



Tyson

Investor Fact Book



Fiscal Year 2017

Our Purpose

Raising the world's expectations for how much good food can do

Team Behaviors

We are a **caring** team that puts the customer first.

We listen, assume positive intent, then speak with **candor**.

We embrace **creativity** to get better every day.

We are inclusive, and through intentional **collaboration**, we win.

We make a **commitment** daily, to deliver results the right way.

Core Values

We strive to be honorable and operate with integrity.

We strive to be faith-friendly and inclusive.

We strive to serve as stewards of the resources entrusted to us.

We strive to provide a safe work environment.

Our Strategy

Sustainably feed the world with the fastest growing protein brands.

How We Will Achieve Our Strategy

Grow.

Our businesses through differentiated capabilities.

Deliver.

Ongoing financial fitness through continuous improvement.

Sustain.

Our company and our world for future generations.

Our Customer Promise

We partner with customers to delight consumers in the **constant pursuit of growth**.

Every day we take the opportunity to strengthen our customer relationships by **working together as a team**.

As **consumers demand our products**, we promise to be indispensable to our customers as our customers are indispensable to us.

We will **remain externally focused**, agile and constantly educated in consumer insights.

We are **optimistic and solutions driven**, turning challenges into opportunities and finding ways to keep growing together.

About Tyson Foods

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

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Investor Relations ir.tyson.com
Brands www.tysonfoods.com/our-brands

Trademarks and Registered Trademarks

Tyson[®], Jimmy Dean[®], Hillshire Farm[®], Ball Park[®], Wright[®], Aidell's[®], ibp[®], State Fair[®], Sara Lee[™] and Van's[®]

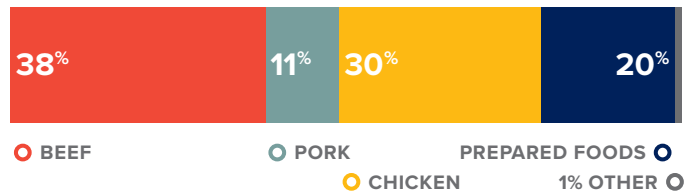
The terms "Tyson," "Tyson Foods," "the Company," "our," "we" and "us" refer to Tyson Foods, Inc., to one or more of its consolidated subsidiaries or to all of them as a whole. These terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

Who We Are

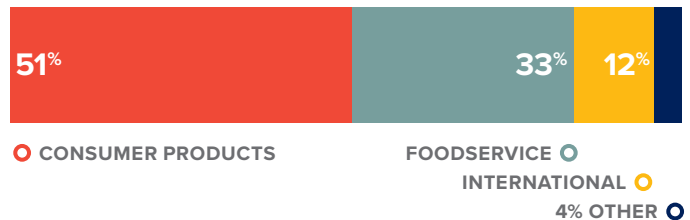
Tyson Foods is a modern, multi-national, protein-focused food company producing 20% of the beef, pork and chicken in the United States in addition to a portfolio of foods under the *Tyson*[®], *Jimmy Dean*[®], *Hillshire Farm*[®], *BallPark*[®], *Wright*[®], *Aidell's*[®] and *State Fair*[®] brands.

**Fiscal 2017
Sales:
\$38.3 Billion**

SALES BY SEGMENT



SALES BY DISTRIBUTION CHANNEL



Fiscal 2017

BEEF	PORK	CHICKEN	PREPARED FOODS
130,000	424,000	35,000,000	75,000,000
APPROX. AVG. HEAD PER WEEK	APPROX. AVG. HEAD PER WEEK	APPROX. AVG. BIRDS PER WEEK	APPROX. AVG. POUNDS PER WEEK
12*	9*	48	42
FACILITIES	FACILITIES	FACILITIES	FACILITIES

122,000	14	4	2	1**	1
TEAM MEMBERS	DISTRIBUTION CENTERS	INTERNATIONAL FACILITIES	RESEARCH & DEVELOPMENT CENTERS	TURKEY FACILITY	PET TREAT FACILITY

*Includes three case-ready beef and pork plants.

**Included in Prepared Foods' 42 facilities.


The Core 9

Our “Core 9” comprises products that are the #1 or #2 brands in their categories.


#1 Frozen Prepared Chicken



#1 Hot Dogs



#1 Branded Stacked Bacon



#1 Frozen Protein Breakfast




#1 Breakfast Sausage



#1 Smoked Sausage



#2 Branded Lunchmeat



#1 Corn Dogs



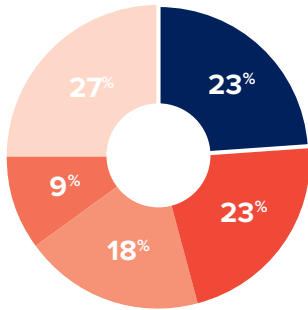
#1 Super Premium Smoked Sausage



Source: IRI, Total Multi-Outlet, data through 8/6/17.

Leading U.S. Protein Producers

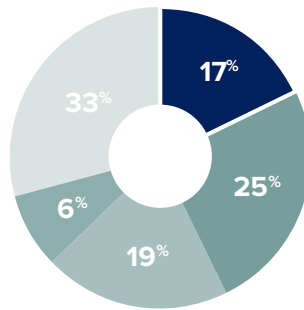
FED BEEF



- 23% TYSON FOODS
- 23% JBS
- 18% CARGILL
- 9% LEUCADIA
- 27% OTHER

Source: *Cattle Buyers Weekly*, 2017. Based on maximum U.S. capacity (head per day).

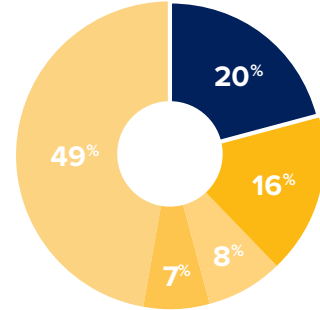
PORK



- 17% TYSON FOODS
- 25% SMITHFIELD
- 19% JBS
- 6% HORMEL
- 33% OTHER

Source: EMI Analytics, July 2017 as reported in *National Pork Board Quick Facts*. Based on estimated daily U.S. capacity (head per day).

CHICKEN



- 20% TYSON FOODS
- 16% PILGRIM'S PRIDE
- 8% SANDERSON FARMS
- 7% PERDUE FARMS
- 49% OTHER

Source: *Watt Poultry USA*, March 2018. Based on ready-to-cook pounds produced.

Portfolio Roles and Business Models

Branded and Value Added

RETAIL

Grow above industry by investing in brand building, innovation and customer development.

FOODSERVICE

Grow above industry and expand margins through customer partnership, differentiation and competitive costs.

