

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended **September 28, 2019**
- 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)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A Common Stock      Par Value \$0.10	TSN	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: Not Applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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"/>	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

On March 30, 2019, the aggregate market value of the registrant's Class A Common Stock, \$0.10 par value ("Class A stock"), and Class B Common Stock, \$0.10 par value ("Class B stock"), held by non-affiliates of the registrant was \$20,029,681,571 and \$718,948, respectively. Class B stock is not publicly listed for trade on any exchange or market system. However, Class B stock is convertible into Class A stock on a share-for-share basis, so the market value was calculated based on the market price of Class A stock.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 26, 2019.

Class	Outstanding Shares
Class A Common Stock, \$0.10 Par Value ("Class A stock")	295,184,233
Class B Common Stock, \$0.10 Par Value ("Class B stock")	70,010,355

## INCORPORATION BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held February 6, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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## PART I

### ITEM 1. BUSINESS

#### GENERAL

Tyson Foods, Inc. and its subsidiaries (collectively, the “Company,” “we,” “us,” “our,” “Tyson Foods” or “Tyson”) (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 including Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®. Tyson Foods innovates continually to make protein more sustainable, tailor food for everywhere it’s available and raise the world’s expectations for how much good food can do. Headquartered in Springdale, Arkansas, the Company had approximately 141,000 team members on September 28, 2019. Through its Core Values, Tyson Foods is a company of people engaged in the production of food, seeking to pursue trust and integrity, and committed to creating value for our shareholders, our customers, our team members, and our communities. We strive to be honorable and operate with integrity, be faith-friendly and inclusive, serve as stewards of the resources entrusted to us, and provide a safe work environment. 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 a fully vertically-integrated chicken production process with the majority of our production certified as no antibiotic ever (sometimes referred to as “NAE”). Our integrated operations consist of breeding stock, contract farmers, feed production, processing, further-processing, marketing and transportation of chicken and related allied products, including animal and pet food ingredients. Through our wholly-owned subsidiary, Cobb-Vantress, Inc., we are one of the leading poultry breeding stock suppliers in the world. Investing in breeding stock research and development allows us to breed into our flocks the characteristics found to be most desirable.

We also process live fed cattle and hogs and fabricate dressed beef and pork carcasses into primal and sub-primal meat cuts, case-ready beef and pork and fully-cooked meats. In addition, we derive value from allied products such as hides and variety meats sold to further processors and others.

We produce a wide range of fresh, value-added, frozen and refrigerated food products. Our products are marketed and sold primarily by our sales staff to grocery retailers, grocery wholesalers, meat distributors, warehouse club stores, military commissaries, industrial food processing companies, chain restaurants or their distributors, live markets, international export companies and domestic distributors who serve restaurants, foodservice operations such as plant and school cafeterias, convenience stores, hospitals and other vendors. Additionally, sales to the military and a portion of sales to international markets are made through independent brokers and trading companies.

In fiscal 2019, we acquired and consolidated MFG (USA) Holdings, Inc. and McKey Luxembourg Holdings S.à.r.l. (“Keystone Foods”), and the Thai and European operations of BRF S.A. (“Thai and European operations”), in furtherance of our growth strategy and expansion of our value-added protein capabilities in domestic and global markets. Keystone Foods’ domestic and international results, subsequent to the acquisition closing, are included in our Chicken segment and International/Other for segment presentation, respectively. The Thai and European operations’ results, subsequent to the acquisition closing, are included in International/Other for segment presentation. In fiscal 2018, we acquired Original Philly Holdings, Inc. (“Original Philly”), a value-added protein business, and the results from operation of this business are included in the Prepared Foods and Chicken segments. In fiscal 2018, we also acquired Tecumseh Poultry, LLC (“Tecumseh”), a vertically integrated value-added protein business, and the assets of American Proteins, Inc. and AMPRO Products, Inc. (“American Proteins”), a poultry rendering and blending operation, as part of our strategic expansion and sustainability initiatives. The results from operations of these businesses are included in our Chicken segment. For further description of these transactions, refer to Part II, Item 8, Notes to Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.

In fiscal 2018, we completed the sale of four non-protein businesses as part of our strategic focus on protein brands. All of these businesses were part of our Prepared Foods segment and included Sara Lee® Frozen Bakery, Kettle, Van’s®, and TNT Crust and produced items such as frozen desserts, waffles, snack bars, soups, sauces, sides and pizza crusts. The sales included 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, Traverse City, Michigan, and Green Bay, Wisconsin prepared foods facilities. For further description of these transactions, refer to Part II, Item 8, Notes to Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.

As part of our commitment to innovation and growth, we have a venture capital fund focused on investing in companies developing breakthrough technologies, business models and products to sustainably feed a growing world population. The Tyson New Ventures LLC fund is used to broaden our exposure to innovative, new forms of protein and ways of sustainably producing food to complement the Company’s continuing investments in innovation in our core Beef, Pork, Chicken and Prepared Foods businesses.

## FINANCIAL INFORMATION OF SEGMENTS

We operate in four reportable segments: Beef, Pork, Chicken and Prepared Foods. International/Other primarily includes our foreign operations in Australia, China, South Korea, Malaysia, Mexico, the Netherlands, Thailand and the United Kingdom, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC. The contribution of each segment to net sales and operating income (loss), and the identifiable assets attributable to each segment, are set forth in Part II, Item 8, Notes to Consolidated Financial Statements, Note 17: Segment Reporting.

## DESCRIPTION OF SEGMENTS

**Beef:** Beef includes our operations related to processing live fed cattle and fabricating dressed beef carcasses into primal and sub-primal meat cuts and case-ready 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 sales from allied products such as hides and variety meats, as well as logistics operations to move products through the supply chain.

**Pork:** Pork includes our operations related to processing live market hogs and fabricating pork carcasses into primal and sub-primal cuts and case-ready 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 our live swine group, related allied product processing activities and logistics operations to move products through the supply chain.

**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. Our value-added chicken products primarily include breaded chicken strips, nuggets, patties and other ready-to-fix or fully cooked chicken parts. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, convenience stores, 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®, as well as artisanal brands Aidells®, Gallo Salame®, and Golden Island®. Products primarily include ready-to-eat sandwiches, sandwich components such as flame-grilled hamburgers and Philly steaks, pepperoni, bacon, breakfast sausage, turkey, lunchmeat, hot dogs, flour and corn tortilla products, appetizers, snacks, prepared meals, ethnic foods, 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, convenience stores, healthcare facilities, the military and other food processors, as well as to international export markets.

## RAW MATERIALS AND SOURCES OF SUPPLY

**Beef:** The primary raw materials used in our beef operations are live cattle. We do not have facilities of our own to raise cattle but employ cattle buyers located throughout cattle producing areas who visit independent feed yards and public auctions and buy live cattle on the open spot market. These buyers are trained to select high quality animals, and we continually measure their performance. We also enter into various risk-sharing and procurement arrangements with producers to secure a supply of livestock for our facilities. Although we generally expect adequate supply of live cattle in the regions we operate, there may be periods of imbalance in supply and demand.

**Pork:** The primary raw materials used in our pork operations are live hogs. The majority of our live hog supply is obtained through various procurement relationships with independent producers. We employ hog buyers who make purchase agreements of various time durations as well as purchase hogs on a daily basis, generally a few days before the animals are processed. These buyers are trained to select high quality animals, and we continually measure their performance. We believe the supply of live hogs is adequate for our present needs. Additionally, we raise a small number of weanling swine to sell to independent finishers and supply a minimal amount of market hogs and live swine for our own processing needs. Although we generally expect adequate supply of live hogs in the regions we operate, there may be periods of imbalance in supply and demand.

**Chicken:** The primary raw materials used in our domestic chicken operations are corn and soybean meal used as feed and live chickens raised primarily by independent contract farmers. Our vertically-integrated chicken process begins with the grandparent breeder flocks and ends with broilers for processing. Breeder flocks (i.e., grandparents) are raised to maturity in grandparent growing and laying farms where fertile eggs are produced. Fertile eggs are incubated at the grandparent hatchery and produce pullets (i.e., parents). Pullets are sent to breeder houses, and the resulting eggs are sent to our hatcheries. Once chicks have hatched, they are sent to broiler farms. There, contract farmers care for and raise the chicks according to our standards, with advice from our technical service personnel, until the broilers reach the desired processing weight. Adult chickens are transported to processing plants where they are harvested and converted into finished products, which are then sent to distribution centers and delivered to customers.

We operate feed mills to produce scientifically-formulated feeds. In fiscal 2019, corn, soybean meal and other feed ingredients were major production costs, representing roughly 55% of our cost of growing a live chicken domestically. In addition to feed ingredients to grow the chickens, we use cooking ingredients, packaging materials and cryogenic agents. We believe our sources of supply for these materials are adequate for our present needs, and we do not anticipate any difficulty in acquiring these materials in the future.

While we produce nearly all our inventory of breeder chickens and live broilers, we also purchase ice-packed or deboned chicken to meet production and sales requirements.

**Prepared Foods:** The primary raw materials used in our prepared foods operations are commodity based raw materials, including beef, pork, chicken, turkey, flour, vegetables, cheese, eggs, seasonings, and other cooking ingredients. Some of these raw materials are provided by our other segments, while others may be purchased from numerous suppliers and manufacturers. We believe the sources of supply of raw materials are adequate for our present needs.

#### **SEASONAL DEMAND**

Demand for beef, chicken and certain prepared foods products, such as hot dogs and smoked sausage, generally increases during the spring and summer months and generally decreases during the winter months. Pork and certain other prepared foods products, such as prepared meals, meat dishes, appetizers and breakfast sausage, generally experience increased demand during the winter months, primarily due to the holiday season, while demand generally decreases during the spring and summer months.

#### **CUSTOMERS**

Walmart Inc. accounted for 16.9% of our fiscal 2019 consolidated sales. Sales to Walmart Inc. were included in all of our segments. Any extended discontinuance of sales to this customer could, if not replaced, have a material impact on our operations. No other single customer or customer group represented more than 10% of fiscal 2019 consolidated sales.

#### **COMPETITION**

Our food products compete with those of other food producers and processors and certain prepared food manufacturers. Additionally, our food products compete in markets around the world.

We seek to achieve a leading market position for our products via our principal marketing and competitive strategy, which includes:

- identifying target markets for value-added products;
- concentrating production, sales and marketing efforts to appeal to and enhance demand from those markets; and
- utilizing our national distribution systems and customer support services.

Past efforts indicate customer demand can be increased and sustained through application of our marketing strategy, as supported by our distribution systems. The principal competitive elements are price, product safety and quality, brand identification, innovation, breadth and depth of product offerings, availability of products, customer service and credit terms.

#### **FOREIGN OPERATIONS**

We sold products in approximately 145 countries in fiscal 2019. Major sales markets include Australia, Canada, Central America, Chile, China, the European Union, Japan, Mexico, Malaysia, the Middle East, South Korea, Taiwan and Thailand.

We have the following foreign operations:

- Cobb-Vantress, a chicken breeding stock subsidiary, has business interests in Argentina, Brazil, China, Colombia, the Dominican Republic, India, the Netherlands, New Zealand, Peru, the Philippines, Spain, Turkey, and the United Kingdom.
- Tyson Asia-Pacific, consists of chicken production operations in Thailand and Malaysia, and a beef production operation in Australia.
- Tyson China-Korea, with locations in China and South Korea, consists of vertically-integrated chicken production and chicken further-processing operations.
- Tyson Europe, sells chicken products throughout Europe produced from our other global operations and co-packer arrangements, and has chicken further processing operations in the United Kingdom and the Netherlands.
- Godrej Tyson Foods, a joint venture in India in which we have a minority interest, is primarily a chicken processing business.
- Tyson Mexico Trading Company, a Mexican subsidiary, sells chicken products primarily through our U.S. operations and co-packer arrangements.

We continue to evaluate growth opportunities in foreign locations. Additional information regarding export sales and long-lived assets located in foreign locations is set forth in Part II, Item 8, Notes to Consolidated Financial Statements, Note 17: Segment Reporting.

## **RESEARCH AND DEVELOPMENT**

We conduct continuous research and development activities to improve product development, to automate manual processes in our processing plants and grow-out operations, and to improve chicken breeding stock. With regards to our food products we have two research and development locations, our Discovery Center in Springdale, Arkansas, and an Innovation Center located in Downers Grove, Illinois. The centers include more than 80,000 square feet of United States Department of Agriculture ("USDA") pilot plant space, two consumer sensory and focus group areas, two packaging labs and 25 research kitchens. The centers enable us to bring new market-leading retail and foodservice products to the customer quickly and efficiently.

## **ENVIRONMENTAL REGULATION AND FOOD SAFETY**

Our facilities for processing beef, pork, chicken, turkey and prepared foods, milling feed and housing live chickens and swine are subject to a variety of international, federal, state and local environmental laws and regulations, which include provisions relating to the discharge of materials into the environment and generally provide for protection of the environment.

We believe we are in substantial compliance with such applicable laws and regulations and are not aware of any violations of such laws and regulations likely to result in material penalties or material increases in compliance costs. The cost of compliance with such laws and regulations has not had a material adverse effect on our capital expenditures, earnings or competitive position, and except as described below, is not anticipated to have a material adverse effect in the future.

Congress, the United States Environmental Protection Agency and some states continue to consider various options to control greenhouse gas emissions. It is unclear at this time what options, if any, will be finalized, and whether such options would have a direct impact on the Company. Due to continuing uncertainty surrounding this issue, it is premature to speculate on the specific nature of impacts that imposition of greenhouse gas emission controls would have on us and whether such impacts would have a material adverse effect.

We work to ensure our products meet high standards of food safety and quality. In addition to our own internal Food Safety and Quality Assurance oversight and review, our beef, pork, chicken, and prepared foods products are subject to inspection prior to distribution, primarily by the USDA and the United States Food and Drug Administration ("FDA"). We are also participants in the USDA's Hazard Analysis and Critical Control Points ("HACCP") program or FDA's Hazard Analysis and Risk-Based Prevention Controls ("HARPC") program as applicable and are subject to the Sanitation Standard Operating Procedures and the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. Additionally, our foreign operations are subject to various other food safety and quality assurance oversight and review.

## **EMPLOYEES AND LABOR RELATIONS**

As of September 28, 2019, we employed approximately 141,000 employees. Approximately 122,000 employees were employed in the United States, and 19,000 employees were employed in foreign countries, primarily in Thailand and China. Approximately 34,000 employees in the United States were subject to collective bargaining agreements with various labor unions, with approximately 11% of those employees at locations either under negotiation for contract renewal or included under agreements expiring in fiscal 2020. The remaining agreements expire over the next several years. Approximately 5,000 employees in foreign countries were subject to collective bargaining agreements. We believe our overall relations with our workforce are good.

## **MARKETING AND DISTRIBUTION**

Our principal marketing objective is to be the preferred provider of beef, pork, chicken, and prepared foods products for our customers and consumers. We build the Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair® brands while supporting strong regional and emerging brands primarily through well-defined, product-specific advertising, marketing, and public relations efforts focused toward key consumer targets with specific needs. We identify growth and business opportunities through consumer and customer insights derived via leading research and analytic capabilities. We utilize our national distribution system and customer support services to achieve the leading market position for our products and brands.

We have the ability to produce and ship fresh, frozen and refrigerated products worldwide. Domestically, our distribution system extends to a broad network of food distributors and is supported by our owned or leased cold storage warehouses, public cold storage facilities and our transportation system. Our distribution centers accumulate fresh and frozen products so we can fill and consolidate partial-truckload orders into full truckloads, thereby decreasing shipping costs while increasing customer service. In addition, we provide our customers a wide selection of products that do not require large volume orders. Our distribution system enables us to supply large or small quantities of products to meet customer requirements anywhere in the continental United States. Internationally, we utilize both rail and truck refrigerated transportation to domestic ports, where consolidations take place to transport to foreign destinations.

## **PATENTS AND TRADEMARKS**

We have filed a number of patent applications relating to our processes and products that either have been approved or are in the process of review. Because we do a significant amount of brand name and product line advertising to promote our products, we consider the protection of our trademarks to be important to our marketing efforts and have registered and applied for the registration of a number of trademarks. We also have developed non-public proprietary information regarding our production processes and other product-related matters. We utilize internal procedures and safeguards to protect the confidentiality of such information and, where appropriate, seek patent and/or other protection for the technology we utilize.

## **INDUSTRY PRACTICES**

Our agreements with customers are generally short-term, primarily due to the nature of our products, industry practices and fluctuations in supply, demand and price for such products. In certain instances where we are selling further processed products to large customers, we may enter into written agreements whereby we will act as the exclusive or preferred supplier to the customer, with pricing terms that are either fixed or variable.

## **AVAILABILITY OF SEC FILINGS AND CORPORATE GOVERNANCE DOCUMENTS ON INTERNET WEBSITE**

We maintain an internet website for investors at <http://ir.tyson.com>. On this website, we make available, free of charge, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, iXBRL (inline eXtensible Business Reporting Language) reports, and all amendments to any of those reports, as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the Securities and Exchange Commission. Also available on the website for investors are the Corporate Governance Principles, Audit Committee charter, Compensation and Leadership Development Committee charter, Governance and Nominating Committee charter, Strategy and Acquisitions Committee charter, Code of Conduct and Whistleblower Policy. Our corporate governance documents are available in print, free of charge to any shareholder who requests them.

## **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 2020, 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) fluctuations in the cost and availability of inputs and raw materials, such as live cattle, live swine, feed grains (including corn and soybean meal) and energy; (ii) market conditions for finished products, including competition from other global and domestic food processors, supply and pricing of competing products and alternative proteins and demand for alternative proteins; (iii) outbreak of a livestock disease (such as African swine fever (ASF), avian influenza (AI) or bovine spongiform encephalopathy (BSE)), which could have an adverse effect on livestock we own, the availability of livestock we purchase, consumer perception of certain protein products or our ability to access certain domestic and foreign markets; (iv) the effectiveness of our financial fitness program; (v) the implementation of an enterprise resource planning system; (vi) access to foreign markets together with foreign economic conditions, including currency fluctuations, import/export restrictions and foreign politics; (vii) changes in availability and relative costs of labor and contract farmers and our ability to maintain good relationships with employees, labor unions, contract farmers and independent producers providing us livestock; (viii) issues related to food safety, including costs resulting from product recalls, regulatory compliance and any related claims or litigation; (ix) changes in consumer preference and diets and our ability to identify and react to consumer trends; (x) effectiveness of advertising and marketing programs; (xi) our ability to leverage brand value propositions; (xii) risks associated with leverage, including cost increases due to rising interest rates or changes in debt ratings or outlook; (xiii) impairment in the carrying value of our goodwill or indefinite life intangible assets; (xiv) 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; (xv) adverse results from litigation; (xvi) cyber incidents, security breaches or other disruptions of our information technology systems; (xvii) our ability to make effective acquisitions or joint ventures and successfully integrate newly acquired businesses into existing operations; (xviii) risks associated with our commodity purchasing activities; (xix) the effect of, or changes in, general economic conditions; (xx) significant marketing plan changes by large customers or loss of one or more large customers; (xxi) impacts on our operations caused by factors and forces beyond our control, such as natural disasters, fire, bioterrorism, pandemics or extreme weather; (xxii) failure to maximize or assert our intellectual property rights; (xxiii) our participation in multiemployer pension plans; (xxiv) the Tyson Limited Partnership's ability to exercise significant control over the Company; (xxv) effects related to changes in tax rates, valuation of deferred tax assets and liabilities, or tax laws and their interpretation; (xxvi) volatility in capital markets or interest rates; (xxvii) risks associated with our failure to integrate Keystone Foods' operations or to realize the targeted cost savings, revenues and other benefits of the acquisition; and (xxviii) those factors listed under Item 1A. "Risk Factors."

## ITEM 1A. RISK FACTORS

These risks, which should be considered carefully with the information provided elsewhere in this report, could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

### **Fluctuations in commodity prices and in the availability of raw materials, especially feed grains, live cattle, live swine and other inputs could negatively impact our earnings.**

Our results of operations and financial condition, as well as the selling prices for our products, are dependent upon the cost and supply of commodities and raw materials such as beef, pork, poultry, corn, soybean, packaging materials and energy and, to a lesser extent, cheese, fruit, seasoning blends, flour, corn syrup, corn oils, butter and sugar. Corn, soybean meal and other feed ingredients, for instance, represented roughly 55% of our cost of growing a live chicken in fiscal 2019.

Production and pricing of these commodities are determined by constantly changing market forces of supply and demand over which we have limited or no control. Such factors include, among other things, weather patterns throughout the world, outbreaks of disease, the global level of supply inventories and demand for grains and other feed ingredients, as well as agricultural and energy policies of domestic and foreign governments.

Volatility in our commodity and raw material costs directly impact our gross margin and profitability. The Company's objective is to offset commodity price increases with pricing actions over time. However, we may not be able to increase our product prices enough to sufficiently offset increased raw material costs due to consumer price sensitivity or the pricing postures of our competitors. In addition, if we increase prices to offset higher costs, we could experience lower demand for our products and sales volumes. Conversely, decreases in our commodity and other input costs may create pressure on us to decrease our prices. While 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, we do not fully hedge against changes in commodities prices.

Over time, if we are unable to price our products to cover increased costs, to offset operating cost increases with continuous improvement savings or are not successful in our commodity hedging program, then commodity and raw material price volatility or increases could materially and adversely affect our profitability, financial condition and results of operations.

### **The prices we receive for our products may fluctuate due to competition from other food producers and processors.**

The food industry in general is intensely competitive. We face competition from other food producers and processors that have various product ranges and geographic reach. Some of the factors on which we compete include: pricing, product safety and quality, brand identification, innovation, breadth and depth of product offerings, availability of our products (including distribution channels used, such as e-commerce) and competing products, customer service, and credit terms.

From time to time in response to these competitive pressures or to maintain market share, we may need to reduce the prices for some of our products or increase or reallocate spending on marketing, advertising and promotions and new product innovation. Such pressures also may restrict our ability to increase prices in response to raw material and other cost increases. Any reduction in prices as a result of competitive pressures, or any failure to increase prices to offset cost increases, could harm our profit margins. If we reduce prices but we cannot increase sales volumes to offset the price changes, then our financial condition and results of operations will suffer. Alternatively, if we do not reduce our prices and our competitors seek advantage through pricing or promotional changes, our revenues and market share could be adversely affected.

### **Outbreaks of livestock diseases can adversely impact our ability to conduct our operations and the supply and demand for our products.**

Supply of and demand for our products can be adversely impacted by outbreaks of livestock diseases, which can have a significant impact on our financial results. Efforts are taken to control disease risks by adherence to good production practices and extensive precautionary measures designed to ensure the health of livestock. However, outbreaks of disease and other events, which may be beyond our control, either in our own livestock or livestock owned by independent producers who sell livestock to us, could significantly affect demand for our products, consumer perceptions of certain protein products, the availability of livestock for purchase by us and our ability to conduct our operations. Moreover, the outbreak of livestock diseases, particularly in our Chicken segment, could have a significant effect on the livestock we own by requiring us to, among other things, destroy any affected livestock. Furthermore, an outbreak of disease could result in governmental restrictions on the import and export of our products to or from our suppliers, facilities or customers. This could also result in negative publicity that may have an adverse effect on our ability to market our products successfully and on our financial results.



**The integration of recent acquisitions may be more difficult, costly or time consuming than expected, and the acquisitions may not result in any or all of the anticipated benefits, including cost synergies.**

The success of recent acquisitions, including the realization of the anticipated benefits, will depend in part on our ability to successfully integrate the 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. Failure to effectively integrate the businesses could adversely impact the expected benefits of the acquisitions, including cost synergies arising from supply chain efficiencies, merchandising activities and overlapping general and administrative functions.

The integration of large businesses is complex, and requires us to devote significant management attention and incur substantial costs to integrate these businesses and Tyson's business practices, policies, cultures and operations. This diversion of our management's attention from day-to-day business operations and the execution and pursuit of strategic plans and initiatives could result in performance shortfalls, which could adversely impact the combined company's business, operations and financial results. The integration process could also result in the loss of key employees, which could adversely impact the combined company's future financial results.

Furthermore, during the integration planning process, we may encounter additional challenges and difficulties, including those related to, without limitation, managing a larger combined company; streamlining supply chains, consolidating corporate and administrative infrastructures and eliminating overlapping operations; retaining our existing vendors and customers; unanticipated issues in integrating information technology, communications and other systems; language and translation difficulties; and unforeseen and unexpected liabilities related to recent acquisitions. Delays encountered in the integration could adversely impact the business, financial condition and operations of the combined company.

We continue to evaluate our estimates of synergies to be realized from recent acquisitions and refine them. 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 recent acquisitions in a timely manner or at all or could incur higher transition costs than anticipated. An inability to realize the full extent of, or any of, the anticipated benefits of the acquisitions, 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 may not realize any or all of the anticipated benefits of our financial fitness program, which may prove to be more difficult, costly, or time consuming than expected.**

In the fourth quarter of fiscal 2017, our Board of Directors approved a multi-year restructuring program (the "Financial Fitness Program"), which is expected to contribute to the Company's overall strategy of financial fitness through increased operational effectiveness and overhead reduction. For more information regarding this program, refer to the heading "Overview" set forth in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

The success of the Financial Fitness Program, including the realization of the anticipated benefits, will depend in part on our ability to successfully implement the program in an efficient and effective manner. The implementation of the Financial Fitness Program may be more difficult, costly, or time consuming than expected, and the Financial Fitness Program may not result in any or all of the anticipated benefits. If we are unable to implement the Financial Fitness Program smoothly or successfully, or we otherwise do not capture the anticipated savings, our business, results of operations and financial condition for future periods could be negatively impacted.

In addition, we may incur higher costs associated with reductions in overhead than anticipated, and the reduction in overhead could result in performance shortfalls. The Financial Fitness Program may become a distraction for our organization and may disrupt our ongoing business operations; cause deterioration in employee morale; disrupt or weaken the internal control structures of the affected business operations; and result in negative publicity which could affect our corporate reputation. If we are unable to successfully manage the negative consequences of the Financial Fitness Program, our business, results of operations and financial condition for future periods could be adversely affected.

**We may experience difficulties in implementing an enterprise resource planning system over the next few years.**

We are engaged in a multi-year implementation of an enterprise resource planning (“ERP”) system. Such an implementation is a major undertaking from a financial, management, and personnel perspective. The implementation of the ERP system may prove to be more difficult, costly, or time consuming than expected, and there can be no assurance that this system will continue to be beneficial to the extent anticipated. Any disruptions, delays or deficiencies in the design and implementation of our new ERP system could adversely affect our ability to process orders, ship products, send invoices and track payments, fulfill contractual obligations, produce financial reports, or otherwise operate our business. As we implement our new ERP system, our exposure to system attacks may be elevated because we will be running old and new processes in parallel and must simultaneously protect both the new system and legacy systems. If we are unable to implement the ERP system smoothly or successfully, or we otherwise do not capture anticipated benefits, our business, results of operations and financial condition for future periods could be negatively impacted. Additionally, our implementation of the ERP system involves greater utilization of third-party “cloud” computing services in connection with our business operations. Problems faced by us or our third-party “cloud” computing providers, including technological or business-related disruptions, as well as cybersecurity threats, could adversely impact our business, results of operations and financial condition for future periods.

**We are subject to risks associated with our international activities, which could negatively affect our sales to customers in foreign locations, as well as our operations and assets in such locations.**

In fiscal 2019, we sold products to customers in approximately 145 countries. Major sales markets include Australia, Canada, Central America, China, the European Union, Japan, Malaysia, Mexico, Chile, the Middle East, the Netherlands, South Korea, Taiwan and Thailand. Our sales to customers in foreign countries for fiscal 2019 totaled \$5.4 billion, of which \$4.1 billion related to export sales from the United States. In addition, we had approximately \$1,107 million of long-lived assets located in foreign locations, primarily Brazil, China, the European Union and New Zealand, at the end of fiscal 2019.

As a result, we are subject to various risks and uncertainties relating to international sales and operations, including:

- imposition of tariffs, quotas, trade barriers and other trade protection measures imposed by foreign countries regarding the importation of beef, pork, poultry, and prepared foods products, in addition to import or export licensing requirements imposed by various foreign countries;
- closing of borders by foreign countries to the import of beef, pork, and poultry products due to animal disease or other perceived health or safety issues;
- impact of currency exchange rate fluctuations between the United States dollar and foreign currencies, particularly the Brazilian real, the British pound sterling, the Canadian dollar, the Chinese renminbi, the European euro, the Japanese yen, the Thai baht, the Malaysian ringgit and the Mexican peso;
- political and economic conditions;
- difficulties and costs to comply with, and enforcement of remedies under, a wide variety of complex domestic and international laws, treaties and regulations, including, without limitation, the United States Foreign Corrupt Practices Act and economic and trade sanctions enforced by the United States Department of the Treasury’s Office of Foreign Assets Control;
- different regulatory structures and unexpected changes in regulatory environments;
- tax rates that may exceed those in the United States and earnings that may be subject to withholding requirements and incremental taxes upon repatriation;
- potentially negative consequences from changes in tax laws; and
- distribution costs, disruptions in shipping or reduced availability of freight transportation.

Negative consequences relating to these risks and uncertainties could jeopardize or limit our ability to transact business in one or more of those markets where we operate or in other developing markets and could adversely affect our financial results.

**We depend on the availability of, and good relations with, our employees.**

We have approximately 141,000 employees, approximately 39,000 of whom are covered by collective bargaining agreements or are members of labor unions. Our operations depend on the availability and relative costs of labor and maintaining good relations with employees and the labor unions. If we fail to maintain good relations with our employees or with the labor unions, we may experience labor strikes or work stoppages, which could adversely affect our financial results.

**If we are unable to attract, hire or retain key employees or a highly skilled and diverse global workforce, it could have a negative impact on our business, financial condition or results of operations.**

Our continued growth requires us to attract, hire, retain and develop key employees, including our executive officers and senior management team, and maintain a highly skilled and diverse global workforce. We compete to attract and hire highly skilled employees and our own employees are highly sought after by our competitors and other companies. Competition could cause us to lose talented employees, and unplanned turnover could deplete our institutional knowledge and result in increased costs due to increased competition for employees.

**We depend on contract farmers and independent producers to supply us with livestock.**

We contract primarily with independent contract farmers to raise the live chickens and turkeys processed in our poultry operations. A majority of our cattle and hogs are purchased from independent producers who sell livestock to us under marketing contracts or on the open market. If we do not attract and maintain contracts with farmers or maintain marketing and purchasing relationships with independent producers, our production operations could be negatively affected.

**If our products become contaminated, we may be subject to product liability claims and product recalls, which could adversely affect our financial results and damage our reputation.**

Our products may be subject to contamination by foreign materials or disease-producing organisms or pathogens, such as *Listeria monocytogenes*, *Salmonella* and *E. coli*. These organisms and pathogens are found generally in the environment and there is a risk that one or more, as a result of food processing, could be present in our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further-processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over handling procedures once our products have been shipped for distribution. Even an inadvertent shipment of contaminated products may be a violation of law and may lead to increased risk of exposure to product liability claims, increased scrutiny and penalties, including injunctive relief and plant closings, by federal and state regulatory agencies, and adverse publicity, which could exacerbate the associated negative consumer reaction. Any of these occurrences may have an adverse effect on our financial results. In addition, we may be required to recall some of our products if they spoil, become contaminated, are tampered with or are mislabeled. A widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory and lost sales due to the unavailability of product for a period of time. Such a product recall also could result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our products, which could have a material adverse effect on our business results and the value of our brands.

**Changes in consumer preference and failure to maintain favorable consumer perception of our brands and products could negatively impact our business.**

The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our brands and products. We strive to respond to consumer preferences and social expectations, but we may not be successful in our efforts.

We could be adversely affected if consumers lose confidence in the safety and quality of certain food products or ingredients, or the food safety system generally. Prolonged negative perceptions concerning the health implications of certain food products or ingredients or loss of confidence in the food safety system generally could influence consumer preferences and acceptance of some of our products and marketing programs. Continued negative perceptions and failure to satisfy consumer preferences could materially and adversely affect our product sales, financial condition and results of operations.

We have a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of our business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products (whether or not valid), our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences or the products becoming unavailable to consumers.

**Failure to continually innovate and successfully launch new products and maintain our brand image through marketing investment could adversely impact our operating results.**

Our financial success is dependent on anticipating changes in consumer preferences, purchasing behaviors and dietary habits and successfully developing and launching new products and product extensions that consumers want in the channels where they shop. We devote significant resources to new product development and product extensions, however we may not be successful in developing innovative new products or our new products may not be commercially successful. To the extent we are not able to effectively gauge the direction of our key markets and successfully identify, develop, manufacture and market new or improved products in these changing markets, such as adapting to emerging e-commerce channels, our financial results and our competitive position will suffer. In addition, our introduction of new products or product extensions may generate litigation or other legal proceedings against us by competitors claiming infringement of their intellectual property or other rights, which could negatively impact our results of operations.

We also seek to maintain and extend the image of our brands through marketing investments, including advertising, consumer promotions and trade spend. Due to inherent risks in the marketplace associated with advertising, promotions and new product introductions, including uncertainties about trade and consumer acceptance, our marketing investments may not prove successful in maintaining or increasing our market share and could result in lower sales and profits. Continuing global focus on health and wellness, including weight management, and increasing media attention to the role of food marketing could adversely affect our brand image or lead to stricter regulations and greater scrutiny of food marketing practices.

Our success in maintaining, extending and expanding our brand image also depends on our ability to adapt to a rapidly changing media environment, including our increasing reliance on social media and online dissemination of advertising campaigns. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about us, our brands or our products on social or digital media could seriously damage our reputation and brand image.

We are subject to a variety of legal and regulatory restrictions on how and to whom we market our products, for instance marketing to children, which may limit our ability to maintain or extend our brand image. If we do not maintain or extend our brand image, then our product sales, financial condition and results of operations could be materially and adversely affected.

**Failure to leverage our brand value propositions to compete against private label products, especially during economic downturn, may adversely affect our profitability.**

In many product categories, we compete not only with other widely advertised branded products, but also with private label products that generally are sold at lower prices. Consumers are more likely to purchase our products if they believe that our products provide a higher quality and greater value than less expensive alternatives. If the difference in quality between our brands and private label products narrows, or if there is a perception of such a narrowing, consumers may choose not to buy our products at prices that are profitable for us. In addition, in periods of economic uncertainty, consumers tend to purchase more lower-priced private label or other economy brands. To the extent this occurs, we could experience a reduction in the sales volume of our higher margin products or a shift in our product mix to lower margin offerings. In addition, in times of economic uncertainty, consumers reduce the amount of food that they consume away from home at our foodservice customers, which in turn reduces our product sales.

**Our level of indebtedness and the terms of our indebtedness could negatively impact our business and liquidity position.**

Our indebtedness, including borrowings under our revolving credit facility and commercial paper program, may increase from time to time for various reasons, including fluctuations in operating results, working capital needs, capital expenditures and possible acquisitions, joint ventures or other significant initiatives. Our consolidated indebtedness level could adversely affect our business because:

- it may limit or impair our ability to obtain financing in the future;
- our credit ratings (or any decrease to our credit ratings) could restrict or impede our ability to access capital markets at desired interest rates and increase our borrowing costs;
- it may reduce our flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise;
- a portion of our cash flow from operations must be dedicated to interest payments on our indebtedness and is not available for other purposes; and
- it may restrict our ability to pay dividends.

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.

**An impairment in the carrying value of our goodwill or indefinite life intangible assets could negatively impact our consolidated results of operations and net worth.**

Goodwill and indefinite life intangible assets are initially recorded at fair value and not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. In assessing the carrying value of goodwill and indefinite life intangible assets, we make estimates and assumptions about sales, operating margins, growth rates, royalty rates, EBITDA multiples, and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors. Goodwill valuations have been calculated principally using an income approach. The income approach is based on the present value of future cash flows of each reporting unit and are believed to reflect market participant views which would exist in an exit transaction. Indefinite life intangible asset valuations have been calculated principally using relief-from-royalty and excess earnings approaches and are believed to reflect market participant views which would exist in an exit transaction. Under these valuation approaches, we are required to make various judgmental assumptions about appropriate sales, operating margins, growth rates, royalty rates and discount rates, amongst other assumptions. Disruptions in global credit and other financial markets and deterioration of economic conditions, could, among other things, cause us to increase the discount rate used in the valuations. We could be required to evaluate the recoverability of goodwill and indefinite life intangible assets prior to the annual assessment if we experience disruptions to the business, unexpected significant declines in operating results, divestiture of a significant component of our business or sustained market capitalization declines. These types of events and the resulting analyses could result in impairment charges in the future, which could be substantial.

