Tyson™

# Strong Today
# Leading for Tomorrow

## Investor Presentation

March 2017

# Forward-Looking Statements

Certain information contained in the press release may constitute forward-looking statements, such as statements relating to expected performance, and including, but not limited to, statements appearing in the "FY17 Outlook" section and statements relating to projected EPS and sales. These forward-looking statements are subject to a number of factors and uncertainties which could cause our actual results and experiences to differ materially from the anticipated results and expectations expressed in such forward-looking statements. We wish to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Among the factors that may cause actual results and experiences to differ from anticipated results and expectations expressed in such forward-looking statements are the following: (i) 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, pandemics 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 period ended October 1, 2016.

# Why Invest in TSN

- Our Total Shareholder Return far exceeds our peer set over the past three years
- We've produced consistent earnings growth and returned cash to shareholders through share repurchases and dividends
- We occupy a unique position at the intersection of Opportunity, Capability and Firepower
  - Differentiated capabilities position us to capitalize on opportunities created by changing consumer demand for fresh, protein packed foods
  - We lead across channels, categories and eating occasions with a diverse product portfolio
  - Our expertise spans from agriculture to dining culture with the ability to drive positive change at unmatched scale
  - Our solid business model and disciplined execution give us the firepower to capitalize on opportunities

> "We will grow, deliver results and sustain that growth over time."
> – *President & CEO Tom Hayes*

# FY16 – Another Record Year

- Record Operating Income
- Record Operating Margin
- Record Adjusted EPS*
- Record Operating Cash Flow
- Record Pork Segment Operating Margin
- Record Prepared Foods Segment Operating Margin

| **($ in millions)** | **FY16** | **FY15** | **YOY Growth** |
|---|---|---|---|
| Net Sales | $36,881 | $40,623* | -9% |
| Adjusted Operating Income* | $2,833 | $2,253 | 26% |
| Adjusted Operating Margin* | 7.7% | 5.5% | |
| Adjusted EPS* | $4.39 | $3.15 | 39% |
| Operating Cash Flow | $2,716 | $2,570 | 6% |

| **($ in millions)** | **FY16** | | **Adjusted YOY Growth*** |
|---|---|---|---|
| | **Dollars** | **ROS%** | |
| **Operating Income** | | | |
| Chicken | $1,305 | 11.9% | -3% |
| Beef | $347 | 2.4% | 755% |
| Pork | $528 | 10.8% | 42% |
| Prepared Foods | $734 | 10.0% | 15% |
| Other | $(81) | n/a | n/a |
| Total | $2,833 | 7.7% | 26% |

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

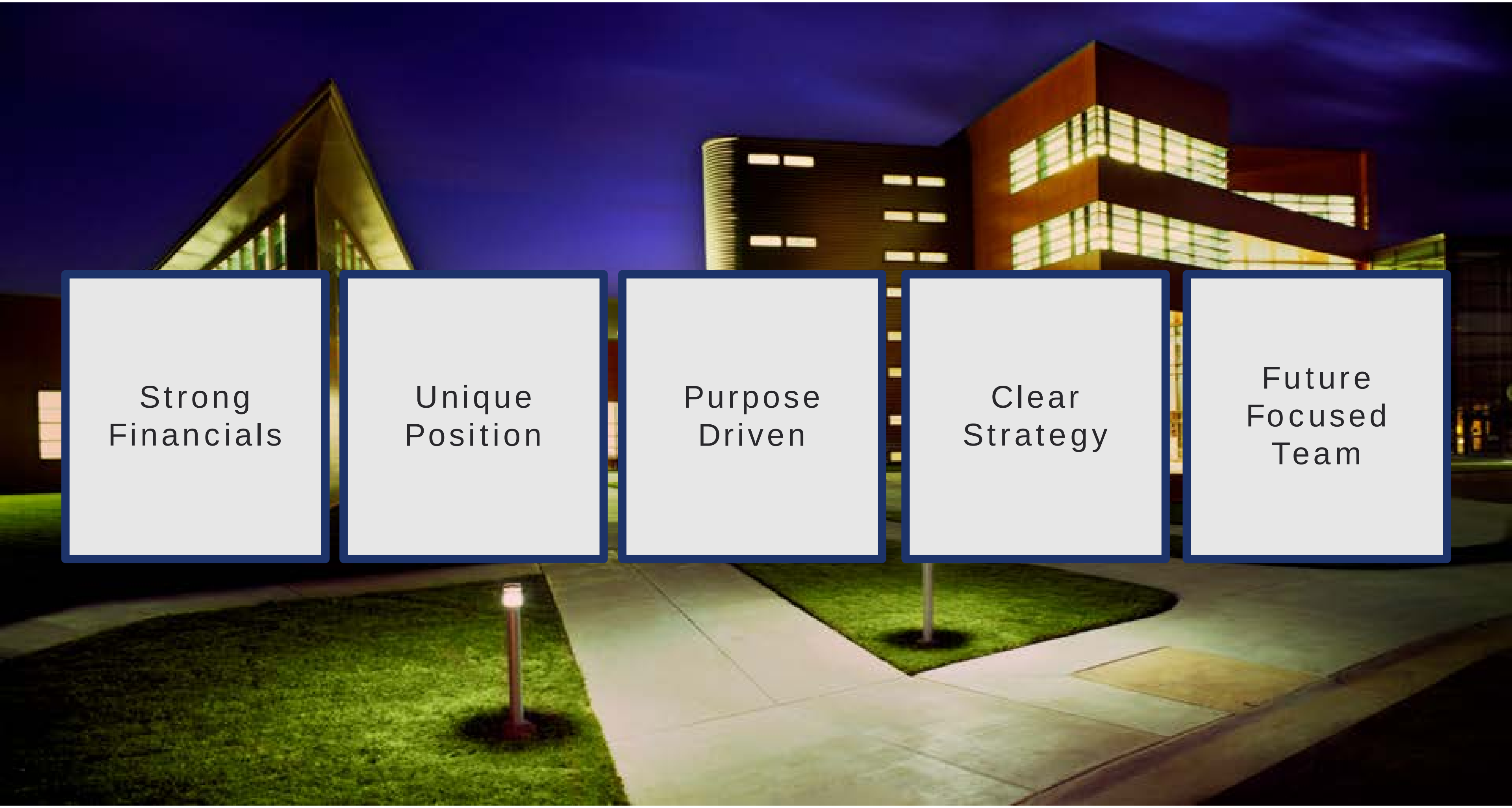
# FY17 Outlook

- EPS of $4.90-5.05*
  - ~12% growth over FY16 adjusted EPS**
- Sales of ~$37B
  - Similar to FY16 as we grow volume across each segment, offset by lower beef prices
- CapEx of ~$1B

**Projected EPS as of 02/21/17*
***Represents a non-GAAP financial measure. Adjusted EPS is explained and reconciled to comparable a GAAP measure in the Appendix.*

- Chicken Segment operating margin at the upper end of the 9-11% normalized range
- Beef Segment operating margin around 5%
- Pork Segment operating margin around 12%
- Prepared Foods Segment operating margin a little below fiscal 2016 as we invest in innovation and growth of our brands as well as invest in some of our facilities to enable operational improvements and cost efficiencies