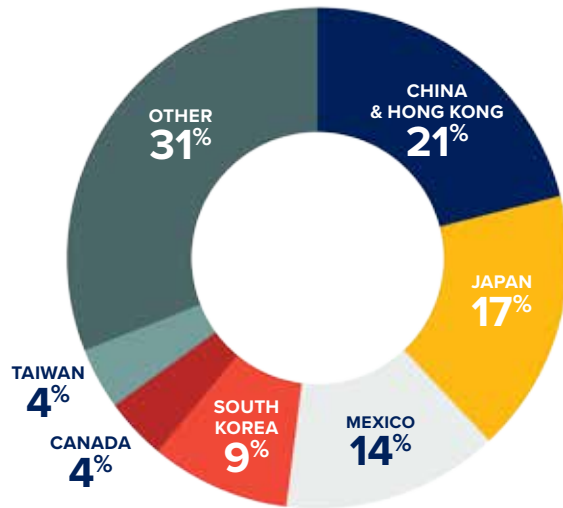
Commodity

ALL CHANNELS

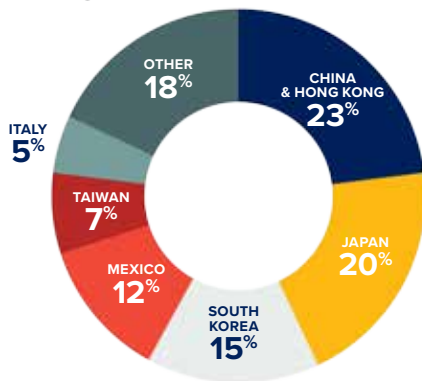
Leverage throughput and efficiency to generate cash.

Fiscal 2017 International Sales

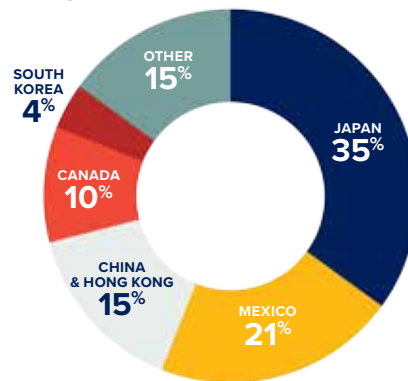
**Total Company
International Sales:
~\$4.5 Billion***



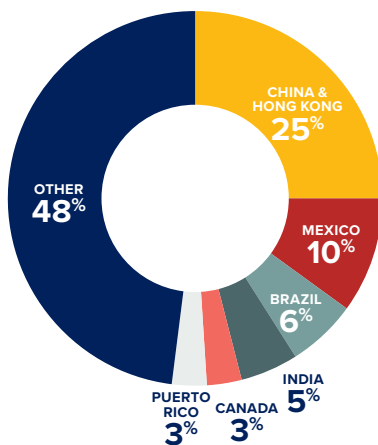
**BEEF EXPORT SALES:
~\$2.2 BILLION**



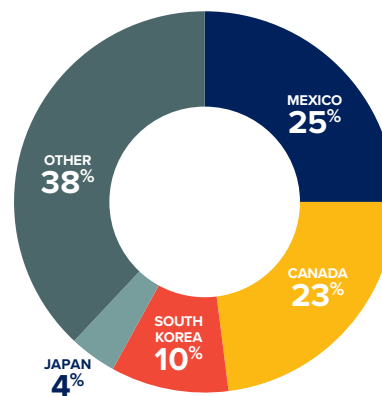
**PORK EXPORT SALES:
\$971 MILLION**



**CHICKEN INTERNATIONAL SALES:
~\$1.25 BILLION***



**PREPARED FOODS EXPORT SALES:
\$91 MILLION**



*Includes exports and in-country production

U.S. Operations at Fiscal 2017 Year End

ALABAMA

1,800 Team Members

Albertville (Chicken, Animal Nutrition)

Blountsville (Chicken)

ARIZONA

60 Team Members

Tolleson (Distribution Center)

ARKANSAS

24,200 Team Members

Berryville
(Chicken and Animal Nutrition)

Clarksville (Chicken, Animal Nutrition)

Dardanelle (Chicken, Animal Nutrition)

Fayetteville (Prepared Foods)

Fort Smith (Chicken)

Grannis (Chicken)

Green Forest (Chicken, Animal Nutrition)

Hope (Chicken, Animal Nutrition)

Nashville (Chicken)

North Little Rock (Chicken)

Pine Bluff (Chicken, Animal Nutrition)

Rogers (Chicken, Distribution Center)

Russellville (Chicken, Distribution Center)

Scranton (Animal Nutrition)

Siloam Springs
(Cobb Vantress Headquarters)

Springdale

World Headquarters

Discovery Center, Springdale

Chicken, Animal Nutrition

Texarkana (Animal Nutrition)

Van Buren (Chicken)

Waldron (Chicken)

CALIFORNIA

1,100 Team Members

Rancho Cucamonga (Prepared Foods)

San Diego (Prepared Foods)

San Lorenzo (Prepared Foods)

FLORIDA

150 Team Members

Jacksonville (Beef Further Processing)

GEORGIA

4,100 Team Members

Cumming (Chicken)

Dawson (Chicken)

Macon (Distribution Center)

Rome (Prepared Foods)

Vienna (Chicken)

ILLINOIS

4,600 Team Members

Caseyville (Prepared Foods)

Chicago (Corporate Office,
Beef Further Processing)

Discovery Center, Downers Grove

Joslin (Beef)

Ottawa (Distribution Center)

Rochelle (Distribution Center)

INDIANA

3,200 Team Members

Corydon (Chicken)

Logansport (Pork)

Portland (Prepared Foods)

IOWA

11,000 Team Members

Council Bluffs (Case-Ready Beef and Pork,
Prepared Foods)

Independence (Animal Nutrition)

Louisa County (Pork)

Perry (Pork)

Storm Lake (Pork, Prepared Foods - Turkey)

Waterloo (Pork, Prepared Foods)

KANSAS

5,700 Team Members

Emporia (Beef Further Processing)

Finney County (Beef)

Hutchinson (Prepared Foods)

Kansas City (Prepared Foods)

Olathe (Distribution Center)

South Hutchinson (Prepared Foods)

KENTUCKY

2,500 Team Members

Claryville (Prepared Foods)

Robards (Chicken, Animal Nutrition)

MAINE

300 Team Members

Portland (Chicken)

MICHIGAN

1,700 Team Members

Warren (Prepared Foods)

Traverse City (Prepared Foods)

Zeeland (Prepared Foods)

MISSISSIPPI

3,700 Team Members

Carthage (Chicken, Animal Nutrition)

Forest (Chicken, Animal Nutrition)

Vicksburg (Chicken)

MISSOURI

5,800 Team Members

Concordia (Prepared Foods)

Dexter (Chicken, Animal Nutrition)

Monett (Chicken, Animal Nutrition)

Noel (Chicken)

Sedalia (Chicken, Animal Nutrition)

St. Joseph (Prepared Foods)

NEBRASKA

9,600 Team Members

Dakota City (Beef)

Lexington (Beef)

Madison (Pork, Prepared Foods)

Omaha (Prepared Foods)

NEW JERSEY

200 Team Members

Vineland (Prepared Foods)