As of September 28, 2019, we had \$14.9 billion of goodwill and indefinite life intangible assets, which represented approximately 45% of total assets.

**New or more stringent domestic and international government regulations could impose material costs on us and could adversely affect our business.**

Our operations are subject to extensive federal, state and foreign laws and regulations by authorities that oversee food safety standards and processing, packaging, storage, distribution, advertising, labeling and export of our products. See “Environmental Regulation and Food Safety” in Item 1 of this Annual Report on Form 10-K for more information. Changes in laws or regulations that impose additional regulatory requirements on us (including the United Kingdom's potential exit from the European Union) could increase our cost of doing business or restrict our actions, causing our results of operations to be adversely affected. For example, increased governmental interest in advertising practices may result in regulations that could require us to change or restrict our advertising practices.

Increased government regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change may result in increased compliance costs, capital expenditures and other financial obligations for us. We use natural gas, diesel fuel and electricity in the manufacturing and distribution of our products. Legislation or regulation affecting these inputs could materially affect our profitability. In addition, climate change could affect our ability to procure needed commodities at costs and in quantities we currently experience and may require us to make additional unplanned capital expenditures.

**Legal claims, class action lawsuits, other regulatory enforcement actions, or failure to comply with applicable legal standards or requirements could affect our product sales, reputation and profitability.**

We operate in a highly-regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to heightened risk of legal claims or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations, including those contained in Item 3, Legal Proceedings and Part II, Item 8, Notes to Consolidated Financial Statements, Note 20: Commitments and Contingencies in this Annual Report on Form 10-K, could subject us to civil and criminal penalties, including debarment from governmental contracts that could materially and adversely affect our product sales, reputation, financial condition and results of operations. Loss of or failure to obtain necessary permits and registrations could delay or prevent us from meeting current product demand, introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results.

**The Company is subject to stringent environmental regulation and potentially subject to environmental litigation, proceedings, and investigations.**

Our past and present business operations and ownership and operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment, and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Compliance with these laws and regulations, and the ability to comply with any modifications to these laws and regulations, is material to our business. New matters or sites may be identified in the future that will require additional investigation, assessment, or expenditures. In addition, some of our facilities have been in operation for many years and, over time, we and other prior operators of these facilities may have generated and disposed of wastes that now may be considered hazardous. Future discovery of contamination of property underlying or in the vicinity of our present or former properties or manufacturing facilities and/or waste disposal sites could require us to incur additional expenses. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations, could adversely affect our financial results.

**We are increasingly dependent on information technology, and our business and reputation could suffer if we are unable to protect our information technology systems against, or effectively respond to, cyber-attacks, other cyber incidents or security breaches or if our information technology systems are otherwise disrupted.**

Information technology is an important part of our business operations and we increasingly rely on information technology systems to manage business data and increase efficiencies in our production and distribution facilities and inventory management processes. We also use information technology to process financial information and results of operations for internal reporting purposes and to comply with regulatory, legal and tax requirements. In addition, we depend on information technology for digital marketing and electronic communications between our facilities, personnel, customers and suppliers. Like other companies, our information technology systems may be vulnerable to a variety of disruptions, including but not limited to the process of upgrading or replacing software, databases or components thereof, natural disasters, terrorist attacks, telecommunications failures, computer viruses, cyber-attacks, hackers, unauthorized access attempts and other security issues. Attempted cyber-attacks and other cyber incidents are occurring more frequently, are constantly evolving in nature, are becoming more sophisticated and are being made by groups and individuals with a wide range of motives and expertise.

We have implemented and continue to evaluate security initiatives and disaster recovery plans to mitigate our exposure to these risks, but these measures may not be adequate. Any significant failure of our systems, including failures that prevent our systems from functioning as intended or our failure to timely identify or appropriately respond to cyber-attacks or other cyber incidents, could cause transaction errors, processing inefficiencies, loss of customers and sales, have negative consequences on our employees and our business partners, have a negative impact on our operations or business reputation and expose us to liability, litigation and regulatory enforcement actions. In addition, if we are unable to prevent security breaches, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to our business partners, customers, consumers or suppliers. Finally, the disclosure of non-public information through external media channels could lead to the loss of intellectual property or damage our reputation and brand image. Similar risks exist with respect to the third-party vendors that we rely upon for aspects of our information technology support services and administrative functions, including health and benefit plan administration and certain finance and accounting functions, and systems managed, hosted, provided and/or used by third parties and their vendors.

**If we pursue strategic acquisitions or divestitures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses.**

We periodically evaluate potential acquisitions, joint ventures and other initiatives, and may seek to expand our business through the acquisition of companies, processing plants, technologies, products and services. Acquisitions and joint ventures involve financial and operational risks and uncertainties, including:

- challenges in realizing the anticipated benefits of the transaction;
- difficulty integrating acquired businesses, technologies, operations and personnel with our existing business;
- diversion of management attention in connection with negotiating transactions and integrating the businesses acquired;
- difficulty identifying suitable candidates;
- consummating a transaction on terms that are favorable to us;
- challenges in retaining the acquired businesses' customers and key employees;
- inability to implement and maintain consistent standards, controls, procedures and information systems;
- exposure to unforeseen or undisclosed liabilities of acquired companies; and
- the availability and terms of additional debt or equity financing for any transaction.

We may not be able to address these risks and successfully develop these acquired companies or businesses into profitable units. If we are unable to do this, such expansion could adversely affect our financial results.

Additionally, from time to time, we may divest businesses that do not meet our strategic objectives or do not meet our growth or profitability targets. We may not be able to complete desired or proposed divestitures on terms favorable to us. Gains or losses on the sales of, or lost operating income from, those businesses may affect our profitability and margins. Moreover, we may incur asset impairment charges related to divestitures that reduce our profitability. Our divestiture activities may present financial, managerial and operational risks. Those risks include diversion of management attention from existing businesses, difficulties separating personnel and financial and other systems, possible need for providing transition services to buyers, adverse effects on existing business relationships with suppliers and customers and indemnities and potential disputes with the buyers. Any of these factors could adversely affect our product sales, financial condition and results of operations.

**Market fluctuations could negatively impact our operating results as we hedge certain transactions.**

Our business is exposed to fluctuating market conditions. We use derivative financial instruments to reduce our exposure to various market risks including changes in commodity prices, interest rates and foreign exchange rates. We hold certain positions, primarily in grain and livestock futures, that are not hedges for financial reporting purposes. These positions are marked to fair value, and the unrealized gains and losses are reported in earnings at each reporting date. Therefore, losses on these contracts will adversely affect our reported operating results. While these contracts reduce our exposure to changes in prices for commodity products, the use of such instruments may ultimately limit our ability to benefit from favorable commodity prices.

**Deterioration of economic conditions could negatively impact our business.**

Our business may be adversely affected by changes in economic conditions, including inflation, interest rates, access to capital markets, consumer spending rates, energy availability and costs (including fuel surcharges) and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our products, or the cost and availability of our needed raw materials, cooking ingredients and packaging materials, thereby negatively affecting our financial results.

Disruptions in global credit and other financial markets and deterioration of economic conditions could, among other things:

- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future;
- cause our lenders to depart from prior credit industry practice and make more difficult or expensive the granting of any amendment of, or waivers under, our credit agreements to the extent we may seek them in the future;
- impair the financial condition of some of our customers and suppliers, thereby increasing customer bad debts or non-performance by suppliers;

- negatively impact global demand for protein products, which could result in a reduction of sales, operating income and cash flows;
- decrease the value of our investments in equity and debt securities, including our marketable debt securities, company-owned life insurance and pension and other postretirement plan assets;
- negatively impact our commodity purchasing activities if we are required to record losses related to derivative financial instruments; or
- impair the financial viability of our insurers.

**The loss of one or more of our largest customers could negatively impact our business.**

Our business could suffer significant setbacks in sales and operating income if our customers' plans and/or markets change significantly or if we lost one or more of our largest customers, including, for example, Walmart Inc., which accounted for 16.9% of our sales in fiscal 2019. Our retail customers typically do not enter into written contracts, and if they do sign contracts, they generally are limited in scope and duration. There can be no assurance that significant customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. Alternative retail channels, such as convenience stores, dollar stores, drug stores, club stores and Internet-based retailers have increased their market share.

This trend towards alternative channels is expected to continue in the future. If we are not successful in expanding sales in alternative retail channels, our business or financial results may be adversely impacted. Many of our customers, such as supermarkets, warehouse clubs and food distributors, have consolidated in recent years, and consolidation is expected to continue throughout the United States and in other major markets. These consolidations have produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories, opposing price increases, and demanding lower pricing, increased promotional programs and specifically tailored products. These customers also may use shelf space currently used for our products for their own private label products. Because of these trends, our volume growth could slow or we may need to lower prices or increase promotional spending for our products. The loss of a significant customer or a material reduction in sales to, or adverse change to trade terms with, a significant customer could materially and adversely affect our product sales, financial condition and results of operations.

**Extreme factors or forces beyond our control could negatively impact our business.**

Our ability to make, move and sell products is critical to our success. Natural disasters, fire, bioterrorism, pandemic or extreme weather, including droughts, floods, excessive cold or heat, hurricanes or other storms, could impair the health or growth of livestock or interfere with our operations due to power outages, fuel shortages, decrease in availability of water, damage to our production and processing facilities or disruption of transportation channels or unfavorably impact the demand for, or our consumers' ability to purchase our products, among other things. Any of these factors could have an adverse effect on our financial results.

**Failure to maximize or to successfully assert our intellectual property rights could impact our competitiveness.**

We consider our intellectual property rights, particularly and most notably our trademarks, but also our trade secrets, patents and copyrights, to be a significant and valuable aspect of our business. We attempt to protect our intellectual property rights through a combination of trademark, trade secret, patent and copyright laws, as well as licensing agreements, third-party nondisclosure and assignment agreements and policing of third-party misuses of our intellectual property. We cannot be sure that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that we will not be able to obtain and perfect our own or, where appropriate, license intellectual property rights necessary to support new product introductions.

We cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which our products are or may be sold do not protect our intellectual property rights to the same extent as the laws of the United States. Our failure to perfect or successfully assert our intellectual property rights could make us less competitive and could have an adverse effect on our business, operating results and financial condition.

**Participation in Multiemployer Pension Plans could adversely affect our business.**

We participate in several "multiemployer" pension plans that provide defined benefits to certain employees covered by collective bargaining agreements. These plans are typically administered by boards of trustees composed of the management of the participating companies and labor representatives. We are required to make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Our required contributions to these funds could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these funds, inability or failure of withdrawing companies to pay their withdrawal liability, lower than expected returns on pension fund assets or other funding deficiencies. In the event that we withdraw from participation in these plans, then applicable law could require us to make additional lump-sum contributions to the plans, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability would depend on the extent of the plans' funding of vested benefits. Two of the multiemployer plans in which we participate are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability. In the event a withdrawal or partial withdrawal was to occur with respect to the multiemployer plans, the impact to our consolidated financial statements could be material.

**Tyson Limited Partnership can exercise significant control.**

As of September 28, 2019, Tyson Limited Partnership (the "TLP") owns 99.985% of the outstanding shares of the Company's Class B Common Stock, \$0.10 par value ("Class B stock") and the TLP and members of the Tyson family own, in the aggregate, 2.15% of the outstanding shares of the Company's Class A Common Stock, \$0.10 par value ("Class A stock"), giving them, collectively, control of approximately 70.97% of the total voting power of the Company's outstanding voting stock. At this time, the TLP does not have a managing general partner, as such, the management rights of the managing general partner may be exercised by a majority of the percentage interests of the general partners. As of September 28, 2019, Mr. John Tyson, Chairman of the Board of Directors, has 33.33% of the general partner percentage interests, and Ms. Barbara Tyson, a director of the Company, has 11.115% general partner percentage interests (the remaining general partnership interests are held by the Donald J. Tyson Revocable Trust (44.44%) and Harry C. Erwin, III (11.115%)). As a result of these holdings, positions and directorships, the partners in the TLP have the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our stockholders, including amendments to our restated certificate of incorporation and by-laws, the election and removal of directors, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. This concentration of ownership may also delay or prevent a change in control otherwise favored by our other stockholders and could depress our stock price. Additionally, as a result of the TLP's significant ownership of our outstanding voting stock, we are eligible for "controlled company" exemptions from certain corporate governance requirements of the New York Stock Exchange.

**We may incur additional tax expense or become subject to additional tax liabilities.**

We are subject to taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes. Our total income tax expense could be affected by changes in tax rates in various jurisdictions, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities. There can be no assurance as to the outcome of these examinations. If a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties, which could adversely affect our financial results.

**Volatility in the capital markets or interest rates could adversely impact our pension costs and the funded status of our pension plans.**

We sponsor a number of defined benefit plans for employees in the United States. The difference between plan obligations and assets, which signifies the funded status of the plans, is a significant factor in determining the net periodic benefit costs of the pension plans and our ongoing funding requirements. As of September 28, 2019, the funded status of our defined benefit pension plans was an underfunded position of \$240 million, as compared to an underfunded position of \$162 million at the end of fiscal 2018. Changes in interest rates and the market value of plan assets can impact the funded status of the plans and cause volatility in the net periodic benefit cost and our future funding requirements. The exact amount of cash contributions made to pension plans in any year is dependent upon a number of factors, including minimum funding requirements.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The following table summarizes our domestic production and distribution properties as of September 28, 2019:

	Number of Facilities <sup>(1)</sup>			Capacity <sup>(2)</sup>	Average Capacity Utilization
	Owned	Leased	Total		
Beef Segment Production Facilities	12	—	12	155,000 head <sup>(3)</sup>	85%
Pork Segment Production Facilities	6	—	6	461,000 head	90%
Chicken Segment Operation Facilities	175	8	183	45 million head	87%
Prepared Foods Operation Facilities	38	2	40	76 million pounds	86%
Distribution Centers and Outside Cold Storage Facilities	23	19	42	n/a	n/a

<sup>(1)</sup> Certain facilities produce products that are reported in multiple segments. For presentation purposes, facilities are reflected in the segment that had the majority of the facility's production. Additionally, livestock grower farms are excluded.

<sup>(2)</sup> Capacity per week is based on the following: Beef and Pork (six day week) and Chicken and Prepared Foods (five day week). Capacity per week at year end is also impacted by acquisitions and divestitures during fiscal 2019. Average capacity utilization is based on capacity available throughout the year.

<sup>(3)</sup> Includes one temporarily idled plant due to the impact of a fire.

**Beef:** Beef plants include various phases of harvesting live cattle and fabricating beef products. We also have various plants which have rendering operations along with tanneries and hide treatment operations. The Beef segment includes three case-ready operations that share facilities with the Pork segment. One of the beef facilities contains a tallow refinery.



**Pork:** Pork plants include various phases of harvesting live hogs and fabricating pork products and allied products. The Pork segment includes three case-ready operations that share facilities with and are included in the Beef segment above.

**Chicken:** Our vertically-integrated Chicken operations facilities include processing plants, rendering plants, blending mills, feed mills, grain elevators and broiler hatcheries. The Chicken processing plants include various phases of harvesting, dressing, cutting, packaging, deboning and further-processing. We also have animal nutrition operations, which are associated with the Chicken rendering plants or within various Chicken processing facilities. The blending mills, feed mills, grain elevators and broiler hatcheries have sufficient capacity to meet the needs of the chicken growout operations. The Chicken segment includes five processing plants that share facilities with and are included in the Prepared Foods segment above.

**Prepared Foods:** Our Prepared Foods segment includes processing plants and a vertically-integrated turkey operation. Our Prepared Foods plants process fresh and frozen chicken, turkey, beef, pork and other raw materials into ready-to-eat sandwiches, sandwich components such as flame-grilled hamburgers and Philly steaks, pizza toppings, branded and processed meats, appetizers, prepared meals, ethnic foods, flour and corn tortilla products and meat dishes. The Prepared Foods segment includes two processing plants that share facilities with and are included in the Chicken segment above.

In addition, our International/Other foreign production operations in Asia-Pacific and China-Korea include one beef plant, 20 chicken processing plants, four feed mills and one broiler hatchery. The processing plants include various phases of harvesting, dressing, cutting, packaging, deboning and further-processing. We also have foreign production operations in Europe which include two chicken further-processing plants.

We believe our present facilities are generally adequate and suitable for our current purposes; however, seasonal fluctuations in inventories and production may occur as a reaction to market demands for certain products. We regularly engage in construction and other capital improvement projects intended to expand capacity and improve the efficiency of our processing and support facilities. We also consider the efficiencies of our operations and may from time to time consider changing the number or type of plants we operate to align with our capacity needs.

### ITEM 3. LEGAL PROCEEDINGS

Refer to the description of certain legal proceedings pending against us under Part II, Item 8, Notes to Consolidated Financial Statements, Note 20: 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 June 6, 2019, our poultry rendering facility in Hanceville, Alabama, recently acquired from American Proteins, Inc., experienced a release of partially treated wastewater that reached a nearby river and resulted in a fish kill. We took remediation efforts and are cooperating with the Alabama Department of Environmental Management in its review. We currently expect to pay a civil penalty in connection with the incident. Related suits have also been filed, which include individual and collective claims for compensatory and punitive damages against us and other defendants for alleged contamination of the local water supply, property damage, diminution in property values, loss of recreational waterway use, lost non-profit revenue and business damages. Certain plaintiffs also allege that the facility's historical and ongoing operations constitute a nuisance under Alabama law and are also seeking injunctive relief.

On November 30, 2018, we completed the acquisition of Keystone Foods from Marfrig. At the time of closing, Keystone Foods subsidiary McKey Korea, LLC ("McKey Korea") and three of its managers were under criminal indictment and being prosecuted in the Seoul Central District Court for The Republic of Korea. That prosecution stems from alleged violations of the Livestock Products Sanitary Control Act with respect to the method of testing for Enterohemorrhagic E. Coli employed by McKey Korea for beef patties produced in 2016 and 2017 at McKey's Sejong City facility. The indictment also includes charges alleging the unlawful refreezing of thawed product for storage. All defendants have pled not guilty and deny all allegations. The trial is expected to conclude in early 2020. McKey Korea faces a potential criminal fine of \$100,000. We have certain indemnification rights against Marfrig related to this matter.

The Environmental Protection Bureau ("EPB") over our Tyson Nantong poultry complex in Jiangsu Province, China, alleges that we failed to complete certain environmental protection examinations and obtain approval of an environmental impact assessment. The EPB estimates we owe approximately 2.25 million yuan (approximately U.S. \$316,000) in penalties. We are cooperating with the EPB and are awaiting its final determination.

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. On March 27, 2017, a second class action complaint making similar claims on behalf of a similarly defined putative class was filed in the United States District Court for the Eastern District of Oklahoma. Plaintiffs in the two cases sought to have the matters consolidated, and, on July 10, 2017, filed a consolidated amended complaint styled In re Broiler Chicken Grower Litigation. 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.” The plaintiffs also allege that the defendants “agreed to share detailed data on [g]rower compensation with one another, with the purpose and effect of artificially depressing [g]rower compensation below competitive levels.” The plaintiffs contend these alleged acts constitute violations of the Sherman Antitrust Act and 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. We and the other defendants filed a motion to dismiss on September 8, 2017. That motion is pending.

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 September 28, 2019, we had approximately 141,000 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 4. MINE SAFETY DISCLOSURES

Not applicable.

#### INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Each of our executive officers serve one-year terms from the date of their election, or until their successors are appointed and qualified. Chairman of the Board of Directors John Tyson is the father of Chief Sustainability Officer John R. Tyson and nephew of Director Barbara A. Tyson. No other family relationships exist among these officers. The name, title, age (as of September 28, 2019) and calendar year of initial election to executive office of our executive officers are listed below:

Name	Title	Age	Year Elected Executive Officer
John Tyson	Chairman of the Board of Directors	66	2011
Steve Gibbs	Senior Vice President, Controllor and Chief Accounting Officer	46	2018
Stewart Glendinning	Executive Vice President and Chief Financial Officer	54	2017
Donnie King	Group President International and Chief Administration Officer	57	2019
Chad Martin	Group President Poultry	45	2019
Mary Oleksiuk	Executive Vice President and Chief Human Resources Officer	57	2014
Noelle O'Mara	Group President Prepared Foods	40	2019
Doug Ramsey	President Global McDonald's Business	50	2017
Scott Rouse	Executive Vice President and Chief Customer Officer	56	2017
Scott Spradley	Executive Vice President and Chief Technology Officer	54	2017
Stephen Stouffer	Group President Fresh Meats	59	2013
Amy Tu	Executive Vice President and General Counsel	52	2017
John R. Tyson	Chief Sustainability Officer	29	2019
Noel White	President and Chief Executive Officer	61	2009
Justin Whitmore	Executive Vice President Alternative Proteins	37	2017

John Tyson has served as Chairman of the Board of Directors since 1998 and was previously Chief Executive Officer of the Company from 2001 until 2006. Mr. Tyson was initially employed by the Company in 1973.

Steve Gibbs was appointed Senior Vice President, Controller and Chief Accounting Officer in December 2018. Mr Gibbs previously served as the Chief Accounting Officer at Keurig Green Mountain, Inc.

Stewart Glendinning was appointed Executive Vice President and Chief Financial Officer in February 2018 after serving as Executive Vice President since his initial employment by the Company in December 2017.

Donnie King was appointed Group President International and Chief Administration Officer in February 2019 after serving as Group President, International since January 2019. Mr. King previously served as President North American Operations from 2015 to 2016 and President of North American Operations and Foodservice in 2014. Mr. King was initially employed by Valmac Industries in 1982. Valmac Industries was acquired by the Company in 1984. Mr. King was self-employed from 2016 to February 2019 before returning to the Company.

Chad Martin was appointed Group President, Poultry in January 2019 after serving as Senior Vice President and General Manager Beef Enterprise since 2017, having previously served as Vice President Beef Operations Specialist since 2016, and having previously served as Senior Director FSQA since 2007. Mr. Martin was initially employed by IBP, inc. ("IBP") in 1998. IBP was acquired by the Company in 2001.

Mary Oleksiuk was appointed Executive Vice President and Chief Human Resources Officer in 2014. Ms. Oleksiuk previously served as Senior Vice President, Chief Human Resources Officer for The Hillshire Brands Company since 2012. The Hillshire Brands Company was acquired by the Company in 2014.

Noelle O'Mara was appointed Group President, Prepared Foods in August 2019, after serving as Chief Marketing Officer since April 2019, having previously served as General Manager and Senior Vice President, Tyson Brands Deli and Innovation since 2018, Senior Vice President and General Manager Jimmy Dean Brands since 2017 and Vice President Emerging Brands Innovation since joining the company in 2016. Ms. O'Mara was employed at Kraft Foods Group prior to joining the Company.

Doug Ramsey was appointed Group President, Global McDonald's Business in January 2019, after serving as Group President, Poultry since 2017. Mr. Ramsey previously served as Senior Vice President Big Bird/Fowl since 2014, and Senior Vice President and GM Value-Added since 2011. Mr. Ramsey was initially employed by the Company in 1992.

Scott Rouse was appointed Executive Vice President and Chief Customer Officer in 2014, after serving as Senior Vice President Customer Development since 2006. Mr. Rouse was initially employed by the Company in 2004.

Scott Spradley was appointed Executive Vice President and Chief Technology Officer in 2017. Mr. Spradley was employed by Hewlett Packard Enterprise prior to joining the Company.

Stephen R. Stouffer was appointed Group President, Fresh Meats in October 2018, after serving as President, Fresh Meats since 2013, and Senior Vice President, Beef Margin Management since 2012. Mr. Stouffer was initially employed by IBP in 1982.

Amy Tu was appointed Executive Vice President and General Counsel in December 2017. Ms. Tu was employed by The Boeing Company prior to joining the Company.

John R. Tyson was appointed Chief Sustainability Officer in September 2019, after serving as Director, Office of the Chief Executive Officer since May 2019. Mr. Tyson has been an observer at the Company's board of directors' meetings since 2014. He is also a lecturer at the Sam M. Walton School of Business at the University of Arkansas. He was employed by J.P. Morgan as a private equity and venture capital investor prior to joining the Company.

Noel White was appointed President and Chief Executive Officer in 2018, after serving as Group President, Fresh Meats and International and Chief Operations Officer, each in 2017, President, Poultry since 2013, and Senior Group Vice President, Fresh Meats since 2009. Mr. White was initially employed by IBP in 1983.

Justin Whitmore, our Chief Sustainability Officer since his initial employment with the Company in May 2017, was appointed Executive Vice President Alternative Proteins in February 2019, after serving as Executive Vice President Continuous Improvement since 2018, after serving as Executive Vice President Corporate Strategy since December 2017, and Senior Vice President Corporate Strategy since August 2017. Mr Whitmore was employed by McKinsey & Company prior to joining the Company.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

We have issued and outstanding two classes of capital stock, Class A stock and Class B stock. Holders of Class B stock may convert such stock into Class A stock on a share-for-share basis. Holders of Class B stock are entitled to 10 votes per share and holders of Class A stock are entitled to one vote per share on matters submitted to shareholders for approval. As of October 26, 2019, there were approximately 21,000 holders of record of our Class A stock and six holders of record of our Class B stock.

#### DIVIDENDS

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 the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock. In fiscal 2019, the annual dividend rate for Class A stock was \$1.50 per share and the annual dividend rate for Class B stock was \$1.35 per share. Effective November 11, 2019, the Board of Directors increased the quarterly dividend previously declared on August 8, 2019, to \$0.42 per share on our Class A common stock and \$0.378 per share on our Class B common stock. The increased quarterly dividend is payable on December 13, 2019, to shareholders of record at the close of business on November 29, 2019. The Board also declared a quarterly dividend of \$0.42 per share on our Class A common stock and \$0.378 per share on our Class B common stock, payable on March 13, 2020, to shareholders of record at the close of business on February 28, 2020. We anticipate the remaining quarterly dividends in fiscal 2020 will be \$0.42 and \$0.378 per share of our Class A and Class B stock, respectively. This results in an annual dividend rate in fiscal 2020 of \$1.68 for Class A shares and \$1.512 for Class B shares, or a 12% increase compared to the fiscal 2019 annual dividend rate. We also continue to anticipate our annual dividends to increase approximately \$0.10 per share per year, though the timing and amount remains subject to the sole discretion of our Board, and no assurances can be provided that future dividends will increase or be declared at all. We have paid uninterrupted quarterly dividends on common stock each year since 1977.

#### MARKET INFORMATION

Our Class A stock is traded on the New York Stock Exchange under the symbol "TSN." No public trading market currently exists for our Class B stock.

#### ISSUER PURCHASES OF EQUITY SECURITIES

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

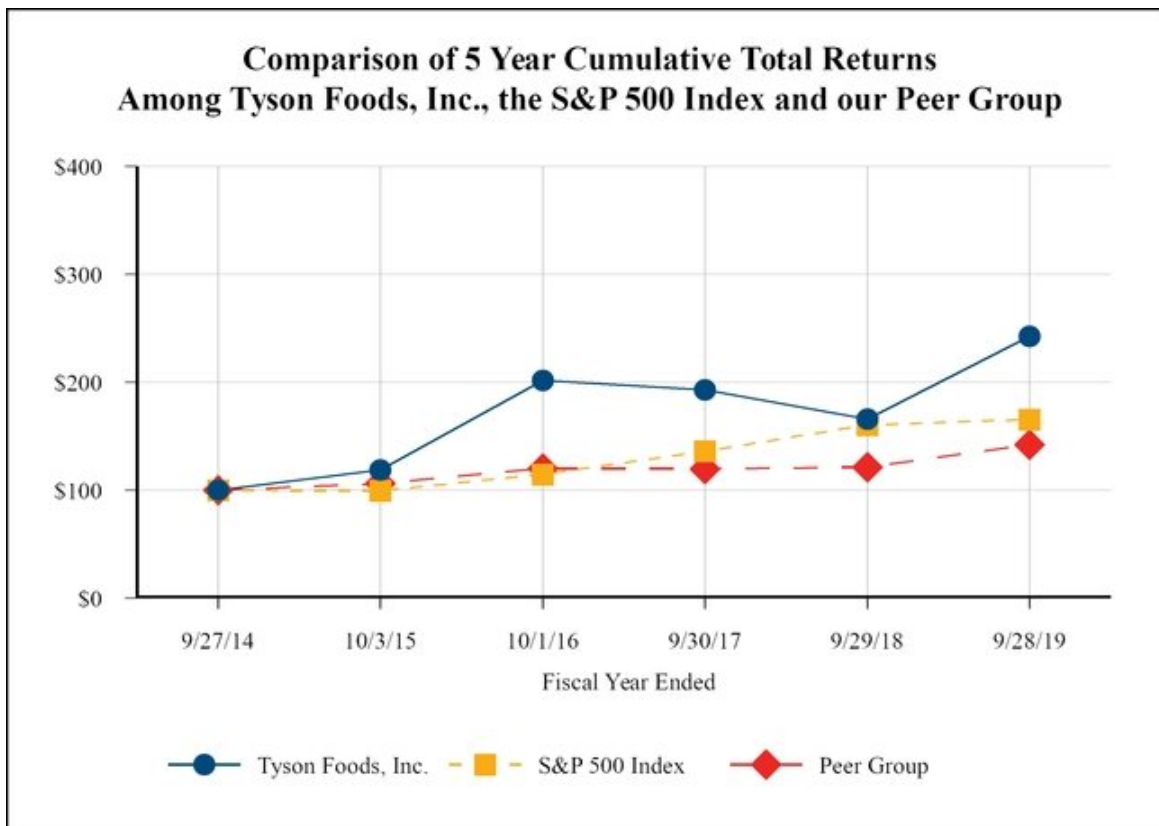
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
Jun. 30, 2019 to Jul. 27, 2019	84,436	\$ 81.46	—	20,658,386
Jul. 28, 2019 to Aug. 31, 2019	183,279	86.98	—	20,658,386
Sept. 1, 2019 to Sept. 28, 2019	42,378	89.73	—	20,658,386
Total	310,093 <sup>(2)</sup>	\$ 85.85	—	20,658,386

<sup>(1)</sup> 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 under the program. The program has no fixed or scheduled termination date.

<sup>(2)</sup> We purchased 310,093 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 295,836 shares purchased in open market transactions and 13,582 shares withheld to cover required tax withholdings on the vesting of restricted stock.

**PERFORMANCE GRAPH**

The following graph shows a five-year comparison of cumulative total returns for our Class A stock, the Standard & Poor's ("S&P") 500 Index and our peer group of companies described below.



	Fiscal Years Ended					
	9/27/14	10/3/15	10/1/16	9/30/17	9/29/18	9/28/19
Tyson Foods, Inc.	\$ 100.00	\$ 118.74	\$ 201.66	\$ 193.11	\$ 165.96	\$ 242.68
S&P 500 Index	100.00	99.39	114.73	136.08	160.45	165.49
Peer Group	100.00	106.15	120.12	119.75	121.32	142.17

The total cumulative return on investment (change in the year-end stock price plus reinvested dividends), which is based on the stock price or composite index at the end of fiscal 2014, is presented for each of the periods for the Company, the S&P 500 Index and our peer group. The complete list of our peer group includes: Archer-Daniels-Midland Company, Bunge Limited, Campbell Soup Company, ConAgra Foods, Inc., General Mills, Inc., Hormel Foods Corp., Kellogg Co., Kraft Heinz Company, Mondelez International Inc., PepsiCo, Inc., Pilgrim's Pride Corporation, The Coca-Cola Company, The Hershey Company and The J.M. Smucker Company. The graph compares the performance of the Company's Class A common stock with that of the S&P 500 Index and our peer group, with the return of each company in the peer group weighted on market capitalization. The stock price performance of the Company's Class A common stock shown in the above graph is not necessarily indicative of future stock price performance.

The information in this "Performance Graph" section shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934.

**ITEM 6. SELECTED FINANCIAL DATA**  
**FIVE-YEAR FINANCIAL SUMMARY**

in millions, except per share, percentage and ratio data

	2019	2018	2017	2016	2015
<b>Summary of Operations</b>					
Sales	\$ 42,405	\$ 40,052	\$ 38,260	\$ 36,881	\$ 41,373
Operating income	2,827	3,032	2,921	2,805	2,180
Net interest expense	451	343	272	243	284
Net income	2,035	3,027	1,778	1,772	1,224
Net income attributable to Tyson	2,022	3,024	1,774	1,768	1,220
Diluted net income per share attributable to Tyson:					
Net income	5.52	8.19	4.79	4.53	2.95
Dividends declared per share:					
Class A	1.575	1.275	0.975	0.650	0.425
Class B	1.418	1.148	0.878	0.585	0.383
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$ 484	\$ 270	\$ 318	\$ 349	\$ 688
Total assets	33,097	29,109	28,066	22,373	22,969
Total gross debt	11,932	9,873	10,203	6,279	6,690
Shareholders' equity	14,226	12,811	10,559	9,624	9,706
<b>Other Key Financial Measures</b>					
Depreciation and amortization	\$ 1,098	\$ 943	\$ 761	\$ 705	\$ 711
Capital expenditures	1,259	1,200	1,069	695	854
EBITDA	3,968	4,021	3,648	3,538	2,906
Return on invested capital	11.8%	14.1 %	16.2%	17.9%	13.5%
Effective tax rate	16.3%	(10.3)%	32.3%	31.8%	36.3%
Total debt to capitalization	45.6%	43.5 %	49.1%	39.5%	40.8%
Book value per share	\$ 38.95	\$ 35.09	\$ 28.72	\$ 25.67	\$ 24.25

Notes to Five-Year Financial Summary

- Fiscal 2019 net income included \$105 million post tax income related to the recognition of previously unrecognized tax benefit, \$55 million pretax gain on sale of an investment, \$37 million pretax Keystone Foods purchase accounting and acquisition related costs, \$41 million pretax impairment charge related to the planned divestiture of a business, \$31 million pretax Beef production plant fire costs, \$15 million pretax pension plan termination charge and \$41 million pretax restructuring and related charges. Additionally, in fiscal 2019, we have retrospectively recognized adjustment of prior periods in accordance with recently adopted accounting guidance related to net periodic pension and postretirement benefits. Accordingly, operating income was reduced by \$23 million, \$10 million, \$28 million, and increased by \$11 million for fiscal years 2018, 2017, 2016 and 2015, respectively. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 2: Changes in Accounting Principles.
- Fiscal 2018 net income included \$1,003 million post-tax recognition of tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates, \$109 million pretax one-time cash bonus to our hourly frontline employees, \$68 million pretax impairment charge net of a realized gain related to the divestiture of non-protein businesses and \$59 million pretax restructuring and related charges.
- Fiscal 2017 net income included \$103 million pretax expense of AdvancePierre purchase accounting and acquisition related costs, pretax impairment charges of \$52 million related to our San Diego Prepared Foods operation, \$45 million related to the expected sale of a non-protein business and pretax restructuring and related charges of \$150 million.
- Fiscal 2016 net income included \$53 million post tax related to the recognition of previously unrecognized tax benefits and audit settlements. In 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 and \$35 million of deferred issuance costs were reclassified from Other Assets to Long-Term Debt in our Consolidated Balance Sheets for fiscal 2016 and 2015, respectively. This change is reflected above in total assets, total debt, total debt to capitalization and return on invested capital ratios.
- Fiscal 2015 was a 53-week year, while the other years presented were 52-week years. Fiscal 2015 included a \$169 million pretax impairment charge related to our China operation, \$57 million pretax expense related to merger and integration costs, \$59 million pretax impairment charges related to our Prepared Foods network optimization, \$12 million pretax charges related to Denison impairment and plant closure costs, \$8 million pretax gain related to net insurance proceeds (net of costs) related to a legacy Hillshire Brands plant fire, \$21 million pretax gain on the sale of equity securities, \$161 million pretax gain on the sale of the Mexico operation, \$39 million pretax gain related to the impact of the additional week in fiscal 2015 and \$26 million post tax from unrecognized tax benefit gain.
- Return on invested capital is calculated by dividing operating income by the sum of the average of beginning and ending total debt and shareholders' equity less cash and cash equivalents.
- For the total debt to capitalization calculation, capitalization is defined as total debt plus total shareholders' equity.
- Book value per share is calculated by dividing shareholders' equity by the sum of Class A and B shares outstanding and for fiscal 2016 and 2015, the remaining minimum shares that were to be issued from our tangible equity units each period.
- "EBITDA" is a Non-GAAP measure and defined as net income less interest income, plus interest, taxes, depreciation and amortization. A reconciliation of net income to EBITDA immediately follows.