# Strong Today, Leading for Tomorrow



Strong Financials

Unique Position

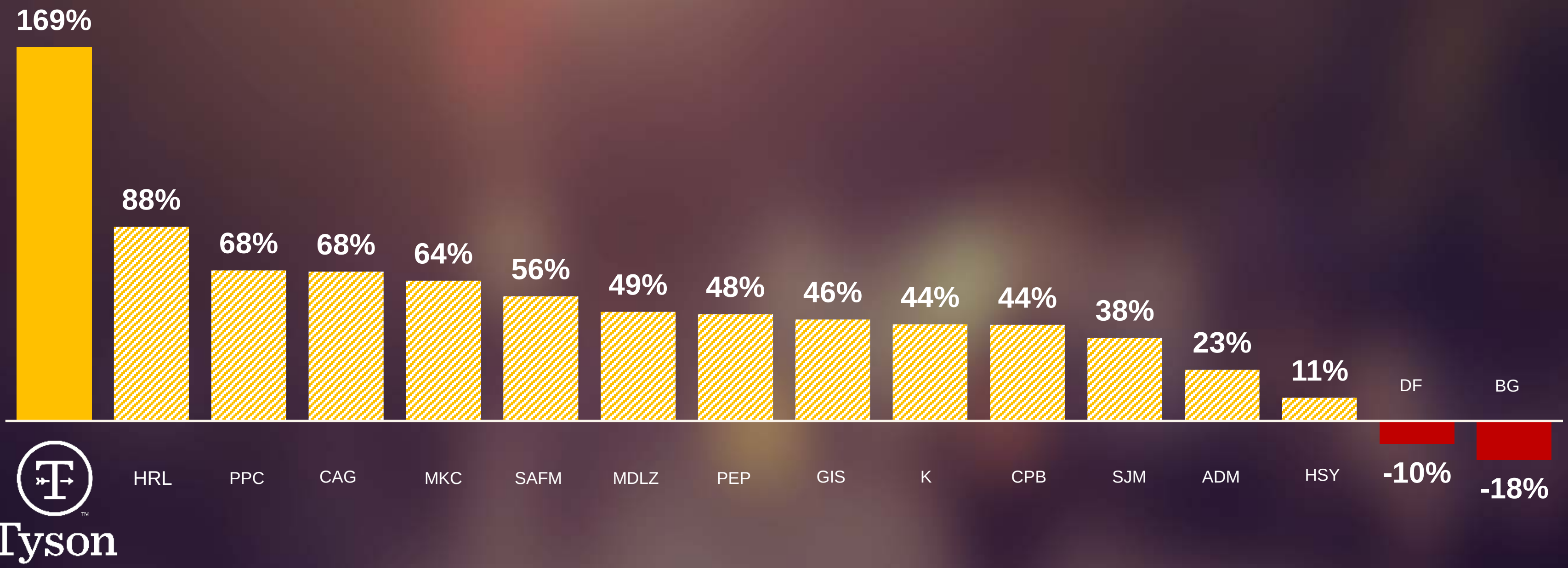
Purpose Driven

Clear Strategy

Future Focused Team

# Unmatched Shareholder Return Among Peers

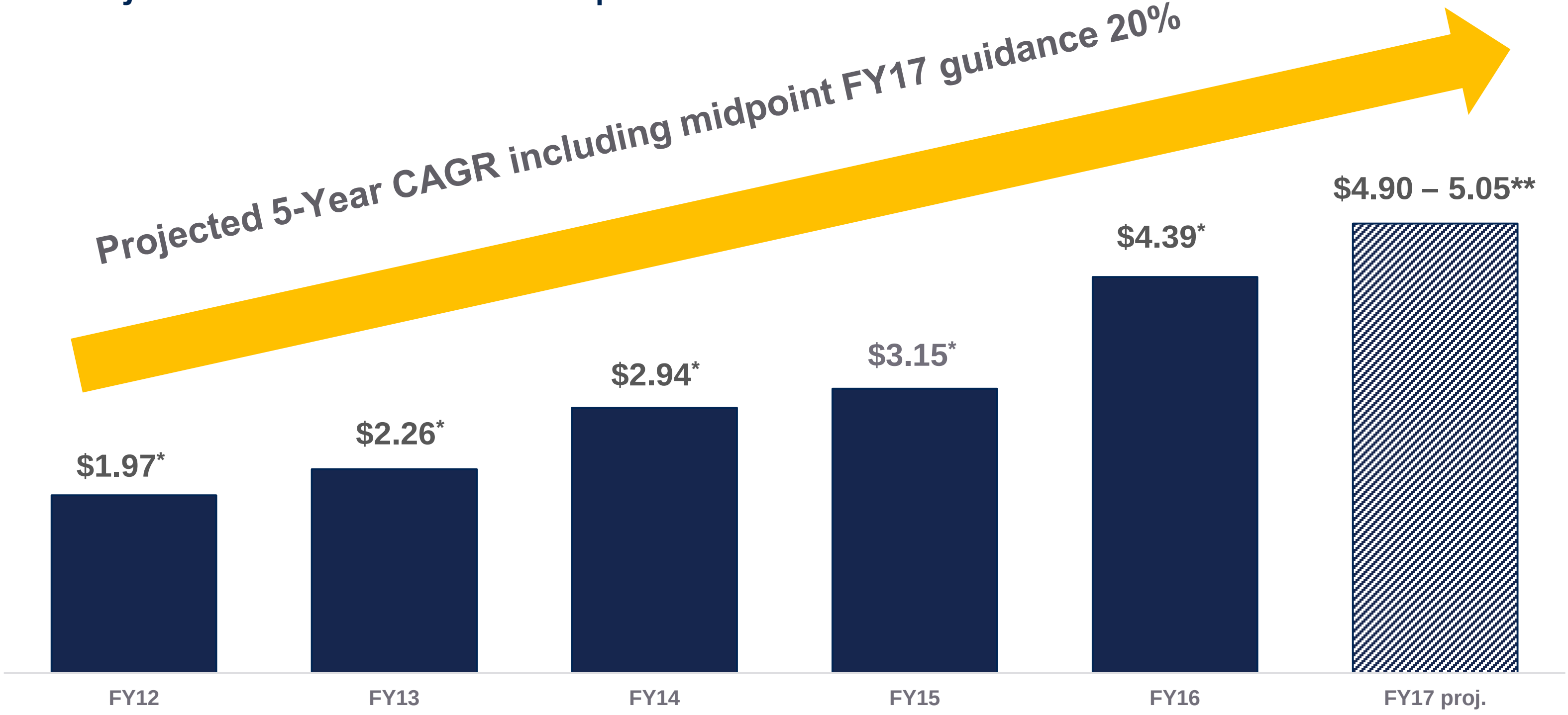
## Total Shareholder Return* Past 3 years



*[*] SOURCE: Bloomberg - This information should not be deemed to be "soliciting material" subject to regulation 14a or 14c or to the liabilities of Section 18 of the Securities Exchange Act of 1934*

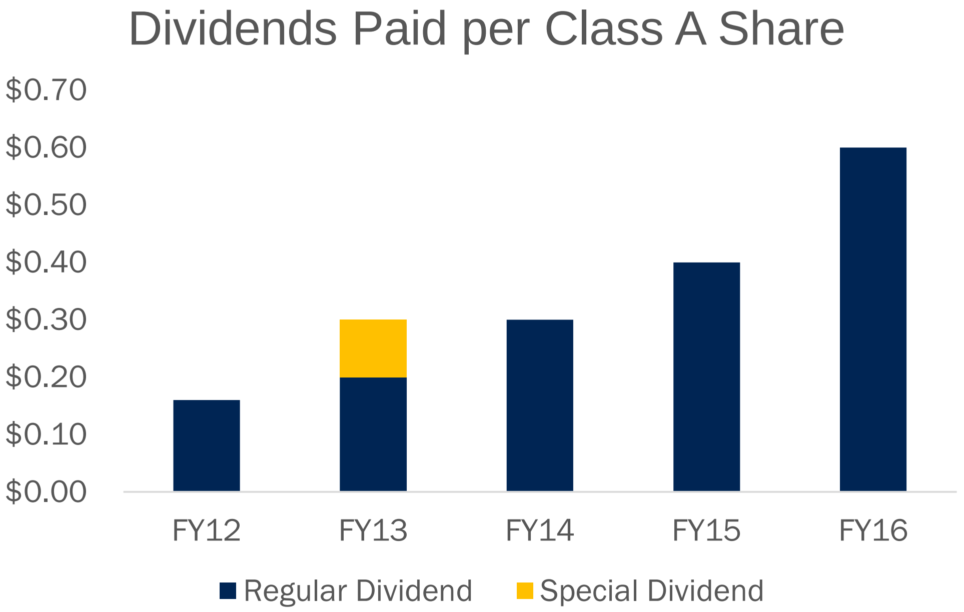
# Consistent EPS Growth

## FY16 Adjusted EPS* Growth Up 39% vs. FY 2015



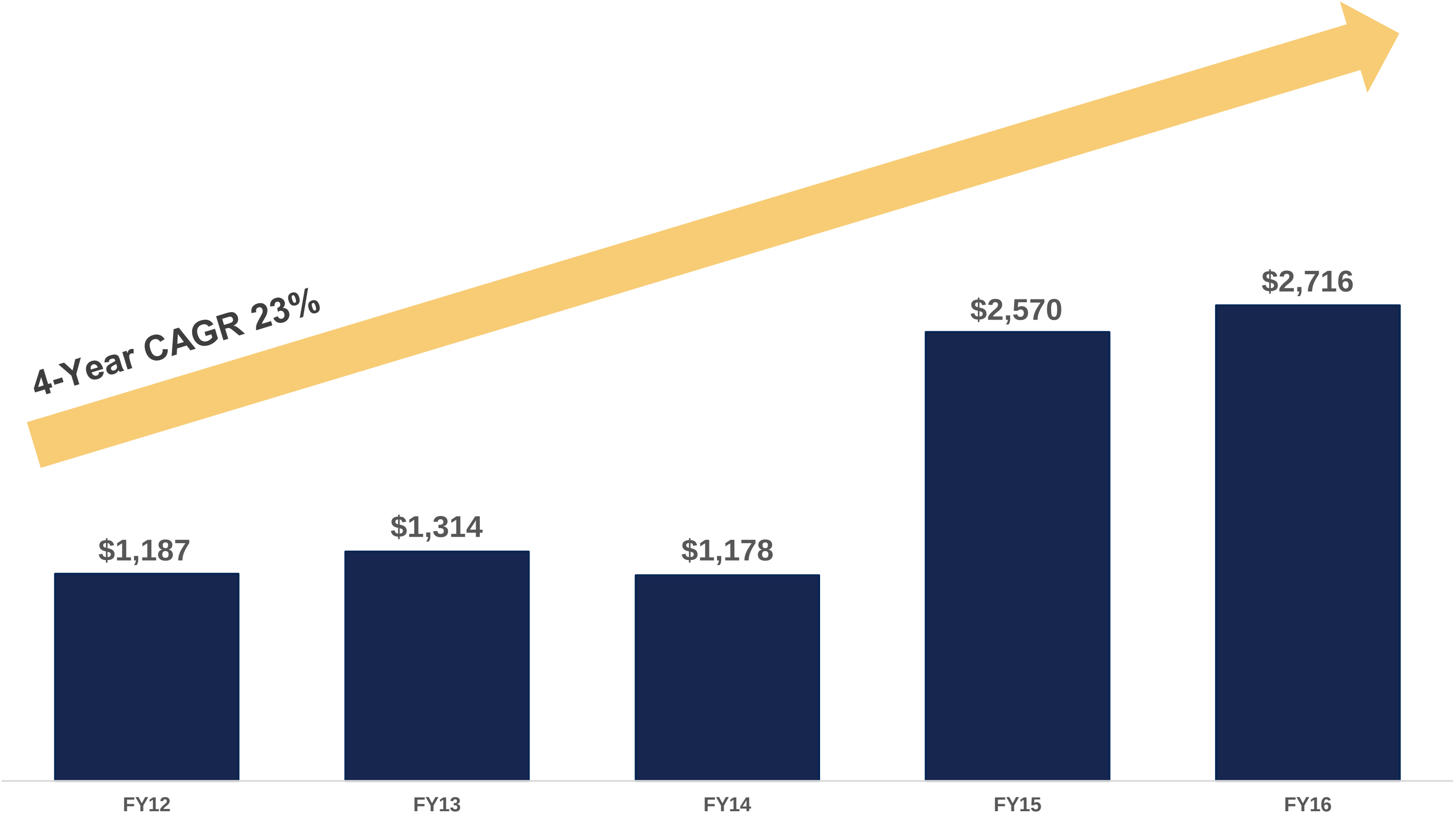
*Represents a non-GAAP financial measure. Adjusted EPS is explained and reconciled in the Appendix at "EPS Reconciliations."
**Projected EPS guidance as of 2/06/17

# Returning Cash to Shareholders



- Board of Directors increased regular quarterly dividend by 50% to $0.225 per share for Class A common stock payable on 12/15/16
- Board of Directors intends to increase future dividends for Class A shares by at least 10 cents per share annually
- 28.2 million shares repurchased in fiscal 2016, excluding shares repurchased to offset dilution from equity compensation plans