NORTH CAROLINA

7,500 Team Members

Claremont (Prepared Foods)

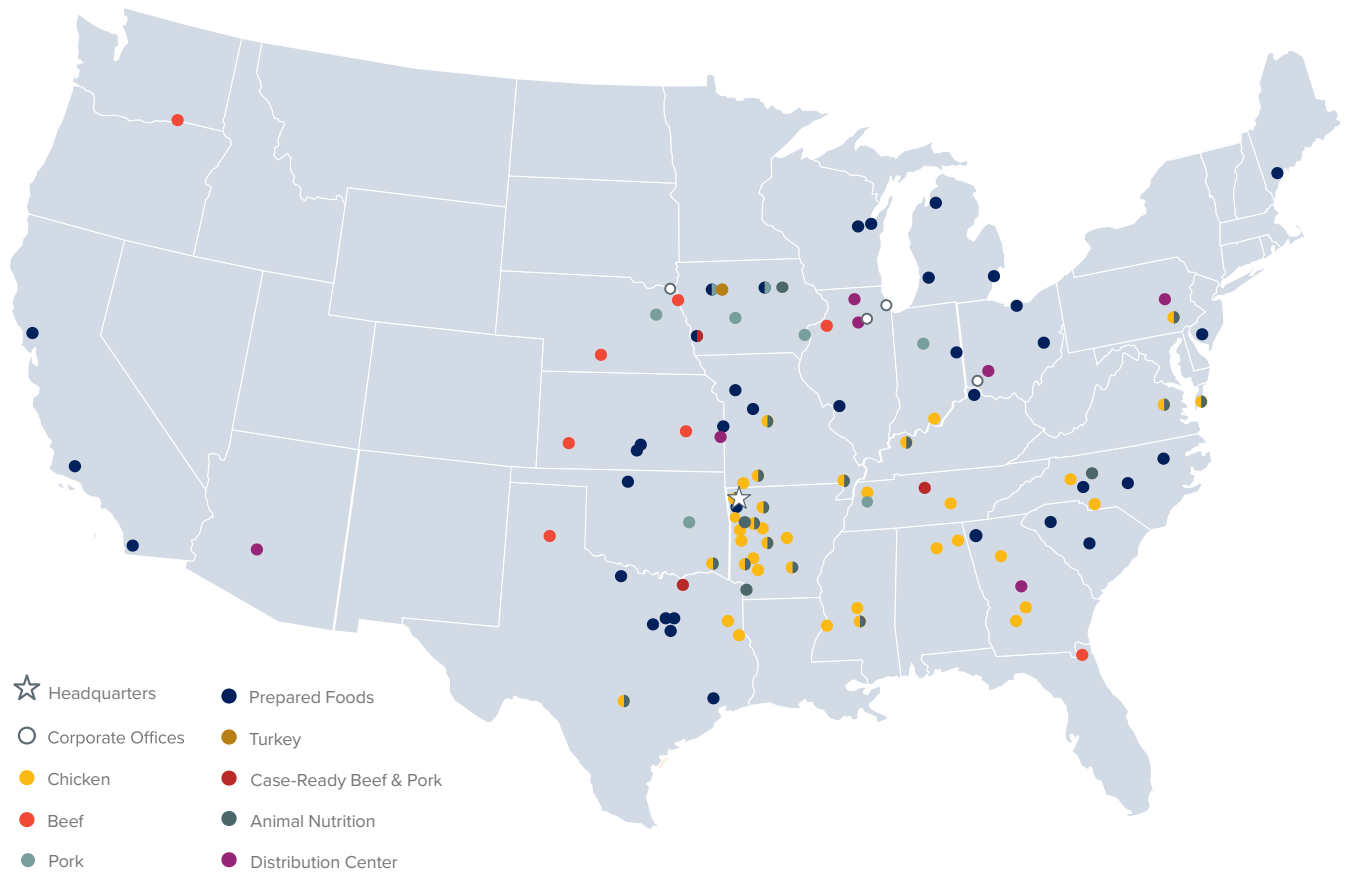
Harmony (Animal Nutrition)

Monroe (Chicken)

Sanford (Prepared Foods)

Tarboro (Prepared Foods)

Wilkesboro (Chicken)



OHIO

1,500 Team Members

- Amherst (Prepared Foods)
- Blue Ash (Tyson Cincinnati Corp. Offices)
- Mason (Distribution Center)
- West Chester (Prepared Foods)

OKLAHOMA

3,600 Team Members

- Broken Bow (Chicken, Animal Nutrition)
- Enid (Prepared Foods, Chicken, Distribution Center)
- Holdenville (Swine Farrowing)

PENNSYLVANIA

1,100 Team Members

- New Holland (Chicken, Animal Nutrition)
- Pottsville (Distribution Center)

SOUTH CAROLINA

400 Team Members

- Columbia (Prepared Foods)
- Easley (Prepared Foods)

SOUTH DAKOTA

500 Team Members

- Dakota Dunes (Tyson Fresh Meats Headquarters)

TENNESSEE

5,300 Team Members

- Goodlettsville (Case-Ready Beef and Pork)
- Newbern (Prepared Foods)
- Union City (Chicken)
- Shelbyville (Chicken, Animal Nutrition)

TEXAS

12,200 Team Members

- Amarillo (Beef)
- Carthage (Chicken)
- Center (Chicken)
- Dallas (Prepared Foods)
- Fort Worth (Prepared Foods)*
- Haltom City (Prepared Foods)
- Houston (Prepared Foods)
- North Richland Hills (Prepared Foods)
- Seguin (Chicken, Animal Nutrition)
- Sherman (Case-Ready Beef & Pork)
- Vernon (Prepared Foods)

VIRGINIA

2,100 Team Members

- Glen Allen (Chicken, Animal Nutrition)
- Temperanceville (Chicken, Animal Nutrition)

WASHINGTON

1,400 Team Members

- Pasco (Beef)

WISCONSIN

1,300 Team Members

- Green Bay (Prepared Foods)
- New London (Prepared Foods)

*Sold in December 2017.

The Basics



How beef, pork and chicken
get to your table.

BEEF

There are four primary stages in cattle and beef production:

- Cow/calf operation
- Stocker operation
- Feedlot operation
- Packer/processor

Cow/calf operators are traditional ranchers and farmers in the business of breeding cows and producing calves. A cow's gestation period is approximately 283 days. The calves are weaned at six to 10 months. After reaching a weight of 300 to 600 pounds, calves are sold to stocker operators or direct to the feedlot operator.

Stocker operators put additional weight on the calves to bring them to 600 to 800 pounds before they go into feedlots at an age of eight to 14 months. The cattle, at this point called feeder cattle, are purchased by feedlot operators and raised to a harvest weight of 900 to 1,400 pounds.