## EBITDA RECONCILIATIONS

A reconciliation of net income to EBITDA is as follows:

	in millions, except ratio data				
	2019	2018	2017	2016	2015
Net income	\$ 2,035	\$ 3,027	\$ 1,778	\$ 1,772	\$ 1,224
Less: Interest income	(11)	(7)	(7)	(6)	(9)
Add: Interest expense	462	350	279	249	293
Add: Income tax expense (benefit)	396	(282)	850	826	697
Add: Depreciation	819	723	642	617	609
Add: Amortization (a)	267	210	106	80	92
EBITDA	\$ 3,968	\$ 4,021	\$ 3,648	\$ 3,538	\$ 2,906

Total gross debt	\$ 11,932	\$ 9,873	\$ 10,203	\$ 6,279	\$ 6,690
Less: Cash and cash equivalents	(484)	(270)	(318)	(349)	(688)
Less: Short-term investments	(1)	(1)	(3)	(4)	(2)
Total net debt	\$ 11,447	\$ 9,602	\$ 9,882	\$ 5,926	\$ 6,000

### Ratio Calculations:

Gross debt/EBITDA	3.0x	2.5x	2.8x	1.8x	2.3x
Net debt/EBITDA	2.9x	2.4x	2.7x	1.7x	2.1x

(a) Excludes the amortization of debt issuance and debt discount expense of \$12 million, \$10 million, \$13 million, \$8 million and \$10 million for fiscal 2019, 2018, 2017, 2016 and 2015, respectively, as it is included in Interest expense.

EBITDA is defined as net income before interest, income taxes, 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, 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 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### DESCRIPTION OF THE COMPANY

We are 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 including Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®. 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. International/Other primarily includes our foreign operations in Australia, China, South Korea, Malaysia, Mexico, the Netherlands, Thailand and the United Kingdom, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC. For further description of the business, refer to Part I, Item 1, Business.

## OVERVIEW

- Fiscal year – Our accounting cycle resulted in a 52-week year for fiscal 2019, 2018 and 2017.
- General – Sales grew 6% in fiscal 2019 over fiscal 2018, primarily due to acquisitions and increased average sales prices in the Beef and Prepared Foods segments. Fiscal 2019 operating income decreased compared to fiscal 2018, as record Beef segment results were offset by a decline in operating income in the Chicken and Pork segments. In fiscal 2019, our results were impacted by a \$41 million impairment associated with the planned divestiture of a business, \$41 million of restructuring and related charges, \$37 million related to Keystone Foods purchase accounting and acquisition related costs and \$31 million of costs associated with a fire at one of our beef production facilities. In fiscal 2018, our results were impacted by \$109 million of one-time cash bonus to frontline employees, as we continued to make investments in our talent, \$68 million impairment, net of realized gains, associated with the divestitures of non-protein businesses, and \$59 million of restructuring and related charges.
- Market Environment – According to the United States Department of Agriculture ("USDA"), domestic protein production (beef, pork, chicken and turkey) increased approximately 2% in fiscal 2019 compared to fiscal 2018. Currently, we are experiencing impacts to domestic and export prices across all of our segments resulting from uncertainty in trade policies and increased tariffs. Additionally, all segments experienced increased operating and labor costs in fiscal 2019. We will pursue recovery of these increased costs through pricing. The Beef segment experienced strong demand offset by increased costs associated with a fire at one of our beef production facilities. The Pork segment experienced increased livestock costs during a time of excess domestic availability of pork products due to export constraints, which made market conditions challenging. Our Chicken segment also faced challenging pricing conditions associated with increased domestic availability of supply. Our Prepared Foods segment continued its strong performance due to demand despite increased raw material costs and reduced volumes from the divestiture of certain non-protein businesses in fiscal 2018.
- Margins – Our total operating margin was 6.7% in fiscal 2019. Operating margins by segment were as follows:
  - Beef – 7.0%
  - Pork – 5.3%
  - Chicken – 4.7%
  - Prepared Foods – 10.0%
- Liquidity – We generated approximately \$2.5 billion of operating cash flows during fiscal 2019. At September 28, 2019, we had \$1.2 billion of liquidity, which included \$484 million of cash and cash equivalents and the availability under our revolving credit facility after deducting amounts outstanding under our commercial paper program.
- Strategy – Our strategy is to sustainably feed the world with the fastest growing protein brands. We intend to achieve our strategy as we: grow our business through differentiated capabilities; deliver ongoing financial fitness through continuous improvement; and sustain our company and our world for future generations.
  - During fiscal 2019, we acquired two businesses for a total of approximately \$2.5 billion, net of cash acquired. These businesses included the Thai and European operations, which consist of vertically integrated chicken and further-processing operations, and Keystone Foods, a major supplier to the growing global foodservice industry. They were acquired in furtherance of our growth strategy and expansion of our value-added protein capabilities in domestic and global markets. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
  - During fiscal 2018, we acquired three operations for a total of approximately \$1.5 billion, net of cash acquired. These operations, which consisted of American Proteins Inc., a poultry rendering and blending operation, Tecumseh Poultry, LLC, a vertically integrated valued-added business, and Original Philly Holdings, Inc., a value-added protein business, were acquired as part of our growth and sustainability initiatives and our acquisition strategy of new brands, new capabilities, scale and synergy, and new geographies and markets. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
  - During fiscal 2018, we sold four non-protein operations for net proceeds of \$805 million, as part of our strategic focus on protein brands. These operations, which were all part of our Prepared Foods segment, included Sara Lee® Frozen Bakery, Van's®, Kettle and TNT Crust. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
  - In the fourth quarter of fiscal 2017, our Board of Directors approved a multi-year restructuring program (the "Financial Fitness Program"), which is expected to contribute to the Company's overall strategy of financial fitness through increased operational effectiveness and overhead reduction. Through a combination of synergies from the integration of business acquisitions and additional elimination of non-valued added costs, the program is focused on supply chain, procurement and overhead improvements, and net savings are expected to be realized in the Prepared Foods and Chicken segments. No liability exists under this program at September 28, 2019. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 6: Restructuring and Related Charges.



in millions, except per share data

		2019		2018
Net income attributable to Tyson	\$	2,022	\$	3,024
Net income attributable to Tyson - per diluted share		5.52		8.19

**2019** – Included the following items:

- \$37 million pretax, or (\$0.08) per diluted share, of Keystone Foods purchase accounting and acquisition related costs, which included an \$11 million purchase accounting adjustment for the amortization of the fair value step-up of inventory and \$26 million of acquisition related costs.
- \$41 million pretax, or (\$0.08) per diluted share, of restructuring and related charges.
- \$55 million pretax, or \$0.11 per diluted share, from gain on sale of an investment.
- \$105 million post tax, or \$0.29 per diluted share, from recognition of previously unrecognized tax benefit.
- \$31 million pretax, or (\$0.06) per diluted share, of Beef production facility fire costs.
- \$41 million pretax, or (\$0.09) per diluted share, from an impairment associated with the planned divestiture of a business.
- \$15 million pretax, or (\$0.03) per diluted share, due to a pension plan termination charge.

**2018** – Included the following items:

- \$1,003 million post tax, or \$2.71 per diluted share, tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates.
- \$109 million pretax, or (\$0.22) per diluted share, related to one-time cash bonus to frontline employees.
- \$68 million pretax, or (\$0.34) per diluted share, impairments net of realized gains associated with the divestitures of non-protein businesses.
- \$59 million pretax, or (\$0.12) per diluted share, of restructuring and related charges.

**SUMMARY OF RESULTS**

**Sales**

in millions

		2019		2018		2017
Sales	\$	42,405	\$	40,052	\$	38,260
Change in sales volume		8.8 %		2.5%		
Change in average sales price		(3.0)%		2.1%		
Sales growth		5.9 %		4.7%		

**2019 vs. 2018** –

- **Sales Volume** – Sales were positively impacted by an increase in sales volume, which accounted for an increase of \$3,539 million primarily driven by incremental volumes from business acquisitions which impacted the Chicken segment and International/Other, partially offset by business divestitures in fiscal 2018 in our Prepared Foods segment.
- **Average Sales Price** – Sales were negatively impacted by lower average sales prices, which accounted for a decrease of \$1,186 million. The Chicken segment had a decrease in average sales price as a result of decreased pricing associated with product mix changes from fiscal 2018 acquisitions, partially offset by an increase in average sales price in the Beef and Prepared Foods segments attributable to strong demand and sales in the Beef segment and a more favorable product mix and higher raw material costs in our Prepared Foods segment.
- The above amounts include a net increase of \$2,209 million related to the impact of results from acquisitions and divestitures.

**2018 vs. 2017** –

- **Sales Volume** – Sales were positively impacted by an increase in sales volume, which accounted for an increase of \$1,041 million. The Beef, Chicken and Prepared Foods segments had an increase in sales volume driven by strong demand for our beef products and incremental volumes from business acquisitions in the Chicken and Prepared Foods segments net of business divestitures in the Prepared Foods segment.
- **Average Sales Price** – Sales were positively impacted by higher average sales prices, which accounted for an increase of \$751 million. All segments had an increase in average sales price, other than the Pork segment. The Beef segment experienced strong demand, while the Chicken and Prepared Foods segments were positively impacted by improved mix and business acquisitions net of business divestitures in the Prepared Foods segment.
- The above amounts included an incremental impact of \$1,060 million in fiscal 2018 related to the inclusion of the AdvancePierre results post acquisition through the first anniversary of the acquisition on June 7, 2018.

**Cost of Sales**

in millions

	2019	2018	2017
Cost of sales	\$ 37,383	\$ 34,956	\$ 33,198
Gross profit	5,022	5,096	
Cost of sales as a percentage of sales	88.2%	87.3%	

**2019 vs. 2018 –**

- Cost of sales increased \$2,427 million. This included a net increase of \$2,120 million primarily related to the impact of results from acquisitions and divestitures.
- For the remaining \$307 million increase, higher input cost per pound increased cost of sales \$445 million, offset by lower sales volume, which decreased cost of sales \$138 million.
  - The \$445 million impact of higher input cost per pound was impacted by:
    - Increase in live cattle costs of approximately \$110 million in our Beef segment.
    - Increase in live hog costs of approximately \$100 million in our Pork segment.
    - Increase in raw material and other input costs of approximately \$60 million in our Prepared Foods segment.
    - Increase in freight costs of approximately \$20 million.
    - Increase due to \$31 million of incremental costs associated with a fire at one of our Beef production facilities.
    - Decrease due to one-time cash bonus to front line employees of \$108 million in fiscal 2018.
    - Decrease due to impairment charges of \$101 million associated with the divestiture of a non-protein business in fiscal 2018, partially offset by a \$41 million impairment related to the planned divestiture of a business in fiscal 2019 and a \$33 million gain related to a sale of a non-protein business in fiscal 2018.
    - Decrease due to net derivative gains of \$26 million for fiscal 2019, compared to net derivative losses of \$33 million for fiscal 2018 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 ingredient costs described herein.
    - Remaining net change across all of our segments was primarily driven by increased operating costs and impacts on average input cost per pound from mix changes.
  - The \$138 million impact of lower sales volume, excluding the impact of acquisitions and divestitures, was driven by a decrease in sales volume in our Chicken segment.

**2018 vs. 2017 –**

- Cost of sales increased \$1,758 million. This included a net increase of \$813 million primarily related to the impact of results from acquisitions and divestitures.
- For the remaining \$945 million increase, higher input cost per pound increased cost of sales \$948 million while lower sales volume decreased cost of sales \$3 million.
  - The \$948 million impact of higher input cost per pound was primarily driven by:
    - Increase in freight of approximately \$270 million incurred across all our segments.
    - Increase from one-time cash bonus to frontline employees of \$108 million.
    - Increase due to impairment charges of \$101 million associated with the divestiture of a non-protein business in fiscal 2018, partially offset by \$33 million of realized gains related to the sale of non-protein businesses in fiscal 2018 and impairment charges of \$44 million related to our San Diego Prepared Foods operation in fiscal 2017.
    - Increase of approximately \$52 million in our Chicken segment related to net increases in feed ingredient costs, growout expenses and outside meat purchases.
    - Decrease in live cattle costs of approximately \$25 million in our Beef segment.
    - Decrease in live hog costs of approximately \$90 million in our Pork segment.
    - Decrease due to net realized derivative losses of \$30 million for fiscal 2018, compared to net realized derivative loss of \$79 million for fiscal 2017 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 decreased due to net unrealized losses of \$3 million for fiscal 2018, compared to net unrealized losses of \$40 million for fiscal 2017, primarily due to our Beef segment commodity risk management activities.
    - Remaining net change across all of our segments was primarily driven by increased operating costs and impacts on average input cost per pound from mix changes.

**Selling, General and Administrative**

in millions

	2019	2018	2017
Selling, general and administrative	\$ 2,195	\$ 2,064	\$ 2,141
As a percentage of sales	5.2%	5.2%	

**2019 vs. 2018 –**

- Increase of \$131 million in selling, general and administrative was primarily driven by:
  - Increase of \$87 million related to the Keystone Foods acquisition.
  - Increase of \$26 million in employee costs primarily from incentive-based compensation.
  - Increase of \$18 million from technology related costs.
  - Increase of \$16 million in marketing, advertising, and promotion expenses.
  - Decrease of \$18 million from restructuring and related charges.

**2018 vs. 2017 –**

- Decrease of \$77 million in selling, general and administrative was primarily driven by:
  - Decrease of \$92 million in employee costs primarily from stock-based and incentive-based compensation, which also included a reduction of \$24 million compensation and benefit integration expense incurred in fiscal 2017 that did not recur in fiscal 2018.
  - Decrease of \$56 million from restructuring and related charges.
  - Decrease of \$49 million in AdvancePierre acquisition related fees incurred as part of the acquisition in fiscal 2017 that did not recur in fiscal 2018.
  - Decrease of \$18 million in commission and brokerage fees.
  - Decrease of \$14 million in non-restructuring severance related expenses.
  - Decrease of \$10 million in marketing, advertising, and promotion expense.
  - Increase of \$153 million related to the AdvancePierre acquisition through the first anniversary of the acquisition on June 7, 2018, which included \$91 million in incremental amortization and \$62 million from the inclusion of AdvancePierre results post-acquisition.
  - Increase of \$15 million from technology related costs.
  - Remainder of net change was primarily related to reduction in professional fees.

**Interest Income**

in millions

	2019	2018
	\$ (11)	\$ (7)

**2019 / 2018** – Interest income increased slightly primarily due to higher interest rates.

**Interest Expense**

in millions

	2019	2018
Cash interest expense	\$ 476	\$ 357
Non-cash interest (expense) income	(14)	(7)
Total Interest Expense	\$ 462	\$ 350

**2019 / 2018 –**

- Cash interest expense primarily included interest expense related to our senior notes, term loans and commercial paper, in addition to commitment/letter of credit fees incurred on our revolving credit facility. The increase in cash interest expense in fiscal 2019 was primarily due to debt issued in connection with business acquisitions and higher interest rates.
- Non-cash interest expense primarily included interest capitalized, partially offset by the amortization of debt issuance costs and discounts/premiums on note issuances.

**Other (Income) Expense, net**

in millions

	2019	2018
	\$ (55)	\$ (56)

- 2019** – Included \$55 million of pretax gain on the sale of an investment, \$23 million of insurance proceeds and other income and \$20 million of equity earnings in joint ventures, partially offset by \$48 million of net periodic pension and postretirement benefit costs and pension plan settlements.
- 2018** – Included \$21 million of equity earnings in joint ventures and \$11 million in insurance proceeds. Also includes \$23 million of net periodic pension and postretirement benefit credit, excluding the service cost component, retrospectively recognized in accordance with recently adopted accounting guidance.

#### Effective Tax Rate

	2019	2018
	16.3%	(10.3)%

Our effective income tax rate was 16.3% for fiscal 2019 compared to (10.3)% for fiscal 2018. The effective tax rates reflect impacts of the Tax Cuts and Jobs Act (the "Tax Act") signed into law on December 22, 2017. These impacts include a statutory federal tax rate of 21% for fiscal 2019 and 24.5% for fiscal 2018. These impacts also include a 37.9% benefit in fiscal 2018 related to the remeasurement of deferred taxes existing at the date of enactment and favorable timing differences deductible in fiscal 2018 at the 24.5% blended tax rate, but reversing in future years at 21%. The effective tax rate for fiscal 2019 includes a 6.6% benefit due to changes in tax reserves, primarily expirations of federal, state and foreign statutes of limitations. The non-deductible impairment and sale of certain assets in our non-protein businesses increased the fiscal 2018 rate 3.1%. The fiscal 2018 effective tax rate also includes a 1.7% benefit related to domestic production activity deduction which was repealed with the Tax Act beginning with our fiscal 2019.

#### SEGMENT RESULTS

We operate in four reportable segments: Beef, Pork, Chicken, and Prepared Foods. International/Other primarily includes our foreign operations in Australia, China, South Korea, Malaysia, Mexico, the Netherlands, Thailand and the United Kingdom, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC. Additional information regarding the geographic areas of our foreign operations is set forth in Part II, Item 8, Notes to Consolidated Financial Statements, Note 17: Segment Reporting.

The following table is a summary of segment sales and operating income (loss), which is how we measure segment income (loss).

	in millions								
	Sales			Operating Income (Loss)					
	2019	2018	2017	2019	2018	2017			
Beef	\$ 15,828	\$ 15,473	\$ 14,823	\$ 1,107	\$ 1,013	\$ 877			
Pork	4,932	4,879	5,238	263	361	645			
Chicken	13,300	12,044	11,409	621	866	1,053			
Prepared Foods	8,418	8,668	7,853	843	845	452			
International/Other	1,289	305	349	(7)	(53)	(106)			
Intersegment Sales	(1,362)	(1,317)	(1,412)	—	—	—			
Total	\$ 42,405	\$ 40,052	\$ 38,260	\$ 2,827	\$ 3,032	\$ 2,921			

#### Beef Segment Results

	in millions					
	2019	2018	Change 2019 vs. 2018	2017	Change 2018 vs. 2017	
Sales	\$ 15,828	\$ 15,473	\$ 355	\$ 14,823	\$ 650	
Sales Volume Change			(0.1)%		3.1%	
Average Sales Price Change			2.4 %		1.2%	
Operating Income	\$ 1,107	\$ 1,013	\$ 94	\$ 877	\$ 136	
Operating Margin	7.0%	6.5%		5.9%		

#### 2019 vs. 2018 –

- **Sales Volume** – Sales volume decreased due to a reduction in live cattle processing capacity from the temporary closure of a production facility as a result of a fire.
- **Average Sales Price** – Average sales price increased as demand for our beef products remained strong.
- **Operating Income** – Operating income increased as we continued to maximize our revenues relative to live fed cattle costs, partially offset by increased operating costs and \$31 million of net incremental costs from the production facility fire.

**2018 vs. 2017 –**

- **Sales Volume** – Sales volume increased due to improved availability of cattle supply, stronger demand for our beef products and increased exports.
- **Average Sales Price** – Average sales price increased as demand for our beef products and strong exports outpaced the increase in live cattle supplies.
- **Operating Income** – Operating income increased as we continued to maximize our revenues relative to live fed cattle costs, partially offset by increased labor and freight costs and one-time cash bonus to frontline employees of \$27 million.

**Pork Segment Results**

in millions

	2019	2018	Change 2019 vs. 2018	2017	Change 2018 vs. 2017
Sales	\$ 4,932	\$ 4,879	\$ 53	\$ 5,238	\$ (359)
Sales Volume Change			0.8%		(2.1)%
Average Sales Price Change			0.3%		(4.8)%
Operating Income	\$ 263	\$ 361	\$ (98)	\$ 645	\$ (284)
Operating Margin	5.3%	7.4%		12.3%	

**2019 vs. 2018 –**

- **Sales Volume** – Sales volume increased due to increased domestic availability of live hogs and strong demand for our pork products.
- **Average Sales Price** – Average sales price increased associated with higher livestock costs.
- **Operating Income** – Operating income decreased due to periods of compressed pork margins caused primarily by the combination of increased livestock supplies, excess domestic availability of pork and export constraints, which drove livestock costs up faster than sales prices.

**2018 vs. 2017 –**

- **Sales Volume** – Sales volume decreased as a result of balancing our supply with customer demand during a period of margin compression.
- **Average Sales Price** – The average sales price decrease was associated with lower livestock costs.
- **Operating Income** – Operating income decreased from prior year record results due to periods of compressed pork margins caused by excess domestic availability of pork, higher labor and freight costs, and one-time cash bonus to frontline employees of \$12 million.

**Chicken Segment Results**

in millions

	2019	2018	Change 2019 vs. 2018	2017	Change 2018 vs. 2017
Sales	\$ 13,300	\$ 12,044	\$ 1,256	\$ 11,409	\$ 635
Sales Volume Change			19.7%		4.9%
Average Sales Price Change			(9.3)%		0.7%
Operating Income	\$ 621	\$ 866	\$ (245)	\$ 1,053	\$ (187)
Operating Margin	4.7%	7.2%		9.2%	

**2019 vs. 2018 –**

- **Sales Volume** – Sales volume increased primarily due to incremental volume from business acquisitions.
- **Average Sales Price** – Average sales price decreased due to market conditions and sales mix primarily associated with the acquisition of a poultry rendering and blending business in the fourth quarter of fiscal 2018.
- **Operating Income** – Operating income decreased due to increased operating costs and challenging pricing conditions. Additionally, operating income was impacted in fiscal 2019 by approximately \$40 million of net feed ingredient costs and realized and mark-to-market derivative losses.

**2018 vs. 2017 –**

- **Sales Volume** – Sales volume increased primarily due to incremental volume from business acquisitions.
- **Average Sales Price** – Average sales price increased due to sales mix changes and price increases associated with cost inflation.
- **Operating Income** – Operating income decreased due to increased labor, freight and growout expenses, in addition to \$103 million of higher feed ingredient costs and net realized and mark-to-market derivative losses, and one-time cash bonus to frontline employees of \$51 million.

**Prepared Foods Segment Results**

in millions

	2019	2018	Change 2019 vs. 2018	2017	Change 2018 vs. 2017
Sales	\$ 8,418	\$ 8,668	\$ (250)	\$ 7,853	\$ 815
Sales Volume Change			(8.3)%		4.1%
Average Sales Price Change			5.4 %		6.1%
Operating Income	\$ 843	\$ 845	\$ (2)	\$ 452	\$ 393
Operating Margin	10.0%	9.7%		5.8%	

**2019 vs. 2018 –**

- **Sales Volume** – Sales volume decreased primarily from business divestitures.
- **Average Sales Price** – Average sales price increased due to product mix, which was positively impacted by business divestitures, as well as pricing increases in our ongoing business from the pass through of raw material costs.
- **Operating Income** – Operating income was relatively flat in fiscal 2019 compared to fiscal 2018 as strong demand for our products and improved product mix was offset by increased raw material and operating costs. Additionally, operating income in fiscal 2019 was impacted by a \$41 million impairment from a planned divestiture of a business. Operating income in fiscal 2018 was impacted by a \$68 million impairment, net of realized gains, associated with the divestiture of non-protein businesses.

**2018 vs. 2017 –**

- **Sales Volume** – Sales volume increased primarily due to incremental volume from business acquisitions net of business divestitures. Excluding the impact of the business divestitures, sales volumes in fiscal 2018 increased by 9.8%.
- **Average Sales Price** – Average sales price increased due to product mix which was positively impacted by business acquisitions and divestitures.
- **Operating Income** – Operating income increased due to improved mix and net incremental results from business acquisitions, net of divestitures, partially offset by higher input and freight costs and one-time cash bonus to frontline employees of \$19 million. Additionally, operating income was impacted in fiscal 2018 by \$68 million of impairments, net of realized gains, related to the divestitures of non-protein businesses. For fiscal 2017, operating income was impacted from \$34 million of AdvancePierre purchase accounting and acquisition related costs, \$97 million of impairments related to our San Diego Prepared Foods operation and the expected sale of a non-protein business, \$30 million of compensation and benefits integration expense and \$82 million of restructuring and related charges.

**International/Other Results**

in millions

	2019	2018	Change 2019 vs. 2018	2017	Change 2018 vs. 2017
Sales	\$ 1,289	\$ 305	\$ 984	\$ 349	\$ (44)
Operating Loss	(7)	(53)	46	(106)	53

**2019 vs. 2018 –**

- **Sales** – Sales increased primarily from the incremental sales from the acquisitions of Keystone Foods and the Thai and European operations.
- **Operating loss** – Operating loss decreased primarily from better performance in our China operations and inclusion of results of the Keystone Foods acquisition, partially offset by increased third-party merger and integration costs associated with the Keystone Foods acquisition.

**2018 vs. 2017 –**

- **Sales** – Sales decreased due to a decline in sales volume in our foreign chicken production operations.
- **Operating loss** – Operating loss improved primarily from lower third-party merger and integration costs.

**LIQUIDITY AND CAPITAL RESOURCES**

Our cash needs for working capital, capital expenditures, growth opportunities, the repurchases of senior notes 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

	2019	2018
Net income	\$ 2,035	\$ 3,027
Non-cash items in net income:		
Depreciation and amortization	1,098	943
Deferred income taxes	92	(865)
Gain on dispositions of businesses	(17)	(42)
Impairment of assets	94	175
Stock-based compensation expense	77	69
Other, net	(20)	(58)
Net changes in operating assets and liabilities	(846)	(286)
Net cash provided by operating activities	\$ 2,513	\$ 2,963

- Deferred income taxes for fiscal 2018 included a \$1,004 million benefit related to remeasurement of net deferred income tax liabilities at newly enacted tax rates.
- Gain on dispositions of businesses in fiscal 2018 primarily related to the sale of the Sara Lee® Frozen Bakery, Kettle, Van's® and TNT Crust businesses.
- Impairment of assets included the following:
  - **2019** – Included a \$41 million impairment related to the planned sale of a business. For further description regarding this charge refer to Part II, Item 8, Notes to Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
  - **2018** – Included a \$101 million impairment related to the expected sale of a non-protein business. For further description regarding this charge refer to Part II, Item 8, Notes to Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
- Cash flows associated with changes in operating assets and liabilities:
  - **2019** – Decreased primarily due to increased accounts receivable and inventory and decreased income taxes payable. The increase in accounts receivable is primarily due to the timing of sales and payments. The increase in inventory is primarily due to increased volumes and costs in the Prepared Foods segment. Decreased income taxes payable is primarily due to reduced taxable income, change in federal tax rate and timing of payments related to the sale of non-protein businesses in fiscal 2018.
  - **2018** – Decreased primarily due to increased inventory and decreased accrued employee costs, partially offset by increased income taxes payable. The increase in inventory is primarily due to livestock inventories. The decrease in accrued salaries and wages is primarily due to reduced restructuring and incentive-based compensation accruals. Increased taxes payable is due to timing of payments related to the sale of non-protein businesses in the fourth quarter.

**Cash Flows from Investing Activities**

in millions

	2019	2018
Additions to property, plant and equipment	\$ (1,259)	\$ (1,200)
(Purchases of)/Proceeds from marketable securities, net	(1)	(5)
Acquisitions, net of cash acquired	(2,462)	(1,474)
Proceeds from sale of businesses	170	797
Other, net	88	(24)
Net cash used for investing activities	\$ (3,464)	\$ (1,906)

- Additions to property, plant and equipment included spending for production growth, safety and animal well-being, in addition to acquiring new equipment, infrastructure replacements and upgrades to maintain competitive standing and position us for future opportunities.
  - Capital spending for fiscal 2020 is expected to approximate \$1.3 billion and will include spending for production growth, safety, animal well-being, infrastructure replacements and upgrades, and operational improvements that are expected to result in production and labor efficiencies, yield improvements and sales channel flexibility.
- Purchases of marketable securities included funding for our deferred compensation plans.
- Acquisitions, net of cash acquired, included:
  - **2019** – We acquired two valued-added protein businesses in fiscal 2019. For further description regarding these acquisitions refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.



- **2018** – We acquired three valued-added protein businesses in fiscal 2018. For further description regarding these acquisitions refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
- Proceeds from sale of businesses related to the proceeds received from sale of a chicken further processing facility in fiscal 2019 and the proceeds received from sale of non-protein businesses during fiscal 2018. For further description refer to Part II, Item 8, Notes to the Consolidated Financial Statements, Note 3: Acquisitions and Dispositions.
- Other, net for fiscal 2019 primarily related to the net proceeds from the sale of an investment.

#### Cash Flows from Financing Activities

in millions

	2019	2018
Proceeds from issuance of debt	\$ 4,634	\$ 1,148
Payments on debt	(3,208)	(1,307)
Borrowings on revolving credit facility	1,135	1,755
Payments on revolving credit facility	(1,065)	(1,755)
Proceeds from issuance of commercial paper	17,722	21,024
Repayments of commercial paper	(17,327)	(21,197)
Purchases of Tyson Class A common stock	(252)	(427)
Dividends	(537)	(431)
Stock options exercised	99	102
Other, net	(30)	(14)
Net cash provided by (used for) financing activities	\$ 1,171	\$ (1,102)

- Proceeds from issuance of debt and borrowings/payments on revolving credit facility:
  - **2019** – Proceeds from issuance of debt included \$1,800 million proceeds from the issuance of a 364-day term loan for the initial financing of the Keystone Foods acquisition and subsequent issuance of \$2,800 million senior unsecured notes which were primarily used to extinguish our 364-day term loan and to repay commercial paper obligations used to fund the Keystone Foods acquisition as well as to fund all or a portion of the purchase price for the acquisition of the Thai and European operations.
  - **2018** – Proceeds from issuance of long-term debt included a \$250 million increase in our Term Loan Tranche B due August 2020, primarily to fund an acquisition. Subsequently, proceeds from issuance of long-term debt included \$400 million Senior Notes due 2023 and \$500 million Senior Notes due 2048, which were primarily used to extinguish our Term Loan Tranche B due August 2020 and to repay commercial paper obligations.
- Payments on debt included:
  - **2019** – We extinguished the \$1,800 million outstanding balance of our 364-day term loan, the \$300 million outstanding balance of our May 2019 Notes and the \$1,000 million outstanding balance of our August 2019 Notes using proceeds received from the issuance of debt, cash on hand and other liquidity sources.
  - **2018** – We extinguished the \$750 million outstanding balance of the Term Loan Tranche B due August 2020, which was increased during fiscal 2018 by \$250 million, using cash on hand and proceeds from the issuance of Senior Notes due 2023 and 2048. We extinguished the \$427 million outstanding balance of the Term Loan Tranche B due August 2019 using cash on hand and proceeds received from the sale of our Kettle business. We extinguished the \$120 million outstanding balance of the Senior Notes due May 2018 using cash on hand.
- Proceeds from issuance and repayment of short-term debt in the form of commercial paper:
  - **2019** – We had net issuances of \$395 million to our unsecured short-term promissory notes ("commercial paper") pursuant to our commercial paper program.
  - **2018** – We had net repayments of \$173 million to our unsecured short-term promissory notes pursuant to our commercial paper program.
- Purchases of Tyson Class A common stock included:
  - \$150 million and \$350 million for shares repurchased pursuant to our share repurchase program in fiscal 2019 and 2018, respectively.
  - \$102 million and \$77 million for shares repurchased to fund certain obligations under our equity compensation plans in fiscal 2019 and 2018, respectively.
- Dividends paid during fiscal 2019 included a 25% increase to our fiscal 2018 quarterly dividend rate.



**Liquidity**

in millions

	Commitments Expiration Date	Facility Amount	Outstanding Letters of Credit (no draw downs)	Outstanding Amount Borrowed	Amount Available at September 28, 2019
Cash and cash equivalents				\$	484
Short-term investments					1
Revolving credit facility	March 2023	\$ 1,750	\$ —	\$ 70	1,680
Commercial Paper					(1,000)
<b>Total liquidity</b>				\$	<b>1,165</b>

- Liquidity includes cash and cash equivalents, short-term investments, and availability under our revolving credit facility, less outstanding commercial paper balance.
- At September 28, 2019, we had current debt of \$2,102 million, which we intend to repay with cash generated from our operating activities and other existing or new liquidity sources.
- The revolving credit facility supports our short-term funding needs and also serves to backstop our commercial paper program. Our maximum borrowing under the revolving credit facility during fiscal 2019 was \$330 million.
- We expect net interest expense will approximate \$460 million for fiscal 2020.
- Our ratio of short-term assets to short-term liabilities ("current ratio") was 1.30 to 1 and 1.13 to 1 at September 28, 2019, and September 29, 2018, respectively. The increase in fiscal 2019 was primarily due to increased inventory and accounts receivable balances.
- At September 28, 2019, \$467 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. 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. We intend to repatriate excess cash (net of applicable withholding taxes) not subject to regulatory requirements and to indefinitely reinvest outside of the United States the remainder of cash held by foreign subsidiaries. We do not expect the regulatory restrictions or taxes on repatriation to have a material effect on our overall liquidity, financial condition or the results of operations for the foreseeable future.

**Capital Resources**Credit Facility

Cash flows from operating activities and current 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 \$1.75 billion, to provide additional liquidity for working capital needs and to backstop our commercial paper program. As of September 28, 2019, we had \$70 million in borrowings and no outstanding letters of credit issued under this facility, which left \$1.68 billion available for borrowing, before deducting amounts to backstop our commercial paper program. Our revolving credit facility is funded by a syndicate of 39 banks, with commitments ranging from \$0.3 million to \$123 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 \$1 billion. The maturities of the notes may vary, but may not exceed 397 days from the date of issuance. As of September 28, 2019, \$1 billion was outstanding under this program with maturities less than 25 days.

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 September 28, 2019, and September 29, 2018, the ratio of our net debt to EBITDA was 2.9x and 2.4x, respectively. Refer to Part II, Item 6, Selected Financial Data, for an explanation and reconciliation to comparable GAAP measures. The increase in this ratio for fiscal 2019 is due to an increase in net debt of \$1,845 million.

**Credit Ratings**Revolving Credit Facility

Standard & Poor's Rating Services', a Standard & Poor's Financial Services LLC business ("S&P"), corporate credit rating is "BBB." Moody's Investor Service, Inc.'s ("Moody's") applicable rating is "Baa2." Fitch Ratings', a wholly owned subsidiary of Fimlac, S.A. ("Fitch"), applicable rating is "BBB." The below table outlines the fees paid on the unused portion of the facility ("Facility Fee Rate") and letter of credit fees and borrowings ("Undrawn Letter of Credit Fee and Borrowing Spread") that corresponds to the applicable ratings levels from S&P, Moody's and Fitch.

Ratings Level (S&P/Moody's/Fitch)	Facility Fee Rate	All-in Borrowing Spread
A-/A3/A- or above	0.090%	1.000%
BBB+/Baa1/BBB+	0.100%	1.125%
BBB/Baa2/BBB (current level)	0.125%	1.250%
BBB-/Baa3/BBB-	0.175%	1.375%
BB+/Ba1/BB+ or lower	0.225%	1.625%

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 facility contains 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 September 28, 2019.

#### Pension Plans

As further described in Part II, Item 8, Notes to Consolidated Financial Statements, Note 15: Pensions and Other Postretirement Benefits, the funded status of our defined benefit pension plans is defined as the amount the projected benefit obligation exceeds the plan assets. The funded status of the plans is an underfunded position of \$240 million at the end of fiscal 2019 as compared to an underfunded position of \$162 million at the end of fiscal 2018. We expect to contribute approximately \$33 million of cash to our pension plans in fiscal 2020 as compared to approximately \$13 million in fiscal 2019. The exact amount of cash contributions made to pension plans in any year is dependent upon a number of factors, including minimum funding requirements. As a result, the actual funding in fiscal 2020 may be different from the estimate.

#### OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements material to our financial position or results of operations. The off-balance sheet arrangements we have are guarantees of obligations related to certain outside third parties, including leases, debt and livestock grower loans, and residual value guarantees covering certain operating leases for various types of equipment. See Part II, Item 8, Notes to Consolidated Financial Statements, Note 20: Commitments and Contingencies for further discussion.

#### CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of September 28, 2019:

	Payments Due by Period					Total
	2020	2021-2022	2023-2024	2025 and thereafter		
Debt principal payments <sup>(1)</sup>	\$ 2,104	\$ 1,568	\$ 1,759	\$ 6,604	\$ 12,035	
Interest payments <sup>(2)</sup>	451	829	707	3,851	5,838	
Guarantees <sup>(3)</sup>	33	43	14	17	107	
Operating lease obligations <sup>(4)</sup>	159	187	89	54	489	
Livestock grower obligations <sup>(5)</sup>	253	217	107	122	699	
Purchase obligations <sup>(6)</sup>	2,466	509	62	23	3,060	
Capital expenditures <sup>(7)</sup>	1,048	724	—	—	1,772	
Other long-term liabilities <sup>(8)</sup>	—	—	—	—	645	
Total contractual commitments	\$ 6,514	\$ 4,077	\$ 2,738	\$ 10,671	\$ 24,645	

- (1) In the event of a default on payment, acceleration of the principal payments could occur.
- (2) Interest payments include interest on all outstanding debt. Payments are estimated for variable rate and variable term debt based on effective interest rates at September 28, 2019, and expected payment dates.
- (3) Amounts include guarantees of obligations related to certain outside third parties, which consist of leases, debt and livestock grower loans, all of which are substantially collateralized by the underlying assets, as well as residual value guarantees covering certain operating leases for various types of equipment. The amounts included are the maximum potential amount of future payments.
- (4) Amounts include minimum lease payments under lease agreements.
- (5) We have agreements with livestock growers that can have fixed and variable payment structures, but are generally cancelable and based on flocks placed with the livestock growers. Amounts include fixed or estimable non-cancelable commitments related to these agreements.
- (6) Amounts include agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The purchase obligations amount included items, such as future purchase commitments for grains and livestock purchase contracts, that provide terms that meet the above criteria. For certain grain purchase commitments with a fixed quantity provision, we have assumed the future obligations under the commitment based on available commodity futures prices as published in observable active markets as of September 28, 2019. We have excluded future purchase commitments for contracts that do not meet these criteria. Purchase orders are not included in the table, as a purchase order is an authorization to purchase and is cancelable. Contracts for goods or services that contain termination clauses without penalty have also been excluded.
- (7) Amounts include estimated amounts to complete buildings and equipment under construction as of September 28, 2019.
- (8) Other long-term liabilities primarily consist of deferred compensation, deferred income, self-insurance, and asset retirement obligations. We are unable to reliably estimate the amount of these payments beyond fiscal 2019; therefore, we have only included the total liability in the table above. We also have employee benefit obligations consisting of pensions and other postretirement benefits of \$332 million that are excluded from the table above. A discussion of the Company's pension and postretirement plans, including funding matters, is included in Part II, Item 8, Notes to Consolidated Financial Statements, Note 15: Pensions and Other Postretirement Benefits.

In addition to the amounts shown above in the table, we have unrecognized tax benefits of \$149 million and related interest and penalties of \$46 million at September 28, 2019, recorded as liabilities.

The potential maximum contractual obligation associated with our cash flow assistance programs at September 28, 2019, based on the estimated fair values of the livestock supplier's net tangible assets on that date, aggregated to approximately \$300 million. After analyzing residual credit risks and general market conditions, we had no allowance for these programs' estimated uncollectible receivables at September 28, 2019.

#### **RECENTLY ISSUED/ADOPTED ACCOUNTING PRONOUNCEMENTS**

Refer to the discussion under Part II, Item 8, Notes to Consolidated Financial Statements, Note 1: Business and Summary of Significant Accounting Policies and Note 2: Changes in Accounting Principles.

#### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of consolidated financial statements requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of certain accounting estimates we consider critical.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<p><b>Contingent liabilities</b></p> <p>We are subject to lawsuits, investigations and other claims related to wage and hour/labor, antitrust, environmental, product, taxing authorities and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses.</p> <p>A determination of the amount of reserves and disclosures required, if any, for these contingencies is made after considerable analysis of each individual issue. We accrue for contingent liabilities when an assessment of the risk of loss is probable and can be reasonably estimated. We disclose contingent liabilities when the risk of loss is reasonably possible or probable.</p>	<p>Our contingent liabilities contain uncertainties because the eventual outcome will result from future events, and determination of current reserves requires estimates and judgments related to future changes in facts and circumstances, differing interpretations of the law and assessments of the amount of damages, and the effectiveness of strategies or other factors beyond our control.</p>	<p>We have not made any material changes in the accounting methodology used to establish our contingent liabilities during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our contingent liabilities. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p>
<p><b>Revenue Recognition</b></p> <p>We recognize revenue for the sale of our product at the point in time when our performance obligation has been satisfied and control of the product has transferred to our customer, which generally occurs upon shipment or delivery to a customer based on terms of the sale.</p> <p>Revenue is measured by the transaction price, which is defined as the amount of consideration we expect to receive in exchange for providing goods to customers.</p> <p>The transaction price is adjusted for estimates of known or expected variable consideration, which includes consumer incentives, trade promotions, and allowances, such as coupons, discounts, rebates, volume-based incentives, cooperative advertising, and other programs.</p> <p>Variable consideration related to these programs is recorded as a reduction to revenue based on amounts we expect to pay.</p>	<p>The transaction price contains estimates of known or expected variable consideration. We base these estimates on current performance, historical utilization, and projected redemption rates of each program. We review and update these estimates regularly until the incentives or product returns are realized and the impact of any adjustments are recognized in the period the adjustments are identified.</p>	<p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to recognize revenue. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p> <p>We adopted the FASB's new guidance on revenue recognition in fiscal 2019. The adoption of this standard did not have a material impact on our consolidated financial statements. We have not made any material changes in the accounting methodology used to recognize revenue during the past three fiscal years.</p>
<p><b>Accrued self-insurance</b></p> <p>We are self-insured for certain losses related to health and welfare, workers' compensation, auto liability and general liability claims.</p> <p>We use an independent third-party actuary to assist in determining our self-insurance liability. We and the actuary consider a number of factors when estimating our self-insurance liability, including claims experience, demographic factors, severity factors and other actuarial assumptions.</p> <p>We periodically review our estimates and assumptions with our third-party actuary to assist us in determining the adequacy of our self-insurance liability. Our policy is to maintain an accrual at the actuarial estimated median.</p>	<p>Our self-insurance liability contains uncertainties due to assumptions required and judgment used.</p> <p>Costs to settle our obligations, including legal and healthcare costs, could increase or decrease causing estimates of our self-insurance liability to change.</p> <p>Incident rates, including frequency and severity, could increase or decrease causing estimates in our self-insurance liability to change.</p>	<p>We have not made any material changes in the accounting methodology used to establish our self-insurance liability during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our self-insurance liability. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to gains or losses that could be material.</p> <p>A 10% change in the actuarial estimate at September 28, 2019, would not have a significant impact on our liability.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<p><b>Defined benefit pension plans</b></p> <p>We sponsor nine defined benefit pension plans that provide retirement benefits to certain employees. Currently we are in the process of liquidating three of our nine defined benefit pension plans. We also participate in multi-employer plans that provide defined benefits to certain employees covered by collective bargaining agreements. Such plans are usually administered by a board of trustees composed of the management of the participating companies and labor representatives.</p> <p>We use independent third-party actuaries to assist us in determining our pension obligations and net periodic benefit cost. We and the actuaries review assumptions that include estimates of the present value of the projected future pension payment to all plan participants, taking into consideration the likelihood of potential future events such as salary increases and demographic experience. We accumulate and amortize the effect of actuarial gains and losses over future periods.</p> <p>Net periodic benefit cost for the defined benefit pension plans was \$30 million in fiscal 2019. The projected benefit obligation was \$1,717 million at the end of fiscal 2019. Unrecognized actuarial gain was \$7 million at the end of fiscal 2019. We currently expect net periodic benefit cost for fiscal 2020 to be approximately \$10 million, excluding the pending settlement as described in Note 15: Pension and Other Postretirement Benefits.</p> <p>Plan assets are currently comprised of approximately 73% fixed income securities. Fixed income securities can include, but are not limited to, direct bond investments and pooled or indirect bond investments.</p> <p>We expect to contribute approximately \$33 million of cash to our pension plans in fiscal 2020. The exact amount of cash contributions made to pension plans in any year is dependent upon a number of factors, including minimum funding requirements.</p>	<p>Our defined benefit pension plans contain uncertainties due to assumptions required and judgments used.</p> <p>The key assumptions used in developing the required estimates include such factors as discount rates, expected returns on plan assets, retirement rates, and mortality. These assumptions can have a material impact upon the funded status and the net periodic benefit cost. The expected liquidation of certain plans has been considered along with these assumptions.</p> <p>The discount rates were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. In determining the long-term rate of return on plan assets, we first examined historical rates of return for the various asset classes within the plans. We then determined a long-term projected rate-of-return based on expected returns. Investment, management and other fees paid out of plan assets are factored into the determination of asset return assumptions. Retirement rates are based primarily on actual plan experience, while standard actuarial tables are used to estimate mortality.</p> <p>It is reasonably likely that changes in external factors will result in changes to the assumptions used to measure pension obligations and net periodic benefit cost in future periods.</p> <p>The risks of participating in multi-employer plans are different from single-employer plans. The net pension cost of the multi-employer plans is equal to the annual contribution determined in accordance with the provisions of negotiated labor contracts. Assets contributed to such plans are not segregated or otherwise restricted to provide benefits only to our employees. The future cost of these plans is dependent on a number of factors including the funded status of the plans and the ability of the other participating companies to meet ongoing funding obligations.</p>	<p>We have not made any material changes in the accounting methodology used to establish our pension obligations and net periodic benefit cost during the past three fiscal years.</p> <p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate our pension obligations and net periodic benefit cost. However, if actual results are not consistent with our estimates or assumptions, they are accumulated and amortized over future periods and, therefore generally affect the net periodic benefit cost in future periods.</p> <p>A 1% change in the discount rate at September 28, 2019, would not have a significant impact on the projected benefit obligation or net periodic benefit cost.</p> <p>A 1% change in the return on plan assets at September 28, 2019, would not have a significant impact on net periodic benefit cost.</p> <p>The sensitivities reflect the impact of changing one assumption at a time with the remaining assumptions held constant. Economic factors and conditions often affect multiple assumptions simultaneously and that the effect of changes in assumptions are not necessarily linear.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<b>Income taxes</b>		
We estimate total income tax expense based on statutory tax rates and tax planning opportunities available to us in various jurisdictions in which we earn income.	Changes in tax laws and rates could affect recorded deferred tax assets and liabilities in the future.	We do not believe there is a reasonable likelihood there will be a material change in the tax related balances or valuation allowances. However, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities.
Income tax includes an estimate for withholding taxes on earnings of foreign subsidiaries expected to be remitted to the United States but does not include an estimate for taxes on earnings considered to be indefinitely invested in the foreign subsidiary.	Changes in projected future earnings could affect the recorded valuation allowances in the future.	
Deferred income taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse.	Our calculations related to income taxes contain uncertainties due to judgment used to calculate tax liabilities in the application of complex tax regulations across the tax jurisdictions where we operate.	To the extent we prevail in matters for which unrecognized tax benefit liabilities have been established, or are required to pay amounts in excess of our recorded unrecognized tax benefit liabilities, our effective tax rate in a given financial statement period could be materially affected. An unfavorable tax settlement would require use of our cash and generally result in an increase in our effective tax rate in the period of resolution. A favorable tax settlement would generally be recognized as a reduction in our effective tax rate in the period of resolution.
Valuation allowances are recorded when it is likely a tax benefit will not be realized for a deferred tax asset.	Our analysis of unrecognized tax benefits contains uncertainties based on judgment used to apply the more likely than not recognition and measurement thresholds.	
We record unrecognized tax benefit liabilities for known or anticipated tax issues based on our analysis of whether, and the extent to which, additional taxes will be due.		
<b>Business Combinations</b>		
We account for acquired businesses using the acquisition method of accounting, which requires that once control of a business is obtained, 100% of the assets acquired and liabilities assumed, including amounts attributed to noncontrolling interests, be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.	Significant judgment is often required in estimating the fair value of assets acquired and liabilities assumed, particularly intangible assets. We make estimates and assumptions about projected future cash flows including sales, operating margins, attrition rates, growth rates, and discount rates based on historical results, business plans, expected synergies, perceived risk and marketplace data considering the perspective of marketplace participants.	While management believes those expectations and assumptions are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions, which could result in subsequent impairments.
We use various models to determine the value of assets acquired and liabilities assumed such as net realizable value to value inventory, cost method and market approach to value property, relief-from-royalty and multi-period excess earnings to value intangibles and discounted cash flow to value goodwill.	Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may be considered to have indefinite useful lives.	
For significant acquisitions we may use independent third-party valuation specialists to assist us in determining the fair value of assets acquired and liabilities assumed.		

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<b>Impairment of goodwill and indefinite life intangible assets</b>		
<p>Goodwill is evaluated for impairment by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, the fair value of the reporting unit may be more likely than not less than its carrying amount or if significant changes to macro-economic factors related to the reporting unit have occurred that could materially impact fair value, a quantitative goodwill impairment test would be required. The quantitative test compares the fair value of a reporting unit with its carrying amount. Additionally, we can elect to forgo the qualitative assessment and perform the quantitative test. Upon performing the quantitative test, if the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of goodwill.</p>	<p>We estimate the fair value of our reporting units considering the use of various valuation techniques, with the primary technique being an income approach (discounted cash flow analysis), which uses significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and requires us to make various judgmental assumptions about sales, operating margins, growth rates and discount rates.</p>	<p>We have not made any material changes in the accounting methodology used to evaluate impairment of goodwill and intangible assets during the last three years.</p>
<p>For indefinite life intangible assets, a qualitative assessment can also be performed to determine whether the existence of events and circumstances indicates it is more likely than not an intangible asset is impaired. Similar to goodwill, we can also elect to forgo the qualitative test for indefinite life intangible assets and perform the quantitative test. Upon performing the quantitative test, if the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.</p>	<p>We include assumptions about sales, operating margins and growth rates which consider our budgets, business plans and economic projections, and are believed to reflect market participant views which would exist in an exit transaction. Assumptions are also made for varying perpetual growth rates for periods beyond the long-term business plan period. Generally, we utilize operating margin assumptions based on future expectations and operating margins historically realized in the reporting units' industries.</p>	<p>During fiscal 2019, 2018 and 2017, all of our material reporting units passed the goodwill impairment analysis.</p>
<p>We have elected to make the first day of the fourth quarter the annual impairment assessment date for goodwill and indefinite life intangible assets. However, we could be required to evaluate the recoverability of goodwill and indefinite life intangible assets outside of the required annual assessment if, among other things, we experience disruptions to the business, unexpected significant declines in operating results, divestiture of a significant component of the business or a sustained decline in market capitalization.</p>	<p>The fair value of our indefinite life intangible assets is calculated principally using relief-from-royalty and multi-period excess earnings valuation approaches, which uses significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy, and is believed to reflect market participant views which would exist in an exit transaction. Under these valuation approaches, we are required to make estimates and assumptions about sales, operating margins, growth rates, royalty rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.</p>	<p>Some of the inherent estimates and assumptions used in determining fair value of the reporting units and indefinite life intangible assets are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units and indefinite life intangibles, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, it could result in material impairments of our goodwill.</p>
	<p>Our impairment analysis contains uncertainties due to uncontrollable events that could positively or negatively impact the anticipated future economic and operating conditions.</p>	<p>All of our material reporting units' estimated fair value exceeded their carrying value by more than 20% at the date of their most recent estimated fair value determination. Consequently, we do not currently consider any of our material reporting units at significant risk of impairment.</p>
		<p>Our fiscal 2019, 2018, and 2017 indefinite life intangible assets impairment analyses did not result in an impairment charge. All indefinite life intangible assets' estimated fair value exceeded their carrying value by more than 20% at the date of their most recent estimated fair value determination. Consequently, we do not currently consider any of our material indefinite life intangible assets at significant risk of impairment.</p>
		<p>The discount rate used in our annual indefinite life intangible assets impairment test was 7.5% in fiscal 2019. A 20% increase in the discount rate would not have caused the carrying value of any of our intangible assets to exceed fair value.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
<b>Impairment of long-lived assets and definite life intangibles</b>		
<p>Long-lived assets and definite life intangibles are evaluated for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Examples include a significant adverse change in the extent or manner in which we use the asset, a change in its physical condition, or an unexpected change in financial performance.</p>	<p>Our impairment analysis contains uncertainties due to judgment in assumptions, including useful lives and intended use of assets, observable market valuations, forecasted sales, operating margins, growth rates, royalty rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data that reflects the risk inherent in future cash flows to determine fair value.</p>	<p>We have not made any material changes in the accounting methodology used to evaluate the impairment of long-lived assets or definite life intangibles during the last three fiscal years.</p>
<p>When evaluating long-lived assets and definite life intangibles for impairment, we compare the carrying value of the asset to the asset's estimated undiscounted future cash flows. An impairment is indicated if the estimated future cash flows are less than the carrying value of the asset. For assets held for sale, we compare the carrying value of the disposal group to fair value. The impairment is the excess of the carrying value over the fair value of the asset.</p>		<p>We do not believe there is a reasonable likelihood there will be a material change in the estimates or assumptions used to calculate impairments or useful lives of long-lived assets or definite life intangibles. However, if actual results are not consistent with our estimates and assumptions used to calculate estimated future cash flows, we may be exposed to impairment losses that could be material.</p>
<p>We recorded impairment charges related to long-lived assets and definite life intangibles of \$94 million, \$175 million and \$214 million, in fiscal 2019, 2018 and 2017, respectively.</p>		<p>We periodically conduct projects to strategically evaluate optimization of such items as network capacity, manufacturing efficiencies and business technology. If we have a significant change in strategies, outlook, or a manner in which we plan to use these assets, we may be exposed to future impairments.</p>

**ITEM 7A. 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 will be offset either against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or 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 immediately recognized in earnings as a component of cost of sales. 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. Changes in market value of derivatives used in our risk management activities related to interest rates are recorded in interest expense. Changes in the market value of derivatives used in our risk management activities related to foreign exchange contracts are recorded in other, net.

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 September 28, 2019 and September 29, 2018, 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	
	2019	2018
Livestock:		
Live Cattle	\$ 19	\$ 12
Lean Hogs	17	4
Grain:		
Corn	39	26
Soy Meal	31	26

**Interest Rate Risk:** At September 28, 2019, we had variable rate debt of \$1,875 million with a weighted average interest rate of 2.5%. A hypothetical 10% increase in interest rates effective at September 28, 2019, and September 29, 2018, would have a minimal effect on interest expense.

Additionally, changes in interest rates impact the fair value of our fixed-rate debt. At September 28, 2019, we had fixed-rate debt of \$10,057 million with a weighted average interest rate of 4.42%. 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 \$184 million at September 28, 2019, and \$207 million at September 29, 2018. The fair values of our debt were estimated based on quoted market prices and/or published interest rates.

We have \$400 million total notional amount of interest rate swaps at September 28, 2019 as part of our risk management activities to hedge a portion of our exposure to changes in interest rates. A hypothetical 10% decrease in interest rates would have a minimal effect on interest expense.

We are subject to 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 15: Pensions and Other Postretirement Benefits 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 as well as revenues and expenses. The primary currencies we have exposure to are the Brazilian real, the British pound sterling, the Canadian dollar, the Chinese renminbi, the Thai baht, the Malaysian ringgit, the European euro, the Japanese yen, the New Zealand dollar, the Australian dollar 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 September 28, 2019 and September 29, 2018, related to the foreign exchange forward and option contracts would have a \$15 million and \$9 million impact, respectively, on pretax income.

**Concentrations of Credit Risk:** Our financial instruments exposed to concentrations of credit risk consist primarily of cash equivalents and trade receivables. Our cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to our large number of customers and their dispersion across geographic areas. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral. At September 28, 2019 and September 29, 2018, 16.2% and 18.6%, respectively, of our net accounts receivable balance was due from Walmart Inc. No other single customer or customer group represented 10% or greater of net accounts receivable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TYSON FOODS, INC.  
CONSOLIDATED STATEMENTS OF INCOME

	Three years ended September 28, 2019					
	in millions, except per share data					
	2019		2018		2017	
Sales	\$	42,405	\$	40,052	\$	38,260
Cost of Sales		37,383		34,956		33,198
Gross Profit		5,022		5,096		5,062
Selling, General and Administrative		2,195		2,064		2,141
Operating Income		2,827		3,032		2,921
Other (Income) Expense:						
Interest income		(11)		(7)		(7)
Interest expense		462		350		279
Other, net		(55)		(56)		21
Total Other (Income) Expense		396		287		293
Income before Income Taxes		2,431		2,745		2,628
Income Tax Expense (Benefit)		396		(282)		850
Net Income		2,035		3,027		1,778
Less: Net Income Attributable to Noncontrolling Interests		13		3		4
Net Income Attributable to Tyson	\$	2,022	\$	3,024	\$	1,774
Weighted Average Shares Outstanding:						
Class A Basic		293		295		296
Class B Basic		70		70		70
Diluted		366		369		370
Net Income Per Share Attributable to Tyson:						
Class A Basic	\$	5.67	\$	8.44	\$	4.94
Class B Basic	\$	5.10	\$	7.59	\$	4.45
Diluted	\$	5.52	\$	8.19	\$	4.79

See accompanying notes.

**TYSON FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three years ended September 28, 2019					
			in millions			
	2019		2018		2017	
Net Income	\$	2,035	\$	3,027	\$	1,778
Other Comprehensive Income (Loss), Net of Taxes:						
Derivatives accounted for as cash flow hedges		(15)		(7)		—
Investments		2		(1)		(1)
Currency translation		(23)		(29)		6
Postretirement benefits		(66)		(7)		56
Total Other Comprehensive Income (Loss), Net of Taxes		(102)		(44)		61
Comprehensive Income		1,933		2,983		1,839
Less: Comprehensive Income Attributable to Noncontrolling Interests		13		3		4
Comprehensive Income Attributable to Tyson	\$	1,920	\$	2,980	\$	1,835

See accompanying notes.

**TYSON FOODS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

September 28, 2019, and September 29, 2018  
in millions, except share and per share data  
2019                      2018

<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 484	\$ 270
Accounts receivable, net	2,173	1,723
Inventories	4,108	3,513
Other current assets	404	182
<b>Total Current Assets</b>	<b>7,169</b>	<b>5,688</b>
Net Property, Plant and Equipment	7,282	6,169
Goodwill	10,844	9,739
Intangible Assets, net	7,037	6,759
Other Assets	765	754
<b>Total Assets</b>	<b>\$ 33,097</b>	<b>\$ 29,109</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Current debt	\$ 2,102	\$ 1,911
Accounts payable	1,926	1,694
Other current liabilities	1,485	1,426
<b>Total Current Liabilities</b>	<b>5,513</b>	<b>5,031</b>
Long-Term Debt	9,830	7,962
Deferred Income Taxes	2,356	2,107
Other Liabilities	1,172	1,198
Commitments and Contingencies (Note 20)		
<b>Shareholders' Equity:</b>		
Common stock (\$0.10 par value):		
Class A-authorized 900 million shares, issued 378 million shares	38	38
Convertible Class B-authorized 900 million shares, issued 70 million shares	7	7
Capital in excess of par value	4,378	4,387
Retained earnings	13,787	12,329
Accumulated other comprehensive gain (loss)	(117)	(15)
Treasury stock, at cost – 82 million shares at September 28, 2019 and September 29, 2018	(4,011)	(3,943)
<b>Total Tyson Shareholders' Equity</b>	<b>14,082</b>	<b>12,803</b>
Noncontrolling Interests	144	8
<b>Total Shareholders' Equity</b>	<b>14,226</b>	<b>12,811</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 33,097</b>	<b>\$ 29,109</b>

See accompanying notes.

**TYSON FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

Three years ended September 28, 2019  
in millions

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Class A Common Stock:</b>						
Balance at beginning of year	378	\$ 38	378	\$ 38	364	\$ 36
Issuance of Class A common stock	—	—	—	—	14	2
Balance at end of year	378	38	378	38	378	38
<b>Class B Common Stock:</b>						
Balance at beginning and end of year	70	7	70	7	70	7
<b>Capital in Excess of Par Value:</b>						
Balance at beginning of year		4,387		4,378		4,355
Stock-based compensation		(9)		9		23
Balance at end of year		4,378		4,387		4,378
<b>Retained Earnings:</b>						
Balance at beginning of year		12,329		9,776		8,348
Net income attributable to Tyson		2,022		3,024		1,774
Dividends		(564)		(458)		(346)
Reclass from Accumulated Other Comprehensive Income (Loss), Net of Tax <sup>(1)</sup>		—		(13)		—
Balance at end of year		13,787		12,329		9,776
<b>Accumulated Other Comprehensive Income (Loss), Net of Tax:</b>						
Balance at beginning of year		(15)		16		(45)
Other Comprehensive Income (Loss)		(102)		(44)		61
Reclass to Retained Earnings <sup>(1)</sup>		—		13		—
Balance at end of year		(117)		(15)		16
<b>Treasury Stock:</b>						
Balance at beginning of year	82	(3,943)	80	(3,674)	73	(3,093)
Purchase of Class A common stock	4	(252)	6	(427)	14	(860)
Stock-based compensation	(4)	184	(4)	158	(7)	279
Balance at end of year	82	(4,011)	82	(3,943)	80	(3,674)
<b>Total Shareholders' Equity Attributable to Tyson</b>		<b>\$ 14,082</b>		<b>\$ 12,803</b>		<b>\$ 10,541</b>
<b>Equity Attributable to Noncontrolling Interests:</b>						
Balance at beginning of year		\$ 8		\$ 18		\$ 16
Net income attributable to noncontrolling interests		13		3		4
Distributions to noncontrolling interest		(3)		(3)		(2)
Business combination and other		126		(10)		—
<b>Total Equity Attributable to Noncontrolling Interests</b>		<b>\$ 144</b>		<b>\$ 8</b>		<b>\$ 18</b>
<b>Total Shareholders' Equity</b>		<b>\$ 14,226</b>		<b>\$ 12,811</b>		<b>\$ 10,559</b>

<sup>(1)</sup> Reclass from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act, following adoption of the applicable new accounting standard for the fiscal year ended September 29, 2018.

See accompanying notes.

**TYSON FOODS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Three years ended September 28, 2019

in millions

	2019	2018	2017
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 2,035	\$ 3,027	\$ 1,778
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	819	723	642
Amortization	279	220	119
Deferred income taxes	92	(865)	(39)
Gain on dispositions of businesses	(17)	(42)	—
Impairment of assets	94	175	214
Stock-based compensation expense	77	69	92
Other, net	(20)	(58)	(57)
(Increase) decrease in accounts receivable	(226)	(2)	(55)
(Increase) decrease in inventories	(214)	(207)	(246)
Increase (decrease) in accounts payable	(55)	(44)	61
Increase (decrease) in income taxes payable/receivable	(254)	111	55
Increase (decrease) in interest payable	47	(3)	16
Net changes in other operating assets and liabilities	(144)	(141)	19
<b>Cash Provided by Operating Activities</b>	<b>2,513</b>	<b>2,963</b>	<b>2,599</b>
<b>Cash Flows From Investing Activities:</b>			
Additions to property, plant and equipment	(1,259)	(1,200)	(1,069)
Purchases of marketable securities	(64)	(42)	(79)
Proceeds from sale of marketable securities	63	37	61
Acquisitions, net of cash acquired	(2,462)	(1,474)	(3,081)
Proceeds from sale of businesses	170	797	—
Other, net	88	(24)	4
<b>Cash Used for Investing Activities</b>	<b>(3,464)</b>	<b>(1,906)</b>	<b>(4,164)</b>
<b>Cash Flows From Financing Activities:</b>			
Proceeds from issuance of debt	4,634	1,148	5,444
Payments on debt	(3,208)	(1,307)	(3,159)
Borrowings on revolving credit facility	1,135	1,755	1,810
Payments on revolving credit facility	(1,065)	(1,755)	(2,110)
Proceeds from issuance of commercial paper	17,722	21,024	8,138
Repayments of commercial paper	(17,327)	(21,197)	(7,360)
Payment of AdvancePierre TRA liability	—	—	(223)
Purchases of Tyson Class A common stock	(252)	(427)	(860)
Dividends	(537)	(431)	(319)
Stock options exercised	99	102	154
Other, net	(30)	(14)	15
<b>Cash Provided by (Used for) Financing Activities</b>	<b>1,171</b>	<b>(1,102)</b>	<b>1,530</b>
<b>Effect of Exchange Rate Change on Cash</b>	<b>(6)</b>	<b>(3)</b>	<b>4</b>
<b>Increase (decrease) in Cash and Cash Equivalents</b>	<b>214</b>	<b>(48)</b>	<b>(31)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>270</b>	<b>318</b>	<b>349</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 484</b>	<b>\$ 270</b>	<b>\$ 318</b>

See accompanying notes.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**TYSON FOODS, INC.**

**NOTE 1: BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business:** Tyson Foods, Inc. (collectively, “Company,” “we,” “us” or “our”), 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 including Tyson®, Jimmy Dean®, Hillshire Farm®, Ball Park®, Wright®, Aidells®, ibp® and State Fair®. We innovate 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.

**Consolidation:** The consolidated 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.

**Fiscal Year:** We utilize a 52- or 53-week accounting period ending on the Saturday closest to September 30. The Company’s accounting cycle resulted in a 52-week year for fiscal 2019, fiscal 2018, and fiscal 2017.

**Cash and Cash Equivalents:** Cash equivalents consist of investments in short-term, highly liquid securities having original maturities of three months or less, which are made as part of our cash management activity. The carrying values of these assets approximate their fair values. We primarily utilize a cash management system with a series of separate accounts consisting of lockbox accounts for receiving cash, concentration accounts where funds are moved to, and several zero-balance disbursement accounts for funding payroll, accounts payable, livestock procurement, livestock grower payments, etc. As a result of our cash management system, checks issued, but not presented to the banks for payment, may result in negative book cash balances. These negative book cash balances are included in accounts payable and other current liabilities. At September 28, 2019, and September 29, 2018, checks outstanding in excess of related book cash balances totaled approximately \$200 million and \$220 million, respectively.

**Accounts Receivable:** We record accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, level of past due accounts and relationships with and economic status of our customers. At September 28, 2019, and September 29, 2018, our allowance for uncollectible accounts was \$21 million and \$19 million, respectively. We generally do not have collateral for our receivables, but we do periodically evaluate the credit worthiness of our customers.

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

In fiscal 2019 and fiscal 2018, the cost of inventories was determined by either the first-in, first-out ("FIFO") method or the weighted-average method.

The following table reflects the major components of inventory at September 28, 2019, and September 29, 2018:

	in millions	
	2019	2018
Processed products	\$ 2,362	\$ 1,981
Livestock	1,150	1,006
Supplies and other	596	526
Total inventory	\$ 4,108	\$ 3,513

**Property, Plant and Equipment:** Property, plant and equipment are stated at cost and generally depreciated on a straight-line method over the estimated lives for buildings and leasehold improvements of 10 to 33 years, machinery and equipment of 3 to 12 years and land improvements and other of 3 to 20 years. Major repairs and maintenance costs that significantly extend the useful life of the related assets are capitalized. Normal repairs and maintenance costs are charged to operations.

We review the carrying value of long-lived assets at each balance sheet date if indication of impairment exists. Recoverability is assessed using undiscounted cash flows based on historical results and current projections of earnings before interest, taxes, depreciation and amortization. We measure impairment as the excess of carrying value over the fair value of an asset. The fair value of an asset is generally measured using discounted cash flows including market participant assumptions of future operating results and discount rates.

**Goodwill and Intangible Assets:** Definite life intangibles are initially recorded at fair value and amortized over the estimated period of benefit. Brands and trademarks are generally amortized using the straight-line method over 20 years or less. Customer relationships and supply arrangements are generally amortized over 7 to 30 years based on the pattern of revenue expected to be generated from the use of the asset. The gross cost and accumulated amortization of intangible assets are removed when the recorded amounts are fully amortized and the asset is no longer in use or the contract has expired. Amortization expense is generally recognized in selling, general, and administrative expense. We review the carrying value of definite life intangibles at each balance sheet date if indication of impairment exists. Recoverability is assessed using undiscounted cash flows based on historical results and current projections of earnings before interest, taxes, depreciation and amortization. We measure impairment as the excess of carrying value over the fair value of the definite life intangible asset. We use various valuation techniques to estimate fair value, with the primary techniques being discounted cash flows, relief-from-royalty and multi-period excess earnings valuation approaches, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. Under these valuation approaches, we are required to make estimates and assumptions about sales, operating margins, growth rates, royalty rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

Goodwill and indefinite life intangible assets are initially recorded at fair value and not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Our goodwill is allocated by reporting unit and is evaluated for impairment by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, the fair value of the reporting unit may be more likely than not less than carrying amount, or if significant changes to macro-economic factors related to the reporting unit have occurred that could materially impact fair value, a quantitative goodwill impairment test would be required. Additionally, we can elect to forgo the qualitative assessment and perform the quantitative test. The quantitative test is to identify if a potential impairment exists by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of goodwill.

We estimate the fair value of our reporting units using a combination of various valuation techniques, including an income approach (discounted cash flow analysis) and market approaches (earnings before interest, taxes, depreciation and amortization or "EBITDA" multiples of comparable publicly-traded companies and precedent transactions). Our primary technique is discounted cash flow analysis. These approaches use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy and requires us to make various judgmental assumptions about sales, operating margins, growth rates and discount rates which consider our budgets, business plans and economic projections, and are believed to reflect market participant views which would exist in an exit transaction. Assumptions are also made for varying perpetual growth rates for periods beyond the long-term business plan period. Generally, we utilize normalized operating margin assumptions based on future expectations and operating margins historically realized in the reporting units' industries.

Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, market EBITDA comparables and credit ratings. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the reporting units, it is possible a material change could occur. If our actual results are not consistent with our estimates and assumptions used to calculate fair value, it could result in additional material impairments of our goodwill.

During fiscal 2019, 2018 and 2017, we determined none of our material reporting units' fair values were below its carrying value.

For our indefinite life intangible assets, a qualitative assessment can also be performed to determine whether the existence of events and circumstances indicates it is more likely than not an intangible asset is impaired. Similar to goodwill, we can also elect to forgo the qualitative test for indefinite life intangible assets and perform the quantitative test. Upon performing the quantitative test, if the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

The fair value of our indefinite life intangible assets is calculated principally using relief-from-royalty and multi-period excess earnings valuation approaches, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy, and is believed to reflect market participant views which would exist in an exit transaction. Under these valuation approaches, we are required to make estimates and assumptions about sales, operating margins, growth rates, royalty rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data. During fiscal 2019, 2018 and 2017, we determined the fair value of each of our indefinite life intangible assets exceeded its carrying value. The discount rate used in our indefinite life intangible test decreased to 7.5% in fiscal 2019 from 8.2% in fiscal 2018.



**Investments:** We have investments in joint ventures and other entities. The equity method of accounting is used for entities in which we exercise significant influence but do not have a controlling interest or a variable interest in which we are the primary beneficiary. Investments not accounted for using the equity method do not have readily determinable fair values and do not qualify for the practical expedient to measure the investment using a net asset value per share. These investments are recorded using the measurement alternative in which our equity interests are recorded at cost, less impairments, adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer. At each reporting period, we assess if these investments continue to qualify for this measurement alternative. An impairment is recorded when there is evidence that the expected fair value of the investment has declined to below the recorded cost. Adjustments to the carrying value are recorded in Other, net in the Consolidated Statements of Income. Investments in joint ventures and other entities are reported in the Consolidated Balance Sheets in Other Assets.

We also have investments in marketable debt securities. We have determined all of our marketable debt securities are available-for-sale investments. These investments are reported at fair value based on quoted market prices as of the balance sheet date, with unrealized gains and losses, net of tax, recorded in other comprehensive income.

The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is recorded in interest income. The cost of securities sold is based on the specific identification method. Realized gains and losses on the sale of debt securities and declines in value judged to be other than temporary are recorded on a net basis in other income. Interest and dividends on securities classified as available-for-sale are recorded in interest income.

**Accrued Self-Insurance:** We use a combination of insurance and self-insurance mechanisms in an effort to mitigate the potential liabilities for health and welfare, workers' compensation, auto liability and general liability risks. Liabilities associated with our risks retained are estimated, in part, by considering claims experience, demographic factors, severity factors and other actuarial assumptions.

**Other Current Liabilities:** Other current liabilities at September 28, 2019, and September 29, 2018, include:

	in millions	
	2019	2018
Accrued salaries, wages and benefits	\$ 620	\$ 549
Other	865	877
<b>Total other current liabilities</b>	<b>\$ 1,485</b>	<b>\$ 1,426</b>

**Defined Benefit Plans:** We recognize the funded status of defined pension and postretirement plans in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of the plan assets and the benefit obligation. We measure our plan assets and liabilities at the end of our fiscal year. For a defined benefit pension plan, the benefit obligation is the projected benefit obligation; for any other defined benefit postretirement plan, such as a retiree health care plan, the benefit obligation is the accumulated postretirement benefit obligation. Any overfunded status is recognized as an asset and any underfunded status is recognized as a liability. Any transitional asset/liability, prior service cost or actuarial gain/loss that has not yet been recognized as a component of net periodic cost is recognized in accumulated other comprehensive income. Accumulated other comprehensive income will be adjusted as these amounts are subsequently recognized as a component of net periodic benefit costs in future periods.