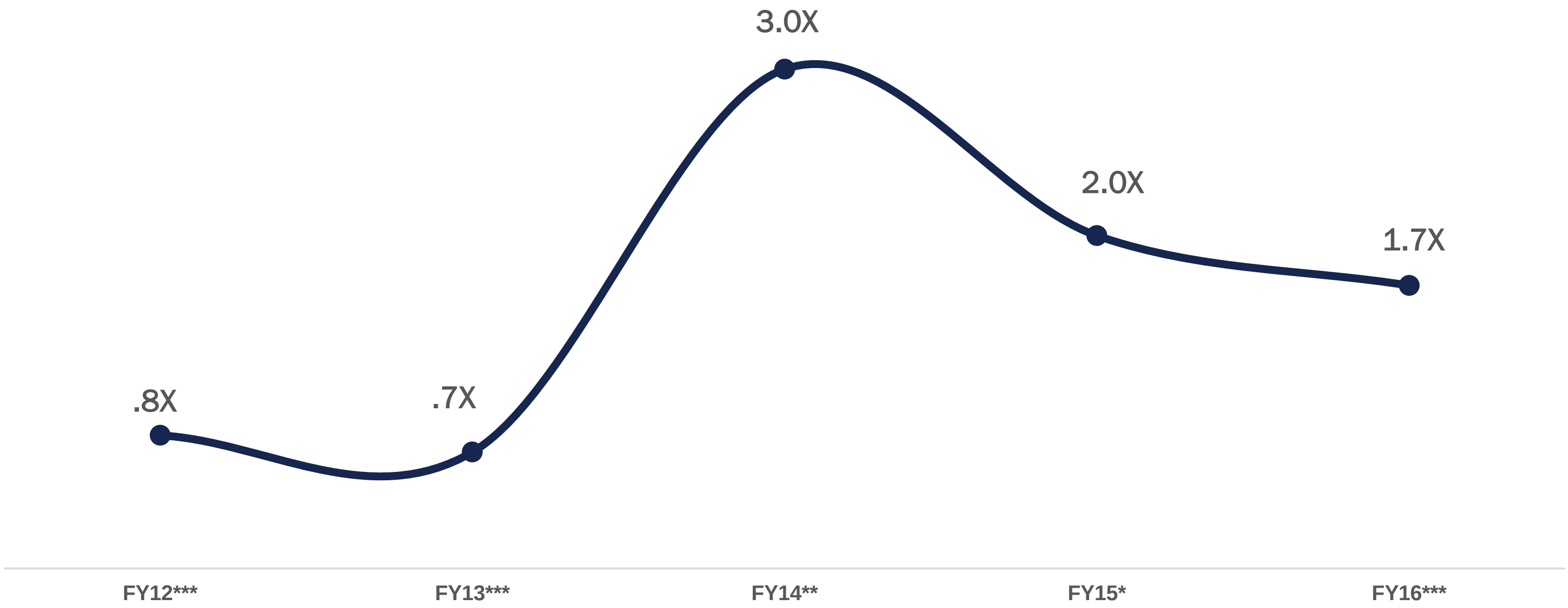
# Strong Cash Flow Fuels Growth



Operating Cash Flow ($ in millions)

# Rapid Deleveraging Positions Us for Growth

## Favorable Net Debt/ Adjusted EBITDA*



*Represents a non-GAAP financial measure. Net debt/adjusted EBITDA is explained and reconciled to a comparable GAAP measure in the Appendix.

** FY14 Net Debt/EBITDA was calculated on a pro forma basis due to the acquisition of Hillshire Brands in August 2014.

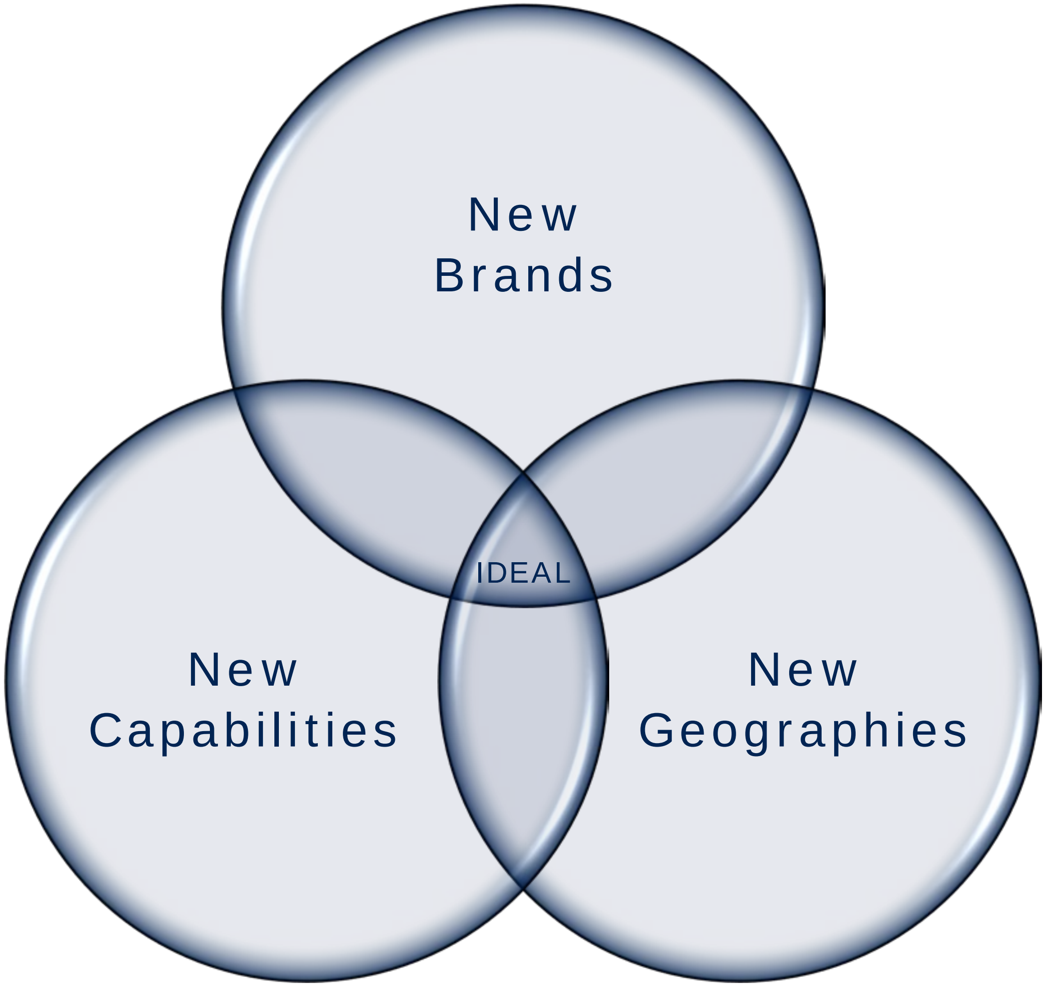
*** FY12, FY13 and FY16 represent net debt to EBITDA

# Priorities for Cash

- Growing our businesses organically through operational efficiency and capital expansion projects, along with investing in innovation and brand building
- Acquiring businesses that support our strategic objectives
- Returning cash to shareholders through share repurchases and dividends while maintaining plenty of liquidity and investment-grade credit ratings and continuing to expand debt capacity

> “Capital allocation priorities are governed by a disciplined focus on driving long-term shareholder value.”
>
> – *Dennis Leatherby, CFO*

# A Simple Framework for M&A



New Brands

IDEAL

New Capabilities

New Geographies

# Strategy for Growth

## Strategic Intent

# Sustainably feed the world with the fastest growing portfolio of protein packed brands

# Twin Engines of Growth

Growing our portfolio of protein packed brands

Delivering sustainable food at scale

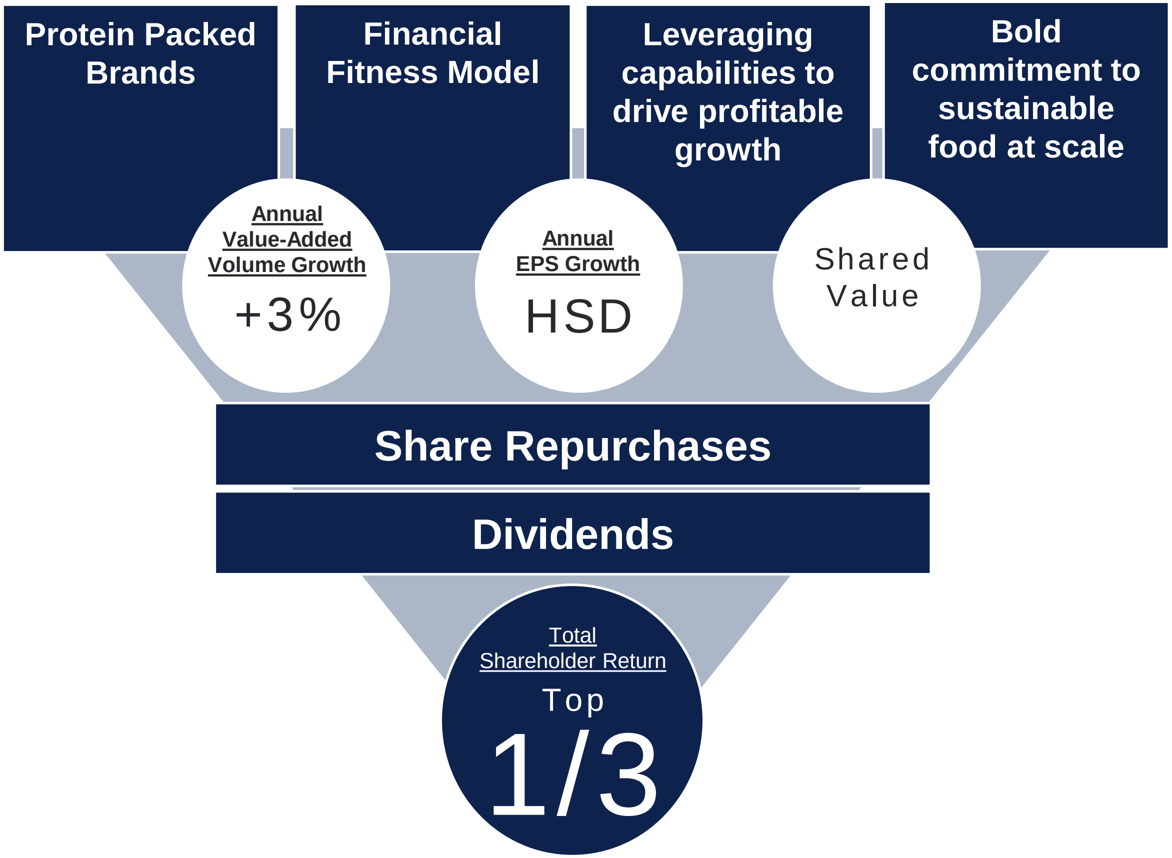
Critical Enablers

Driving profitable growth with and for our customers through differentiated capabilities

Creating fuel for reinvestment through a disciplined financial fitness model

**Sustainably feed the world with the fastest growing portfolio of protein packed brands**

# Value Creation Model



**Protein Packed Brands**

**Financial Fitness Model**

**Leveraging capabilities to drive profitable growth**

**Bold commitment to sustainable food at scale**

**Annual Value-Added Volume Growth**

+3%

**Annual EPS Growth**

HSD

Shared Value

**Share Repurchases**

**Dividends**

Total Shareholder Return

Top 1/3

# A New Approach to Efficiency Will Fund Investments for Sustainable Growth

**TYSON FINANCIAL FITNESS MODEL**

REDUCE waste across the entire company through Continuous Improvement

ALLOCATE financial and human capital for growth

TRANSFORM our business through technology

# Superior Results Through Defined Portfolio Roles

| Branded & Value Added | | Commodity |
|---|---|---|
| RETAIL | FOODSERVICE | ALL-CHANNELS |
| Grow above industry by investing in brand building, innovation and customer development | Grow above industry and expand margins through customer partnership, differentiation and competitive costs | Leverage throughput and efficiency to generate cash |