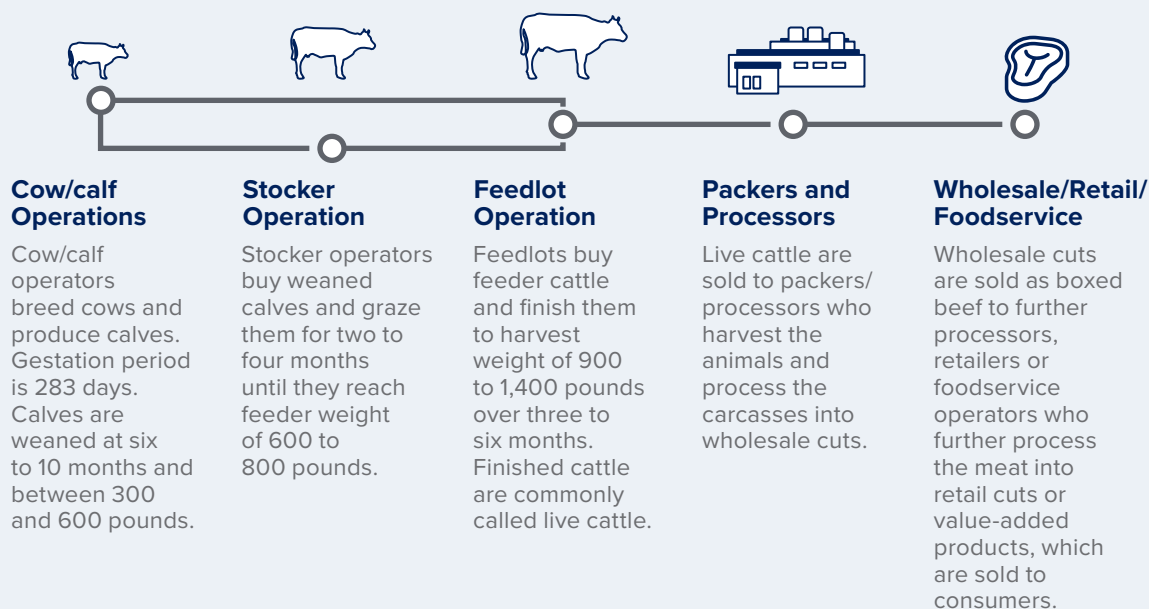
When the cattle reach harvesting weight at 12 to 22 months, they are sold as fed cattle to packers/processors for harvesting. The processed carcasses are sold as boxed beef to purveyors who fabricate the boxed beef into cuts that are sold to consumers at retail and in foodservice operations. Processors

may add additional value by producing case-ready beef or branded fully cooked beef items.

The U.S. beef cattle industry is not vertically integrated. It comprises more than 700,000 individual farms or ranches. Marketing approximately 30.5 million head of cattle annually, feedlots with less than 1,000 head capacity represent more than 90 percent of U.S. feedlots but market a relatively small share of fed cattle. Lots with 1,000 head or more comprise less than 7% of total feedlots and market more about 80 percent of fed cattle. Feed is the major production input of the beef production process, accounting for more than 80% of the cost of finishing fed beef.

The standards for grading livestock and meat have evolved in response to changing consumer preferences. To create a uniform class and naming system to be used for market reporting, the U.S. Department of Agriculture (USDA) began to develop grading standards for livestock in 1916. These initial standards were improved and modified periodically for years. In 1946, Congress passed the Agricultural Marketing Act that authorized federal grading of agricultural products. USDA currently grades more than 92% of beef produced from fed cattle and more than 80% of all beef

Beef Supply Chain



BEEF

Cattle (39 Months)

Heifer to Cow 13 Months	Gestation 10 Months	Wean 8 Months	Stocker 3 Months	Feedlot 4.5 Mos.
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Cattle producers need about 39 months to alter supply once a decision has been made to increase or decrease production. At more than three years, cattle production has the slowest response time of the three major proteins.

produced in the United States. (Beef from mature beef cows, dairy cows and bulls is sold on a percent lean basis and is not normally graded by USDA.)

Meat grading and meat inspection are two different processes. Meat inspection is a mandatory program paid for by taxpayers and conducted by the Food Safety Inspection Service (FSIS) of USDA. FSIS inspects cattle, ensuring production of safe and wholesome meat products for consumers. Meat grading is a voluntary service paid for by meat processors and performed by the Agricultural Marketing Service (AMS) of USDA. AMS groups carcasses into homogenous groups based on expected taste, appeal of cooked meat and the quantity of the meat from the carcass.

There are eight grades of beef: Prime, Choice, Select, Standard, Commercial, Utility, Cutter and Canner. Only three are used for marketing: Prime, Choice and Select. Quality grades are assigned to beef carcasses by AMS officials based on relationships between marbling and the age of an animal. Marbling is the fat dispersed within the muscle.

Prime meat comes from young animals with at least slightly abundant marbling. Choice meat comes from young animals with moderate, modest or small marbling. Select comes from young animals with slight marbling.

Sources: National Cattlemen's Beef Association, CommoditySeasonals.com, Informa Economics, USDA Economic Research Service and Tyson Foods, Inc.

BEEF INDUSTRY TERMINOLOGY

Beef Forequarter – the front half or section of a side of beef; includes ribs 1-12, chuck or shoulder section, brisket, shank and plate

Beef Hindquarter – the back half or section of a side of beef; includes the round, loin, flank and kidney

Bovine – of or related to cattle

Bovine Spongiform Encephalopathy (BSE) – frequently called “mad cow disease,” BSE is a degenerative neurological disease affecting the central nervous system in cattle. BSE affects older cattle, typically more than 30 months of age. The vast majority of the cattle going to market in the United States are younger than 24 months

Boxed Beef – cuts of beef put in boxes for shipping from packing plants to retailers. These primal (round, loins, ribs and chuck) and subprimal cuts are intermediate cuts between the carcass and retail cuts

Bull – an adult uncastrated male

Bullock – a young bull, typically less than 20 months of age

By-product – also referred to as “the drop” or “the drop credit,” by-products comprise non-meat items derived from harvest including the hide, cheek meat, liver and tripe, among others

Calf – an animal that has not yet reached sexual maturity, usually under one year of age

Canner – lowest USDA grade designation for beef, not sold at retail; used primarily in canned meats, sausage and ground meat

BEEF

Feed Conversion

It takes approximately 11 bushels of corn to produce 100 pounds of boneless, skinless beef

Of the three major protein species, cattle are the least efficient in converting grain to meat.