**Derivative Financial Instruments:** 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 our exposure to various market risks related to these purchases, as well as to changes in foreign currency exchange and interest rates. Contract terms of a financial instrument qualifying as 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 risk reduction and correlation criteria are recorded using hedge accounting. 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 will be offset either against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or 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 immediately recognized in earnings as a component of cost of sales. Instruments we hold as part of our risk management activities that do not meet the criteria for hedge accounting are marked to fair value with unrealized gains or losses reported currently in earnings. 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. Changes in market value of derivatives used in our risk management activities related to interest rates are recorded in interest expense. Changes in the market value of derivatives used in our risk management activities related to foreign exchange contracts are recorded in other, net. We generally do not hedge anticipated transactions beyond 18 months.

**Litigation Reserves:** There are a variety of legal proceedings pending or threatened against us. Accruals are recorded when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, progress of each case, opinions and views of legal counsel and other advisers, our experience in similar matters and intended response to the litigation. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessment efforts progress or additional information becomes available. We expense amounts for administering or litigating claims as incurred. Accruals for legal proceedings are included in Other current liabilities in the Consolidated Balance Sheets.

**Revenue Recognition:** We recognize revenue mainly through consumer products retail, foodservice, international, industrial and other distribution channels. Our revenues primarily result from contracts with customers and are generally short term in nature with the delivery of product as the single performance obligation. We recognize revenue for the sale of the product at the point in time when our performance obligation has been satisfied and control of the product has transferred to our customer, which generally occurs upon shipment or delivery to a customer based on terms of the sale. We elected to account for shipping and handling activities that occur after the customer has obtained control of the product as a fulfillment cost rather than an additional promised service. Our contracts are generally less than one year, and therefore we recognize costs paid to third party brokers to obtain contracts as expenses. Additionally, items that are not material in the context of the contract are recognized as expense. Any taxes collected on behalf of government authorities are excluded from net revenues.

Revenue is measured by the transaction price, which is defined as the amount of consideration we expect to receive in exchange for providing goods to customers. The transaction price is adjusted for estimates of known or expected variable consideration, which includes consumer incentives, trade promotions, and allowances, such as coupons, discounts, rebates, volume-based incentives, cooperative advertising, and other programs. Variable consideration related to these programs is recorded as a reduction to revenue based on amounts we expect to pay. We base these estimates on current performance, historical utilization, and projected redemption rates of each program. We review and update these estimates regularly until the incentives or product returns are realized and the impact of any adjustments are recognized in the period the adjustments are identified. In many cases, key sales terms such as pricing and quantities ordered are established on a regular basis such that most customer arrangements and related incentives have a duration of less than one year. Amounts billed and due from customers are short term in nature and are classified as receivables since payments are unconditional and only the passage of time is required before payments are due. Additionally, we do not grant payment financing terms greater than one year. Freight expense associated with products shipped to customers is recognized in cost of sales.

**Advertising Expenses:** Advertising expense is charged to operations in the period incurred and is recorded as selling, general and administrative expense. Advertising expense totaled \$276 million, \$243 million and \$238 million in fiscal 2019, 2018 and 2017, respectively.

**Research and Development:** Research and development costs are expensed as incurred. Research and development costs totaled \$97 million, \$114 million and \$113 million in fiscal 2019, 2018 and 2017, respectively.

**Business Combinations:** We account for acquired businesses using the acquisition method of accounting, which requires that once control of a business is obtained, 100% of the assets acquired and liabilities assumed, including amounts attributable to noncontrolling interests, be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Acquisition-related expenses including transaction and integration costs are expensed as incurred.

We use various models to determine the value of assets acquired such as net realizable value to value inventory, cost method and market approach to value property, relief-from-royalty and multi-period excess earnings to value intangibles, and discounted cash flow to value goodwill. We make estimates and assumptions about projected future cash flows including sales, operating margins, attrition rates, growth rates, and discount rates based on historical results, business plans, expected synergies, perceived risk, and market place data considering the perspective of marketplace participants. Determining the useful life of an intangible asset also requires judgment as different types of intangible assets will have different useful lives and certain assets may be considered to have indefinite useful lives.

**Use of Estimates:** The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Recently Issued Accounting Pronouncements:**

In August 2017, the Financial Accounting Standards Board ("FASB") issued guidance that eases certain documentation and assessment requirements of hedge effectiveness and modifies the accounting for components excluded from the assessment. Some of the modifications include the ineffectiveness of derivative gain/loss in highly effective cash flow hedges to be recorded in Other Comprehensive Income, alignment of the recognition and presentation of the effects related to the hedging instrument and hedged item in the financial statements, and additional disclosures required on the cumulative basis adjustment in fair value hedges and the effect of hedging on financial statement lines for components excluded from the assessment. The amendment also simplifies the application of hedge accounting in certain situations to permit new hedging strategies to be eligible for hedge accounting. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2018, our fiscal 2020 and the modified retrospective transition method should be applied. We will adopt this guidance beginning in the first quarter of fiscal 2020. Upon adoption, we do not expect this guidance will have a material impact 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 will adopt this guidance beginning in the first quarter of fiscal 2020. We do not expect the adoption of this guidance will have a material impact on our consolidated financial statements.

In February 2016, the FASB issued guidance that 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. In July 2018, the FASB issued an adoption approach that allows entities to apply the guidance as of the date of the initial application. We will adopt the standard in the first quarter of fiscal 2020 using this transition method, and as a result, we will not adjust comparative period financial information or make the new required lease disclosures for periods before the effective date. We have performed a review of the lease portfolio and have implemented a leasing software solution to support the future state lease accounting requirements. We have elected the package of practical expedients available under the transition guidance which allows us to not reassess prior conclusions related to lease classifications, existing contracts containing leases, and initial direct costs. We continue to finalize our implementation efforts and currently estimate that upon adoption we will record operating right of use assets and related lease liabilities of approximately 2% of total assets, subject to the completion of our assessment including finalizing the impacts from recent business acquisitions. We expect our financial statement disclosures will be expanded to present additional details of our leasing arrangements, but do not expect the adoption of this standard to have a material impact on the Consolidated Statements of Income or our Consolidated Statements of Cash Flows.

**NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES**

In August 2018, the FASB issued guidance aligning the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2019, our fiscal 2021. The prospective transition method should be applied to all qualified implementation costs incurred after the adoption date. We elected to early adopt this guidance beginning in the first quarter of fiscal 2019, and it did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued guidance that clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017, our fiscal 2019. The prospective transition method should be applied to awards modified on or after the adoption date. We adopted this guidance in the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In March 2017, the FASB issued guidance that changes 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. 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. The guidance includes a practical expedient allowing entities to estimate amounts for comparative periods using the information previously disclosed in the pension and other postretirement benefit plan footnote. We adopted this guidance in the first quarter of fiscal 2019 on a retrospective basis using the practical expedient and it did not have a material impact on our consolidated financial statements.

The following reconciliations provide the effect of the reclassification of the net periodic benefit cost from operating expenses to other (income) expense in our consolidated statements of income for fiscal year 2018 and 2017 (in millions):

Twelve Months Ended September 29, 2018:	As Previously Reported	Adjustments	As Recast
Cost of Sales	\$ 34,926	\$ 30	\$ 34,956
Selling, General and Administrative	\$ 2,071	\$ (7)	\$ 2,064
Operating Income	\$ 3,055	\$ (23)	\$ 3,032
Other (Income) Expense	\$ 310	\$ (23)	\$ 287

Twelve Months Ended September 30, 2017:	As Previously Reported	Adjustments	As Recast
Cost of Sales	\$ 33,177	\$ 21	\$ 33,198
Selling, General and Administrative	\$ 2,152	\$ (11)	\$ 2,141
Operating Income	\$ 2,931	\$ (10)	\$ 2,921
Other (Income) Expense	\$ 303	\$ (10)	\$ 293

In November 2016, the FASB issued guidance that 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. The retrospective transition method should be applied. We adopted this guidance in the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In October 2016, the FASB issued guidance that 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. The modified retrospective transition method should be applied. We adopted this guidance in the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In August 2016, the FASB issued guidance that aims to eliminate diversity in practice in 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. The retrospective transition method should be applied. We adopted this guidance in the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued guidance that requires most equity investments be measured at fair value, with subsequent other 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 adopted this guidance in the first quarter of fiscal 2019. We did not use prospective amendments for any investments and adoption did not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued guidance that changes 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, including disaggregated revenue disclosures. 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. We adopted this guidance in the first quarter of fiscal 2019 using the modified retrospective transition method. Prior periods were not adjusted and, based on our implementation assessment, no cumulative-effect adjustment was made to the opening balance of retained earnings. The adoption of this standard did not have a material impact on our consolidated financial statements. For further description of our revenue recognition policy refer to Part I, Item 1, Notes to the Consolidated Financial Statements, Note 1: Business and Summary of Significant Accounting Policies. For disaggregated revenue information refer to Part I, Item 1, Notes to the Consolidated Condensed Financial Statements, Note 17: Segment Reporting.

### **NOTE 3: ACQUISITIONS AND DISPOSITIONS**

#### Acquisitions

On June 3, 2019, we acquired the Thai and European operations of BRF S.A. ("Thai and European operations") for \$326 million, net of cash acquired, subject to certain adjustments, as a part of our growth strategy to expand offerings of value-added protein in global markets. Its results, subsequent to the acquisition closing, are included in International/Other for segment presentation. Certain estimated values for the acquisition, including goodwill, intangible assets, property, plant and equipment, noncontrolling interest, and deferred income taxes are not yet finalized and are subject to revision as additional information becomes available and more detailed analyses are completed. The preliminary purchase price allocation includes \$307 million of net working capital, including \$56 million of cash acquired, \$93 million of Property, Plant and Equipment, \$1 million of Goodwill, \$23 million of Intangible Assets, \$24 million of Other Liabilities, \$11 million of Deferred Income Taxes and \$7 million of Noncontrolling Interest. Intangible Assets included customer relationships which will be amortized over a life of 7 years. We do not expect the goodwill to be deductible for income tax purposes. During the fourth quarter of fiscal 2019, we recorded measurement period adjustments, including \$15 million of purchase price adjustments, which collectively decreased Goodwill by \$66 million, including an increase in net working capital of \$3 million, a reduction of Intangible Assets of \$11 million, a reduction of Property, Plant and Equipment of \$13 million, a reduction of Deferred Income Taxes of \$4 million, and a reduction of Noncontrolling Interest of \$68 million.

On November 30, 2018, we acquired all of the outstanding common stock of MFG (USA) Holdings, Inc. and McKey Luxembourg Holdings S.à.r.l. ("Keystone Foods") from Marfrig Global Foods ("Marfrig") for \$2.3 billion in cash, subject to certain adjustments. We initially funded the acquisition with existing cash on hand, net proceeds from the issuance of a 364-day term loan and borrowings under our commercial paper program. In February 2019, we used the net proceeds from the issuance of senior notes to repay amounts outstanding under the 364-day term loan and commercial paper obligations. Keystone Foods' domestic and international results, subsequent to the acquisition closing, are included in our Chicken segment and International/Other, respectively.

The following table summarizes the preliminary purchase price allocation for Keystone Foods and fair values of the assets acquired and liabilities assumed at the acquisition date, which are subject to change pending finalization of working capital adjustments. Certain estimated values for the acquisition, including goodwill, intangible assets, inventory, property, plant and equipment, and deferred income taxes, are not yet finalized and are subject to revision as additional information becomes available and more detailed analyses are completed. The purchase price was allocated based on information currently available as of the acquisition date. During fiscal 2019, we recorded measurement period adjustments, including \$61 million of purchase price adjustments, which collectively increased goodwill by \$47 million, primarily consisting of a reduction of Intangible Assets of \$86 million, a reduction of Property, Plant and Equipment of \$49 million, a reduction of Deferred Income Taxes of \$36 million and a reduction in net working capital of \$13 million.

	in millions	
Cash and cash equivalents	\$	186
Accounts receivable		106
Inventories		257
Other current assets		34
Property, Plant and Equipment		676
Goodwill		1,120
Intangible Assets		659
Other Assets		28
Current debt		(73)
Accounts payable		(208)
Other current liabilities		(99)
Long-Term Debt		(113)
Deferred Income Taxes		(177)
Other Liabilities		(8)
Noncontrolling Interests		(122)
Net assets acquired	\$	2,266

The fair value of identifiable intangible assets primarily consisted of customer relationships with a weighted average life of 25 years. As a result of the acquisition, we recognized a total of \$1,120 million of goodwill. The purchase price was allocated to assets acquired and liabilities assumed based on their preliminary estimated fair values as of the date of acquisition, and any excess was allocated to goodwill, as shown in the table above. Goodwill represents the value we expect to achieve through the implementation of operational synergies and growth opportunities. The preliminary allocation of goodwill to our segments was \$779 million and \$341 million to our Chicken segment and International/Other, respectively. We do not expect the goodwill to be deductible for income tax purposes.

We used various valuation techniques to determine fair value, with the primary techniques being discounted cash flow, relief-from-royalty, market pricing multiple and multi-period excess earnings valuation approaches, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. Under these valuation approaches, we are required to make estimates and assumptions about sales, operating margins, growth rates, attrition rates, royalty rates, EBITDA multiples, and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

The acquisition of Keystone Foods was accounted for using the acquisition method of accounting and, consequently, the results of operations are reported in our consolidated financial statements from the date of acquisition. Keystone Foods sales from the date of acquisition through September 28, 2019 were \$1,970 million and its results for that period were not significant to our overall Consolidated Statements of Income.

On August 20, 2018, we acquired the assets of American Proteins, Inc. and AMPRO Products, Inc. ("American Proteins"), a poultry rendering and blending operation for \$864 million, as part of our strategic expansion and sustainability initiatives. Its results, subsequent to the acquisition closing, are included in our Chicken segment. The purchase price allocation included \$56 million of net working capital, \$152 million of Property, Plant and Equipment, \$361 million of Intangible Assets, \$308 million of Goodwill, and \$13 million of Other liabilities. Intangible Assets primarily included \$310 million assigned to supply network which will be amortized over 14 years and \$51 million assigned to customer relationships which will be amortized over a weighted average of 12 years. All of the goodwill acquired is amortizable for tax purposes. During fiscal 2019, we settled the net-working capital purchase price adjustment reducing the purchase price by \$2 million and recorded measurement period adjustments which increased goodwill by \$66 million, including a reduction to net working capital of \$15 million, a reduction to Property, Plant and Equipment of \$3 million, and a reduction to intangible assets of \$50 million.

On June 4, 2018, we acquired Tecumseh Poultry, LLC ("Tecumseh"), a vertically integrated value-added protein business for \$382 million, net of cash acquired, as part of our strategy to grow in the high quality, branded poultry market. Its results, subsequent to the acquisition closing, are included in our Chicken segment. The purchase price allocation included \$13 million of net working capital, including \$1 million of cash acquired, \$49 million of Property, Plant and Equipment, \$227 million of Intangible Assets and \$94 million of Goodwill. Intangible Assets included \$193 million assigned to brands and trademarks which will be amortized over 20 years. All of the goodwill acquired is amortizable for tax purposes.

On November 10, 2017, we acquired Original Philly Holdings, Inc. ("Original Philly"), a value-added protein business, for \$226 million, net of cash acquired, as part of our strategic expansion initiative. Its results, subsequent to the acquisition closing, are included in our Prepared Foods and Chicken segments. The purchase price allocation included \$21 million of net working capital, including \$10 million of cash acquired, \$13 million of Property, Plant and Equipment, \$90 million of Intangible Assets and \$111 million of Goodwill. We allocated \$82 million and \$29 million of goodwill to our Prepared Foods and Chicken segments, respectively, using the acquisition method approach. All of the goodwill acquired is amortizable for tax purposes.

On June 7, 2017, we acquired all of the outstanding common stock 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. The purchase price was equal to \$40.25 per share for AdvancePierre's outstanding common stock, or approximately \$3.2 billion. AdvancePierre's results from operations subsequent to the acquisition closing are included in the Prepared Foods and Chicken segments.

The following unaudited pro forma information presents the combined results of operations as if the acquisition of AdvancePierre had occurred at the beginning of fiscal 2017. AdvancePierre's pre-acquisition results have been added to our historical results. The pro forma results contained in the table below include adjustments for amortization of acquired intangibles, depreciation expense, interest expense related to the financing and related income taxes. Any potential cost savings or other operational efficiencies that could result from the acquisition are not included in these pro forma results. These pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the results of operations as they would have been had the acquisitions occurred on the assumed dates, nor is it necessarily an indication of future operating results.

	in millions (unaudited)	
		2017
Pro forma sales	\$	39,330
Pro forma net income attributable to Tyson		1,837
Pro forma net income per diluted share attributable to Tyson	\$	4.97

#### Dispositions

On April 24, 2017, we announced our intent to sell three non-protein businesses as part of our strategic focus on protein brands. These businesses, which were all part of our Prepared Foods segment, included Sara Lee® Frozen Bakery, Kettle and Van's® and produce items such as frozen desserts, waffles, snack bars, and soups, sauces and sides. The sale also included 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.

We completed the sale of our Kettle business on December 30, 2017, and received net proceeds of \$125 million including a working capital adjustment. As a result of the sale, we recorded a pretax gain of \$22 million, which is reflected in Cost of Sales in our Consolidated Statement of Income for our fiscal 2018. We utilized the net proceeds to pay down term loan debt.

We completed the sale of our Sara Lee® Frozen Bakery and Van's® businesses on July 30, 2018 for \$623 million including a working capital adjustment. As a result of the sale, we recorded a pretax gain of \$11 million, which is reflected in Cost of Sales in our Consolidated Statement of Income for our fiscal 2018. We utilized the net proceeds to repay commercial paper.

Previously in fiscal 2018 and 2017, we recorded pretax impairment charges for these businesses of \$101 million and \$45 million, respectively, due to revised estimates of the businesses' fair value based on expected net sales proceeds at the time of the impairments. These charges were recorded in Cost of Sales in our Consolidated Statement of Income, and primarily consisted of goodwill previously classified within assets held for sale.

In the first quarter of fiscal 2018, we made the decision to sell TNT Crust, our pizza crust business, which was also included in our Prepared Foods segment, as part of our strategic focus on protein brands. We completed the sale of this business on September 2, 2018, for \$57 million net of adjustments. As a result of the sale, we recorded a pretax gain of \$9 million, which is reflected in Cost of Sales in our Consolidated Statement of Income for our fiscal 2018. We utilized the net proceeds to repay commercial paper.

We completed the sale of a chicken further processing facility acquired during the Keystone Foods acquisition on August 31, 2019 for \$170 million net proceeds, which did not result in a significant gain or loss.

In the fourth quarter of fiscal 2019, we made the decision to sell a Prepared Foods business. We recorded a pretax impairment charge for this business of \$41 million due to our estimate of the business' fair value based on current expected net sales proceeds. The remaining carrying value of this business is not significant.

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

The following table reflects major categories of property, plant and equipment and accumulated depreciation at September 28, 2019, and September 29, 2018:

	in millions	
	2019	2018
Land	\$ 198	\$ 154
Building and leasehold improvements	4,747	4,115
Machinery and equipment	8,607	7,720
Land improvements and other	385	357
Buildings and equipment under construction	713	689
	14,650	13,035
Less accumulated depreciation	7,368	6,866
Net property, plant and equipment	\$ 7,282	\$ 6,169

Approximately \$1,772 million required to complete buildings and equipment under construction at September 28, 2019.

**NOTE 5: GOODWILL AND INTANGIBLE ASSETS**

The following table reflects goodwill activity for fiscal 2019 and 2018:

	in millions							
	Beef	Pork	Chicken	Prepared Foods	International/Other	Unallocated	Consolidated	
<b>Balance at September 30, 2017</b>								
Goodwill	\$ 1,236	\$ 423	\$ 1,565	\$ 3,678	\$ 57	\$ 2,982	\$ 9,941	
Accumulated impairment losses	(560)	—	—	—	(57)	—	(617)	
	\$ 676	\$ 423	\$ 1,565	\$ 3,678	\$ —	\$ 2,982	\$ 9,324	
Fiscal 2018 Activity:								
Acquisition	\$ —	\$ —	\$ 365	\$ 82	\$ —	\$ —	\$ 447	
Measurement period adjustments	—	—	—	—	—	(2)	(2)	
Allocation of acquired goodwill	—	—	568	2,412	—	(2,980)	—	
Reclass to assets held for sale	—	—	—	(30)	—	—	(30)	
<b>Balance at September 29, 2018</b>								
Goodwill	1,236	423	2,498	6,142	57	—	10,356	
Accumulated impairment losses	(560)	—	—	—	(57)	—	(617)	
	\$ 676	\$ 423	\$ 2,498	\$ 6,142	\$ —	\$ —	\$ 9,739	
Fiscal 2019 Activity:								
Acquisition	\$ —	\$ —	\$ 779	\$ —	\$ 342	\$ —	\$ 1,121	
Measurement period adjustments	—	—	66	—	—	—	66	
Reclass to assets held for sale	—	—	(70)	(7)	—	—	(77)	
Currency translation and other	—	—	1	(1)	(5)	—	(5)	
<b>Balance at September 28, 2019</b>								
Goodwill	1,236	423	3,274	6,134	394	—	11,461	
Accumulated impairment losses	(560)	—	—	—	(57)	—	(617)	
	\$ 676	\$ 423	\$ 3,274	\$ 6,134	\$ 337	\$ —	\$ 10,844	



The following table reflects intangible assets by type at September 28, 2019, and September 29, 2018:

	in millions	
	2019	2018
Amortizable intangible assets:		
Brands and trademarks	\$ 945	\$ 950
Customer relationships	2,389	1,793
Supply Arrangements	310	358
Patents, intellectual property and other	34	107
Land use rights	8	9
Total gross amortizable intangible assets	\$ 3,686	\$ 3,217
Less accumulated amortization	727	536
Total net amortizable intangible assets	\$ 2,959	\$ 2,681
Brands and trademarks not subject to amortization	4,078	4,078
Total intangible assets	\$ 7,037	\$ 6,759

Amortization expense of \$267 million, \$210 million and \$107 million was recognized during fiscal 2019, 2018 and 2017, respectively. We estimate amortization expense on intangible assets for the next five fiscal years subsequent to September 28, 2019, will be: 2020 - \$276 million; 2021 - \$258 million; 2022 - \$244 million; 2023 - \$225 million; 2024 - \$221 million.

#### **NOTE 6: RESTRUCTURING AND RELATED CHARGES**

In the fourth quarter of fiscal 2017, our Board of Directors approved a multi-year restructuring program (the “Financial Fitness Program”), which is expected to contribute to the Company’s overall strategy of financial fitness through increased operational effectiveness and overhead reduction. The Financial Fitness Program is expected to result in cumulative pretax charges of approximately \$280 million which consist primarily of severance and employee related costs, impairments and accelerated depreciation of technology assets, incremental costs to implement new technology, and contract termination costs. The Company recognized restructuring and related charges of \$41 million, \$59 million and \$150 million associated with the program during fiscal 2019, 2018 and 2017, respectively.

For fiscal 2019 and 2018, the restructuring and related charges consisted of \$41 million and \$59 million, respectively, of incremental costs to implement new technology and accelerated depreciation of technology assets. These costs were recorded in Selling, General and Administrative in our Consolidated Statements of Income. For fiscal 2017, the restructuring and related charges consisted of \$53 million severance and employee related costs, \$72 million technology impairment and related costs, and \$25 million for contract termination costs. Of these costs, \$35 million was recorded to Cost of Sales and \$115 million was recorded to Selling, General and Administrative in our Consolidated Statements of Income.

We had no restructuring liability at September 28, 2019 and our restructuring liability was \$10 million at September 29, 2018.

**NOTE 7: DEBT**

The following table reflects major components of debt as of September 28, 2019, and September 29, 2018:

	in millions	
	2019	2018
Revolving credit facility	\$ 70	\$ —
Commercial Paper	1,000	605
Senior notes:		
Notes due May 2019 ("2019 Notes")	—	300
Notes due August 2019 ("2019 Notes")	—	1,000
Notes due June 2020 (2.68% at 09/28/2019)	350	350
Notes due August 2020 (2.60% at 09/28/2019)	400	400
4.10% Notes due September 2020	280	281
2.25% Notes due August 2021	500	500
4.50% Senior notes due June 2022	1,000	1,000
3.90% Notes due September 2023	400	400
3.95% Notes due August 2024	1,250	1,250
4.00% Notes due March 2026 ("2026 Notes")	800	—
3.55% Notes due June 2027	1,350	1,350
7.00% Notes due January 2028	18	18
4.35% Notes due March 2029 ("2029 Notes")	1,000	—
6.13% Notes due November 2032	161	161
4.88% Notes due August 2034	500	500
5.15% Notes due August 2044	500	500
4.55% Notes due June 2047	750	750
5.10% Notes due September 2048 ("2048 Notes")	1,500	500
Discount on senior notes	(48)	(15)
Other	216	73
Unamortized debt issuance costs	(65)	(50)
Total debt	11,932	9,873
Less current debt	2,102	1,911
Total long-term debt	\$ 9,830	\$ 7,962

Annual maturities of debt for the five fiscal years subsequent to September 28, 2019 are: 2020 - \$2,104 million; 2021 - \$535 million; 2022 - \$1,033 million; 2023 - \$493 million; 2024 - \$1,266 million.

**Revolving Credit Facility and Letters of Credit**

We have a \$1.75 billion revolving credit facility that supports short-term funding needs and serves as a backstop to our commercial paper program. This facility will mature and the commitments thereunder will terminate in March 2023. Amounts available for borrowing under this facility totaled \$1.68 billion at September 28, 2019, before deducting amounts to backstop our commercial paper program. At September 28, 2019, we had \$70 million in borrowings and no outstanding letters of credit issued under this facility. At September 28, 2019 we had \$99 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 and other legal obligations.

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**

We have a commercial paper program under which we may issue unsecured short-term promissory notes ("commercial paper") up to an aggregate maximum principal amount of \$1 billion as of September 28, 2019. As of September 28, 2019, we had \$1 billion of commercial paper outstanding at a weighted average interest rate of 2.24% with maturities of less than 25 days.

### 2019 Notes

During fiscal 2019, we extinguished the \$300 million outstanding balance of the Senior Notes due May 2019 and the \$1 billion outstanding balance of the Senior Notes due August 2019 using cash on hand and other liquidity sources.

### 364-Day Term Loan

In November 2018, as part of the financing for the Keystone Foods acquisition, we borrowed \$1.8 billion under an unsecured term loan facility, which was due November 2019. The interest rate was set based on the selected LIBOR interest period plus 1.125%. In the second quarter of fiscal 2019, we extinguished the \$1.8 billion outstanding balance using funds borrowed under the 2026 and 2029 Notes and funds borrowed under the reopening of the 2048 Notes.

### 2026/2029/2048 Notes

In February 2019, we issued senior unsecured notes with an aggregate principal amount of \$1.8 billion, consisting of \$800 million due March 2026 and \$1 billion due March 2029. Additionally, we reopened the 2048 Notes issuing an additional \$1 billion, bringing the aggregate principal amount outstanding on the 2048 Notes to \$1.5 billion. The net proceeds from the issuances were used to repay amounts outstanding under the 364-Day Term Loan Agreement and commercial paper obligations and to fund the acquisition of the Thai and European operations. The 2026 Notes carry a fixed interest rate of 4.00% and the 2029 Notes carry a fixed interest rate of 4.35%. Interest payments on the 2026 and 2029 Notes are due semi-annually on March 1 and September 1. After the original issue discounts of \$36 million, we received net proceeds of \$2,764 million and incurred debt issuance costs of \$26 million related to the issuances.

### Debt Covenants

Our revolving credit facility contains 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 September 28, 2019.

## **NOTE 8: EQUITY**

### Capital Stock

We have two classes of capital stock, Class A Common stock, \$0.10 par value ("Class A stock") and Class B Common Stock, \$0.10 par value ("Class B stock"). Holders of Class B stock may convert such stock into Class A stock on a share-for-share basis. Holders of Class B stock are entitled to 10 votes per share, while holders of Class A stock are entitled to one vote per share on matters submitted to shareholders for approval. As of September 28, 2019, Tyson Limited Partnership (the "TLP") owned 99.985% of the outstanding shares of Class B stock and the TLP and members of the Tyson family owned, in the aggregate, 2.15% of the outstanding shares of Class A stock, giving them, collectively, control of approximately 70.97% of the total voting power of the outstanding voting stock.

The Class B stock is considered a participating security requiring the use of the two-class method for the computation of basic earnings per share. The two-class computation method for each period reflects the cash dividends paid for each class of stock, plus the amount of allocated undistributed earnings (losses) computed using the participation percentage, which reflects the dividend rights of each class of stock. Basic earnings per share were computed using the two-class method for all periods presented. The shares of Class B stock are considered to be participating convertible securities since the shares of Class B stock are convertible on a share-for-share basis into shares of Class A stock. Diluted earnings per share were computed assuming the conversion of the Class B shares into Class A shares as of the beginning of each period.

### Dividends

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 the cash dividend paid to holders of Class B stock cannot exceed 90% of the cash dividend simultaneously paid to holders of Class A stock. We pay quarterly cash dividends to Class A and Class B shareholders. We paid Class A dividends per share of \$1.50, \$1.20, and \$0.90 in fiscal 2019, 2018, and 2017, respectively. We paid Class B dividends per share of \$1.35, \$1.08, and \$0.81 in fiscal 2019, 2018, and 2017, respectively. Effective November 11, 2019, the Board of Directors increased the quarterly dividend previously declared on August 8, 2019, to \$0.42 per share on our Class A stock and \$0.378 per share on our Class B stock. The increased quarterly dividend is payable on December 13, 2019, to shareholders of record at the close of business on November 29, 2019.

### Share Repurchases

As of September 28, 2019, 20.7 million shares remained available for repurchase under the Company's share repurchase program. The 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 cumulative share repurchases of our Class A stock for fiscal 2019, 2018 and 2017 is as follows:

	in millions					
	September 28, 2019		September 29, 2018		September 30, 2017	
	Shares	Dollars	Shares	Dollars	Shares	Dollars
Shares repurchased:						
Under share repurchase program	2.3	\$ 150	4.9	\$ 350	12.5	\$ 797
To fund certain obligations under equity compensation plans	1.4	102	1.0	77	1.0	63
Total share repurchases	3.7	\$ 252	5.9	\$ 427	13.5	\$ 860

### NOTE 9: INCOME TAXES

Detail of the provision for income taxes from continuing operations consists of the following:

	in millions		
	2019	2018	2017
Federal	\$ 325	\$ (426)	\$ 755
State	42	118	81
Foreign	29	26	14
	\$ 396	\$ (282)	\$ 850
Current	\$ 304	\$ 583	\$ 889
Deferred	92	(865)	(39)
	\$ 396	\$ (282)	\$ 850

The reasons for the difference between the statutory federal income tax rate and our effective income tax rate from continuing operations are as follows:

	2019	2018	2017
Federal income tax rate	21.0 %	24.5 %	35.0 %
State income taxes	2.9	3.3	2.3
Unrecognized tax benefits, net	(6.6)	(0.1)	(0.1)
Impact of the Tax Act	—	(37.9)	—
Domestic production deduction	—	(1.7)	(3.1)
Impairment and sale of non-protein businesses	—	3.1	—
Other	(1.0)	(1.5)	(1.8)
	16.3 %	(10.3)%	32.3 %

During fiscal 2019, changes in unrecognized tax benefits decreased tax expense by \$160 million, and state tax expense, excluding changes in unrecognized tax benefits and net of federal tax benefit, was \$69 million.

During fiscal 2018, the domestic production deduction decreased tax expense by \$46 million, and state tax expense, net of federal tax benefit, was \$90 million. The change in federal tax rate from the Tax Act resulted in a tax benefit of \$1,004 million related to deferred tax remeasurement. Additionally, favorable timing differences deductible in fiscal 2018 at the 24.5% blended tax rate but reversing in future years at 21% resulted in a \$35 million tax benefit. The impacts of the non-deductible impairment and sale of certain assets in our non-protein businesses increased the effective tax rate by 3.1%.

During fiscal 2017, the domestic production deduction decreased tax expense by \$80 million, and state tax expense, net of federal tax benefit, was \$61 million.

Approximately \$2,332 million, \$2,700 million and \$2,603 million of income from continuing operations before income taxes for fiscal 2019, 2018 and 2017, respectively, were from our operations based in the United States.

On December 22, 2017, President Trump signed into law the Tax Act. The Tax Act made significant changes to the U.S. tax code including, but not limited to, (1) reducing the corporate federal income tax rate from 35% to 21% effective January 1, 2018, (2) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries, (3) the repeal of the domestic production activity deduction beginning with our fiscal 2019, and (4) new provisions designed to tax global intangible low-taxed income and to allow a deduction for foreign-derived intangible income beginning with our fiscal 2019.

Under generally accepted accounting principles ("U.S. GAAP"), specifically ASC Topic 740, *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted, or December 22, 2017, for the Tax Act. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Thus, at the date of enactment, the Company's deferred taxes were remeasured based upon the new tax rates. The change in deferred taxes was recorded as an adjustment to our fiscal 2018 deferred tax provision.

During the first quarter of fiscal 2019 we completed our accounting for the Tax Act and recorded an immaterial adjustment to income tax expense.

We recognize deferred income taxes for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The tax effects of major items recorded as deferred tax assets and liabilities as of September 28, 2019, and September 29, 2018, are as follows:

	in millions							
	2019			2018				
	Deferred Tax		Liabilities	Deferred Tax		Liabilities		
Assets		Assets						
Property, plant and equipment	\$	—	\$	891	\$	—	\$	714
Intangible assets		—		1,624		—		1,533
Accrued expenses		297		—		230		—
Net operating loss and other carryforwards		99		—		92		—
Other		84		231		98		193
	\$	480	\$	2,746	\$	420	\$	2,440
Valuation allowance	\$	(86)				(79)		
Net deferred tax liability		\$		2,352		\$		2,099

At September 28, 2019, our gross state tax net operating loss carryforwards approximated \$691 million and expire in fiscal years 2020 through 2039. Gross foreign net operating loss carryforwards approximated \$98 million, of which \$65 million expire in fiscal years 2020 through 2031, and the remainder has no expiration. We also have tax credit carryforwards of approximately \$42 million, of which \$38 million expire in fiscal years 2020 through 2033, and the remainder has no expiration.

We have accumulated undistributed earnings of foreign subsidiaries aggregating approximately \$252 million and \$210 million at September 28, 2019, and September 29, 2018, respectively. The Tax Act generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries after December 31, 2017. As a result, our intention is that excess cash held by our foreign subsidiaries that is not subject to regulatory restrictions will be repatriated net of applicable withholding taxes which are expected to be immaterial. The remainder of accumulated undistributed earnings are expected to be indefinitely reinvested outside of the United States. If these earnings were distributed in the form of dividends or otherwise, we could be subject to state income taxes and withholding taxes payable to various foreign countries. Due to the uncertainty of the manner in which the undistributed earnings would be brought back to the United States and the tax laws in effect at that time, it is not currently practicable to estimate the tax liability that might be payable on the repatriation of these foreign earnings; however, we do not expect any tax due to be material.

The following table summarizes the activity related to our gross unrecognized tax benefits at September 28, 2019, September 29, 2018, and September 30, 2017:

	in millions		
	2019	2018	2017
Balance as of the beginning of the year	\$ 308	\$ 316	\$ 305
Increases related to current year tax positions	20	19	38
Increases related to prior year tax positions	21	8	5
Increase related to AdvancePierre acquisition	—	—	9
Reductions related to prior year tax positions	(17)	(18)	(27)
Reductions related to settlements	(9)	(8)	(4)
Reductions related to expirations of statutes of limitations	(154)	(9)	(10)
Balance as of the end of the year	\$ 169	\$ 308	\$ 316

The amount of unrecognized tax benefits, if recognized, that would impact our effective tax rate was \$116 million at September 28, 2019 and \$216 million at September 29, 2018. We classify interest and penalties on unrecognized tax benefits as income tax expense. At September 28, 2019, and September 29, 2018, before tax benefits, we had \$46 million and \$73 million, respectively, of accrued interest and penalties on unrecognized tax benefits.

As of September 28, 2019, certain United States federal income tax returns are subject to examination for fiscal years 2013 through 2018. We are also subject to income tax examinations by major state and foreign jurisdictions for fiscal years 2012 through 2018 and 2002 through 2018, respectively. We do not expect material changes to our unrecognized tax benefits during the next twelve months.

#### **NOTE 10: OTHER INCOME AND CHARGES**

During fiscal 2019, we recognized \$48 million of net periodic pension and postretirement benefit cost, excluding the service cost component, and pension plan settlements which were recorded in the Consolidated Statements of Income in Other, net. We recognized \$20 million of equity earnings in joint ventures which was also recorded in the Consolidated Statements of Income in Other, net. Additionally, we sold an investment for \$79 million in net proceeds resulting in a pretax gain of \$55 million, which was recorded in the Consolidated Statements of Income in Other, net.

