and restriction contained in this Agreement is independent of each other such covenant and restriction, and if any such covenant or restriction is held for any reason to be invalid, unenforceable and incapable of corrective modification, then the invalidity or unenforceability of such covenant or restriction shall not invalidate, affect or impair in any way the validity and enforceability of any other such covenant or restriction.

(b) Notices. All written notices, requests and other communications provided pursuant to this Agreement shall be deemed to have been duly given, if delivered in person or by courier, or by facsimile transmission or sent by express, registered or certified mail, postage prepaid addressed, if to you, at the most recent address on record in Tyson's human resources information system, and if to Tyson, at its headquarters:

Tyson Foods, Inc.
Attn: Chief Human Resources Officer
2200 Don Tyson Parkway Springdale, Arkansas 72762-6999

(c) Modification. This Agreement contains all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind either of the parties hereto, except for any pre employment confidentiality agreement that may exist between the parties or any agreement or policy specifically referenced herein. This Agreement cannot be modified except by a writing signed by both parties.

(d) Assignment. This Agreement shall be binding upon you, your heirs, executors and personal representatives and upon Tyson, its successors and assigns. You acknowledge that the services to be rendered by you are unique and personal. You may not assign, transfer or pledge your rights or delegate your duties or obligations under this Agreement, in whole or in part, without first obtaining the written consent of Tyson's General Counsel or Chief Human Resources Officer.

(e) Applicable Law. You acknowledge that this Agreement is performable at various locations throughout the United States and specifically performable wholly or partly within the State of Arkansas and consent to the validity, interpretation, performance and enforcement of this Agreement being governed by the internal laws of said State of Arkansas, without giving effect to the conflicts of laws provisions thereof.

(f) Jurisdiction and Venue of Disputes. The courts of Washington County, Arkansas shall have exclusive jurisdiction and be the venue of all disputes between Tyson and you, whether such disputes arise from this Agreement or otherwise. In addition, you expressly waive any right that you may have to sue or be sued in the county of your residence and consent to venue in Washington County, Arkansas.

(g) Funding. All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid from the general funds of Tyson, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. You shall have no right, title or interest whatever in or to any investments which Tyson may make to aid Tyson in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from Tyson hereunder, such right shall be no greater than the right of an unsecured creditor of Tyson.

8. Special Tax Considerations.

(a) Tax Withholding. Tyson shall provide for the withholding of any taxes required to be withheld by federal, state and local law with respect to any payments in cash and/or other property made by or on behalf of Tyson to or for your benefit under this Agreement or otherwise.

(b) Excise Tax. Notwithstanding the foregoing, if the total payments to be paid to you under this Agreement, along with any other payments to you by Tyson, would result in you being subject to the excise tax imposed by Section 4999 of the Code (commonly referred to as the "Golden Parachute Tax"), Tyson shall reduce the aggregate payments to the largest amount which can be paid to you without triggering the excise tax, but only if and to the extent that such reduction would result in you retaining larger aggregate after-tax payments. The determination of the excise tax and the aggregate after-tax payments to be received by you will be made by Tyson. If payments are to be reduced, the payments made latest in time will be reduced first and if payments are to be made at the same time, non-cash payments will be reduced before cash payments.

(c) Separation from Service. In the event that the termination of your employment does not constitute a "separation from service" as defined in Code Section 409A, including all regulations and other guidance issued pursuant thereto, your rights to the payments and benefits described in Section 4 will vest upon the Termination Date, but no payment to you that is subject to Code Section 409A will be paid until you incur a separation from service (or until six (6) months after such date if you are a "specified employee" pursuant to subsection (d) of this Section), and any amounts that would otherwise have been paid before such date will be paid instead as soon as practicable after such date.

(d) Six-Month Delay in Payment . Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" as defined and applied in Code Section 409A as of your Termination Date, then, to the extent any payment under this Agreement or any Tyson plan or policy constitutes deferred compensation (after taking into account any applicable exemptions from Code Section 409A, including those specified in subsection (t) of this Section) and to the extent required by Code Section 409A, no payments due under this Agreement or any Tyson plan or policy may be made until the earlier of: (i) the first (1st) day following the six (6) month anniversary of your Termination Date and (ii) your date of death; provided, however, that any payments delayed during the six (6) month period will be paid in the aggregate as soon as reasonably practicable following the six (6) month anniversary of your Termination Date.