Carcass – the two sides of the same harvested animal with or without the kidneys and after other viscera, hide, head, feet and tail are removed

Carcass Merit – desirability of a carcass relative to quantity of components (muscle, fat and bone), USDA quality grade and potential eating quality

Carcass Quality Grade – an estimate of palatability based primarily on marbling and maturity and, to a lesser extent, on color, texture and firmness of lean

Case-ready – pre-cut, pre-packaged meats received by the retailer that do not require further processing. Case-ready products can go directly to the retail meat case for selling

Choice – USDA grade designation immediately below Prime for beef, veal and lamb

Commercial – one of the lower USDA grade designations for beef; usually sold as ground meat

Commercial Producers – producers whose primary goal is to produce animals for herd replacement, feeding and harvest rather than for breeding stock

Cow – a mature female

Cut-Out – quantity of saleable meat obtained from a wholesale cut

Cutter – second lowest USDA grade designation for beef; used in canned meat, sausage and ground meat; below utility grade

Dressing Percentage – percentage of the live animal weight that becomes the carcass weight at harvest. It is determined by dividing the carcass weight by the live weight then multiplying by 100 (also referred to as yield)

Fat Thickness – depth of fat in tenths of inches over the rib eye muscle at the 12th rib

Federally Inspected Slaughter – required and provided at government expense for all packing plants from which meat or meat products move in interstate trade. Federal inspectors examine animals before harvest, supervise sanitation during harvesting and processing, inspect carcasses and internal organs for disease and certify carcasses and products as to wholesomeness

Feed Efficiency (Feed Conversion Ratio) – the amount of feed consumed to produce a pound of meat

Feeder Cattle – calves that have reached 600 to 800 pounds and are sold to feed lots

Feeder Cattle Grading – grades introduced in 1979 based on frame size and thickness; relates to the end weight normally required before an animal can be expected to grade Choice; thickness is related to yield size and muscle-to-bone ratio

Finished Cattle – fed cattle whose time in the feedlot is completed and are ready for harvest; also known as live cattle

Frame Score – a score based on subjective evaluation or actual hip height measurement; relates to harvest weights at which cattle should grade Choice or at which different groups of cattle should have comparable amounts of fat

Futures Market – electronic market through which buyers and sellers trade contracts on commodities or raw materials; used as a risk management tool or as a speculative venture

Grades – designation for cattle and carcasses to indicate value and palatability; determined primarily by marbling and age of an animal

Harvest – to slaughter an animal

Hedge – risk management strategy to lock in a price for a given commodity at a specified time

Heifer – a young female that has not had a calf

Hot Weight – weight of a carcass before it is chilled

Intramuscular Fat – fat within the muscle or marbling

Live Cattle – finished cattle of harvest weight

Loin – cuts from the animal's back between the ribs and hip

Marbling – specks of fat (intramuscular fat) distributed in muscular tissue; evaluated in the rib eye between the 12th and 13th rib; a major factor in assigning USDA quality grade of a beef carcass

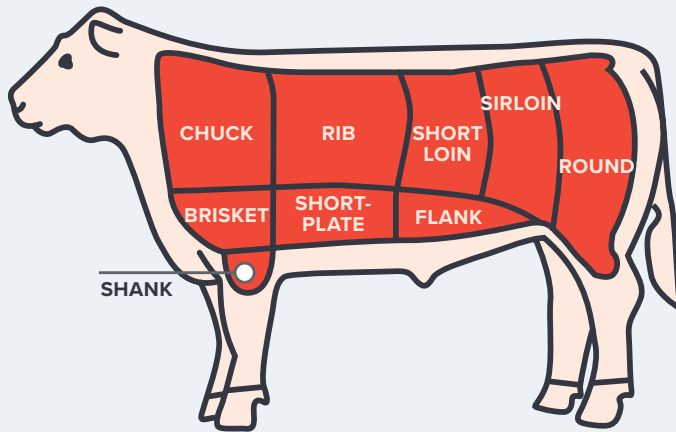
Middle Meats – rib and loin of a beef carcass; these primal cuts generally yield the highest-priced beef cuts

Palatability – characteristics of the lean; "eatability"

Primal Cuts – chuck, rib, loin or round

BEEF

Cuts of Beef



With a market weight of 1,250 pounds and a yield of 62.2%, the typical steer will produce approximately 777 pounds of beef.

Chuck 228 pounds 29% of carcass	Chuck 7 Bone Pot Roast, Chuck Pot Roast, Chuck Steak, Chuck Eye Steak, Shoulder Top Blade Steak, Flat Iron Steak, Shoulder Pot Roast, Shoulder Steak, Ranch Steak, Petite Tender, Petite Tender Medallions, Boneless Short Ribs
Rib 72 pounds 9% of carcass	Rib Roast, Rib Steak, Ribeye Roast, Ribeye Steak, Back Ribs
Short Loin and Sirloin 126 pounds 16% of carcass	Short Loin – Porterhouse Steak, T-Bone Steak, Top Loin Steak, Tenderloin Roast, Tenderloin Steak Sirloin – Tri-Tip Roast, Tri-Tip Steak, Top Sirloin Steak
Round 169 pounds 22% of carcass	Top Round Steak, Bottom Round Roast, Bottom Round Steak (Western Griller), Eye Round Roast, Eye Round Steak, Round Tip Roast, Round Tip Steak, Sirloin Tip Center Roast, Sirloin Tip Center Steak, Sirloin Tip Side Steak
Thin Cuts: Brisket, Shortplate, Flank, Shank 146 pounds 19% of carcass	Brisket Flat Cut, Skirt Steak, Flank Steak, Shank Cross Cut
Other 36 pounds 5% of carcass	Ground Beef, Cubed Steak, Stew Meat, Beef for Kabobs, Beef for Stir Fry

Source: National Cattlemen's Beef Association and Tyson Foods, Inc.

Prime – highest USDA grade designation for beef, veal and lamb; the best grade for special aging and most often served in finer restaurants

Quarter – each of two portions that result from ribbing (cutting) a side between the 12th and 13th ribs

Retail Cuts – cuts of beef in sizes that are purchased by the consumer

Ribs – cuts from the rib area along the back of the animal, usually includes portions of the backbone and rib bone

Round – cuts from the back leg of the animal, slightly less than one-fourth of the total beef carcass located in back of the loin

Select – USDA grade designation below Choice for beef, veal and lamb

Side – each of the two parts resulting from splitting a carcass lengthwise through its approximate median plane

Stag – a male castrated after reaching sexual maturity

Standard – USDA grade designation below Select for beef and veal

Steer – a castrated male (within the first six months after birth); may be a steer calf or a feeder steer ranging in age from three months to two years

Sweetbreads – thymus gland located in the neck; popular in Europe and Argentina

Thin Cuts – fore shank, brisket, short plate or flank

Tripe – rubbery lining of the stomach

Utility – one of the lowest USDA designations for meat; below commercial grade

BEEF

Variety Meats – liver, heart, tongue, tripe, sweetbreads and brains

Veal – meat from very young calves (under 3 months of age); typically comes from dairy bull calves

Wholesale Cut – cuts sold to a supermarket where a butcher breaks them down to meat counter cuts

Yield Grade or Cutability – indicates the proportionate amount of saleable retail cuts that have been obtained from a carcass

Sources: National Cattlemen's Beef Association and Tyson Foods, Inc.