# Proven Leadership Team Aligned Against Our Strategy

Designed to Elevate Focus on

CONSUMERS
CUSTOMERS
SUSTAINABILITY
TECHNOLOGY

Sally Grimes

President
NA Retail

Andy Callahan

President
NA Foodservice & International

Noel White

Chief Operations Officer

Monica McGurk

Chief Growth Officer

Dennis Leatherby

Chief Financial Officer

Scott Rouse

Chief Customer Officer

David Van Bebber

General Counsel

Devin Graham

Chief Technology Officer
(Interim)

Mary Oleksiuk

Chief Human Resources Officer

OPEN

Chief Sustainability Officer

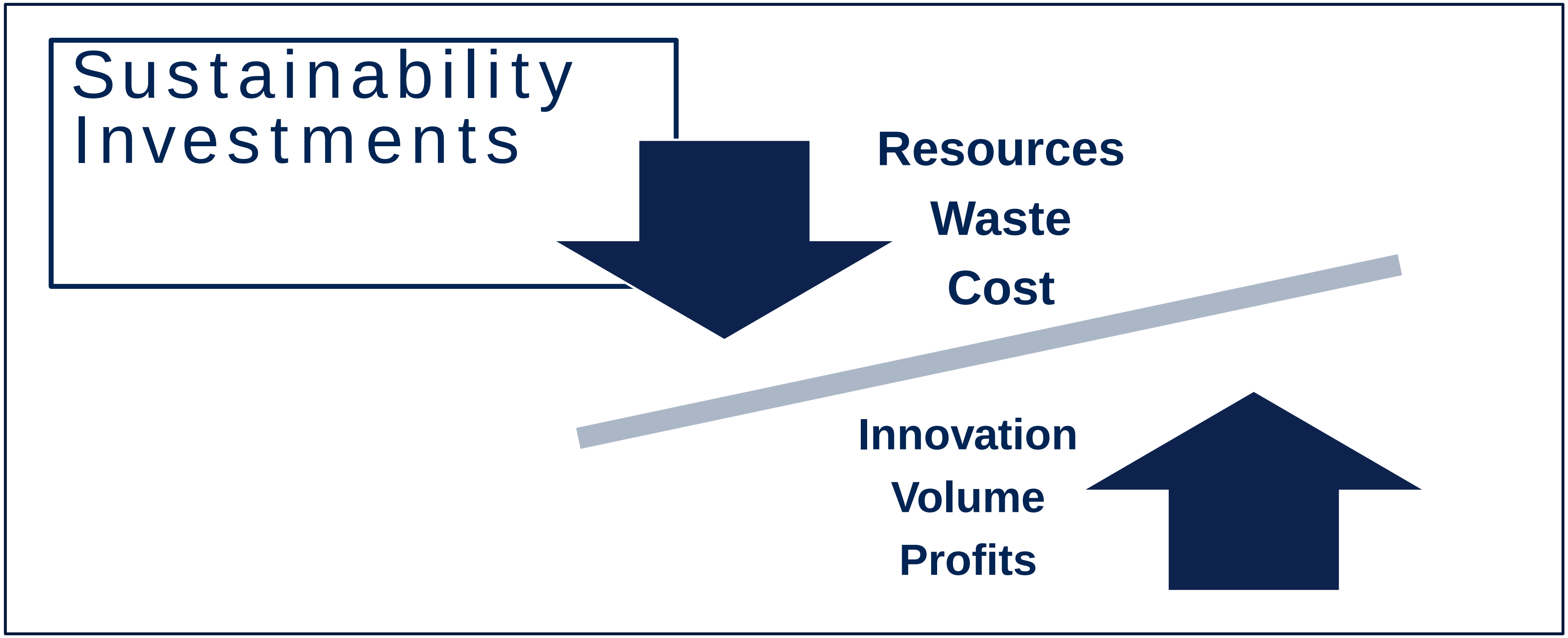
# Leading the Way in Food Sustainability

*FORTUNE*

# No. 1 Most Admired Company

Food Production Industry

# Over Time Sustainability Investments Will Fund Themselves



Sustainability Investments

Resources

Waste

Cost

Innovation

Volume

Profits

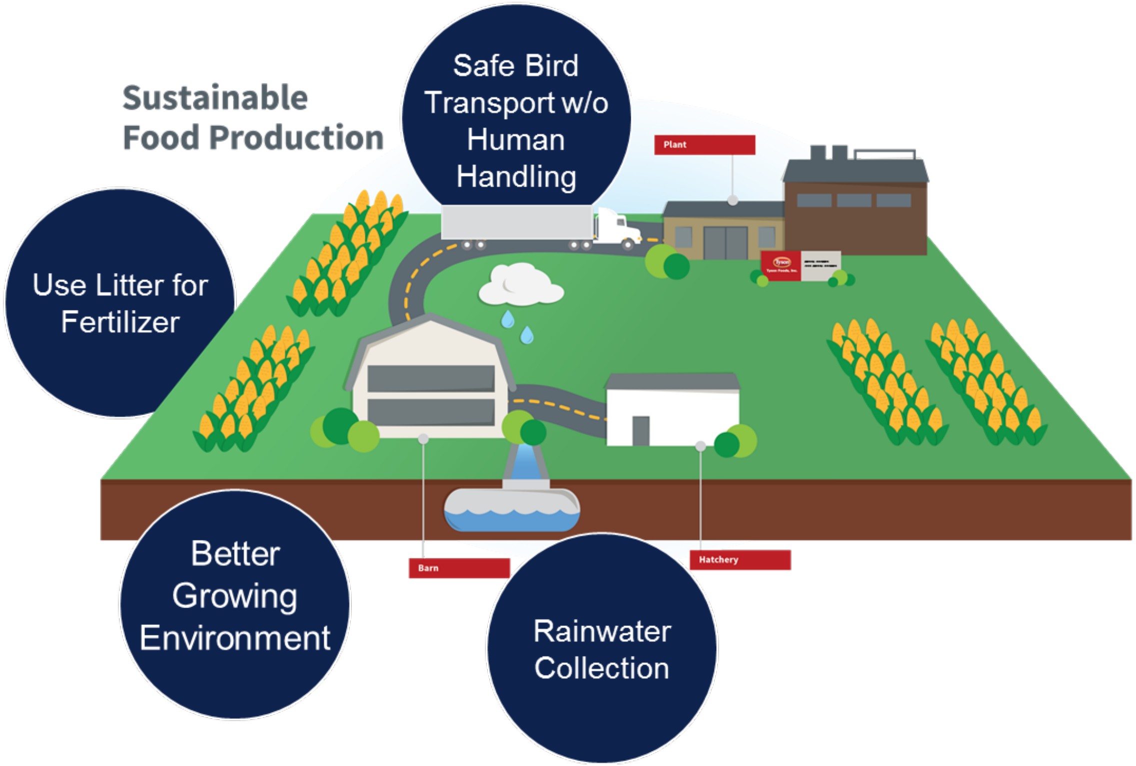
# The Tyson Brand Goes No Antibiotics Ever!

Meeting the growing consumer demand for no antibiotics across our retail branded portfolio.

CHICKEN RAISED WITH
NO ANTIBIOTICS EVER!
NO PRESERVATIVES
NO ADDED HORMONES OR STEROIDS**

June 2017

# Poultry Farm of the Future



**Sustainable Food Production**

Safe Bird Transport w/o Human Handling

Use Litter for Fertilizer

Better Growing Environment

Rainwater Collection

# Poultry Farm of the Future

Reduces Greenhouse Emissions

Improves Worker Welfare

Improves Animal Welfare

Improves Food Safety

Reduces Land Use

# Evidence-based Targets, Long-term Commitments

FOOD

**Convert chicken supply chain to no antibiotics ever**

PEOPLE

**Reduce workplace injuries by 15% per year**

ANIMALS

**3rd party audit of farms to certify humane treatment of chickens**

ENVIRONMENT

**Working with partners to set science-based targets**

# Retail Packaged Brands

# Brand Portfolio for All Eating Occasions

Consumer Segments

Live to Eat

Eat to Live

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Breakfast | WRIGHT | aidells | | | Jimmy Dean | Jimmy Dean DELIGHTS | | van's simply delicious |
| Lunch | | aidells | | Ball Park | Tyson<br>Jimmy Dean | Jimmy Dean DELIGHTS<br>HILLSHIRE FARM | Tyson Grilled & Ready | NATURE Raised |
| Dinner | | aidells | | Ball Park | Tyson<br>Jimmy Dean | Jimmy Dean DELIGHTS<br>HILLSHIRE FARM | Tyson Grilled & Ready | NATURE Raised |
| Snack/Mini Meals | | GOLDEN ISLAND | Tyson any'tizers | Ball Park | Tyson<br>Jimmy Dean<br>STATE FAIR | Jimmy Dean DELIGHTS<br>HILLSHIRE FARM<br>HILLSHIRE | Tyson Grilled & Ready | NATURE Raised<br>van's simply delicious |

# Retail Packaged Brands

## Product Innovations and Brand Adjacencies

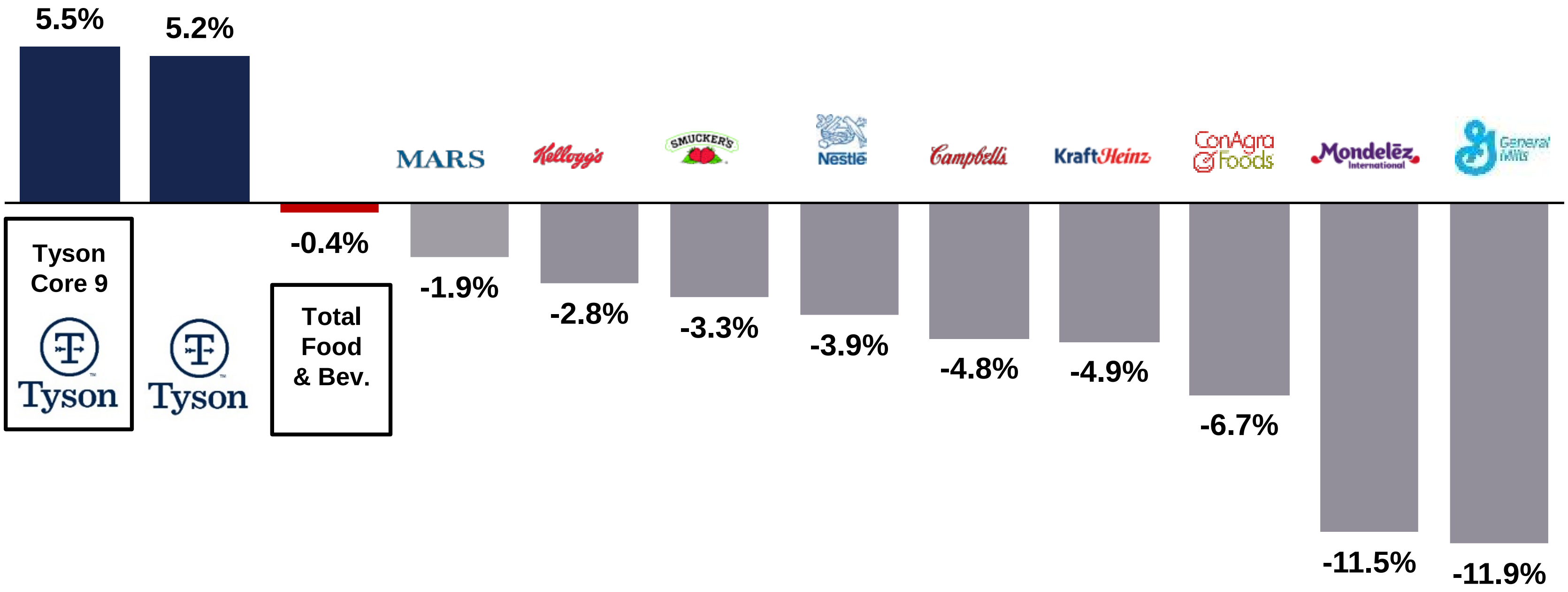
# “Core 9” Advantaged Brands in Advantaged Categories