(e) Expense Reimbursement . In no event will an expense be reimbursed after December 31 of the calendar year following the calendar year in which the expense was incurred. You are not permitted to receive a payment or other benefit in lieu of reimbursement under Section 2(e).

(f) Application of Exemptions . For purposes of Code Section 409A, each "payment" (as defined by Code Section 409A) made under this Agreement will be considered a "separate payment." In addition, for purposes of Code Section 409A, each such payment will be deemed exempt from Code Section 409A to the fullest extent possible under (i) the "short-term deferral" exemption of Treasury Regulation § 1.409A-1((b)(4), and (ii) with respect to any additional amounts paid no later than the second (2nd) calendar year following the calendar year containing your Termination Date, the "involuntary separation" pay exemption of Treasury Regulation § 1.409A-1 (b)(9)(iii), which are hereby incorporated by reference.

(g) Effect of Release . Any amounts that are not exempt from Code Section 409A under paragraph (f) above, and which are paid subject to your execution of a Release that provides for a consideration period and revocation period that crosses two calendar years, shall be paid on the first payroll date in the second calendar year that occurs on or after the expiration of the revocation period, regardless of the date the Release is signed.

(h) Interpretation and Administration of Agreement . To the maximum extent permitted by law, this Agreement will be interpreted and administered in such a manner that the payments to you are either exempt from, or comply with, the requirements of Code Section 409A.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

YOU ACKNOWLEDGE THAT YOU HAVE COMPLETELY READ THE ABOVE, HAVE BEEN ADVISED TO CONSIDER THIS AGREEMENT CAREFULLY, AND HAVE BEEN FURTHER ADVISED TO REVIEW IT WITH LEGAL COUNSEL OF YOUR CHOOSING BEFORE SIGNING. YOU FURTHER ACKNOWLEDGE THAT YOU ARE SIGNING THIS AGREEMENT VOLUNTARILY, AND WITHOUT DURESS, COERCION, OR UNDUE INFLUENCE AND THEREBY AGREE TO ALL OF THE TERMS AND CONDITIONS CONTAINED HEREIN.

/s/ Doug Ramsey
(Employee)

Corporate
(Location)

10-13-14
(Date)

Tyson Foods, Inc.
By /s/ Donnie King
Title President North American Operations and Food Service

Ratio of Earnings to Fixed Charges

(dollars in millions)

	6 Months Ending	Fiscal Years			
	April 1, 2017	2016	2015	2014	2013
Earnings:					
Income from continuing operations before income taxes and equity method investment earnings	\$ 1,425	\$ 2,586	\$ 1,908	\$ 1,241	\$ 1,254
Add: Fixed charges	148	313	358	194	219
Add: Amortization of capitalized interest	3	7	5	5	5
Less: Capitalized interest	(5)	(7)	(10)	(8)	(8)
Total adjusted earnings	1,571	2,899	2,261	1,432	1,470
Fixed Charges:					
Interest	110	241	283	122	116
Capitalized interest	5	7	10	8	8
Amortization of debt discount expense	4	8	10	10	28
Rentals at computed interest factor ⁽¹⁾	29	57	55	54	67
Total fixed charges	\$ 148	\$ 313	\$ 358	\$ 194	\$ 219
Ratio of Earnings to Fixed Charges	10.61	9.26	6.32	7.38	6.71

⁽¹⁾ Amounts represent those portions of rent expense (one-third) that are reasonable approximations of interest costs.

CERTIFICATIONS

I, Thomas P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

/s/ Thomas P. Hayes

Thomas P. Hayes

President and Chief Executive Officer

CERTIFICATIONS

I, Dennis Leatherby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tyson Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2017

/s/ Dennis Leatherby

Dennis Leatherby

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Tyson Foods, Inc. (the Company) on Form 10-Q for the period ended April 1, 2017, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas P. Hayes, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas P. Hayes

Thomas P. Hayes

President and Chief Executive Officer

May 8, 2017

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Tyson Foods, Inc. (the Company) on Form 10-Q for the period ended April 1, 2017, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Dennis Leatherby, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Dennis Leatherby

Dennis Leatherby

Executive Vice President and Chief Financial Officer

May 8, 2017