PORK

There are four primary stages in hog and pork production:

- Sow/farrowing barns
- Nurseries
- Finishing farms
- Packer/processor

The gestation period for hogs is approximately 114 days. Farrowings range from six to 13 pigs per litter, with the average being about 10. The number of pigs weaned averages nine pigs per litter. Pigs are generally weaned at three to four weeks when they weigh 10 to 15 pounds. At this time, they are moved to either a nursery, a grower or directly to a finishing building modified to meet the needs of young pigs. Most housing for newly weaned pigs has slotted floors that allow the pigs' waste to fall through into a holding pit or gutter. This keeps the floors drier and cleaner and makes it easier to provide the correct environment to keep pigs comfortable and productive.

When pigs reach approximately 270 pounds, producers sell them on either a live-weight or carcass-weight basis to livestock exchanges, producer-owned marketing networks or directly to packers. Once the hogs are harvested, the processed carcasses are sold as boxed pork to purveyors who fabricate the boxed pork into cuts sold to consumers at retail and in foodservice operations. Processors

may add additional value by producing branded, case-ready pork as well as fully cooked pork items.

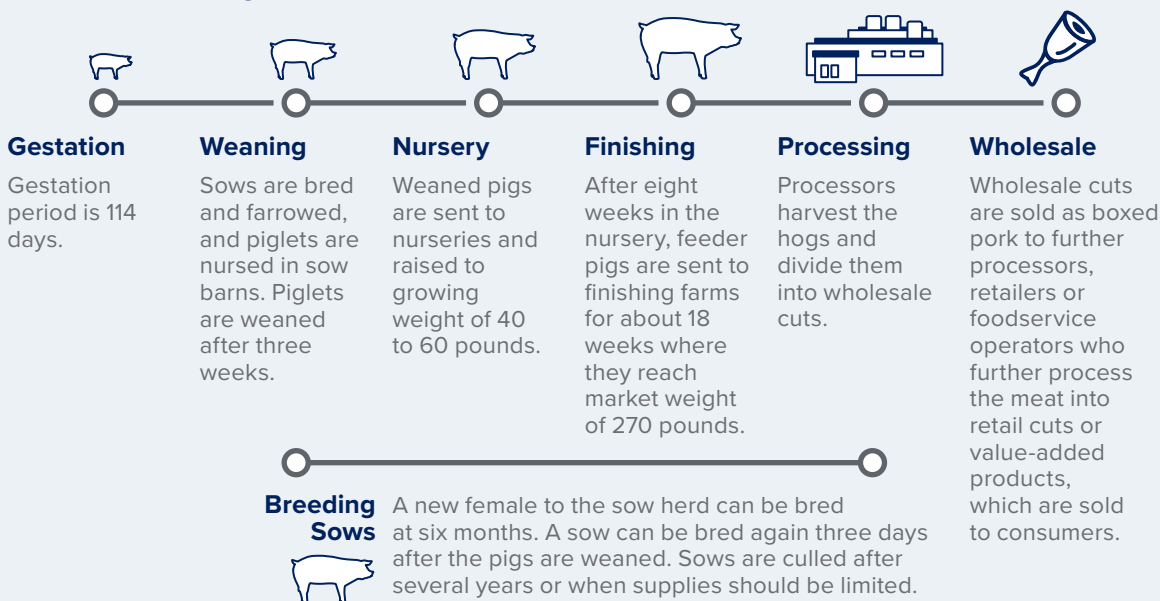
Feed is the major production input to the pork production process, accounting for about two-thirds of production costs. The average whole-herd feed conversion ratio (pounds of feed required per pound of live weight produced) for the U.S. pork industry is approximately 3.5.

Pork producers use purebred seed stock of nine major swine breeds (Yorkshire, Duroc, Hampshire, Landrace, Berkshire, Spotted, Chester White, Poland China and Pietrain) or synthetic lines derived from these breeds by breeding companies.

Pig prices vary cyclically and seasonally. Cyclical variation is caused by the time lags inherent to biological production. When prices are high, more sows are bred and more pigs are produced; however, these pigs will not reach the market for about a year after they are conceived. When they do, supplies increase and prices fall, thus causing a price cycle. Seasonal variation is caused by changes in production efficiency due to weather and by consumer demand.

Processors may acquire hogs through direct negotiated purchases with producers using a variety of methods, primarily a formula (a reported price plus some amount), the spot market, a fixed

Pork Supply Chain



PORK

Hogs (20 Months)

Gilt to Sow 8 Months	Gestation 4 Months	Wean 1 Month	Nursery 2 Mos.	Finish 4.5 Months
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Hog producers need about 20 months to alter supply once a decision has been made to increase or decrease production.

price tied to feed or a fixed price tied to a futures market. Hogs are purchased on a daily basis, generally a few days before the animals are required for processing. Payment for the hogs may be made on a live-weight basis or on a grade and yield basis. Grade and yield payments are paid on carcass weights generally paying a premium for preferred carcass grades and discounting undesirable grades. Grade premiums or discounts are applied using a predetermined formula grid method.

Source: www.pork.org, Informa Economics and Tyson Foods, Inc.

PORK INDUSTRY TERMINOLOGY

Back Fat – amount of fat over a pig’s back; an indicator of the overall fat content of the animal; used in selection of breeding stock and in carcass grading

Barrow – a male castrated before it reaches sexual maturity

Boar – a male used for breeding purposes

Boston Butt – upper part of a pork shoulder

Boxed Pork – cuts of pork put in boxes for shipping from packing plants to retailers. These cuts are intermediate cuts between the carcass and retail cuts

Carcass – the two sides of the same harvested animal with or without the kidneys and after other viscera, skin, head, feet and tail are removed

Case-ready – pre-cut, pre-packaged meats received by the retailer that do not require further processing. Case-ready products can go directly to the retail meat case for selling

Cut-Out – quantity of saleable meat obtained from a wholesale cut

Farrow – to give birth to piglets

Federally Inspected Slaughter – required and provided at government expense for all packing plants from which meat or meat products move in interstate trade. Federal inspectors examine animals before harvest, supervise sanitation during harvesting and processing, inspect carcasses and internal organs for disease and certify carcasses and products as to wholesomeness

Feed Conversion

It takes approximately 8 bushels of corn to produce 100 pounds of boneless, skinless pork

Of the three major protein species, hogs are in the middle of the pack in their efficiency of converting grain to meat is the most efficient converter of grain to meat.

Feed Efficiency (Feed Conversion Ratio) – the amount of feed consumed to produce a pound of meat

Feeder Pig – a pig weighing between 30 and 90 pounds

Finish – to feed a pig until it reaches a market weight, 250-270 pounds

Gilt – a young female that has not farrowed her first litter

Ham – cured and smoked meat from the hind leg of pork, excluding the shank

Hog – generic term, usually applied to growing swine

The Pork Group, Inc., a wholly owned subsidiary of Tyson Foods, Inc., produces finished hogs, feeder pigs and weaned pigs for sale to pork processors and finishers throughout the country. Tyson Foods’ equity ownership of live hog operations represents less than 10% of the Company’s total pork production.