During fiscal 2018, we recognized a one-time cash bonus to our hourly frontline employees of \$109 million using incremental cash savings from the Tax Act, which was predominantly recorded in the Consolidated Statements of Income in Cost of Sales. Additionally, we recorded \$11 million of insurance proceeds, \$21 million of equity earnings in joint ventures and \$1 million in net foreign currency exchange gains, which were recognized in the Consolidated Statements of Income in Other, net.

During fiscal 2017, we recorded \$28 million of legal costs related to two former subsidiaries of Hillshire Brands, which were sold by Hillshire Brands in 1986 and 1994, \$18 million of acquisition bridge financing fees related to the AdvancePierre acquisition and \$19 million of equity earnings in joint ventures, which were recorded in the Consolidated Statements of Income in Other, net.

During 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 Statements of Income in Cost of Sales and \$8 million was included in the Consolidated Statements of Income in Selling, General and Administrative, was triggered by a change in a co-manufacturing contract and ongoing losses.

Additionally, in accordance with recently adopted accounting guidance, we have retrospectively recognized \$23 million and \$10 million of net periodic pension and postretirement benefit credit, excluding the service cost component, for fiscal 2018 and fiscal 2017, respectively, and recorded the amounts in the Consolidated Condensed Statements of Income in Other, net.

**NOTE 11: EARNINGS PER SHARE**

The earnings and weighted average common shares used in the computation of basic and diluted earnings per share are as follows:

	in millions, except per share data		
	2019	2018	2017
Numerator:			
Net income	\$ 2,035	\$ 3,027	\$ 1,778
Less: Net income attributable to noncontrolling interests	13	3	4
Net income attributable to Tyson	2,022	3,024	1,774
Less dividends declared:			
Class A	465	378	285
Class B	99	80	61
Undistributed earnings	\$ 1,458	\$ 2,566	\$ 1,428
Class A undistributed earnings	\$ 1,200	\$ 2,115	\$ 1,177
Class B undistributed earnings	258	451	251
Total undistributed earnings	\$ 1,458	\$ 2,566	\$ 1,428
Denominator:			
Denominator for basic earnings per share:			
Class A weighted average shares	293	295	296
Class B weighted average shares, and shares under if-converted method for diluted earnings per share	70	70	70
Effect of dilutive securities:			
Stock options and restricted stock	3	4	4
Denominator for diluted earnings per share – adjusted weighted average shares and assumed conversions	366	369	370
Net Income Per Share Attributable to Tyson:			
Class A Basic	\$ 5.67	\$ 8.44	\$ 4.94
Class B Basic	\$ 5.10	\$ 7.59	\$ 4.45
Diluted	\$ 5.52	\$ 8.19	\$ 4.79
Dividends Declared Per Share:			
Class A	\$ 1.575	\$ 1.275	\$ 0.975
Class B	\$ 1.418	\$ 1.148	\$ 0.878

Approximately 1 million of our stock-based compensation shares were antidilutive for each of fiscal 2019, 2018 and 2017. These shares were not included in the dilutive 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 12: 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 September 28, 2019.

We had the following aggregated outstanding notional amounts related to our derivative financial instruments:

	Metric	in millions, except soy meal tons	
		September 28, 2019	September 29, 2018
Commodity:			
Corn	Bushels	111	112
Soy Meal	Tons	1,078,800	651,700
Live Cattle	Pounds	14	105
Lean Hogs	Pounds	309	39
Foreign Currency	United States dollar	\$ 148	\$ 89
Interest Rate Swaps	Average monthly debt	\$ 400	\$ 400

We recognize all derivative instruments as either assets or liabilities at fair value in the Consolidated 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), interest rate swaps and locks, 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 as well as interest rates to our variable rate debt. 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 during fiscal 2019, 2018 and 2017. As of September 28, 2019, we have net pretax losses of \$8 million for our commodity contracts, and \$3 million pretax losses related to our interest swaps, which are expected to be reclassified into earnings within the next 12 months. Additionally, we incurred \$19 million of realized losses related to treasury rate locks in connection with the issuance of the 2026, 2029 and 2048 Notes, which will be reclassified to earnings over the lives of these notes. During fiscal 2019, 2018 and 2017, we did not reclassify significant pretax gains or 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 in the Consolidated Statements of Income:

	in millions						
	Gain (Loss) Recognized in OCI on Derivatives			Consolidated Statements of Income Classification	Gain (Loss) Reclassified from OCI to Earnings		
	2019	2018	2017		2019	2018	2017
Cash Flow Hedge – Derivatives designated as hedging instruments:							
Commodity contracts	\$ (15)	\$ (21)	\$ (3)	Cost of Sales	\$ (18)	\$ (12)	\$ (4)
Interest rate hedges	(24)	1	—	Interest expense	(1)	—	—
Total	\$ (39)	\$ (20)	\$ (3)		\$ (19)	\$ (12)	\$ (4)



### 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.

in millions

	Consolidated Statements of Income Classification	2019	2018	2017
Gain (Loss) on forwards	Cost of Sales	\$ 42	\$ 12	\$ (20)
Gain (Loss) on purchase contract	Cost of Sales	(42)	(12)	20

Ineffectiveness related to our fair value hedges was not significant during fiscal 2019, 2018 and 2017.

### 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 Statements of Income:

	Consolidated Statements of Income Classification	2019	2018	2017
Derivatives not designated as hedging instruments:				
Commodity contracts	Sales	\$ (23)	\$ 18	\$ 111
Commodity contracts	Cost of Sales	2	(33)	(95)
Foreign exchange contracts	Other Income/Expense	8	(3)	—
Total		\$ (13)	\$ (18)	\$ 16

The fair value of all outstanding derivative instruments in the Consolidated Balance Sheets are included in Note 13: Fair Value Measurements.

### **NOTE 13: 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.

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
September 28, 2019	Level 1	Level 2	Level 3	Netting (a)	Total	
Other Current Assets:						
Derivative financial instruments:						
Designated as hedges	\$ —	\$ 26	\$ —	\$ (3)	\$ 23	
Undesignated	—	58	—	(5)	53	
Available for sale securities:						
Current	—	—	1	—	1	
Other assets:						
Available for sale securities:						
Non-current	—	51	51	—	102	
Deferred compensation assets	7	311	—	—	318	
<b>Total assets</b>	<b>\$ 7</b>	<b>\$ 446</b>	<b>\$ 52</b>	<b>\$ (8)</b>	<b>\$ 497</b>	

Other Current Liabilities:						
Derivative financial instruments:						
Designated as hedges	\$ —	\$ 17	\$ —	\$ (13)	\$ 4	
Undesignated	—	93	—	(90)	3	
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 110</b>	<b>\$ —</b>	<b>\$ (103)</b>	<b>\$ 7</b>	

September 29, 2018	Level 1	Level 2	Level 3	Netting (a)	Total
Other Current Assets:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 2	\$ —	\$ (1)	\$ 1
Undesignated	—	44	—	(19)	25
Available for sale securities:					
Current	—	1	—	—	1
Other Assets:					
Available for sale securities:					
Non-current	—	46	51	—	97
Deferred Compensation assets	21	295	—	—	316
<b>Total assets</b>	<b>\$ 21</b>	<b>\$ 388</b>	<b>\$ 51</b>	<b>\$ (20)</b>	<b>\$ 440</b>

Other Current Liabilities:					
Derivative financial instruments:					
Designated as hedges	\$ —	\$ 8	\$ —	\$ (8)	\$ —
Undesignated	—	35	—	(30)	5
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ 43</b>	<b>\$ —</b>	<b>\$ (38)</b>	<b>\$ 5</b>

(a) Our derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis when a legally enforceable master netting arrangement exists between the counterparty to a derivative contract and us. Additionally, at September 28, 2019, and September 29, 2018, we had \$95 million and \$18 million, respectively, of net cash collateral posted with various counterparties where master netting arrangements exist and held no cash collateral.

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):

	September 28, 2019		September 29, 2018	
	in millions			
Balance at beginning of year	\$	51	\$	51
Total realized and unrealized gains (losses):				
Included in earnings		—		—
Included in other comprehensive income (loss)		1		(1)
Purchases		20		20
Issuances		—		—
Settlements		(20)		(19)
Balance at end of year	\$	52	\$	51
Total gains (losses) for the periods included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at end of year	\$	—	\$	—

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 12: Derivative Financial Instruments. We record our derivative financial instruments at fair value using quoted market prices, adjusted where necessary for credit and non-performance risk and internal models that use readily observable market inputs as their basis, including current and forward market prices and rates. 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 Balance Sheets and primarily include certificates of deposit and commercial paper. All other marketable debt securities are included in Other Assets in the Consolidated Balance Sheets and have maturities ranging up to 41 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 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:

	September 28, 2019			September 29, 2018		
	in millions					
	Amortized Cost Basis	Fair Value	Unrealized Gain/(Loss)	Amortized Cost Basis	Fair Value	Unrealized Gain/(Loss)
Available for Sale Securities:						
Debt Securities:						
United States Treasury and Agency	\$ 51	\$ 51	\$ —	\$ 48	\$ 47	\$ (1)
Corporate and Asset-Backed	51	52	1	52	51	(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 fiscal 2019 and fiscal 2018. No other than temporary losses were deferred in OCI as of September 28, 2019, and September 29, 2018.

**Deferred Compensation Assets:** We maintain non-qualified deferred compensation plans for certain executives and other highly compensated employees. Investments are generally 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 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 fiscal 2019, we recorded a \$41 million impairment charge related to a Prepared Foods business held for sale, due to our estimate of the business' fair value based on current expected net sales proceeds. The impairment charge was recorded in Cost of Sales in our Consolidated Statement of Income for fiscal 2019. Our valuation included unobservable Level 3 inputs and was based on expected sales proceeds from a competitive bidding process and ongoing discussions with potential buyers.

In fiscal 2018, we recorded \$101 million of impairment charges related to the expected sale of non-protein businesses held for sale, due to revised estimates of the businesses' fair value based on current expected net sales proceeds at the time of the impairment. These charges were recorded in Cost of Sales in our Consolidated Statement of Income, and primarily consisted of Goodwill previously classified within Assets held for sale. Our valuation included unobservable Level 3 inputs and was based on expected sales proceeds from a competitive bidding process and ongoing discussions with potential buyers.

In the fourth quarter of fiscal 2017, we recorded an impairment charge totaling \$45 million, related to one of the non-protein businesses held for sale, due to a revised estimate of the business' fair value based on current expected net sales proceeds. The impairment charge was recorded in Cost of Sales in our Consolidated Statement of Income for fiscal 2017, and consisted of Goodwill and Intangible Assets previously classified within Assets held for sale. Our valuation included unobservable Level 3 inputs and was based on expected sales proceeds following a competitive bidding process.

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 Statements of Income in Cost of Sales and \$8 million was included in the Consolidated 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.

#### 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				
	September 28, 2019		September 29, 2018		
	Fair Value	Carrying Value	Fair Value	Carrying Value	
Total Debt	\$ 12,978	\$ 11,932	\$ 9,775	\$ 9,873	

#### Concentrations of Credit Risk

Our financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Our cash equivalents are in high quality securities placed with major banks and financial institutions. Concentrations of credit risk with respect to receivables are limited due to the large number of customers and their dispersion across geographic areas. We perform periodic credit evaluations of our customers' financial condition and generally do not require collateral. At September 28, 2019, and September 29, 2018, 16.2% and 18.6%, respectively, of our net accounts receivable balance was due from Walmart Inc. No other single customer or customer group represented greater than 10% of net accounts receivable.

## NOTE 14: STOCK-BASED COMPENSATION

We issue shares under our stock-based compensation plans by issuing Class A stock from treasury. The total number of shares available for future grant under the Tyson Foods, Inc. 2000 Stock Incentive Plan ("Incentive Plan") was 12,952,617 at September 28, 2019.

### Stock Options

Shareholders approved the Incentive Plan in January 2001. The Incentive Plan is administered by the Compensation and Leadership Development Committee of the Board of Directors ("Compensation Committee"). The Incentive Plan includes provisions for granting incentive stock options for shares of Class A stock at a price not less than the fair value at the date of grant. Nonqualified stock options may be granted at a price equal to or more than the fair value of Class A stock on the date the option is granted. Stock options under the Incentive Plan generally become exercisable ratably over three years from the date of grant and must be exercised within 10 years from the date of grant. Our policy is to recognize compensation expense on a straight-line basis over the requisite service period for the entire award. Forfeitures are recognized as they occur.

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 29, 2018	5,994,148	\$ 48.37		
Exercised	(2,345,001)	43.27		
Forfeited or expired	(152,650)	63.04		
Granted	1,866,175	59.42		
Outstanding, September 28, 2019	5,362,672	54.03	7.0	\$ 167
Exercisable, September 28, 2019	2,656,960	\$ 44.14	5.3	\$ 109

We generally grant stock options once a year. The weighted average grant-date fair value of options granted in fiscal 2019, 2018 and 2017 was \$11.35, \$18.31 and \$13.42, respectively. The fair value of each option grant is established on the date of grant using a binomial lattice method. We use historical volatility for a period of time comparable to the expected life of the option to determine volatility assumptions. Expected life is calculated based on the contractual term of each grant and takes into account the historical exercise and termination behavior of participants. Risk-free interest rates are based on the five-year Treasury bond rate. In fiscal 2018, an additional grant was awarded for two executive officers who joined the Company subsequent to the initial annual grant. Accordingly, the assumptions below for fiscal 2018 are calculated using the weighted average amounts for the two fiscal 2018 grants. Assumptions as of the grant date used in the fair value calculation of each year's grants are outlined in the following table.

	2019	2018	2017
Expected life (in years)	4.3	5.9	5.4
Risk-free interest rate	2.8%	2.1%	1.8%
Expected volatility	25.4%	23.5%	24.7%
Expected dividend yield	2.5%	1.5%	1.3% - 1.4%

We recognized stock-based compensation expense related to stock options, net of income taxes, of \$16 million, \$13 million and \$22 million for fiscal 2019, 2018 and 2017, respectively. The related tax benefit for fiscal 2019, 2018 and 2017 was \$3 million, \$6 million and \$14 million, respectively. We had 1.2 million, 2.2 million and 4.1 million options vest in fiscal 2019, 2018 and 2017, respectively, with a grant date fair value of \$18 million, \$27 million and \$47 million, respectively.

In fiscal 2019, 2018 and 2017, we received cash of \$99 million, \$102 million and \$154 million, respectively, for the exercise of stock options. Shares are issued from treasury for stock option exercises. The related tax benefit realized from stock options exercised during fiscal 2019, 2018 and 2017, was \$21 million, \$30 million and \$65 million, respectively. The total intrinsic value of options exercised in fiscal 2019, 2018 and 2017, was \$79 million, \$103 million and \$164 million, respectively. Cash flows resulting from tax deductions in excess of the compensation cost of those options (excess tax deductions) are classified as financing cash flows. We realized \$14 million, \$20 million and \$42 million related to excess tax deductions during fiscal 2019, 2018 and 2017, respectively.

As of September 28, 2019, we had \$18 million of total unrecognized compensation cost related to stock option plans that will be recognized over a weighted average period of 1.5 years.

### Restricted Stock

We issue restricted stock at the market value as of the date of grant, with restrictions expiring over periods through fiscal 2022. Unearned compensation is recognized over the vesting period for the particular grant using a straight-line method.

	Number of Shares		Weighted Average Grant- Date Fair Value Per Share	Weighted Average Remaining Contractual Life (in Years)		Aggregate Intrinsic Value (in millions)
Nonvested, September 29, 2018	1,499,976	\$	62.68			
Granted	779,497		60.59			
Dividends	36,077		64.39			
Vested	(540,075)		53.60			
Forfeited	(113,397)		64.63			
Nonvested, September 28, 2019	1,662,078	\$	64.55	1.4	\$	142

As of September 28, 2019, we had \$46 million of total unrecognized compensation cost related to restricted stock awards that will be recognized over a weighted average period of 1.9 years.

We recognized stock-based compensation expense related to restricted stock, net of income taxes, of \$26 million, \$22 million and \$18 million for fiscal 2019, 2018 and 2017, respectively. The related tax benefit for fiscal 2019, 2018 and 2017 was \$8 million, \$9 million and \$11 million, respectively. We had 0.5 million, 0.6 million and 0.5 million restricted stock awards vest in fiscal 2019, 2018 and 2017, respectively, with a grant date fair value of \$29 million, \$27 million and \$19 million, respectively.

#### Performance-Based Shares

We award performance-based shares of our Class A stock to certain employees. These awards are typically granted once a year. Performance-based shares vest based upon the passage of time and the achievement of performance or market performance criteria, ranging from 0% to 200%, as determined by the Compensation Committee prior to the date of the award. Vesting periods for these awards are three years. We review progress toward the attainment of the performance criteria each quarter during the vesting period. When it is probable the minimum performance criteria for an award will be achieved, we begin recognizing the expense equal to the proportionate share of the total fair value of the Class A stock price on the grant date. The total expense recognized over the duration of performance awards will equal the Class A stock price on the date of grant multiplied by the number of shares ultimately awarded based on the level of attainment of the performance criteria. For grants with market performance criteria, the fair value is determined on the grant date and is calculated using the same inputs for expected volatility, expected dividend yield, and risk-free rate as stock options, noted above, with a duration of three years. The total expense recognized over the duration of the award will equal the fair value, regardless if the market performance criteria is met.

The following table summarizes the performance-based shares at the maximum award amounts based upon the respective performance share agreements. Actual shares that will vest depend on the level of attainment of the performance-based criteria.

	Number of Shares		Weighted Average Grant- Date Fair Value Per Share	Weighted Average Remaining Contractual Life (in Years)		Aggregate Intrinsic Value (in millions)
Nonvested, September 29, 2018	2,196,299	\$	47.99			
Granted	858,676		45.12			
Vested	(825,361)		35.08			
Forfeited	(202,555)		52.67			
Nonvested, September 28, 2019	2,027,059	\$	51.03	1.0	\$	173

We recognized stock-based compensation expense related to performance shares, net of income taxes, of \$16 million, \$12 million and \$16 million for fiscal 2019, 2018 and 2017, respectively. The related tax benefit for fiscal 2019, 2018 and 2017 was \$4 million, \$5 million and \$10 million, respectively. As of September 28, 2019, we had \$26 million of total unrecognized compensation based upon our progress toward the attainment of criteria related to performance-based share awards that will be recognized over a weighted average period of 1.8 years.

#### **NOTE 15: PENSIONS AND OTHER POSTRETIREMENT BENEFITS**

At September 28, 2019, we had nine defined benefit pension plans consisting of five funded qualified plans, which are all frozen and noncontributory, and four unfunded non-qualified plans. The benefits provided under these plans are based on a formula using years of service and either a specified benefit rate or compensation level. The non-qualified defined benefit plans are for certain contracted officers and use a formula based on years of service and final average salary. We also have other postretirement benefit plans for which substantially all of our employees may receive benefits if they satisfy applicable eligibility criteria. The postretirement healthcare plans are contributory with participants' contributions adjusted when deemed necessary.

We have defined contribution retirement programs for various groups of employees. We recognized expenses of \$97 million, \$84 million and \$78 million in fiscal 2019, 2018 and 2017, respectively.

We use a fiscal year end measurement date for our defined benefit plans and other postretirement plans. We recognize the effect of actuarial gains and losses into earnings immediately for other postretirement plans rather than amortizing the effect over future periods. Other postretirement benefits include postretirement medical costs and life insurance.

During fiscal 2017, we issued a notice of intent to terminate two of our qualified pension plans with a termination date of April 30, 2017. The settlements of the terminated plans occurred during fiscal 2019, through purchased annuities, and we incurred a \$19 million settlement charge at final liquidation.

During fiscal 2019, we issued a notice of intent to terminate three other qualified pension plans. The settlements of these plans are expected to occur in fiscal 2020, through purchased annuities. Since the amount of the settlements depends on a number of factors determined as of the liquidation date, including the annuity pricing, interest rates and investment performance, we are currently unable to determine the ultimate cost of the settlements. However, based on current market rates, we estimate that we will incur settlement gains at final liquidation in the range of approximately \$40 million to \$60 million. Contributions to purchase annuities at the time of settlement are expected to be in the range of approximately \$10 million to \$30 million based on current market conditions of each plan at September 28, 2019.

#### Benefit Obligations and Funded Status

The following table provides a reconciliation of the changes in the plans' benefit obligations, assets and funded status at September 28, 2019, and September 29, 2018:

	in millions							
	Pension Benefits				Other Postretirement			
	Qualified		Non-Qualified		Benefits			
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Change in benefit obligation</b>								
Benefit obligation at beginning of year	\$ 1,392	\$ 1,477	\$ 220	\$ 230	\$ 28	\$ 33		
Service cost	—	—	1	7	2	1		
Interest cost	56	55	9	8	1	1		
Curtailment	—	—	—	(5)	—	—		
Plan amendments	—	—	—	5	4	—		
Actuarial (gain)/loss	154	(60)	17	(10)	6	(5)		
Benefits paid	(77)	(80)	(12)	(15)	(4)	(2)		
Business Acquisition	2	—	4	—	13	—		
Plan Terminations	(49)	—	—	—	—	—		
Other	—	—	—	—	27	—		
Benefit obligation at end of year	1,478	1,392	239	220	77	28		
<b>Change in plan assets</b>								
Fair value of plan assets at beginning of year	1,450	1,512	—	—	—	—		
Actual return on plan assets	146	4	—	—	—	—		
Employer contributions	1	14	12	15	4	2		
Benefits paid	(77)	(80)	(12)	(15)	(4)	(2)		
Business Acquisition	2	—	—	—	—	—		
Plan Terminations	(45)	—	—	—	—	—		
Fair value of plan assets at end of year	1,477	1,450	—	—	—	—		
Funded status	\$ (1)	\$ 58	\$ (239)	\$ (220)	\$ (77)	\$ (28)		

Amounts recognized in the Consolidated Balance Sheets consist of:

	in millions					
	Pension Benefits				Other Postretirement	
	Qualified		Non-Qualified		Benefits	
	2019	2018	2019	2018	2019	2018
Other assets	\$ 16	\$ 61	\$ —	\$ —	\$ —	\$ —
Other current liabilities	—	(3)	(12)	(12)	(3)	(3)
Other liabilities	(17)	—	(227)	(208)	(74)	(25)
Total assets (liabilities)	\$ (1)	\$ 58	\$ (239)	\$ (220)	\$ (77)	\$ (28)

Amounts recognized in Accumulated Other Comprehensive Income consist of:

	in millions					
	Pension Benefits				Other Postretirement	
	Qualified		Non-Qualified		Benefits	
	2019	2018	2019	2018	2019	2018
Accumulated other comprehensive (income)/loss:						
Actuarial (gain) loss	\$ (53)	\$ (96)	\$ 46	\$ 31	\$ 27	\$ —
Prior service (credit) cost	—	—	4	5	(42)	(49)
Total accumulated other comprehensive (income)/loss:	\$ (53)	\$ (96)	\$ 50	\$ 36	\$ (15)	\$ (49)

We had five pension plans at September 28, 2019, and September 29, 2018, that had an accumulated benefit obligation in excess of plan assets. Plans with accumulated benefit obligations in excess of plan assets are as follows:

	in millions			
	Pension Benefits			
	Qualified		Non-Qualified	
	2019	2018	2019	2018
Projected benefit obligation	\$ 381	\$ 49	\$ 239	\$ 220
Accumulated benefit obligation	381	49	239	219
Fair value of plan assets	364	45	—	—

The accumulated benefit obligation for all qualified pension plans was \$1,478 million and \$1,392 million at September 28, 2019, and September 29, 2018, respectively.

#### Net Periodic Benefit Cost (Credit)

Components of net periodic benefit cost (credit) for pension and postretirement benefit plans recognized in the Consolidated Statements of Income are as follows:

	in millions								
	Pension Benefits						Other Postretirement		
	Qualified			Non-Qualified			Benefits		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Service cost	\$ —	\$ —	\$ 2	\$ 1	\$ 7	\$ 11	\$ 2	\$ 1	\$ 1
Interest cost	56	55	57	9	8	8	1	1	1
Expected return on plan assets	(57)	(62)	(59)	—	—	—	—	—	—
Amortization of prior service cost	—	1	—	1	1	—	(2)	(25)	(25)
Recognized actuarial loss (gain), net	(1)	—	1	2	3	6	5	(5)	(1)
Recognized settlement loss (gain)	19	—	2	—	—	—	—	—	—
Net periodic benefit cost (credit)	\$ 17	\$ (6)	\$ 3	\$ 13	\$ 19	\$ 25	\$ 6	\$ (28)	\$ (24)



As of September 28, 2019, we expect no amounts to be reclassified into earnings within the next 12 months related to net periodic benefit cost (credit) for the qualified pension plans, excluding pending settlements. As of September 28, 2019, the amounts expected to be reclassified into earnings within the next 12 months related to net periodic benefit cost (credit) for the non-qualified pension plans and the other postretirement benefit plans are not significant.

#### Assumptions

Weighted average assumptions are as follows:

	Pension Benefits						Other Postretirement Benefits		
	Qualified		Non-Qualified						
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Discount rate to determine net periodic benefit cost	4.26%	3.85%	3.72%	4.31%	3.88%	3.77%	3.99%	3.39%	3.09%
Discount rate to determine benefit obligations	3.23%	4.26%	3.85%	3.16%	4.31%	3.88%	2.68%	4.11%	3.39%
Rate of compensation increase	n/a	n/a	n/a	n/a	2.53%	2.44%	n/a	n/a	n/a
Expected return on plan assets	3.50%	4.20%	4.21%	n/a	n/a	n/a	n/a	n/a	n/a

To determine the expected return on plan assets assumption, we first examined historical rates of return for the various asset classes within the plans. We then determined a long-term projected rate-of-return based on expected returns.

Our discount rate assumptions used to account for pension and other postretirement benefit plans reflect the rates at which the benefit obligations could be effectively settled. The discount rates for two of our plans that are expected to settle in fiscal 2020 were determined using a composite rate comprised of an annuity purchase rate and a lump sum conversion discount rate based on the portions of the populations that are assumed to be purchased under the annuity contract with the insurance company versus those who will elect lump sums, respectively. The discount rates for our other plans were determined using a cash flow matching technique whereby the rates of a yield curve, developed from high-quality debt securities, were applied to the benefit obligations to determine the appropriate discount rate. For all periods presented, all pension and other postretirement benefit plans used the RP-2014 mortality tables.

We have eight other postretirement benefit plans, of which five are healthcare and life insurance related. Two of these plans, with benefit obligations totaling \$17 million at September 28, 2019, were not impacted by healthcare cost trend rates as one consists of fixed annual payments and one is life insurance related. One of the healthcare plans, with benefit obligations less than \$1 million at September 28, 2019, was not impacted by healthcare cost trend rates due to previous plan amendments. The remaining two plans, with benefit obligations totaling \$11 million and \$9 million, at September 28, 2019, utilized assumed healthcare cost trend rates of 7.3% and 7.0%, respectively. The healthcare cost trend rates will be grading down to an ultimate rate of 5% in 2026 and 4.5% in 2027. A one-percentage-point change in assumed health-care cost trend rates would not have a significant effect on the postretirement benefit obligation.

#### Plan Assets

The asset allocation for pension plan assets at September 28, 2019 was approximately 73% fixed income securities and approximately 27% cash. The increased allocation to cash is due to the intent to terminate these plans in the next year. The target asset allocation is 100% fixed income securities. Additionally, one of our foreign subsidiary pension plans had \$31 million in plan assets held in an insurance trust at September 28, 2019. The plan trustees have established a set of investment objectives related to the assets of the domestic pension plans and regularly monitor the performance of the funds and portfolio managers. The 100% target asset allocation to fixed income securities is based upon the intent to terminate these plans.

Our domestic plan assets consist mainly of common collective trusts which are primarily comprised of fixed income funds and equity securities. Fixed income securities can include, but are not limited to, direct bond investments, and pooled or indirect bond investments. Derivative instruments may also be used in concert with either fixed income or equity investments to achieve desired exposure or to hedge certain risks. Derivative instruments can include, but are not limited to, futures, options, swaps or swaptions. Our domestic plan assets also include mutual funds. We believe there are no significant concentrations of risk within our plan assets as of September 28, 2019.

At September 28, 2019, 36% of plan assets were held in cash and cash equivalents (Level 1), 61% in corporate and municipal bonds (Level 2). The fair value of plan assets using Level 3 inputs was not significant at September 28, 2019. At September 29, 2018, 97% of plan assets were invested in common collective trusts measured at net asset value. The fair value of plan assets using Level 2 and Level 3 inputs was not significant at September 29, 2018.

### Contributions

Our policy is to fund at least the minimum contribution required to meet applicable federal employee benefit and local tax laws. In our sole discretion, we may from time to time fund additional amounts. Expected contributions to pension plans for fiscal 2020 are approximately \$33 million. For fiscal 2019, 2018 and 2017, we funded \$13 million, \$29 million and \$53 million, respectively, to pension plans.

### Estimated Future Benefit Payments

The following benefit payments are expected to be paid:

	Pension Benefits		Other Postretirement
	Qualified	Non-Qualified	Benefits
2020	\$ 1	\$ 12	\$ 4
2021	—	12	4
2022	1	13	4
2023	—	13	4
2024	2	13	4
2024-2028	4	66	14

The above benefit payments for other postretirement benefit plans are not expected to be offset by Medicare Part D subsidies in fiscal 2020.

The above 2020 benefit payments do not include anticipated accelerated payments for a plan termination within three of our qualified pension plans. The plan termination process for one of these plans began on October 1, 2018 and for the remaining two plans began on December 31, 2018. Full settlement is expected to occur in fiscal 2020.

### Multi-Employer Plans

Additionally, we participate in three multi-employer plans that provide defined benefits to certain employees covered by collective bargaining agreements. Such plans are usually administered by a board of trustees composed of the management of the participating companies and labor representatives.

The risks of participating in multi-employer plans are different from single-employer plans. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers. If we stop participating in a plan, we may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The net pension cost of the plans is equal to the annual contributions determined in accordance with the provisions of negotiated labor contracts. Contributions to the plans were \$2 million in fiscal 2019 and 2018. Assets contributed to such plans are not segregated or otherwise restricted to provide benefits only to our employees. The future cost of the plans is dependent on a number of factors including the funded status of the plans and the ability of the other participating companies to meet ongoing funding obligations.

Our participation in these multi-employer plans for fiscal 2019 is outlined below. The EIN/Pension Plan Number column provides the Employer Identification Number ("EIN") and the three-digit plan number. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in fiscal 2019 and fiscal 2018 is for the plan's year beginning January 1, 2019, and 2018, respectively. The zone status is based on information that we have received from the plan and is certified by the plan's actuaries. Among other factors, plans in the red zone are generally less than 65 percent funded. Plans that are critical and declining status are projected to have an accumulated funding deficiency. The FIP/RP Status column indicates plans for which a financial improvement plan ("FIP") or rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreements to which the plan is subject. During fiscal 2019, as part of our acquisition of Keystone Foods, we acquired an interest in four multi-employer plans. Our interest in two of these plans was subsequently disposed of in conjunction with the divestiture of a chicken further processing facility acquired during the Keystone Foods acquisition. See Note 3: Acquisitions and Divestitures for additional information on these transactions. Additionally, during fiscal 2019, we initiated our withdrawal from the Retail, Wholesale and Department Store International Union and Industry Pension Fund ("RWDSU Fund"). As a result of our anticipated withdrawal from the RWDSU Fund, we recorded a \$15 million termination liability.

In addition to regular contributions, we could be obligated to pay additional contributions (known as complete or partial withdrawal liabilities) if it has unfunded vested benefits.

Pension Fund Plan Name	EIN/Pension Plan Number	PPA Zone Status		FIP/RP Status	Contributions (in millions)			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement <sup>(a)</sup>
		2019	2018	Implemented	2019	2018	2017	2019	
Bakery and Confectionery Union and Industry International Pension Fund	52-6118572/001	Red	Red	Nov 2012	\$1	\$2	\$2	10%	2015-10-10
Pension Fund of Local 227 (b)	61-6054018/001	Green	n/a	n/a	\$0.2	n/a	n/a	None	2019-11-09
Retail, Wholesale and Department Store International Union and Industry Pension Fund (c)	63-0708442/001	Red	n/a	Nov 2015	\$0.5	n/a	n/a	9%	2021-11-07

(a) Renewal negotiations for the Bakery and Confectionery Union and Industry International Pension Fund are in progress.

(b) Contributions in fiscal 2019 exceeded 5% of plan contributions for the plan year ended October 31, 2018.

(c) Contributions in fiscal 2019 exceeded 5% of plan contributions for the plan year ended December 31, 2018.

#### NOTE 16: COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive loss are as follows:

	in millions	
	2019	2018 <sup>(1)</sup>
Accumulated other comprehensive income (loss), net of taxes:		
Unrealized net hedging loss	\$ (24)	\$ (9)
Unrealized net gain (loss) on investments	1	(1)
Currency translation adjustment	(107)	(84)
Postretirement benefits reserve adjustments	13	79
Total accumulated other comprehensive income (loss)	\$ (117)	\$ (15)

<sup>(1)</sup> Includes reclass from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act, following adoption of the applicable new accounting standard in fiscal 2018.

The before and after tax changes in the components of other comprehensive income (loss) are as follows:

	in millions								
	2019			2018			2017		
	Before Tax	After Tax	After Tax	Before Tax	After Tax	After Tax	Before Tax	After Tax	After Tax
Derivatives accounted for as cash flow hedges:									
(Gain) loss reclassified to interest expense	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
(Gain) loss reclassified to cost of sales	18	(5)	13	12	(4)	8	4	(2)	2
Unrealized gain (loss)	(39)	10	(29)	(20)	5	(15)	(3)	1	(2)
Investments:									
Unrealized gain (loss)	3	(1)	2	(2)	1	(1)	(1)	—	(1)
Currency translation:									
Translation adjustment	(23)	—	(23)	(38)	2	(36)	6	—	6
Translation loss reclassified to cost of sales	—	—	—	7	—	7	—	—	—
Postretirement benefits:									
Unrealized gain (loss)	(114)	31	(83)	(8)	1	(7)	91	(35)	56
Pension settlement reclassified to other (income) expense	23	(6)	17	—	—	—	—	—	—
Total other comprehensive income (loss)	\$ (131)	\$ 29	\$ (102)	\$ (49)	\$ 5	\$ (44)	\$ 97	\$ (36)	\$ 61



## NOTE 17: SEGMENT REPORTING

We operate in four reportable segments: Beef, Pork, Chicken, and Prepared Foods. We measure segment profit as operating income (loss). International/Other primarily includes our foreign operations in Australia, China, South Korea, Malaysia, Mexico, the Netherlands, Thailand and the United Kingdom, third-party merger and integration costs and corporate overhead related to Tyson New Ventures, LLC.

**Beef:** Beef includes our operations related to processing live fed cattle and fabricating dressed beef carcasses into primal and sub-primal meat cuts and case-ready 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 sales from allied products such as hides and variety meats, as well as logistics operations to move products through the supply chain.

**Pork:** Pork includes our operations related to processing live market hogs and fabricating pork carcasses into primal and sub-primal cuts and case-ready 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 our live swine group, related allied product processing activities and logistics operations to move products through the supply chain.

**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. Our value-added chicken products primarily include breaded chicken strips, nuggets, patties and other ready-to-fix or fully cooked chicken parts. Products are marketed domestically to food retailers, foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, convenience stores, 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®, as well as artisanal brands Aidells®, Gallo Salame®, and Golden Island®. Products primarily include ready-to-eat sandwiches, sandwich components such as flame-grilled hamburgers and Philly steaks, pepperoni, bacon, breakfast sausage, turkey, lunchmeat, hot dogs, flour and corn tortilla products, appetizers, snacks, prepared meals, ethnic foods, 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, convenience stores, 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 of \$36 million, \$26 million and \$67 million in fiscal 2019, 2018 and 2017, respectively, which are included in International/Other. Assets and additions to property, plant and equipment relating to corporate activities remain in International/Other. In fiscal 2017, we included \$3 billion of unallocated goodwill associated with our acquisition of AdvancePierre in International/Other and we completed the allocation of goodwill to our segments in fiscal 2018. Additionally, as of September 28, 2019, we allocated approximately \$342 million of goodwill to International/Other as a result of our Keystone Foods and Thai and European operations acquisitions. Refer to Note 5: Goodwill and Intangible Assets for further description.