| | | |
|---|---|---|
| 1 | Frozen Prepared Chicken | Tyson |
| 1 | Hot Dogs | Ball Park |
| 1 | Branded Stacked Bacon | Wright |
| 1 | Frozen Protein Breakfast | Jimmy Dean |
| 1 | Breakfast Sausage | Jimmy Dean |
| 1 | Smoked Sausage | Hillshire Farm |
| 2 | Branded Lunchmeat | Hillshire Farm |
| 1 | Corn Dogs | State Fair |
| 1 | Super Premium Smoked Sausage | aidells |

*Sources: IRI, Total US Multi-Outlet, data thru 2/26/17*

# Core 9 and Total Tyson Leading in CPG Volume Performance

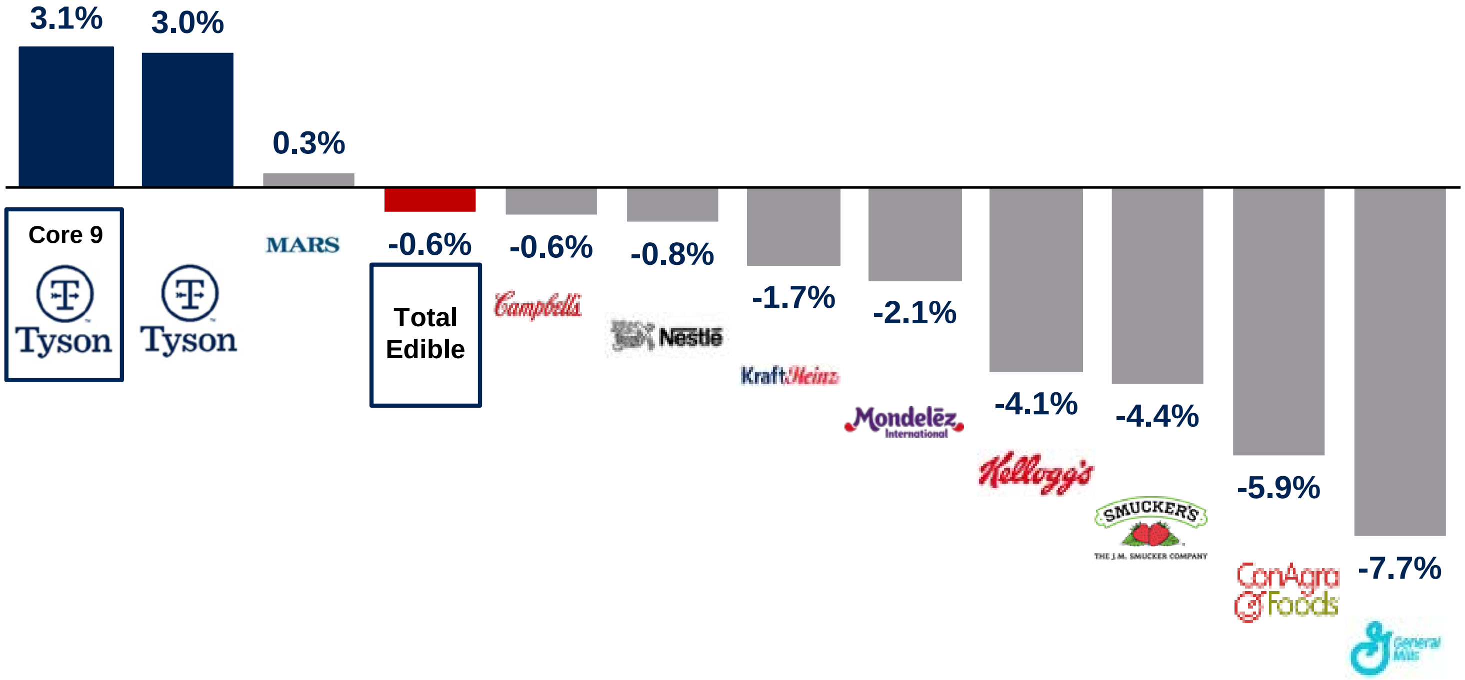
## Volume sales % change among top 10 branded food companies >$5B



*Source: IRI Total U.S. Multi-Outlet (x Costco) Volume Sales 13 weeks ending 2/26/2017*
*Product = Total Edible + Pet Food, Tyson = Tyson + Nature Raised Farms*

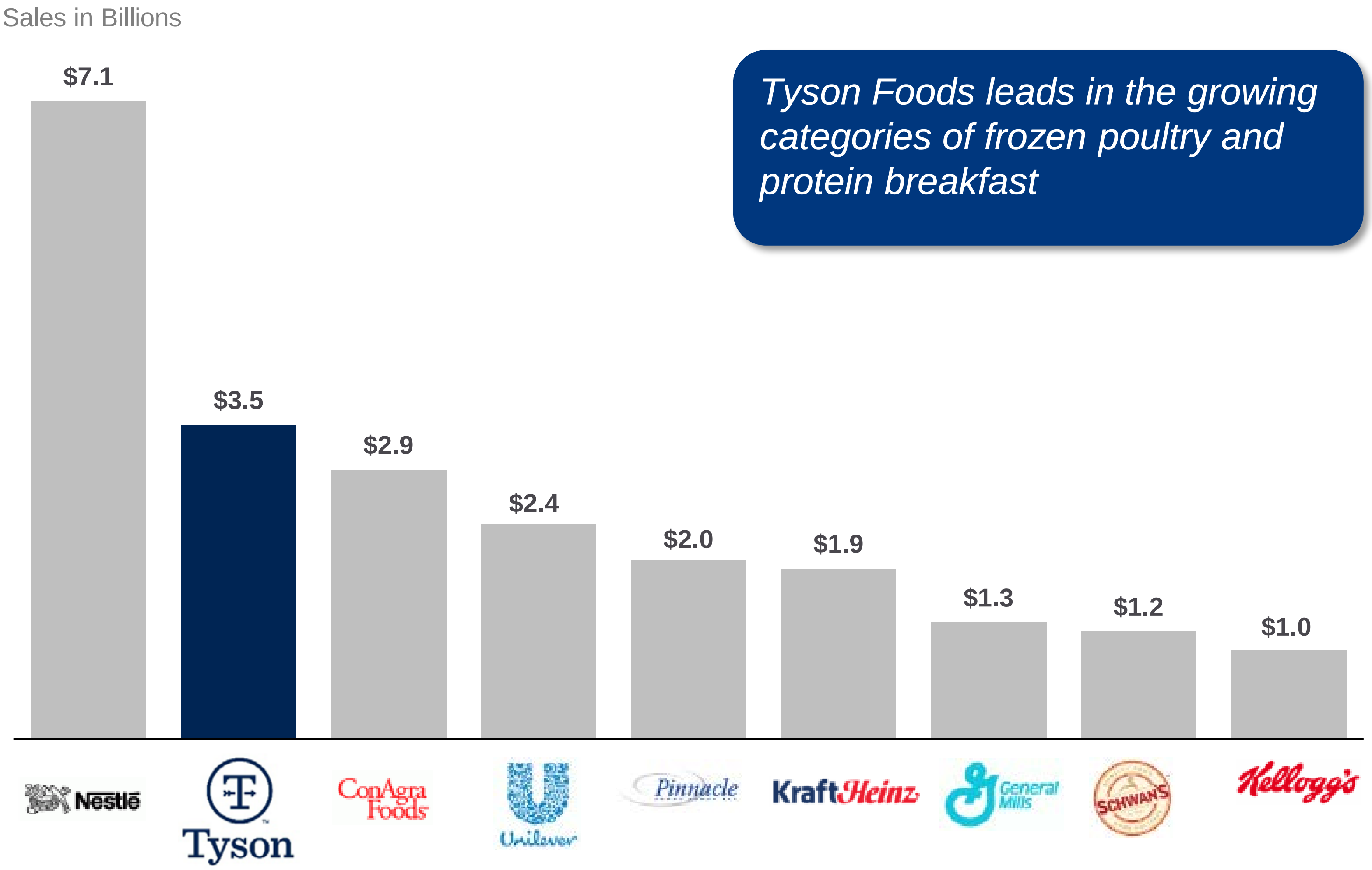
# Core 9 and Total Tyson Leading in CPG Dollar Performance

## Dollar sales % change among top 10 branded food companies >$5B



Source: IRI Total U.S. All Outlet (x Costco) Dollar Sales, 13 weeks ending 2/26/17

# #2 in Frozen Food



*Tyson Foods leads in the growing categories of frozen poultry and protein breakfast*