PORK

Hot Weight – weight of a carcass before it is chilled

Nursery Pig – any pig not yet weaned

Palatability – characteristics of the lean; “eatability”

Picnic Shoulder – lower or shank part of a pork shoulder

Pig – term usually applied to a young, immature swine

Piglet – newborn pig

Porcine – of or related to swine

Pork Belly – lower side of a hog remaining after the loin and spareribs have been removed; the raw material for bacon

Quarter – each of two portions that result from ribbing (cutting) a side between the 12th and 13th ribs

Ribs – cuts from the rib area along the back of the animal, usually includes portions of the backbone and rib bone

Shoat – a growing pig (term largely replaced by nursery pig or grow-finish pig)

Side – each of the two parts resulting from splitting a carcass lengthwise through its approximate median plane

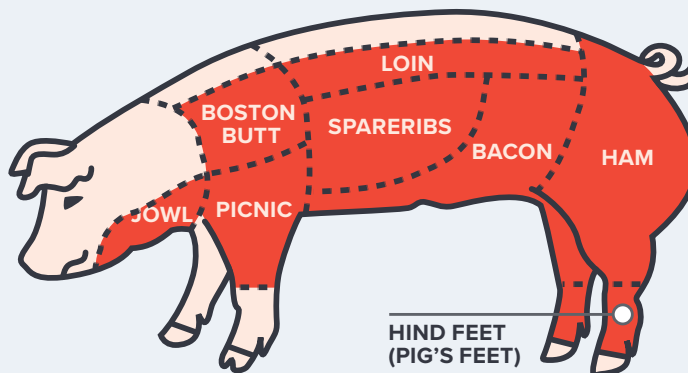
Sow – an adult female that has farrowed at least one litter

Wean – to separate pigs from the sow

Wholesale Cut – cuts sold to a supermarket where a butcher breaks them down to meat counter cuts

Yield Grade or Cutability – indicates the proportionate amount of saleable retail cuts that have been obtained from a carcass; 1 is the leanest and 5 is the fattest

Cuts of Pork



With a market weight of 265 pounds and a yield of 75.5%, the typical hog will produce a 200-pound carcass. The carcass will yield about 151 pounds of pork and 49 pounds of other products.

Leg 51 pounds 25% of carcass	Bone-in Fresh Ham, Smoked Ham, Leg Cutlets, Fresh Boneless Ham
Side (Belly) 28 pounds 14% of carcass	Spareribs, Slab Bacon, Sliced Bacon
Loin 46 pounds 23% of carcass	Sirloin Chop, Rib Chop, Loin Chop, Boneless Rib End Chop, Boneless Center Loin Chop, Butterfly Chop, Center Rib Roast (Rack of Pork), Bone-in Sirloin Roast, Boneless Center Loin Roast, Boneless Rib End Roast, Boneless Sirloin Roast, Tenderloin, Canadian-style Bacon, Country-style Ribs, Back Ribs
Picnic Shoulder 22 pounds 11% of carcass	Smoked Picnic, Arm Picnic Roast, Smoked Hocks
Boston (Shoulder) Butt 21 pounds 11% of carcass	Bone-in Blade Roast, Boneless Blade Roast, Blade Steak, Ground Pork, Sausage
Other 32 pounds, 16% of carcass	Jowls, Feet, Pork Rinds (Skin), etc.

Source: National Pork Board and Tyson Foods, Inc.

Source: National Pork Board

CHICKEN

There are seven stages in producing chicken for consumer:

- Breeder flock
- Pullet farm
- Breeder house
- Hatchery
- Broiler farm
- Processing/further-processing
- Distribution

Each of these stages was once a separate enterprise, but today, most of the chicken industry is vertically integrated, resulting in greater efficiencies and higher product quality.

Vertically integrated poultry companies operate feed mills to produce scientifically formulated feeds. Corn, soybean meal and other feed ingredients are major production costs in the poultry industry, representing roughly 55% of the cost of growing a chicken. As a general rule, a \$0.10 change in the price of corn per bushel or a \$10 change in the price of soybean meal per ton will typically result in a \$0.0025 change in cost per live-weight pound of chicken.

Chicken is the most efficient of the farm animals raised for food in converting feed to meat, and through the years the poultry industry has improved feed conversion efficiency to produce more meat with less grain for a growing world population. There has been continued progress to improve the health and welfare of chickens.

Even before a chick is hatched, it has a healthier start on life today than a chicken 30 years ago, being raised healthier and growing larger through:

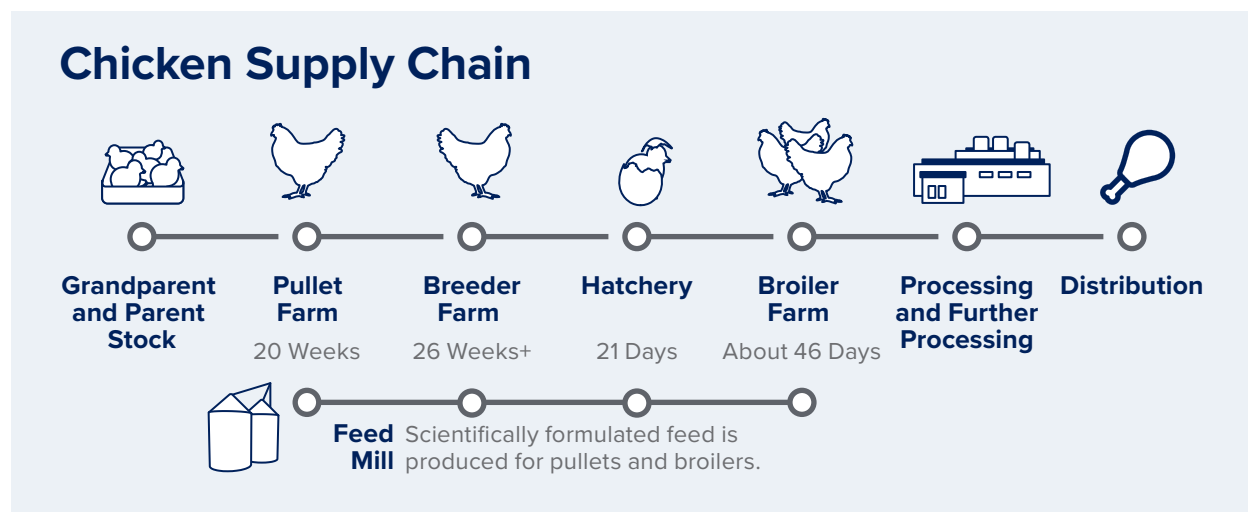
- Improved, modern breeding with a focus on overall bird health
- Better living conditions through climate controlled barns, and protection from predators and extreme temperatures
- Up-to-date biosecurity practices to keep diseases out
- Healthier nutrition plans with feed tailored to each stage of a chicken's life
- Daily care by dedicated farmers
- Regular veterinarian oversight and the use of vaccines to prevent disease

It's also important to note what *isn't* making chickens bigger:

- **Added hormones or steroids.** No chicken sold in the United States contains added hormones or steroids, regardless of whether it's noted on the label. In fact, the use of hormones has been expressly forbidden by law since the late 1950s.
- **Genetic engineering.** No commercially available chickens are genetically modified for any purpose.