Information on segments and a reconciliation to income from continuing operations before income taxes are as follows:

	in millions						
	Beef	Pork	Chicken	Prepared Foods	International/Other	Intersegment Sales	Consolidated
<b>Fiscal 2019</b>							
Sales	\$ 15,828	\$ 4,932	\$ 13,300	\$ 8,418	\$ 1,289	\$ (1,362)	\$ 42,405
Operating Income (Loss)	1,107	263	621	843	(7)		2,827
Total Other (Income) Expense							396
Income before Income Taxes							2,431
Depreciation and amortization	97	47	513	397	32		1,086
Total Assets	3,137	1,372	10,807	15,138	2,643		33,097
Additions to property, plant and equipment	133	128	637	246	115		1,259
<b>Fiscal 2018</b>							
Sales	\$ 15,473	\$ 4,879	\$ 12,044	\$ 8,668	\$ 305	\$ (1,317)	\$ 40,052
Operating Income (Loss)	1,013	361	866	845	(53)		3,032
Total Other (Income) Expense							287
Income before Income Taxes							2,745
Depreciation and amortization	103	42	368	410	10		933
Total Assets	3,061	1,265	8,794	15,063	926		29,109
Additions to property, plant and equipment	107	150	570	228	145		1,200
<b>Fiscal 2017</b>							
Sales	\$ 14,823	\$ 5,238	\$ 11,409	\$ 7,853	\$ 349	(1,412)	\$ 38,260
Operating Income (Loss)	877	645	1,053	452	(106)		2,921
Total Other (Income) Expense							293
Income before Income Taxes							2,628
Depreciation and amortization	92	36	296	315	9		748
Total Assets	2,938	1,132	6,630	13,466	3,900		28,066
Additions to property, plant and equipment	118	101	492	229	129		1,069

The Beef segment had sales of \$411 million, \$420 million and \$386 million for fiscal 2019, 2018 and 2017, respectively, from transactions with other operating segments. The Pork segment had sales of \$893 million, \$817 million and \$966 million for fiscal 2019, 2018 and 2017, respectively, from transactions with other operating segments. The Chicken segment had sales of \$58 million, \$80 million and \$60 million for fiscal 2019, 2018 and 2017, respectively, from transactions with other operating segments. The aforementioned sales from intersegment transactions, which were at market prices, were included in the segment sales in the above table.

Our largest customer, Walmart Inc., accounted for 16.9%, 17.3% and 17.3% of consolidated sales in fiscal 2019, 2018 and 2017, respectively. Sales to Walmart Inc. were included in all the segments. Any extended discontinuance of sales to this customer could, if not replaced, have a material impact on our operations.

The majority of our operations are domiciled in the United States. Approximately 96%, 99% and 98% of sales to external customers for fiscal 2019, 2018 and 2017, respectively, were sourced from the United States. Approximately \$24.8 billion and \$23.2 billion of long-lived assets were located in the United States at September 28, 2019, and September 29, 2018, respectively. Excluding goodwill and intangible assets, long-lived assets located in the United States totaled approximately \$7.5 billion and \$6.7 billion at September 28, 2019, and September 29, 2018, respectively. Approximately \$1,107 million and \$212 million of long-lived assets were located in foreign locations, primarily Brazil, China, the European Union, New Zealand and Thailand at September 28, 2019, and September 29, 2018, respectively. Excluding goodwill and intangible assets, long-lived assets in foreign countries totaled approximately \$506 million and \$201 million at September 28, 2019, and September 29, 2018, respectively.

We sell certain products in foreign markets, primarily Australia, Canada, Central America, China, the European Union, Japan, Mexico, Malaysia, the Middle East, South Korea, Taiwan and Thailand. Our export sales from the United States totaled \$4.1 billion, \$4.2 billion and \$3.9 billion for fiscal 2019, 2018 and 2017, respectively. Substantially all of our export sales are facilitated through unaffiliated brokers, marketing associations and foreign sales staffs. Sales of products produced in a country other than the United States were less than 10% of consolidated sales for each of fiscal 2019, 2018 and 2017.

The following table further disaggregates our sales to customers by major distribution channels:

	in millions					
	Twelve months ended September 28, 2019					
	Consumer Products <sup>(a)</sup>	Foodservice <sup>(b)</sup>	International <sup>(c)</sup>	Industrial and Other <sup>(d)</sup>	Intersegment	Total
Beef	\$ 7,420	\$ 4,151	\$ 2,426	\$ 1,420	\$ 411	\$ 15,828
Pork	1,415	400	890	1,334	893	4,932
Chicken	5,637	5,138	690	1,777	58	13,300
Prepared Foods	4,793	3,270	104	251	—	8,418
International/Other	—	—	1,289	—	—	1,289
Intersegment	—	—	—	—	(1,362)	(1,362)
Total	\$ 19,265	\$ 12,959	\$ 5,399	\$ 4,782	\$ —	\$ 42,405

(a) Includes sales to consumer products and food retailers, such as grocery retailers, warehouse club stores, and internet-based retailers.

(b) Includes sales to foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, convenience stores, healthcare facilities and the military.

(c) Includes sales to international markets related to internationally produced products or export sales of domestically produced products.

(d) Includes sales to industrial food processing companies that further process our product to sell to end consumers and any remaining sales not included in the Consumer Products, Foodservice or International categories.

#### NOTE 18: SUPPLEMENTAL CASH FLOWS INFORMATION

The following table summarizes cash payments for interest and income taxes:

	in millions		
	2019	2018	2017
Interest, net of amounts capitalized	\$ 419	\$ 368	\$ 249
Income taxes, net of refunds	557	470	779

#### NOTE 19: TRANSACTIONS WITH RELATED PARTIES

We have operating leases for two wastewater facilities with an entity owned by the Donald J. Tyson Revocable Trust (for which Mr. John Tyson, Chairman of the Company, is a trustee), Berry Street Waste Water Treatment Plant, LP (90% of which is owned by the TLP), and the sisters of Mr. Tyson. Total payments of approximately \$1 million in each of fiscal 2019, 2018 and 2017 were paid to lease the facilities.

As of September 28, 2019, the TLP, of which John Tyson and director Barbara Tyson are general partners, owned 70 million shares, or 99.985% of our outstanding Class B stock and, along with the members of the Tyson family, owned 6.3 million shares of Class A stock, giving it control of approximately 70.97% of the total voting power of our outstanding voting stock.

In August 2017, the Company committed to invest \$5 million for a 17.5% equity interest in Buchan Ltd., a Mauritian private holding company of poultry operations in sub-Saharan Africa. Acacia Foods, B.V. is committed to invest \$9 million in Buchan Ltd. Donnie Smith, who during the first quarter of fiscal year 2017 was Chief Executive Officer of the Company, serves as the Chairman of Acacia Foods, B.V. and as a director of Buchan Ltd. John Randal Tyson (son of John Tyson and Chief Sustainability Officer) serves as a director of Buchan Ltd. for the Company. We completed our funding commitment in fiscal 2018.

In fiscal 2019, 2018 and 2017, the Company provided administrative services to the Tyson Limited Partnership, the beneficial owner of 70 million shares of Class B stock, and the Tyson Limited Partnership, through TLP Investment, L.P., reimbursed the Company \$0.3 million.

## NOTE 20: COMMITMENTS AND CONTINGENCIES

### Commitments

We lease equipment, properties and certain farms for which total rentals approximated \$220 million, \$200 million and \$186 million, in fiscal 2019, 2018 and 2017, respectively. Most leases have initial terms of up to seven years, some with varying renewal periods. Minimum lease commitments under non-cancelable leases at September 28, 2019, were:

	in millions	
	Operating Lease Commitments	
2020	\$	159
2021		113
2022		74
2023		49
2024		40
2025 and beyond		54
Total	\$	489

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 September 28, 2019, was \$14 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 \$93 million, all of which could be recoverable through various recourse provisions, including those based on the fair value of the underlying leased assets. The likelihood of material payments under these guarantees is not considered probable. At September 28, 2019, and September 29, 2018, no significant 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 potential maximum obligation associated with these programs is limited to the fair value of each participating livestock supplier's net tangible assets. The potential maximum obligation as of September 28, 2019, was approximately \$300 million. The total receivables under these programs were \$5 million and \$6 million at September 28, 2019 and September 29, 2018, respectively. These receivables are included, net of allowance for uncollectible amounts, in Accounts Receivable in our Consolidated 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 had no allowance for these programs' estimated uncollectible receivables at September 28, 2019, and September 29, 2018.

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 September 28, 2019, total amounts under these types of arrangements totaled \$698 million.

We enter into agreements with livestock growers that can have fixed and variable payment structures, but are generally cancelable and based on flocks placed with growers. Livestock grower fixed or estimable non-cancelable commitments at September 28, 2019 were:

	in millions	
	Livestock Grower Commitments	
2020	\$	253
2021		131
2022		86
2023		58
2024		49
2025 and beyond		122
Total	\$	699



Additionally, we enter into other purchase commitments for various items such as grains and livestock contracts, which at September 28, 2019 were:

	in millions	
	Other Purchase Commitments	
2020	\$	2,466
2021		311
2022		198
2023		43
2024		19
2025 and beyond		23
Total	\$	3,060

#### 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 in the Company's Consolidated Financial Statements for matters to the extent that we conclude a loss is probable and the financial impact, should an adverse outcome occur, is reasonably estimable. Additionally, for matters in which losses are reasonably possible, no reasonable estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because, among other reasons: (i) the proceedings are in preliminary stages; (ii) specific damages have not been sought; (iii) damage claims are unsupported and/or unreasonable; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; or (vi) novel legal issues or unsettled legal theories are being asserted. In our opinion, we have made appropriate and adequate accruals for these matters. While these accruals reflect the Company's best estimate of the probable loss for those matters as of the dates of those accruals, the recorded amounts may differ materially from the actual amount of the losses for those matters. 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 Financial Statements. We believe we have substantial defenses to the claims made and intend to vigorously defend these matters.

On September 2, 2016, Maplevale Farms, Inc., acting on its own behalf 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. The consolidated actions are styled *In re Broiler Chicken Antitrust Litigation*. Since the original filing, certain putative class members have opted out of the matter and are proceeding with individual direct actions making similar claims, and others may do so in the future. All opt out complaints have been filed in, or transferred to, the Northern District of Illinois and are proceeding on a coordinated pre-trial basis with the consolidated actions. The operative complaints, which have been amended throughout the litigation, 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 plaintiffs also allege that defendants "manipulated and artificially inflated a widely used Broiler price index, the Georgia Dock." The plaintiffs further allege that the defendants concealed this conduct from the plaintiffs and the members of the putative classes. The plaintiffs seek treble damages, injunctive relief, pre- and post-judgment interest, costs, and attorneys' fees on behalf of the putative classes. Decisions on class certification and summary judgment motions likely to be filed by defendants are currently expected in late calendar year 2020 and early 2021. If necessary, trial will occur after rulings on class certification and any summary judgment motions. On April 26, 2019, the plaintiffs notified us that the U.S. Department of Justice ("DOJ") Antitrust Division issued a grand jury subpoena to them requesting discovery produced by all parties in the civil case. On June 21, 2019, the DOJ filed a motion to intervene and sought a limited stay of discovery in the civil action, which the court granted in part. Subsequently, we received a grand jury subpoena from the DOJ seeking additional documents and information related to the chicken industry. We are fully cooperating with the DOJ's request. On October 16, 2019, the court extended the limited stay of discovery in the civil action through June 27, 2020. The Commonwealth of Puerto Rico, on behalf of its citizens, has also initiated a civil lawsuit against us, certain of our subsidiaries, and several other poultry processing companies alleging activities in violation of the Puerto Rican antitrust laws. This lawsuit has been transferred to the Northern District of Illinois for coordinated pre-trial proceedings.

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 have been cooperating with the Attorney General's office. In July 2019, the Attorney General issued a subpoena to the *In re Broiler Chicken Antitrust Litigation* plaintiffs requesting all information provided to the DOJ.

On August 18, 2019, we were advised that the *In re Broiler Chicken Antitrust Litigation* plaintiffs had received a CID from the Louisiana Department of Justice Office of the Attorney General Public Protection Division. The Louisiana CID requests all deposition transcripts related to the *In re Broiler Chicken Antitrust Litigation*.

On June 18, 2018, a group of plaintiffs acting on their own behalf and on behalf of a putative class of all persons and entities who indirectly purchased pork, filed a class action complaint against us and certain of our pork subsidiaries, as well as several other pork processing companies, in the United States District Court for the District of Minnesota. Subsequent to the filing of the initial complaint, additional lawsuits making similar claims on behalf of putative classes of direct and indirect purchasers were also filed in the same court. 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. The consolidated actions are styled *In re Pork Antitrust Litigation*. Since the original filing, a putative class member is proceeding with an individual direct action making similar claims, and others may do so in the future. The individual complaint has been filed in the District of Minnesota and is proceeding on a coordinated pre-trial basis with the consolidated actions. The complaints allege, among other things, that beginning in January 2009 the defendants conspired and combined to fix, raise, maintain, and stabilize the price of pork and pork products 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 plaintiffs seek treble damages, injunctive relief, pre- and post-judgment interest, costs, and attorneys' fees on behalf of the putative classes. On August 8, 2019, this matter was dismissed without prejudice. The plaintiffs filed amended complaints on November 6, 2019, in which the plaintiffs again have alleged that the defendants conspired and combined to fix, raise, maintain, and stabilize the price of pork and pork products in violation of state and federal antitrust, consumer protection, and unjust enrichment common laws, and the plaintiffs again are seeking treble damages, injunctive relief, pre- and post-judgment interest, costs, and attorneys' fees on behalf of the putative classes. We intend to respond to the amended complaints. The Commonwealth of Puerto Rico, on behalf of its citizens, has also initiated a civil lawsuit against us, certain of our subsidiaries, and several other pork processing companies alleging activities in violation of the Puerto Rican antitrust laws. This lawsuit was transferred to the District of Minnesota and remains pending with an amended complaint due on or before December 6, 2019.

On April 23, 2019, a group of plaintiffs, acting on behalf of themselves and on behalf of a putative class of all persons and entities who directly sold to the named defendants any fed cattle for slaughter and all persons who transacted in live cattle futures and/or options traded on the Chicago Mercantile Exchange or another U.S. exchange, filed a class action complaint against us and our beef and pork subsidiary, Tyson Fresh Meats, Inc., as well as other beef packer defendants, in the United States District Court for the Northern District of Illinois. The plaintiffs allege that the defendants engaged in a conspiracy from January 2015 to the present to reduce fed cattle prices in violation of federal antitrust laws, the Grain Inspection, Packers and Stockyards Act of 1921, and the Commodities Exchange Act by periodically reducing their slaughter volumes so as to reduce demand for fed cattle, curtailing their purchases and slaughters of cash-purchased cattle during those same periods, coordinating their procurement practices for fed cattle settled on a cash basis, importing foreign cattle at a loss so as to reduce domestic demand, and closing and idling plants. In addition, the plaintiffs also allege the defendants colluded to manipulate live cattle futures and options traded on the Chicago Mercantile Exchange. The plaintiffs seek, among other things, treble monetary damages, punitive damages, restitution, and pre- and post-judgment interest, as well as declaratory and injunctive relief. This complaint was subsequently voluntarily dismissed and re-filed in the United States District Court for the District of Minnesota. Other similar lawsuits were filed by ranchers in other district courts. All actions seeking relief by ranchers and futures traders have now been transferred to the United States District Court for the District of Minnesota action and are consolidated for pre-trial proceedings as *In Re Cattle Antitrust Litigation*. Following the filing of defendants' motion to dismiss this matter, the plaintiffs filed a second amended complaint on October 4, 2019.

On April 26, 2019, a group of plaintiffs, acting on behalf of themselves and on behalf of a putative class of indirect purchasers of beef for personal use filed a class action complaint against us, other beef packers, and Agri Stats, Inc., an information services provider, in the United States District Court for the District of Minnesota. Agri-Stats was subsequently dismissed from the suit. The plaintiffs allege that the packer defendants conspired to reduce slaughter capacity by closing or idling plants, limiting their purchases of cash cattle, coordinating their procurement of cash cattle, and reducing their slaughter numbers so as to reduce beef output, all in order to artificially raise prices of beef. The plaintiffs seek, among other things, damages under state antitrust and consumer protection statutes and the common law of approximately 30 states, as well as injunctive relief. The defendants' motions to dismiss this matter are pending. The indirect consumer purchaser litigation is styled as *Peterson v. JBS USA Food Company Holdings, et al.*

On October 16, 2019, a direct purchaser of beef, on behalf of itself and other direct purchasers of beef, filed a class action complaint against us and other beef packer defendants in the United States District Court for the District of Minnesota. The plaintiff alleges that the defendants conspired to reduce slaughter capacity by closing and idling plants, limiting their purchases of cash cattle, coordinating their procurement of cash cattle, and reducing their slaughter numbers, so as to reduce beef output, all in order to artificially raise prices of beef. The plaintiffs seek, among other things, treble monetary damages, punitive damages, restitution, and pre- and post-judgment interest, as well as declaratory and injunctive relief.

On August 30, 2019, Judy Jien, Kieo Jibidi and Elaiza Clement, acting on their own behalf and a putative class of non-supervisory production and maintenance employees at chicken processing plants in the continental United States, filed a class action complaint against us and certain of our subsidiaries, as well as several other poultry processing companies, in the United States District Court for the District of Maryland. An additional complaint making similar allegations was also filed by Emily Earnest. The plaintiffs allege that the defendants directly and through a wage survey and benchmarking service exchanged information regarding labor rates in an effort to depress and fix the rates of wages for non-supervisory production and maintenance workers in violation of federal antitrust laws. The plaintiffs seek, among other things, treble monetary damages, punitive damages, restitution, and pre- and post-judgment interest, as well as declaratory and injunctive relief. The court consolidated the *Jien* and *Earnest* cases for coordinated pretrial proceedings. Following the consolidation, two additional lawsuits have been filed by individuals making similar allegations.

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 was 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 PHP3,453,664,710 (approximately U.S. \$66 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 PHP342,287,800 (approximately U.S. \$6.6 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 PHP14,858,495,937 (approximately U.S. \$285 million). However, the NLRC approved 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 PHP68,000 (approximately U.S. \$1,300). 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 and entered a judgment on the award on July 24, 2017. Each of Aris Philippines, Inc., Sara Lee Corporation and Sara Lee Philippines, Inc. appealed this award and sought an injunction to preclude enforcement of the award to the Philippines Court of Appeals. On November 23, 2017, the Court of Appeals granted a writ of preliminary injunction that precluded execution of the NLRC award during the pendency of the appeal. The Court of Appeals subsequently vacated the NLRC's award on April 12, 2018. Complainants have filed motions for reconsideration with the Court of Appeals. On November 14, 2018, the Court of Appeals denied claimants' motions for reconsideration and granted defendants' motion to release and discharge the preliminary injunction bond. Claimants have since filed petitions for writ of certiorari with the Supreme Court of the Philippines. The Supreme Court has accepted the case for review. We continue to maintain an accrual for this matter.

The Hillshire Brands Company was named as a defendant in an asbestos exposure case filed by Mark Lopez in May 2014 in the Superior Court of Alameda County, California. Mr. Lopez was diagnosed with mesothelioma in January 2014 and is now deceased. Mr. Lopez's family members asserted negligence, premises liability and strict liability claims related to Mr. Lopez's alleged asbestos exposure from 1954-1986 from the Union Sugar plant in Betteravia, California. The plant, which was sold in 1986, was owned by entities that were predecessors-in-interest to The Hillshire Brands Company. In August 2017, the jury returned a verdict of approximately \$13 million in favor of the plaintiffs, and a judgment was entered. We appealed the judgment, but the appellate court affirmed the trial court's judgment in full.

**NOTE 21: QUARTERLY FINANCIAL DATA (UNAUDITED)**

in millions, except per share data

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>2019</b>				
Sales	\$ 10,193	\$ 10,443	\$ 10,885	\$ 10,884
Gross profit	1,355	1,192	1,336	1,139
Operating income	807	635	781	604
Net income	552	430	681	372
Net income attributable to Tyson	551	426	676	369
Net income per share attributable to Tyson:				
Class A Basic	\$ 1.54	\$ 1.20	\$ 1.90	\$ 1.03
Class B Basic	\$ 1.39	\$ 1.07	\$ 1.71	\$ 0.93
Diluted	\$ 1.50	\$ 1.17	\$ 1.84	\$ 1.01
<b>2018</b>				
Sales	\$ 10,229	\$ 9,773	\$ 10,051	\$ 9,999
Gross profit	1,443	1,015	1,299	1,339
Operating income	922	494	797	819
Net income	1,632	316	542	537
Net income attributable to Tyson	1,631	315	541	537
Net income per share attributable to Tyson:				
Class A Basic	\$ 4.54	\$ 0.88	\$ 1.52	\$ 1.50
Class B Basic	\$ 4.09	\$ 0.78	\$ 1.37	\$ 1.35
Diluted	\$ 4.40	\$ 0.85	\$ 1.47	\$ 1.47

First quarter fiscal 2019 net income included \$26 million pretax Keystone Foods purchase accounting and acquisition related costs, which included an \$11 million purchase accounting adjustment for the amortization of the fair value step-up of inventory and \$15 million of acquisition related costs, and \$8 million pretax restructuring and related charges.

Second quarter fiscal 2019 net income included \$11 million pretax Keystone Foods acquisition related costs and \$8 million pretax restructuring and related charges.

Third quarter fiscal 2019 net income included \$105 million post tax recognition of previously unrecognized tax benefit, \$55 million pretax gain on sale of an investment and \$15 million pretax restructuring and related charges.

Fourth quarter fiscal 2019 net income included \$31 million pretax Beef production plant fire costs, a \$41 million pretax impairment charge related to the divestiture of a business, \$15 million pretax pension plan termination charge and \$10 million pretax restructuring and related charges.

First quarter fiscal 2018 net income included a \$994 million post tax recognition of tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates, \$4 million pretax impairment charge net of a realized gain related to the divestiture of non-protein businesses and \$19 million pretax restructuring and related charges.

Second quarter fiscal 2018 net income included a \$9 million post tax recognition of tax benefit from remeasurement of net deferred tax liabilities at lower enacted tax rates, \$75 million pretax impairment charge related to the divestiture of non-protein businesses, \$109 million one-time cash bonus to frontline employees and \$12 million pretax restructuring and related charges.

Third quarter fiscal 2018 net income included \$14 million pretax restructuring and related charges.

Fourth quarter fiscal 2018 net income included a \$11 million pretax realized gain related to the divestiture of a non-protein business and \$14 million pretax restructuring and related charges.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of  
Tyson Foods, Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Tyson Foods, Inc. and its subsidiaries (the "Company") as of September 28, 2019 and September 29, 2018, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended September 28, 2019, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended September 28, 2019 appearing under Item 15 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 28, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 28, 2019 and September 29, 2018, and the results of its operations and its cash flows for each of the three years in the period ended September 28, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 28, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Acquisition of Keystone Foods - Valuation of Acquired Customer Relationships***

As described in Note 3 to the consolidated financial statements, during fiscal year 2019 the Company completed the acquisition of Keystone Foods for \$2.3 billion in cash, subject to certain adjustments, which resulted in \$659 million of intangible assets being recorded, primarily consisting of customer relationships. Management used the multi-period excess earnings valuation approach to determine the fair value of the customer relationships intangible assets acquired. Management applied significant judgment in estimating the fair value of the customer relationships intangible assets acquired, which involved the use of significant estimates and assumptions about sales, operating margins, attrition rates, growth rates, and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and market place data.

The principal considerations for our determination that performing procedures relating to the valuation of the customer relationships intangible assets as a result of the acquisition of Keystone Foods is a critical audit matter are (i) there was a high degree of auditor judgment and subjectivity involved in performing procedures and evaluating audit evidence related to the fair value measurements of the acquired customer relationships intangible assets due to the significant amount of judgment by management when developing the estimates, (ii) significant audit effort was necessary to evaluate management's anticipated future cash flows and significant assumptions, including the attrition rates, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of acquired customer relationships, as well as controls over the development of the significant assumptions related to the acquired customer relationships intangible assets, including the attrition rates. These procedures also included, among others, testing management's process for estimating the fair value of acquired customer relationships. Testing management's process included evaluating the appropriateness of the multi-period excess earnings valuation approach, testing the completeness, accuracy, and relevance of underlying data used in the valuation approach, and evaluating the reasonableness of significant assumptions, including the attrition rates. Evaluating management's assumptions related to the attrition rates involved evaluating whether the assumptions were reasonable considering (i) the current and past performance of the acquired businesses, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's multi-period excess earnings valuation approach and certain significant assumptions, including the attrition rates.

#### ***Indefinite Life Intangible Assets Quantitative Impairment Assessments***

As described in Notes 1 and 5 to the consolidated financial statements, the Company's consolidated indefinite life intangible assets balance was \$4.1 billion as of September 28, 2019. As disclosed by management, an indefinite life intangible asset impairment test is conducted as of the first day of the fourth quarter each year, or more frequently if impairment indicators arise. Management estimates the fair value of indefinite life intangible assets, where a quantitative impairment assessment is performed, using relief-from-royalty and multi-period excess earnings valuation approaches. Under these valuation approaches, management makes estimates and assumptions about sales, operating margins, growth rates, royalty rates and discount rates based on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

The principal considerations for our determination that performing procedures relating to the indefinite life intangible assets quantitative impairment assessment is a critical audit matter are (i) there was significant judgment by management when developing the fair value measurements of the indefinite life intangible assets, which in turn led to a high degree of auditor judgment and subjectivity in performing procedures and evaluating audit evidence related to the fair value measurements and (ii) significant audit effort was necessary to evaluate management's anticipated future cash flows and significant assumptions, including sales growth rates.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of indefinite life intangible assets. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the relief-from-royalty and multi-period excess earnings valuation approaches; testing the completeness, accuracy, and relevance of underlying data used in the valuation approaches; and evaluating the significant assumptions used by management, including sales growth rates. Evaluating management's assumptions related to sales growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance associated with the related brands, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP  
Fayetteville, Arkansas  
November 12, 2019

We have served as the Company's auditor since 2009.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure 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 (the "1934 Act")). Based on that evaluation, the CEO and CFO concluded that, as of September 28, 2019, our disclosure controls and procedures were effective.

#### **Changes in Internal Control Over Financial Reporting**

In the quarter ended September 28, 2019, there have been 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.

During fiscal 2019, we implemented the primary phase of a new Enterprise Resource Planning system ("ERP"). The implementation will continue in additional phases over the next year. We concluded, as part of our evaluation, that the implementation of the ERP has not materially affected our internal control over financial reporting.

#### **Management's Annual Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the 1934 Act. Our internal control over financial reporting was designed 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. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 28, 2019. In making this assessment, we used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework* (2013). Based on this evaluation under the framework in *Internal Control - Integrated Framework* (2013) issued by COSO, management concluded the Company's internal control over financial reporting was effective as of September 28, 2019.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, who has audited the fiscal 2019 financial statements included in this Annual Report on Form 10-K, has also audited the effectiveness of the Company's internal control over financial reporting as of September 28, 2019 as stated in its report which appears in Part II, Item 8 of this Annual Report on Form 10-K.

### **ITEM 9B. OTHER INFORMATION**

On November 6, 2019, the Board of Directors (the "Board") of the Company announced that Dean Banks, a current independent director of the Company, was appointed to the position of President, effective as of the first date of his employment with the Company, which is anticipated on December 20, 2019 (the "Effective Date"). Mr. Banks will report to Noel White, the Company's current President and Chief Executive Officer, who will relinquish his role as President as of the Effective Date. Mr. Banks will continue in his position as a director of the Company but will cease serving on any of the Board committees.

Mr. Banks, 46, is currently senior executive at X, an Alphabet Inc. company, where he leads the development of emerging technology products. He has been in that role since 2016, prior to which he was a managing partner and interim CEO at SEED Ventures since 2015. Previously, in 2014 he served as a consultant to Cleveland Clinic Innovations and as the CEO of Occelerator. Prior to those roles, at OrthoHelix (acquired by Tornier, Inc.) he was the SVP of Business Development and Strategic Marketing from 2011 to 2012 and, from 2012 to 2013 at Tornier, the Vice President of Product Excellence.

In connection with Mr. Banks' appointment to the role of President, he entered into an offer letter and an employment agreement (collectively, the "Employment Agreement") with the Company on November 6, 2019. The Employment Agreement provides for, among other things, an annual base salary of \$1,150,000, with a sign-on bonus of \$5,000,000, which Mr. Banks will be required to repay should he (i) voluntarily terminate his employment without "good reason" with the Company prior to the two-year anniversary of the Effective Date or (ii) not relocate and establish a permanent residence in the Springdale, Arkansas area prior to the 12-month anniversary of the Effective Date. Additionally, as of the Effective Date, Mr. Banks will be eligible to participate in the Company's Annual Incentive Plan and Executive Savings Plan, as well as the Company's long-term equity incentive program ("LTI Program") under the Company's 2000 Stock Incentive Plan. His 2020 Annual Incentive Plan payout opportunity will be equal to 150% of his base salary at the target level of performance, prorated based on the Effective Date. His 2020 LTI Program opportunity will be equal to \$5,500,000 at the target level, prorated based on the Effective Date, with the dollar value of equity compensation being awarded in a mix of stock options, restricted stock with performance criteria and performance stock. The Employment Agreement also provides that upon termination by the Company (other than for "cause" or by reason of death or permanent disability) or if Mr. Banks resigns for "good reason", the Company will pay Mr. Banks an amount equal to two years of his base salary and two times his target annual cash bonus, to be paid out over two years, plus continued medical coverage for up to 18 months. Additionally, Mr. Banks is entitled to personal use of Company-owned aircraft in a manner consistent with the Company's policy governing aircraft use by executive officers. Current Company policy is to "gross up" for tax purposes any approved personal use of Company-owned aircraft. The Employment Agreement contains a non-competition restriction for a period of 24 months post termination and a 36 month post-termination non-solicitation restriction. Mr. Banks will also be eligible for the Executive Rewards Allowance ("ERA"), which will provide him with an annual cash allowance of \$12,000, prorated based on the Effective Date. The ERA is taxable income to Mr. Banks and can be used for an array of items based on the needs of him and his family. Mr. Banks will also receive relocation benefits in accordance with Company policy. Furthermore, upon signing of the Employment Agreement, Mr. Banks received a one-time payment of \$1,000 as additional consideration for signing an employment agreement with the Company.

The foregoing description is qualified by reference to the full text of the Employment Agreement, which is filed as Exhibit 10.15 attached hereto and is incorporated by reference in its entirety into this Item 9B.

There are no arrangements or understandings between Mr. Banks and any other persons pursuant to which Mr. Banks was selected to be President of the Company. In addition, there are no transactions involving the Company and Mr. Banks that would be required to be disclosed pursuant to Item 404(a) of Regulation S-K.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

See information set forth under the captions "Election of Directors", "Information Regarding the Board and its Committees" and "Report of the Audit Committee" in the Company's definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held February 6, 2020 (the "Proxy Statement"), which information is incorporated herein by reference. Pursuant to general instruction G(3) of Annual Report on Form 10-K, certain information concerning our executive officers is included under the caption "Executive Officers of the Company" in Part I of this Annual Report on Form 10-K.

We have a code of ethics as defined in Item 406 of Regulation S-K, which applies to all of our directors and employees, including our principal executive officers, principal financial officer, principal accounting officer or controller, and persons performing similar functions. This code of ethics, titled "Tyson Code of Conduct," is available, free of charge on our website at <http://ir.tyson.com>.

We will post any amendments to the Code of Conduct, and any waivers that are required to be disclosed by the rules of either the Securities and Exchange Commission or the New York Stock Exchange, on our website.

#### **ITEM 11. EXECUTIVE COMPENSATION**

See the information set forth under the captions "Executive Compensation," "Director Compensation For Fiscal Year 2019," "Compensation Discussion and Analysis," "Report of the Compensation and Leadership Development Committee," "Compensation Committee Interlocks and Insider Participation", and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement, which information is incorporated herein by reference. However, pursuant to instructions to Item 407(e)(5) of Regulation S-K, the material appearing under the sub-heading "Report of the Compensation and Leadership Development Committee" shall be deemed "furnished" and not be deemed to be "filed" with the SEC, other than as provided in this Item 11.



## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See the information included under the captions “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” in the Proxy Statement, which information is incorporated herein by reference.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following information reflects certain information about our equity compensation plans as of September 28, 2019:

	Equity Compensation Plan Information		
	Number of Securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans (excluding Securities reflected in the first column (a))
Equity compensation plans approved by security holders	5,362,672	\$ 54.03	33,325,226
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>5,362,672</b>	<b>\$ 54.03</b>	<b>33,325,226</b>

- (a) Shares of Class A Common Stock available for future issuance as of September 28, 2019, under the Stock Incentive Plan (12,952,617), the Employee Stock Purchase Plan (12,725,001) and the Retirement Savings Plan (7,647,608)

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See the information included under the captions “Election of Directors”, “Information Regarding the Board and its Committees” and “Certain Transactions” in the Proxy Statement, which information is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

See the information included under the captions “Audit Fees,” “Audit-Related Fees,” “Tax Fees,” “All Other Fees,” and “Audit Committee Pre-Approval Policy” in the Proxy Statement, which information is incorporated herein by reference.

## PART IV

## ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) The following documents are filed as a part of this report:

(1) Consolidated Financial Statements

Consolidated Statements of Income for the three years ended September 28, 2019  
Consolidated Statements of Comprehensive Income for the three years ended September 28, 2019  
Consolidated Balance Sheets at September 28, 2019, and September 29, 2018  
Consolidated Statements of Shareholders’ Equity for the three years ended September 28, 2019  
Consolidated Statements of Cash Flows for the three years ended September 28, 2019  
Notes to Consolidated Financial Statements  
Report of Independent Registered Public Accounting Firm

(2) Consolidated Financial Statement Schedules

Financial Statement Schedule - Schedule II Valuation and Qualifying Accounts for the three years ended September 28, 2019

All other schedules are omitted because they are neither applicable nor required.