*Source: IRI U.S. Multi-Outlet frozen category sales, 52 weeks ending 2/26/17*

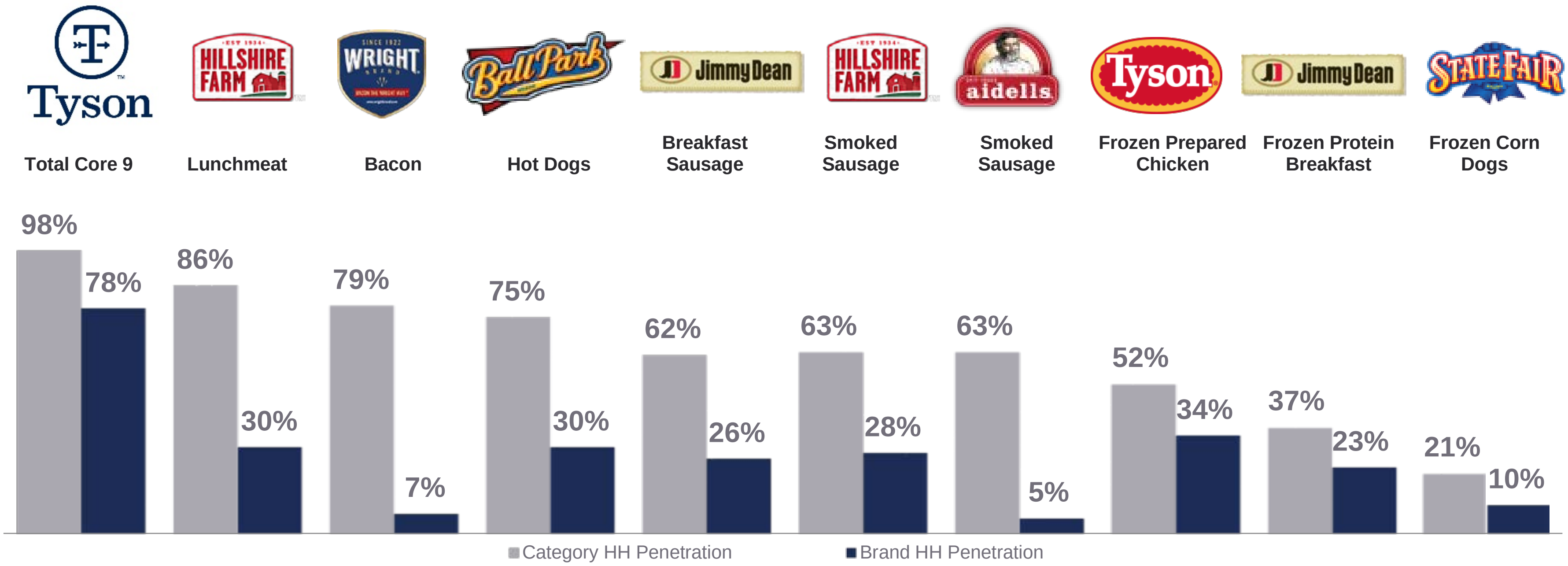
# #8 in Total U.S. CPG Retail Food Sales

## Among branded food companies >$5B

*In addition to retail, Tyson Foods is a leading supplier to the foodservice industry*

*Source: IRI Total U.S. Multi-Outlet Sales, 52 weeks ending 2/26/17*

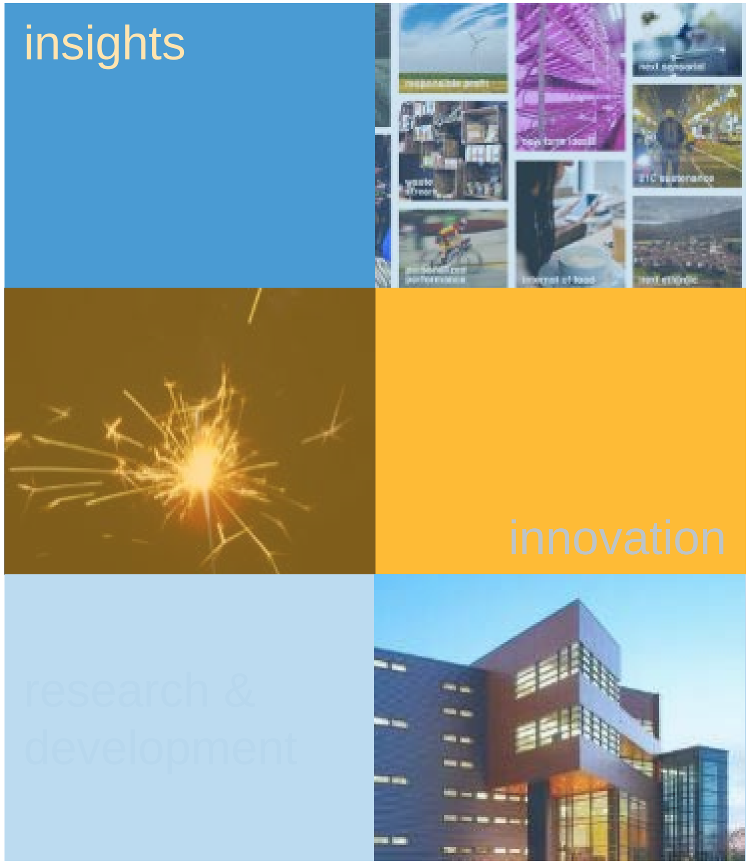
# Opportunity in Current Spaces



| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Branded $ Share Position | #2 | #1* | #1 | #1 | #1 | #1** | #1 | #1 | #1 |

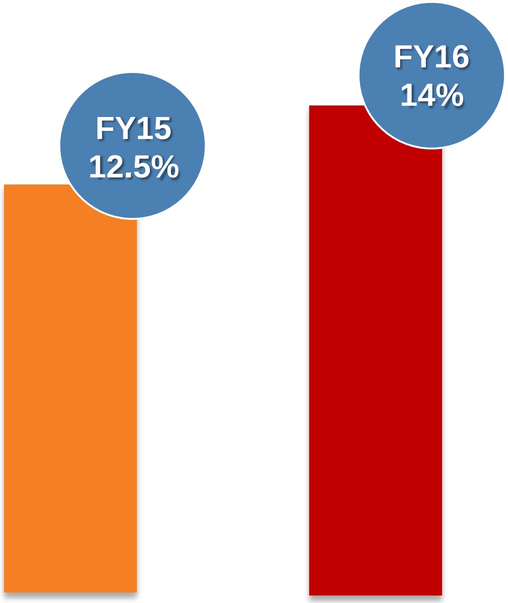
*SOURCE: IRI a) National Consumer Panel for 52 weeks ending 1/22/17 b)Total US Multi-Outlet for 52 weeks ending 1/15/17 *Within branded stacked bacon **Within super-premium smoked sausage segment*

# Innovation Performance



Retail Packaged Brands

## innovation vitality growing



% of sales dollars from Retail Packaged Brands products created in the previous three years

# Tyson Tastemakers®

## Currently in e-commerce and coming to traditional retail

# Appendix

## AVERAGE WEEKLY PRODUCTION (FISCAL YEAR 2016)

| | |
|---|---|
| 35,000,000 | Head per Week |
| 125,000 | Head per Week |
| 415,000 | Head per Week |
| 66,000,000 | Pounds per Week |

## TEAM MEMBERS

114,000

## MARKET SHARE

Tyson Foods produces approximately

**1 in 5 pounds**

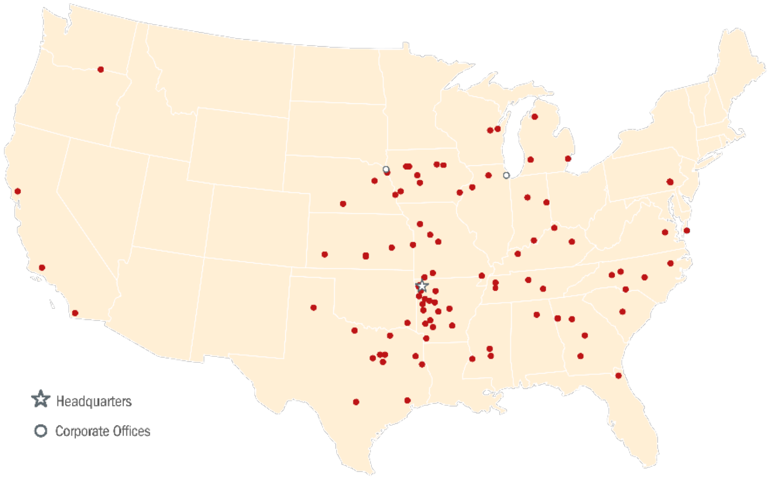
of chicken, beef, and pork in the U.S.

## NUMBER OF FACILITIES

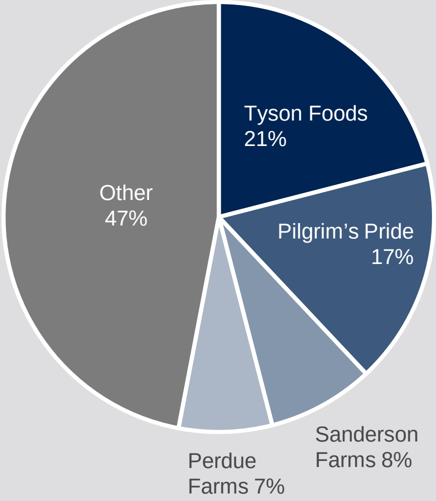
| | |
|---|---|
| 45 | CHICKEN |
| 12 | BEEF* |
| 9 | PORK* |
| 34 | PREPARED FOODS |
| 1 | TURKEY |
| 4 | INTERNATIONAL |
| 2 | R&D CENTERS |

*includes 3 case-ready beef and pork plants

## US OPERATIONS LOCATION MAP

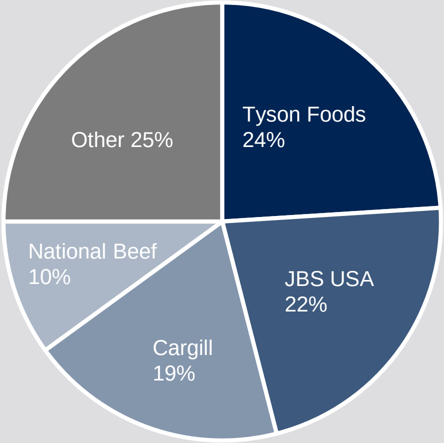


# Leading U.S. Protein Producers



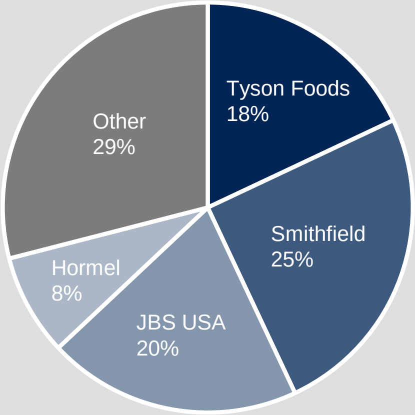
## U.S. Chicken Producers

Source: *Watt Poultry USA*, March 2016; based on ready-to-cook pounds



## U.S. Fed Beef Packers

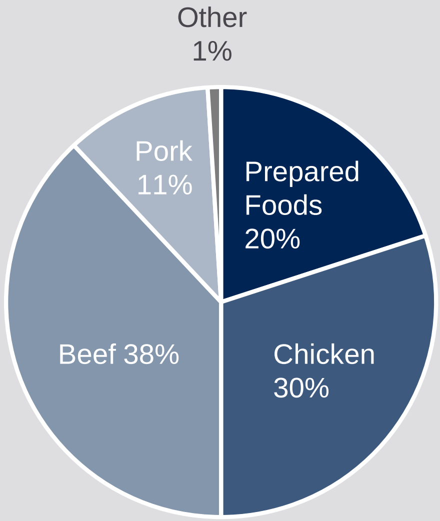
Source: *Cattle Buyers Weekly, 2016;* based on maximum U.S. slaughter capacity (head per day)