PRODUCT MARKETING

There are essentially three ways chicken products are marketed, ranging from bulk raw commodity at the lowest end to fully-cooked, value-added products on the high end. Of the three major proteins, chicken has provided the most opportunities for adding value.



CHICKEN

Broilers (9 Months)

Pullet to Hen 5 Months	Lay 1.5 Months	Hatch ¾ Mo.	House 2 Months
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Although the response time for chicken is the fastest of the major proteins, it still takes nine months to alter supply once a decision has been made to increase or decrease production.

PRIMARY PROCESSING (COMMODITY, NON-VALUE ADDED)

Distributed for further processing by volume users. Fresh Ice Pack Bulk or Bulk Frozen.

- Whole birds
- Quarters
- Individual parts

CASE-READY TRAY PACK

Distributed primarily for direct consumer consumption and sold through retail markets. Fresh (refrigerated).

- Deboned parts
- Bone-in parts
- Whole birds
- Marinated specialty products

FURTHER VALUE-ADDED

Distributed for both in-home and foodservice applications in both bulk and convenient consumer packaging. Fresh (refrigerated) or Frozen.

- Deboned and trimmed
- Portioned and sized
- Marinated, seasoned and flavored
- Par-cooked
- Fully-cooked
- Battered and breaded
- Custom packaging
- No antibiotics ever and/or vegetarian fed

- Organic
- Kosher
- Halal Certified

Source: National Chicken Council;

More information about how chickens are bred is available at www.ChickenCheck.In.

Feed Conversion

It takes approximately 3.7 Bushels of Corn to Produce 100 Pounds of Boneless, Skinless Meat

Of the three major protein species, chicken is the most efficient converter of grain to meat.

CHICKEN INDUSTRY TERMINOLOGY

Chickens are classified primarily by the size, weight and age of the birds when processed. Chickens are produced to meet specific requirements of the customer, which could be a retail outlet, fast food chain or institutional buyer, among others.

3s and Up – 3 to 4.75 pounds, usually with neck and giblets for retail grocery; whole or cut-up parts; 40 to 45 days old; typical retail size

All-Vegetable Diet – Poultry feed is made primarily from corn and soybean meal and may include some processed protein, fats and oils from animal by-products. If these ingredients are not used, the feed could be described as “all vegetable.” The chickens that consume this type of feed are referred to as “veg fed”

Broiler – chicken raised for meat products

Broiler for Deboning – 5 to 6 pound males, usually 47 to 56 days old; deboned for nuggets, patties, strips and similar boneless products; most often sold without neck and giblets

Broiler-Roaster – 5 to 6 pound hens, usually 55 days old

Capon – surgically de-sexed male broiler weighing 7 to 9 pounds and 14 to 15 weeks old

Cornish Hen – less than 30 days old and about 2 pounds live weight

Enhanced – some raw chicken products are enhanced with chicken broth or a similar solution. The presence and percentage of the broth or other solution must be stated clearly and the actual

CHICKEN

ingredients listed on the label. Both enhanced and non-enhanced products are currently available in the marketplace. Sodium is used in the broth or solution of some enhanced products, usually at very low levels. The presence of salt or sodium is noted on the label

Farm-Raised – chickens are raised on farms; therefore, virtually any chicken could be labeled “farm-raised”

Fast Food Size Broiler – 2.25 to 3 pounds, usually cut up, without neck and giblets; may have tail and leaf fat removed; less than 42 days old

Free Range – USDA generally permits the term to be used if chickens have access to the outdoors for at least some part of the day. Chicken labeled “organic” must also be free-range, but not all free-range chicken is also organic.

Heavy Hens – spent breeder hens that are no longer commercially productive for laying hatching eggs, usually 5 to 5.5 pounds, about 15 months old; used for cooked, diced or pulled meat

Heavy Young Broiler Roaster – 6 to 8 pounds, sold fresh or frozen through retail grocery, both whole and parts; less than 10 weeks old; typical “roaster”

Light Hens – produce table eggs; typically not used for meat

Natural – under USDA regulations, a “natural” product has no artificial ingredients and is minimally processed. Most ready-to-cook chicken can be labeled “natural”

New York Dressed – a whole broiler with head, feet and entrails intact

No Hormones Added – no artificial or added hormones are used in

Cuts of Chicken



Cut-up Chicken (8 pcs.)	Whole chicken cut into two breast halves, two thighs, two drumsticks, two wings
Halves or Splits	Whole chicken cut lengthwise into two pieces of approximately equal weight
Breast Quarter	Breast, wing, back portion
Leg Quarter	Drumstick and thigh
Breast Halves or Splits	Chicken breasts cut in half along the breast bone
Drumstick	Portion of the leg below the knee joint
Thigh	Portion of the leg above the knee joint
Wing	Whole wing with all three sections – drumette, flat section and wing tip – intact
Drumette	Wing portion consisting of only the meatier first section; looks like a tiny drumstick
Mid-joint Wing	Wing portion consisting of only the flat, middle section
Tenders	Strips of boneless, skinless breast meat

Source: Tyson Foods, Inc.

the production of any poultry in the United States. Regulations of the Food & Drug Administration prohibit the use of such hormones. Any brand of chicken can be labeled “no added hormones;” however, any package of chicken with that type of label must also state that federal regulations prohibit the use of hormones in poultry

Organic – the USDA has a very specific rule to define organic production and prohibits the use of the term “organic” on packaging of any food product not produced in accordance with its rule. According to USDA, the organic label does not indicate that the product has safety, quality or nutritional attributes that are any higher than conventionally raised product

Poultry – domesticated fowl raised for meat and/or eggs

Poussin – less than 24 days old and about 1 pound or less

Pullet – young female breeder chicken that produces fertile hatching eggs, which become broilers for the market

Raised without Antibiotics or No Antibiotics Ever – “Raised without Antibiotics” on a package of chicken indicates that the flock was raised without the use of products classified as antibiotics. Animal health products not classified as antibiotics may still be used. The term “antibiotic free” is not allowed to be used on a label. All chicken should be “antibiotic-free” in the sense that no antibiotic residues are

CHICKEN

present in the meat if the withdrawal periods and other precautions required by the government are observed by the chicken producer

Retained Water – USDA prohibits retention of moisture in meat and poultry except for the amount that results from essential safety procedures, such as chilling processed chickens in ice-cold water to reduce their temperature and retard the growth of spoilage bacteria and other microorganisms. If any moisture is retained by the product after this procedure, it must be stated on the label

WOG – a whole, dressed broiler without giblets; abbreviation for without giblets

Weights are ready-to-cook or dressed weight unless otherwise noted.

Source: National Chicken Council; Arkansas Livestock and Poultry Commission



[tysonfoods.com](https://www.tysonfoods.com)