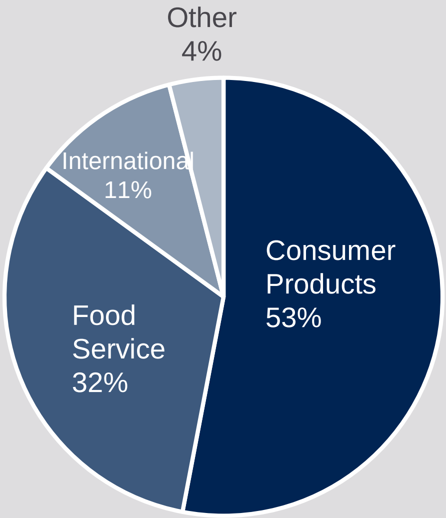
## U.S. Pork Packers

Source: EMI Analytics and *National Hog Farmer*, June 2016, as reported in National Pork Board Quick Facts; based on estimated U.S. slaughter capacity (head per day)

# FY16 Sales – $37 Billion

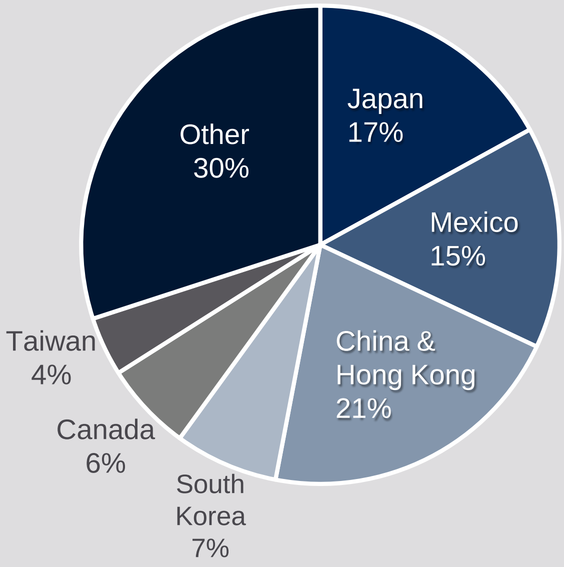


Sales by
Segment



Sales by
Distribution Channel

# FY16 International Sales

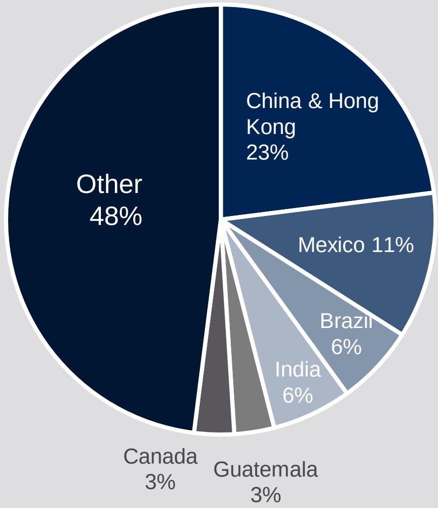


FY16 International Sales

$4.1 Billion*

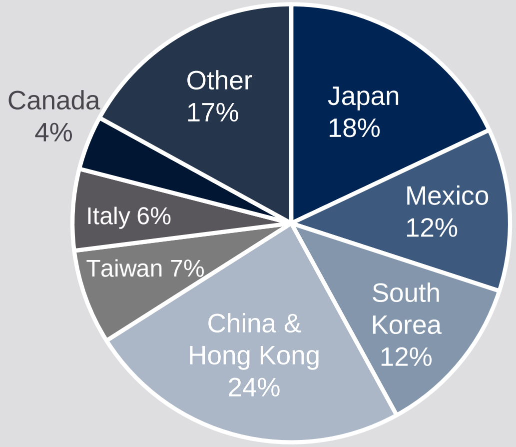
*Includes exports and in-country production

# FY16 International Sales



Chicken

$1.2 Billion*

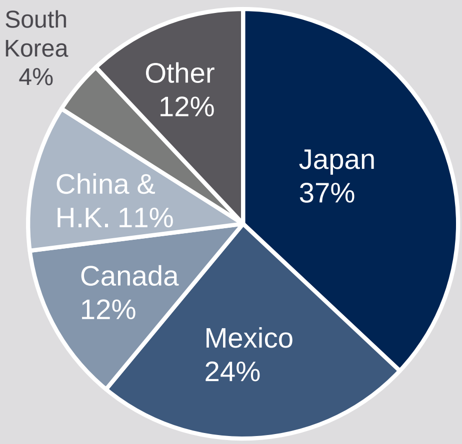


Beef

$2.0 Billion

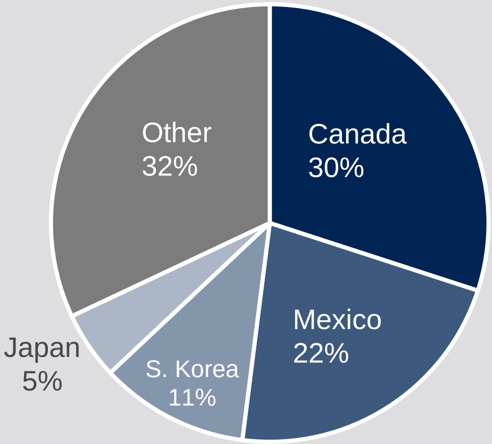
*Includes exports and in-country production

# FY16 International Sales



Pork

$848 million



Prepared Foods

$87 million

# Chicken Segment

## The Road to Higher, More Stable Margins

- Optimize cost structure
- Change pricing structure
- Upgrade value-added products
- Buy vs. Grow strategy
- Deliver high quality products and customer service

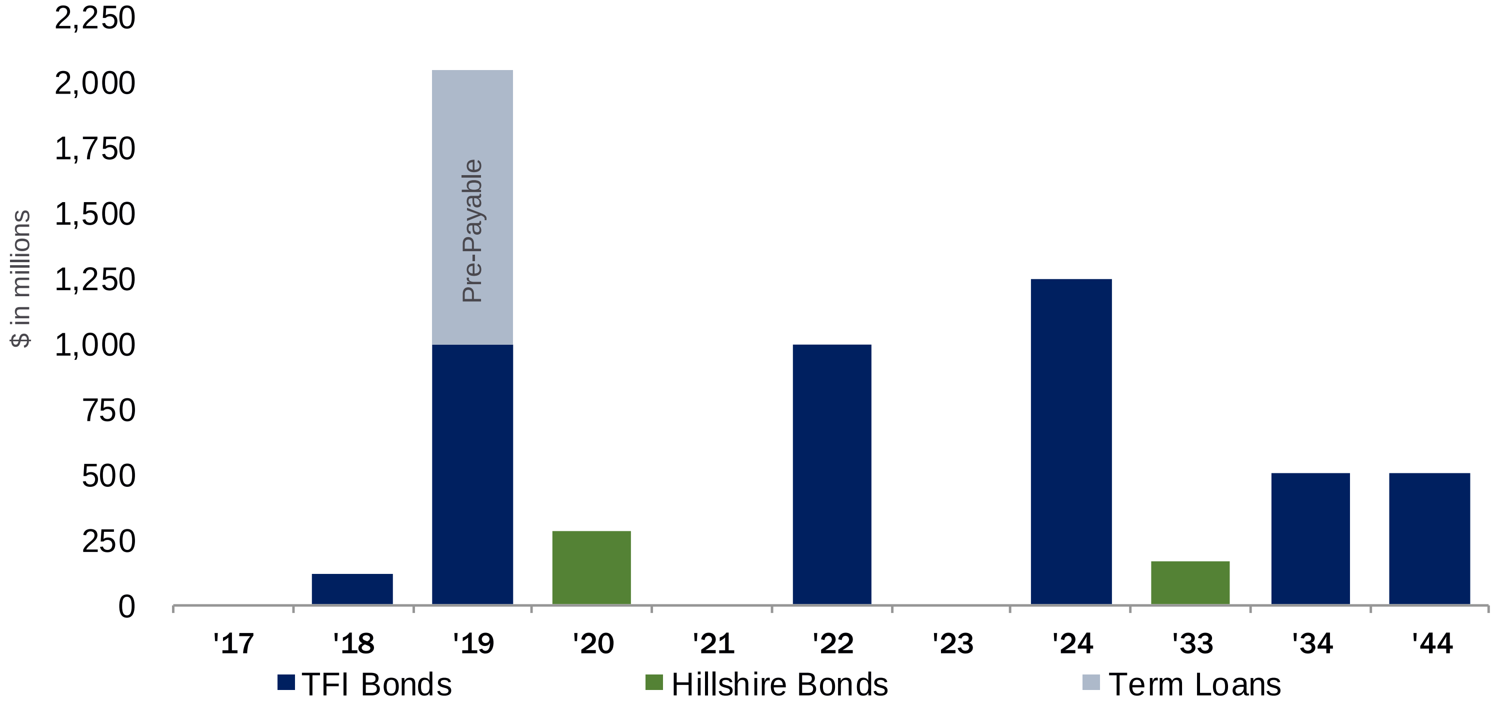
# Synergies

- FY15 – $322 million realized
- FY16 – $580 million realized
- FY17 – expecting approximately $675 million

- Synergy Categories
  - Prepared Foods Improvements
  - Procurement
  - Manufacturing & Logistics
  - Organizational & Fiduciary

# Debt Maturity Profile

## Fiscal Year Maturities as of 12/31/2016



- *Term loans are pre-payable at par.*
- *Excludes $53MM Tangible Equity Units amortizing note, $18MM TFI senior note due 2028, and $27MM other miscellaneous debt (e.g. capital leases, foreign debt, discount on senior notes, and unamortized debt issuance costs).*
- *$1.25 billion Revolver credit facility matures FY19; outstanding balance as of 12/31/16 was $0.*

# Sales, Operating Income and Operating Margin Reconciliations

| | Fiscal Year | |
|---|---|---|
| | 2016 | 2015 |
| Reported Sales | $ 36,881 | $ 41,373 |
| Less: Impact of additional week (a) | - | (750) |
| Adjusted sales | $ 36,881 | $ 40,623 |
| Reported operating income | $ 2,833 | $ 2,169 |
| Add: China impairment | - | 169 |
| Add: Merger and integration costs | - | 57 |
| Add: Prepared Foods network optimization impairment charges | - | 59 |
| Add: Denison plant closure | - | 12 |
| Less: Insurance proceeds (net of costs) related to a legacy Hillshire Brands plant fire | - | (8) |
| Less: Gain on sale of the Mexico operation | - | (161) |
| Less: Estimated impact of additional week (b) | - | (44) |
| Adjusted operating income | $ 2,833 | $ 2,253 |
| Adjusted operating margin % | 7.7% | 5.5% |

(a) The estimated impact of the additional week in the 12 months of fiscal 2015 was calculated by dividing unadjusted sales for the fourth quarter of fiscal 2015 by 14 weeks.

(b) Impact of additional week was calculated by using the fourth quarter of fiscal 2015 adjusted operating income (prior to the additional week impact) and dividing by 14 weeks.

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

# Net Debt/EBITDA Reconciliations

In millions
(Unaudited)

| | Fiscal 2016 (a) | Fiscal 2015 (a) | Fiscal 2014 (a) | Fiscal 2013 (a) | Fiscal 2012 (a) |
|---|---|---|---|---|---|
| Net income | $ 1,772 | $ 1,224 | $ 856 | $ 778 | $ 576 |
| Less: Interest income | (6) | (9) | (7) | (7) | (12) |
| Add: Interest expense | 249 | 293 | 132 | 145 | 356 |
| Add: Income tax expense | 826 | 697 | 396 | 411 | 351 |
| Add: Depreciation | 617 | 609 | 494 | 474 | 443 |
| Add: Amortization (b) | 80 | 92 | 26 | 17 | 17 |
| EBITDA | $ 3,538 | $ 2,906 | $ 1,897 | $ 1,818 | $ 1,731 |
| | | | | | |
| Adjustments to EBITDA: | | | | | |
| Add: China impairment | $ - | $ 169 | $ - | $ - | $ - |
| Add: Merger and integration costs | - | 57 | - | - | - |
| Add: Prepared Foods network optimization charges | - | 59 | - | - | - |
| Add: Denison plant closure | - | 12 | - | - | - |
| Add: Brazil impairment | - | - | 42 | - | - |
| Add: Hillshire Brands purchase price accounting adjustments | - | - | 19 | - | - |
| Add: Hillshire Brands acquisition, integration and costs associated with our Prepared Foods improvement plan | - | - | 197 | - | - |
| Add: Costs (insurance proceeds, net of costs) related to a legacy Hillshire Brands plant fire | - | (8) | 12 | - | - |
| Less: Gain on sale of the Mexico operation | - | (161) | - | - | - |
| Less: Gain on sale of equity securities | - | (21) | - | - | - |
| Total Adjusted EBITDA | $ 3,538 | $ 3,013 | $ 2,167 | $ 1,818 | $ 1,731 |
| | | | | | |
| Pro forma Adjustments to EBITDA: | | | | | |
| Add: Hillshire Brands adjusted EBITDA (prior to acquisition) (c) | n/a | n/a | 422 | n/a | n/a |
| Total Pro forma Adjusted EBITDA | n/a | n/a | $ 2,589 | n/a | n/a |
| | | | | | |
| Total gross debt (d) | $ 6,279 | $ 6,690 | $ 8,128 | $ 2,398 | $ 2,418 |
| Less: Cash and cash equivalents | (349) | (688) | (438) | (1,145) | (1,071) |
| Less: Short-term investments | (4) | (2) | (1) | (1) | (3) |
| Total net debt | $ 5,926 | $ 6,000 | $ 7,689 | $ 1,252 | $ 1,344 |
| | | | | | |
| Ratio Calculations: | | | | | |
| Gross debt/EBITDA | 1.8x | 2.3x | 4.3x | 1.3x | 1.4x |
| Net debt/EBITDA | 1.7x | 2.1x | 4.1x | 0.7x | 0.8x |
| | | | | | |
| Gross debt/Adjusted EBITDA | 1.8x | 2.2x | 3.8x | 1.3x | 1.4x |
| Net debt/Adjusted EBITDA | 1.7x | 2.0x | 3.5x | 0.7x | 0.8x |
| | | | | | |
| Gross debt/Pro forma Adjusted EBITDA | n/a | n/a | 3.1x | n/a | n/a |
| Net debt/Pro forma Adjusted EBITDA | n/a | n/a | 3.0x | n/a | n/a |

# Net Debt/EBITDA Reconciliations – continued

(a) EBITDA and Adjusted EBITDA for fiscal 2015 were based on a 53-week year while fiscal 2016, 2014, 2013 and 2012 were based on a 52-week year.

(b) Excludes the amortization of debt discount expense of $8 million, $10 million, $10 million, $28 million and $39 million for fiscal 2016, 2015, 2014, 2013 and 2012, respectively, as it is included in Interest expense.

(c) Represents Hillshire Brands adjusted EBITDA, prior to our acquisition, for the eleven months ended August 28, 2014. This amount is added to our Adjusted EBITDA for the fiscal year ended September 27, 2014, in order for Net debt to Adjusted EBITDA to include a full twelve months of Hillshire Brands results on a pro forma basis for each of the periods presented. The pro forma adjusted EBITDA was derived from Hillshire Brand's historical financial statements for the periods ended March 29, 2014 and June 28, 2014 as filed with the Securities and Exchange Commission, as well as amounts for the two months ended August 28, 2014, prior to the closing of the acquisition. These amounts were adjusted to remove the impact of deal costs related to Pinnacle Foods, Inc. and Tyson Foods, Inc. transactions, Storm Lake fire, and severance costs. We believe this pro forma presentation is useful and helps management, investors, and rating agencies enhance their understanding of our financial performance and to better highlight future financial trends on a comparable basis with Hillshire Brands results included for the periods presented given the significance of the acquisition to our overall results.

(d) In the fourth quarter of fiscal 2016, we adopted new accounting guidance, retrospectively, requiring classification of debt issuance costs as a reduction of the carrying value of the debt. In doing so, $29 million, $35 million, $50 million, $10 million and $14 million of deferred issuance costs was reclassified from Other Assets to Long-Term Debt in our Consolidated Balance Sheets for fiscal 2016, 2015, 2014, 2013 and 2012, respectively.

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

We believe the presentation of these financial measures helps management and investors to assess our operating performance from period to period, including our ability to generate earnings sufficient to service our debt, 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 Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA) may not be comparable to those of other companies, which limits their usefulness as comparative measures. EBITDA (and Adjusted EBITDA) and net debt to EBITDA (and to Adjusted EBITDA) are not measures required by or calculated in accordance with generally accepted accounting principles (GAAP) and should not be considered as substitutes for net income or any other measure of financial performance reported in accordance with GAAP or as a measure of operating cash flow or liquidity. EBITDA (and Adjusted EBITDA) is a useful tool for assessing, but is not a reliable indicator of, our ability to generate cash to service our debt obligations because certain of the items added to net income to determine EBITDA (and Adjusted EBITDA) involve outlays of cash. As a result, actual cash available to service our debt obligations will be different from EBITDA (and Adjusted EBITDA). Investors should rely primarily on our GAAP results and use non-GAAP financial measures only supplementally in making investment decisions.

# Segment Operating Income Reconciliations

In millions
(Unaudited)

**Adjusted Segment Operating Income (Loss)**

*(for 12 months ended October 3, 2015)*

| | Chicken | Beef | Pork | Prepared Foods | Other | Total |
|---|---|---|---|---|---|---|
| Reported operating income (loss) | $ 1,366 | $ (66) | $ 380 | $ 588 | $ (99) | $ 2,169 |
| Add: China impairment | - | - | - | - | 169 | 169 |
| Add: Merger and integration costs | - | - | - | 10 | 47 | 57 |
| Add: Prepared Foods network optimization charges | - | - | - | 59 | - | 59 |
| Add: Denison plant closure | - | 12 | - | - | - | 12 |
| Less: Insurance proceeds (net of costs) related to a legacy Hillshire Brands plant fire | - | - | - | (8) | - | (8) |
| Less: Gain on sale of the Mexico operation | - | - | - | - | (161) | (161) |
| Adjusted operating income prior to adjustment for additional week | 1,366 | (54) | 380 | 649 | (44) | 2,297 |
| Less: Estimated impact of additional week (a) | (26) | 1 | (7) | (13) | 1 | (44) |
| Adjusted operating income (loss) | $ 1,340 | $ (53) | $ 373 | $ 636 | $ (43) | $ 2,253 |

(a) Impact of additional week was calculated by using the fourth quarter of fiscal 2015 adjusted operating income (prior to the additional week impact) and dividing by 14 weeks.

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

# EPS Reconciliations

In millions, except per share data
(Unaudited)

| | 12 Months Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | October 1, 2016 | | October 3, 2015 | | September 27, 2014 | | September 28, 2013 | | September 29, 2012 | |
| | Operating Income | EPS | Operating Income | EPS | Operating Income | EPS | Operating Income | EPS | Operating Income | EPS |
| Reported from Continuing Operations | $ 2,833 | $ 4.53 | $ 2,169 | $ 2.95 | $ 1,430 | $ 2.37 | $ 1,375 | $ 2.31 | $ 1,286 | $ 1.68 |
| Less: | | | | | | | | | | |
| Recognition of previously unrecognized tax benefit | - | (0.14) | - | (0.06) | - | (0.15) | - | - | - | - |
| Insurance proceeds (net of costs) related to a legacy Hillshire Brands plant fire | - | - | (8) | (0.02) | - | - | - | - | - | - |
| Gain on sale of equity securities | - | - | - | (0.03) | - | - | - | - | - | - |
| Gain on sale of Mexico operations | - | - | (161) | (0.24) | - | - | - | - | - | - |
| Impact of additional week (a) | - | - | (44) | (0.06) | - | - | - | - | - | - |
| Gain from currency translation adjustment | - | - | - | - | - | - | - | (0.05) | - | - |
| Gain on sale of interest in an equity method investment | - | - | - | - | - | - | - | - | - | - |
| Reversal of reserves for foreign uncertain tax positions | - | - | - | - | - | - | - | - | - | - |
| Add: | | | | | | | | | | |
| China Impairment | - | - | 169 | 0.41 | - | - | - | - | - | - |
| Merger and integration costs | - | - | 57 | 0.09 | - | - | - | - | - | - |
| Prepared Foods network optimization charges | - | - | 59 | 0.09 | - | - | - | - | - | - |
| Denison plant closure | - | - | 12 | 0.02 | - | - | - | - | - | - |
| Loss related to early extinguishment of debt | - | - | - | - | - | - | - | - | - | 0.29 |
| Brazil impairment/Mexico undistributed earnings tax | - | - | - | - | 42 | 0.16 | - | - | - | - |
| Hillshire Brands acquisition, integration and costs associated with our Prepared Foods improvement plan | - | - | - | - | 137 | 0.37 | - | - | - | - |
| Hillshire Brands post-closing results, purchase price accounting and costs related to a legacy Hillshire Brands plant fire | - | - | - | - | 40 | 0.07 | - | - | - | - |
| Hillshire Brands acquisition financing incremental interest costs and share dilution | - | - | - | - | - | 0.12 | - | - | - | - |
| Adjusting from Continuing Operations | $ 2,833 | $ 4.39 | $ 2,253 | $ 3.15 | $ 1,649 | $ 2.94 | $ 1,375 | $ 2.26 | $ 1,286 | $ 1.97 |

(a) Impact of additional week was calculated by using the fourth quarter of fiscal 2015 adjusted operating income (prior to the additional week impact) and dividing by 14 weeks.

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