(3) Exhibits required by Item 601 of Regulation S-K

## EXHIBIT INDEX

Exhibit No.	
2.1	<a href="#"><u>Agreement and Plan of Merger dated as of April 25, 2017 among Tyson Foods, Inc., AdvancePierre Foods Holdings, Inc. and DVB Merger Sub, Inc. (previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 28, 2017, Commission File No. 001-14704, and incorporated herein by reference). Exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but a copy will be furnished supplementally to the Securities and Exchange Commission upon request.</u></a>

- 2.2 [Share Purchase Agreement, dated as of August 17, 2018, by and among Tyson Foods, Inc., Keystone Foods Holdings Limited and Marfrig Global Foods S.A. \(previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 23, 2018, Commission File No. 001-14704, and incorporated herein by reference\). Exhibits and schedules have been omitted pursuant to Item 601\(b\)\(2\) of Regulation S-K, but a copy will be furnished supplementally to the Securities and Exchange Commission upon request.](#)
- 3.1 [Restated Certificate of Incorporation of the Company \(previously filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1998, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 3.2 [Fifth Amended and Restated By-laws of the Company \(previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed for the period ended June 29, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.1 [Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.](#)
- 4.2 [Indenture dated June 1, 1995, by and between the Company and The Chase Manhattan Bank, N.A., as Trustee \(the "Company Indenture"\) \(previously filed as Exhibit 4 to Registration Statement on Form S-3, filed with the Commission on December 18, 1997, Registration No. 333-42525, and incorporated herein by reference\).](#)
- 4.3 [Form of 7.0% Note due January 15, 2028, issued under the Company Indenture \(previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 27, 1997, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.4 [Supplemental Indenture dated as of June 13, 2012, by and between the Company and The Bank of New York Mellon Trust Company, National Association \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 13, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.5 [Form of 4.50% Senior Note due 2022 \(previously filed as Exhibit 4.2 and included in Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 13, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.6 [Supplemental Indenture dated as of August 8, 2014, by and between the Company and The Bank of New York Mellon Trust Company, National Association \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.7 [Form of 2.65% Senior Note due 2019 \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.8 [Supplemental Indenture dated as of August 8, 2014, by and between the Company and The Bank of New York Mellon Trust Company, National Association \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.9 [Form of 3.95% Senior Note due 2024 \(included in Exhibit 4.4 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.10 [Supplemental Indenture dated as of August 8, 2014, by and between the Company and The Bank of New York Mellon Trust Company, National Association \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.11 [Form of 4.875% Senior Note due 2034 \(included in Exhibit 4.6 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.12 [Supplemental Indenture dated as of August 8, 2014, by and between the Company and The Bank of New York Mellon Trust Company, National Association \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.13 [Form of 5.15% Senior Note due 2044 \(previously filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed August 8, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.14 [Indenture dated October 2, 1990, between Sara Lee Corporation and Continental Bank, N.A., as Trustee \(the "Sara Lee Indenture"\) \(previously filed as Exhibit 4.1 to Amendment No. 1 to Registration Statement No. 33-33603 on Form S-3 by Sara Lee Corporation, predecessor in interest to The Hillshire Brands Company, filed with the Commission on October 5, 1990, Commission File No. 001-03344, and incorporated herein by reference\).](#)

- 4.15 [Form of 4.10% Notes due 2020 issued pursuant to the Sara Lee Indenture \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated September 7, 2010 by The Hillshire Brands Company, Commission File No. 001-03344, and incorporated herein by reference\).](#)
- 4.16 [Form of 6.13% Notes due 2032 issued pursuant to the Sara Lee Indenture \(previously filed as Exhibit 4.25 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.17 [Supplemental Indenture dated June 2, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-k filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.18 [Form of Floating Rate Senior Notes due 2019 \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.19 [Supplemental Indenture dated June 2, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.20 [Form of Floating Rate Senior Notes due 2020 \(previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.21 [Supplemental Indenture dated June 2, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.22 [Form of 3.55% Senior Notes due 2027 \(previously filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.23 [Supplemental Indenture dated June 2, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.24 [Form of 4.55% Senior Notes due 2047 \(previously filed as Exhibit 4.8 to the Company's Current Report on Form 8-K filed on June 2, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.25 [Supplemental Indenture dated August 23, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 23, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.26 [Form of Floating Rate Senior Notes due 2020 \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 23, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.27 [Supplemental Indenture dated August 23, 2017, by and between the Company and The Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on August 23, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.28 [Form of 2.250% Senior Notes due 2021 \(previously filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on August 23, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.29 [Supplemental Indenture, dated September 28, 2018, by and between the Company and the Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 28, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.30 [Form of 3.900% Senior Notes due 2023 \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 28, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.31 [Supplemental Indenture, dated September 28, 2018, by and between the Company and the Bank of New York Mellon Trust Company, N.A. \(as successor to JPMorgan Chase Bank, N.A. \(formerly The Chase Manhattan Bank, N.A.\)\), as Trustee, supplementing the Company Indenture \(previously filed as exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 28, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 4.32 [Form of 5.100% Senior Notes due 2048 \(previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 28, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)



- 10.1 [Amended and Restated Credit Agreement, dated as of March 14, 2018, among the Company, the subsidiary, borrowers party thereto, and lenders party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent \(previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 20, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.2 \* [Second Amended and Restated Employment Agreement, dated November 9, 2017, by and between the Company and John Tyson \(previously filed as Exhibit 10.76 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.3 \* [Employment Agreement, dated November 15, 2013, by and between the Company and Noel W. White \(previously filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.4 \* [Amended and Restated Employment Agreement, dated October 4, 2018, by and between the Company and Noel W. White \(previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 5, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.5 \* [Employment Agreement, dated November 12, 2013, by and between the Company and Stephen R. Stouffer \(previously filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.6 \* [Employment Agreement, dated August 29, 2014, by and between the Company and Sobhana \(Sally\) Grimes \(previously filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.7 \* [Employment Agreement, dated August 29, 2014, by and between the Company and Mary Oleksiuk \(previously filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2014, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.8 \* [Employment Agreement, dated August 28, 2015, by and between the Company and Curt T. Calaway \(previously filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended October 3, 2015, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.9 \* [Employment Agreement, dated November 1, 2012, by and between the Company and Scott E. Rouse \(previously filed as Exhibit 10.2 to the Company's Current Report on Form 10-Q for the period ended April 1, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.10 \* [Employment Agreement, dated October 5, 2014, by and between the Company and Douglas W. Ramsey \(previously filed as Exhibit 10.3 to the Company's Current Report on Form 10-Q for the period ended April 1, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.11 \* [Employment Agreement, dated December 11, 2017, by and between the Company and Stewart Glendinning \(previously filed as Exhibit 10.2 to the Company's Current Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.12 \* [Employment Agreement, dated December 11, 2017, by and between the Company and Shih-Feng \(Amy\) Tu \(previously filed as Exhibit 10.3 to the Company's Current Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.13 \* [Employment Agreement, dated December 11, 2017, by and between the Company and Jay Scott Spradley \(previously filed as Exhibit 10.4 to the Company's Current Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.14 \* [Employment Agreement, dated December 11, 2017, by and between the Company and Justin Whitmore \(previously filed as Exhibit 10.5 to the Company's Current Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.15 \* [Employment Agreement, dated November 6, 2019, by and between the Company and Samuel Dean Banks, Jr.](#)
- 10.16 \* [Indemnity Agreement, dated as of September 28, 2007, between the Company and John Tyson \(previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 28, 2007, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.17 \* [Form of Indemnity Agreement between Tyson Foods, Inc. and its directors and certain executive officers \(previously filed as Exhibit 10\(t\) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995, Commission File No. 0-3400, and incorporated herein by reference\).](#)
- 10.18 \* [Tyson Foods, Inc. Annual Incentive Compensation Plan for Senior Executives adopted February 4, 2005, and reapproved February 5, 2016 \(previously filed as Exhibit 10.34 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2005, Commission File No. 001-14704, and incorporated herein by reference\).](#)



- 10.19 \* [Amended and Restated Tyson Foods, Inc. Employee Stock Purchase Plan, effective as of February 1, 2013 \(previously filed as Exhibit 99.2 to Registration Statement on Form S-8 on February 22, 2013, Registration No. 333-186797, and incorporated herein by reference\).](#)
- 10.20 \* [First Amendment to the Tyson Foods, Inc. Employee Stock Purchase Plan, effective February 1, 2013 \(previously filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.21 \* [Amended and Restated Executive Savings Plan of Tyson Foods, Inc. effective January 1, 2013 \(previously filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.22 \* [First Amendment to the Executive Savings Plan of Tyson Foods, Inc. effective November 16, 2017 \(previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 30, 2017, Commission File No. 001-14704 and incorporated herein by reference\).](#)
- 10.23 \* [Amended and Restated Tyson Foods, Inc. 2000 Stock Incentive Plan effective February 8, 2018 \(previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, Commission File No. 001-14704 and incorporated herein by reference\).](#)
- 10.24 \* [Amended and Restated Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective January 1, 2017 \(previously filed as Exhibit 10.68 to the Company's Annual report on Form 10-K for the fiscal year ended October 1, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.25 \* [First Amendment to the Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective November, 16, 2017 \(previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended 12/30/2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.26 \* [Second Amendment to the Tyson Foods, Inc. Supplemental Executive Retirement and Life Insurance Premium Plan effective February 2018 \(previously filed as Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended 12/30/2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.27 \* [Retirement Savings Plan of Tyson Foods, Inc. effective January 1, 2011 \(previously filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2011, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.28 \* [First Amendment to the Retirement Savings Plan of Tyson Foods, Inc., as Amended and Restated as of January 1, 2011 \(previously filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.29 \* [Amended and Restated Retirement Income Plan of IBP, inc. effective August 1, 2000, and Amendment to Freeze the Retirement Income Plan of IBP, inc. effective December 31, 2002 \(previously filed as Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2008, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.30 \* [Form of Performance Shares Relative Total Shareholder Return Stock Incentive Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.31 \* [Form of Performance Shares EBIT Stock Incentive Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.32 \* [Form of Restricted Stock Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective January 1, 2010 \(previously filed as Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2010, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.33 \* [Form of Restricted Stock Subject to Performance Criteria Stock Incentive Award Agreement pursuant to which restricted stock awards subject to performance criteria are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ending December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.34 \* [Form of Restricted Stock Incentive Award Agreement with contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ending December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)

- 10.35 \* [Form of Restricted Stock Incentive Award Agreement with non-contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ending December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.36 \* [Form of Stock Options Incentive Award Agreement with contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ending December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.37 \* [Form of Stock Options Incentive Award Agreement with non-contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2016 \(previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ending December 31, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.38 \* [Form of Stock Option Grant Agreement pursuant to which stock option awards were granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan prior to July 31, 2009 \(previously filed as Exhibit 10.49 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2004, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.39 \* [Form of Stock Option Grant Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective July 31, 2009, through February 3, 2010 \(previously filed as Exhibit 10.43 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2010, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.40 \* [Form of Stock Option Grant Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective February 4, 2010 \(previously filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended October 2, 2010, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.41 \* [Form of Stock Option Grant Agreement with non-contracted employees pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 29, 2010 \(previously filed as Exhibit 10.40 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2011, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.42 \* [Form of Stock Option Grant Agreement with contracted employees at band level 1-5 pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 29, 2010 \(previously filed as Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2011, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.43 \* [Form of Stock Option Grant Agreement with key employees and contracted employees at band level 6-9 pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 29, 2010 \(previously filed as Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2011, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.44 \* [Form of Stock Option Grant Agreement with non-contracted employees pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2011 \(previously filed as Exhibit 10.46 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.45 \* [Form of Stock Option Grant Agreement with contracted employees at band level 1-5 pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2011 \(previously filed as Exhibit 10.47 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.46 \* [Form of Stock Option Grant Agreement with key employees and contracted employees at band level 6-9 pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 28, 2011 \(previously filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.47 \* [Form of Stock Incentive Agreement pursuant to which stock options are granted to contracted employees under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective October 26, 2012 \(previously filed as Exhibit 10.49 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.48 \* [Form of Stock Incentive Agreement pursuant to which stock options are granted to non-contracted employees under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective October 26, 2012 \(previously filed as Exhibit 10.50 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)



- 10.49 \* [Form of Performance Stock Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective October 4, 2010 \(previously filed as Exhibit 10.44 to the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2011, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.50 \* [Form of Performance Stock Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective October 3, 2011 \(previously filed as Exhibit 10.52 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.51 \* [Form of Stock Incentive Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective October 26, 2012 \(previously filed as Exhibit 10.53 to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2012, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.52 \* [Form of Stock Incentive Award Agreement with non-contracted officers pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.53 \* [Form of Stock Incentive Award Agreement with contracted officers pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.54 \* [Form of Stock Incentive Award Agreement with contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.55 \* [Form of Stock Incentive Award Agreement with non-contracted employees which include non-competition, non-solicitation and confidentiality agreements, pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.56 \* [Form of Stock Incentive Award Agreement with non-contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.57 \* [Form of Stock Incentive Award Agreement pursuant to which restricted stock awards subject to performance criteria are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.58 \* [Form of Stock Incentive Plan Stock Agreement pursuant to which restricted stock units awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.59 \* [Form of Stock Incentive Agreement pursuant to which stock appreciation rights awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.60 \* [Form of Stock Incentive Award Agreement with contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.61 \* [Form of Stock Incentive Award Agreement with non-contracted employees which include non-competition, non-solicitation and confidentiality agreements, pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.62 \* [Form of Stock Incentive Award Agreement with non-contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 30, 2015 \(previously filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the period ended January 2, 2016, Commission File No. 001-14704, and incorporated herein by reference\).](#)

- 10.63 \* [Tyson Foods, Inc. Severance Pay Plan for Contracted Employees, as amended and restated effective December 1, 2017 \(previously filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.64 \*\* [Executive Severance Plan effective October 15, 2018 \(previously filed as Exhibit 10.65 to the Company's Annual Report on Form 10-K for the period ended September 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.65 \* [Form of Performance Shares Operating Income Stock Incentive Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.66 \* [Form of Performance Shares Relative Total Shareholder Return Stock Incentive Award Agreement pursuant to which performance stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.67 \* [Form of Restricted Stock Subject to Performance Criteria Stock Incentive Award Agreement pursuant to which restricted stock awards subject to performance criteria are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.68 \* [Form of Restricted Stock Incentive Award Agreement with contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.69 \* [Form of Restricted Stock Incentive Award Agreement with non-contracted employees pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.70 \* [Form of Stock Options Incentive Award Agreement with contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.71 \* [Form of Stock Options Incentive Award Agreement with non-contracted employees pursuant to which stock options awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the period ended December 30, 2017, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.72 \* [Form of Performance Shares - Operating Income - Stock Incentive Award Agreement pursuant to which performance shares are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.73 \* [Form of Performance Shares - Operating Income \(5+1\) - Stock Incentive Award Agreement pursuant to which performance shares are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.74 \* [Form of Restricted Stock Subject to Performance Criteria - Stock Incentive Award Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.75 \* [Form of Restricted Stock Subject to Performance Criteria \(5+1\) - Stock Incentive Award Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.76 \* [Form of Stock Options \(Contracted\) - Stock Incentive Award Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)

- 10.77 \* [Form of Stock Options \(5+1\) - Stock Incentive Award Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.78 \* [Form of Stock Options \(Director/Non-Contract\) - Stock Incentive Award Agreement pursuant to which stock option awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.79 \* [Form of Restricted Stock \(Contracted\) - Stock Incentive Award Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.80 \* [Form of Restricted Stock \(Director/Non-contract\) - Stock Incentive Award Agreement pursuant to which restricted share awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.81 \* [Form of Restricted Stock \(5+1\) - Stock Incentive Award Agreement pursuant to which restricted stock awards are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.82 \* [Form of Performance Shares - Total Shareholder Return - Stock Incentive Award Agreement pursuant to which performance shares are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.83 \* [Form of Performance Shares - Total Shareholder Return \(5+1\) - Stock Incentive Award Agreement pursuant to which performance shares are granted under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 10.84 \* [Form of Stock Appreciation Rights Award Agreement pursuant to which stock appreciation rights are awarded under the Tyson Foods, Inc. 2000 Stock Incentive Plan effective November 17, 2017 \(previously filed as Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2018, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 14.1 [Code of Conduct of the Company \(previously filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2013, Commission File No. 001-14704, and incorporated herein by reference\).](#)
- 21 \*\* [Subsidiaries of the Company.](#)
- 23 \*\* [Consent of PricewaterhouseCoopers LLP.](#)
- 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 Annual Report on Form 10-K for the year ended September 28, 2019, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, (vi) the Notes to Consolidated Financial Statements, and (vii) Financial Statement Schedule.
- \* Indicates a management contract or compensatory plan or arrangement.
- \*\* Filed herewith
- \*\*\* Furnished herewith

**FINANCIAL STATEMENT SCHEDULE  
 TYSON FOODS, INC.  
 SCHEDULE II  
 VALUATION AND QUALIFYING ACCOUNTS**

Three Years Ended September 28, 2019

in millions			Balance at Beginning of Period		Additions			(Deductions)		Balance at End of Period	
					Charged to Costs and Expenses		Charged to Other Accounts				
<b>Allowance for Doubtful Accounts:</b>											
	2019	\$	19	\$	4	\$	—	\$	(2)	\$	21
	2018		34		3		—		(18)		19
	2017		33		10		—		(9)		34
<b>Inventory Lower of Cost or Net Realizable Value Allowance:</b>											
	2019	\$	25	\$	61	\$	—	\$	(52)	\$	34
	2018		3		68		—		(46)		25
	2017		39		5		—		(41)		3
<b>Valuation Allowance on Deferred Tax Assets:</b>											
	2019	\$	79	\$	13	\$	6	\$	(12)	\$	86
	2018		75		12		—		(8)		79
	2017		72		4		—		(1)		75

**ITEM 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to requirements of Section 13 or 15(d) 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.**

By: /s/ Stewart Glendinning  
Stewart Glendinning  
Executive Vice President and Chief  
Financial Officer (Principal Financial Officer)

November 12, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>/s/ Gaurdie E. Banister Jr.</u> Gaurdie E. Banister Jr.	Director	November 12, 2019
<u>/s/ Dean Banks</u> Dean Banks	Director	November 12, 2019
<u>/s/ Mike Beebe</u> Mike Beebe	Director	November 12, 2019
<u>/s/ Mikel A. Durham</u> Mikel A. Durham	Director	November 12, 2019
<u>/s/ Steve Gibbs</u> Steve Gibbs	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	November 12, 2019
<u>/s/ Stewart Glendinning</u> Stewart Glendinning	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 12, 2019
<u>/s/ Jonathan D. Mariner</u> Jonathan D. Mariner	Director	November 12, 2019
<u>/s/ Kevin M. McNamara</u> Kevin M. McNamara	Director	November 12, 2019
<u>/s/ Cheryl S. Miller</u> Cheryl S. Miller	Director	November 12, 2019
<u>/s/ Jeffrey K. Schomburger</u> Jeffrey K. Schomburger	Director	November 12, 2019
<u>/s/ Robert C. Thurber</u> Robert C. Thurber	Director	November 12, 2019
<u>/s/ Barbara A. Tyson</u> Barbara A. Tyson	Director	November 12, 2019
<u>/s/ John Tyson</u> John Tyson	Chairman of the Board of Directors	November 12, 2019
<u>/s/ Noel White</u> Noel White	President and Chief Executive Officer (Principal Executive Officer)	November 12, 2019

The following description of our capital stock is based upon our restated certificate of incorporation (“Certificate of Incorporation”), our bylaws (“Bylaws”) and applicable provisions of law. We have summarized certain portions of the Certificate of Incorporation and Bylaws below. The summary is not complete. The Certificate of Incorporation and Bylaws are incorporated by reference into the registration statement for these securities that we have filed with the SEC and have been filed as exhibits to our Annual Report on Form 10-K for the year ended September 28, 2019. You should read the Certificate of Incorporation and Bylaws for the provisions that are important to you. In this “Description of Capital Stock,” unless otherwise indicated, “we,” “us,” “our,” “the Company” and similar words refer to Tyson Foods, Inc. and not any of its subsidiaries.

### Capital Stock

We currently have issued and outstanding two classes of capital stock, Class A common stock, par value \$0.10 per share, and Class B common stock, par value \$0.10 per share. Our Certificate of Incorporation authorizes the issuance of up to 900 million shares of each of Class A common stock and Class B common stock. The holders of Class A common stock are entitled to one vote, and the holders of Class B common stock are entitled to ten votes, for each share held of record on all matters submitted to stockholders, including the election of directors and such other matters as may properly come before our annual meeting and any adjournments or postponements thereof. Except as required by law, holders of Class A common stock and Class B common stock vote together as a single class; provided, however, that holders of Class A common stock and Class B common stock vote separately as a class with respect to the issuance of additional shares of Class B common stock (except in connection with stock splits and stock dividends). Holders of Class A common stock and holders of Class B common stock do not have cumulative voting rights. Holders of Class A common stock and Class B common stock are entitled to receive such dividends and other distributions in cash, stock or property of the Company as may be determined by our board of directors out of any funds legally available therefor; provided, however, that no cash dividend may be paid on Class B common stock unless a cash dividend is simultaneously paid on Class A common stock, and the per share amount of the cash dividend paid on Class B common stock cannot exceed 90% of the per share cash dividend simultaneously paid on Class A common stock. In the case of dividends or other distributions payable in common stock, including distributions pursuant to stock splits or divisions of stock of the Company which occur after the initial issuance of shares of Class B Stock by the Company, such distributions or divisions will be in the same proportion with respect to each class of stock, but only shares of Class A common stock will be distributed with respect to Class A common stock and only shares of Class B common stock will be distributed with respect to Class B common stock. In the case of any combination or reclassification of Class A common stock, the shares of Class B common stock will also be combined or reclassified so that the relationship between the number of shares of Class B common stock and Class A common stock outstanding immediately following such combination or reclassification will be the same as the relationship between Class B common stock and Class A common stock immediately prior to such combination or reclassification.

Upon liquidation of the Company, the holders of Class A common stock and Class B common stock share ratably in the assets, if any, remaining after payment of all debts and liabilities of the Company; provided that a merger or consolidation of the Company with or into any other corporation or a sale or conveyance of all or any part of the assets of the Company (which does not in fact result in the liquidation of the Company and the distribution of assets to our stockholders) will not be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Company. Such holders do not have preemptive, conversion or redemption rights, except that each holder of Class B common stock may, at such holder’s option, and upon written notice to the Company, convert each share of Class B common stock into one fully paid and nonassessable share of Class A common stock.

The transfer agent and registrar for our Class A common stock is Computershare, Inc.

Our Class A common stock is listed on the NYSE under the symbol “TSN.”

### DESCRIPTION OF DEBT SECURITIES

Any debt securities that we may issue will constitute either senior or subordinated debt of the Company. Any debt securities that are sold may be exchangeable for and/or convertible into Class A common stock or any other securities that may be sold under this prospectus. Any debt securities will be issued under an indenture dated as of June 1, 1995, as supplemented (the “Indenture”), between the Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank, N.A.)), as Trustee (the “Trustee”), or one or more separate indentures between the Company and a designated trustee. We will include a prospectus supplement on the specific terms of each series of senior or subordinated debt securities being offered, including the terms, if any, on which a series of senior or subordinated debt securities may be convertible into or exchangeable for other securities.

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The following is a summary of the Indenture under which senior debt securities may be issued. The following statements are subject to the detailed provisions of the Indenture. We have filed a copy of the Indenture as an exhibit to the registration statement of which this prospectus is a part. The Indenture is also available for inspection at the office of the Trustee. Section references are to the Indenture. The following summarizes the material terms of the Indenture; however, the following summaries of certain provisions of the Indenture are not complete. Wherever particular provisions of the Indenture are referred to, such provisions, including definitions of certain terms, are incorporated by reference as part of such summaries or terms, which are qualified in their entirety by such reference to the provisions of the Indenture. Definitions of certain terms used in this “Description of Debt Securities” may be found below under “-Certain Definitions.” In this “Description of Debt Securities,” unless otherwise indicated, “we,” “us,” “our,” “the Company” and similar words refer to Tyson Foods, Inc. and not any of its subsidiaries.

## General

The Indenture does not limit the aggregate principal amount of debt securities which may be issued under the Indenture and provides that the debt securities may be issued from time to time in one or more series, as authorized from time to time by our Board of Directors, any committee of our Board of Directors or any duly authorized officer. The debt securities will be direct, unsecured and unsubordinated obligations of the Company and will rank on a parity with our other unsecured and unsubordinated indebtedness. The debt securities will be effectively subordinated to our senior secured indebtedness to the extent of the value of the collateral securing such indebtedness. Except as described under “Certain Covenants,” the Indenture does not limit other indebtedness or securities which may be incurred or issued by the Company or any of its subsidiaries or contain financial or similar restrictions on the Company or any of its subsidiaries. The Company’s rights and the rights of its creditors, including holders of debt securities, to participate in any distribution of assets of any subsidiary upon the latter’s liquidation or reorganization or otherwise are effectively subordinated to the claims of the subsidiary’s creditors, except to the extent that the Company or any of its creditors may itself be a creditor of that subsidiary.

The particular terms of a series of debt securities will be set forth in an officers’ certificate or supplemental indenture, and described in the applicable prospectus supplement. We urge you to read the Indenture as supplemented by any officers’ certificate or supplemental indenture because the Indenture, as supplemented, and not this section, defines your rights as a holder of the debt securities.

The prospectus supplement which accompanies this prospectus will set forth where applicable the following terms of and information relating to the debt securities in respect of which this prospectus is being delivered (“Offered Securities”):

- the designation of the Offered Securities;
  - the aggregate principal amount of the Offered Securities;
  - the date or dates on which principal of, and premium, if any, on the Offered Securities is payable;
  - the rate or rates at which the Offered Securities shall bear interest, if any, or the method by which such rate shall be determined, and the basis on which interest shall be calculated if other than a 360-day year consisting of twelve 30-day months, the date or dates from which such interest will accrue and on which such interest will be payable and the related record dates;
  - if other than the offices of the Trustee, the place where the principal of and any premium or interest on the Offered Securities will be payable;
  - any redemption, repayment or sinking fund provisions;
  - if other than denominations of \$1,000 or multiples of \$1,000, the denominations in which the Offered Securities will be issuable;
  - if other than the principal amount of such debt security, the portion of the principal amount due upon acceleration;
  - if other than U.S. dollars, the currency or currencies (including composite currencies) in which the Offered Securities are denominated or payable;
  - whether the Offered Securities shall be issued in the form of a global security or securities;
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- if applicable, a discussion of any material United States federal income tax considerations;
- any other specific terms of the Offered Securities; and
- the identity of any trustees, depositories, authenticating or paying agents, transfer agents or registrars with respect to the Offered Securities. (Section 2.3)

The debt securities will be issued either in certificated, fully registered form, without coupons, or as global securities under a book-entry system, as specified in the accompanying prospectus supplement. See “Form of Securities.”

Unless otherwise specified in the accompanying prospectus supplement, principal and premium, if any, will be payable, and the debt securities will be transferable and exchangeable without any service charge, at the office of the Trustee. However, the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any such transfer or exchange. (Sections 2.7, 4.1 and 4.2)

Unless otherwise specified in the accompanying prospectus supplement, interest on any series of debt securities will be payable on the interest payment dates set forth in the accompanying prospectus supplement to the persons in whose names the debt securities are registered at the close of business on the related record date and will be paid, at the option of the Company, by wire transfer or by checks mailed to such persons. (Sections 2.7 and 4.1)

If the debt securities are issued as Original Issue Discount Securities (as defined in the Indenture) bearing no interest or interest at a rate which at the time of issuance is below market rates and are to be sold at a substantial discount below their stated principal amount, the other special considerations applicable to such Original Issue Discount Securities will be generally described in the prospectus supplement.

Unless otherwise described in the accompanying prospectus supplement, there are no covenants or provisions contained in the Indenture which afford the holders of the debt securities protection in the event of a highly leveraged transaction involving the Company. Reference is made to the applicable prospectus supplement for information with respect to any additions to, or modifications or deletions of, the events of default or covenants described below.

#### **Certain Covenants**

*Restrictions on Liens.* The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary (as defined below) to, create, incur or suffer to exist any mortgage or pledge, as security for any indebtedness, on or of any shares of stock, indebtedness or other obligations of a Subsidiary (as defined below) or any Principal Property (as defined below) of the Company or a Restricted Subsidiary, whether such shares of stock, indebtedness or other obligations of a Subsidiary or Principal Property is owned at the date of the Indenture or acquired after the date of the Indenture, unless the Company secures or causes such Restricted Subsidiary to secure the outstanding debt securities equally and ratably with all indebtedness secured by such mortgage or pledge, so long as such indebtedness shall be so secured. This covenant will not apply in the case of:

(i) the creation of any mortgage, pledge or other lien on any shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture (including acquisitions by way of merger or consolidation) by the Company or a Restricted Subsidiary contemporaneously with such acquisition, or within 180 days after such acquisition, to secure or provide for the payment or financing of any part of the purchase price of such acquisition, or the assumption of any mortgage, pledge or other lien upon any shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture existing at the time of such acquisition, or the acquisition of any shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property subject to any mortgage, pledge or other lien without the assumption of such mortgage, pledge or other liens, provided that every such mortgage, pledge or lien referred to in this clause (i) will attach only to the shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property so acquired and fixed improvements on such Principal Property;

(ii) any mortgage, pledge or other lien on any shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property existing at the date of this Indenture;

(iii) any mortgage, pledge or other lien on any shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property in favor of the Company or any Restricted Subsidiary;

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(iv) any mortgage, pledge or other lien on Principal Property being constructed or improved securing loans to finance such construction or improvements;

(v) any mortgage, pledge or other lien on shares of stock, indebtedness or other obligations of a Subsidiary or any Principal Property incurred in connection with the issuance of tax-exempt governmental obligations; and

(vi) any renewal of or substitution for any mortgage, pledge or other lien permitted by any of the preceding clauses (i) through (v), provided, in the case of a mortgage, pledge or other lien permitted under clause (i), (ii) or (iv), the indebtedness secured is not increased nor the lien extended to any additional shares of stock, indebtedness or other obligations of a Subsidiary or any additional Principal Property.

Notwithstanding the foregoing, the Company or any Restricted Subsidiary may create or assume liens in addition to those permitted by this paragraph, and renew, extend or replace such liens, provided that at the time of such creation, assumption, renewal, extension or replacement, and after giving effect to such creation, assumption, renewal, extension or replacement, Exempted Debt (as defined below) does not exceed 10% of Consolidated Net Tangible Assets (as defined below). (Section 4.3)

*Restrictions on Sale and Lease-Back Transactions.* The Indenture provides that the Company will not, and will not permit any Restricted Subsidiary to, sell or transfer, directly or indirectly, except to the Company or a Restricted Subsidiary, any Principal Property as an entirety, or any substantial portion of such property, with the intention of taking back a lease of such property, except a lease for a period of three years or less at the end of which it is intended that the use of such property by the lessee will be discontinued; provided that, notwithstanding the foregoing, the Company or any Restricted Subsidiary may sell any such Principal Property and lease it back for a longer period (i) if the Company or such Restricted Subsidiary would be entitled, pursuant to the provisions described above under “-Restrictions on Liens,” to create a mortgage on the property to be leased securing Funded Debt (as defined below) in an amount equal to the Attributable Debt (as defined below) with respect to such sale and lease-back transaction without equally and ratably securing the outstanding debt securities or (ii) if (A) the Company promptly informs the Trustee of such transaction, (B) the net proceeds of such transaction are at least equal to the fair value (as determined by board resolution of the Company) of such property and (C) the Company causes an amount equal to the net proceeds of the sale to be applied to the retirement, within 180 days after receipt of such proceeds, of Funded Debt incurred or assumed by the Company or a Restricted Subsidiary (including the debt securities); provided further that, in lieu of applying all of or any part of such net proceeds to such retirement, the Company may, within 75 days after such sale, deliver or cause to be delivered to the applicable trustee for cancellation either debentures or notes evidencing Funded Debt of the Company (which may include the outstanding debt securities) or of a Restricted Subsidiary previously authenticated and delivered by the applicable trustee, and not previously tendered for sinking fund purposes or called for a sinking fund or otherwise applied as a credit against an obligation to redeem or retire such notes or debentures, and an officers’ certificate (which will be delivered to the Trustee and each paying agent and which need not contain the statements prescribed by the second paragraph of Section 10.4 of the Indenture) stating that the Company elects to deliver or cause to be delivered such debentures or notes in lieu of retiring Funded Debt as provided in the Indenture. If the Company shall so deliver debentures or notes to the applicable trustee and the Company shall duly deliver such officers’ certificate, the amount of cash which the Company will be required to apply to the retirement of Funded Debt under this provision of the Indenture shall be reduced by an amount equal to the aggregate of the then applicable optional redemption prices (not including any optional sinking fund redemption prices) of such debentures or notes or, if there are no such redemption prices, the principal amount of such debentures or notes; provided, that in the case of debentures or notes which provide for an amount less than the principal amount of such debentures or notes to be due and payable upon a declaration of the maturity of such debentures or notes, such amount of cash shall be reduced by the amount of principal of such debentures or notes that would be due and payable as of the date of such application upon a declaration of acceleration of the maturity of such debentures or notes pursuant to the terms of the Indenture pursuant to which such debentures or notes were issued. Notwithstanding the foregoing, the Company or any Restricted Subsidiary may enter into sale and lease-back transactions in addition to those permitted by this paragraph and without any obligation to retire any outstanding debt securities or other Funded Debt, provided that at the time of entering into such sale and lease-back transactions and after giving effect to such transactions, Exempted Debt does not exceed 10% of Consolidated Net Tangible Assets. (Section 4.4)

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## Certain Definitions

The term “Attributable Debt” as defined in the Indenture means, as to any particular lease under which any Person (as defined in the Indenture) is at the time liable, other than a capital lease, and at any date as of which the amount of such lease is to be determined, the total net amount of rent required to be paid by such Person under such lease during the initial term of such lease as determined in accordance with generally accepted accounting principles, discounted from the last date of such initial term to the date of determination at a rate per annum equal to the discount rate which would be applicable to a capital lease with like term in accordance with generally accepted accounting principles. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labor costs and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated. “Attributable Debt” means, as to a capital lease under which any Person is at the time liable and at any date as of which the amount of such lease is to be determined, the capitalized amount of such lease that would appear on the face of a balance sheet of such Person in accordance with generally accepted accounting principles.

The term “Consolidated Net Tangible Assets” as defined in the Indenture means the excess over the current liabilities of the Company of all of its assets as determined by the Company and as would be set forth in a consolidated balance sheet of the Company and its Subsidiaries, on a consolidated basis, in accordance with generally accepted accounting principles as of a date within 90 days of the date of such determination, after deducting goodwill, trademarks, patents, other like intangibles and minority interests of others.

The term “Exempted Debt” as defined in the Indenture means the sum, without duplication, of the following items outstanding of the date Exempted Debt is being determined:

(i) indebtedness of the Company and its Restricted Subsidiaries incurred after the date of the Indenture and secured by liens created, assumed or otherwise incurred or permitted to exist pursuant to the provision described in the last sentence under “Certain Covenants-Restrictions on Liens” and

(ii) Attributable Debt of the Company and its Restricted Subsidiaries in respect of all sale and lease-back transactions with regard to any Principal Property entered into pursuant to the provision described in the last sentence under “-Certain Covenants-Restrictions on Sale and Lease-Back Transactions.”

The term “Funded Debt” as defined in the Indenture means all indebtedness for money borrowed, including purchase money indebtedness, having a maturity of more than one year from the date of its creation or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the obligor in respect of such indebtedness, beyond one year from its creation.

The term “Principal Property” as defined in the Indenture means:

(i) land, land improvements, buildings and associated factory equipment owned or leased pursuant to a capital lease and used by the Company or a Restricted Subsidiary primarily for processing, producing, packaging or storing its products, raw materials, inventories or other materials and supplies and located within the United States of America and having an acquisition cost plus capitalized improvements in excess of 1% of Consolidated Net Tangible Assets as of the date of such determination;

(ii) certain property referred to in the Indenture; and

(iii) any asset held by Tyson Holding Company (which was subsequently merged with and into Tyson Foods, Inc.)

but shall not include any such property or assets described in clauses (i), (ii) or (iii) that is financed through the issuance of tax exempt governmental obligations, or any such property or assets that has been determined by board resolution of the Company not to be of material importance to the respective businesses conducted by the Company or such Restricted Subsidiary, effective as of the date such resolution is adopted.

The term “Restricted Subsidiary” as defined in the Indenture means any Subsidiary organized and existing under the laws of the United States of America and the principal business of which is carried on within the United States of America which owns or is a lessee pursuant to a capital lease of any Principal Property or owns shares of capital stock or indebtedness of another Restricted Subsidiary other than:

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(i) each Subsidiary the major part of whose business consists of finance, banking, credit, leasing, insurance, financial services or other similar operations, or any combination of such operations; and

(ii) each Subsidiary formed or acquired after the date of the Indenture for the purpose of acquiring the business or assets of another person and which does not acquire all or any substantial part of the business or assets of the Company or any Restricted Subsidiary;

provided, however, the Board of Directors of the Company may declare any such Subsidiary to be a Restricted Subsidiary effective as of the date such resolution is adopted.

The term “Subsidiary” as defined in the Indenture means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the outstanding Voting Stock (as defined in the Indenture) is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

#### **Restrictions on Consolidations, Mergers and Sales of Assets**

The Indenture provides that the Company will not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to, any Person (other than a consolidation with or merger with or into a Subsidiary) or permit any Person to merge with or into the Company unless:

(a) either

(i) the Company will be the continuing Person or

(ii) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or that acquired or leased such property and assets of the Company shall be a corporation organized and validly existing under the laws of the United States of America or any jurisdiction of the United States of America and shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, all of the obligations of the Company on all of the debt securities and the Company shall have delivered to the Trustee an opinion of counsel stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(b) immediately after giving effect to such transaction, no Default (as defined in the Indenture) shall have occurred and be continuing. (Section 5.1)

#### **Events of Default**

An “Event of Default,” as defined in the Indenture and applicable to debt securities, will occur with respect to the debt securities of any series if:

(a) the Company defaults in the payment of the principal of any debt security of such series when the same becomes due and payable at maturity, upon acceleration, redemption, mandatory repurchase or otherwise;

(b) the Company defaults in the payment of interest on any debt security of such series when the same becomes due and payable, and such default continues for a period of 30 days;

(c) the Company defaults in the performance of or breaches any other covenant or agreement of the Company in the Indenture with respect to the debt securities of such series and such default or breach continues for a period of 30 consecutive days after written notice to the Company by the Trustee or to the Company and the Trustee by the Holders (as defined in the Indenture) of 25% or more in aggregate principal amount of the debt securities of such series;

(d) an involuntary case or other proceeding shall be commenced against the Company with respect to it or its debts under any bankruptcy, insolvency or other similar law seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company under the federal bankruptcy laws;

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(e) the Company

(i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law, or consents to the entry of an order for relief in an involuntary case under any such law,

(ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or for all or substantially all of the property and assets of the Company or

(iii) effects any general assignment for the benefit of creditors; or

(f) any other Events of Default set forth in the applicable prospectus supplement occurs. (Section 6.1)

The Indenture provides that if an Event of Default described in clauses (a), (b), (c) or (f) above (if such Event of Default under clause (c) or (f) is with respect to one or more but not all series of debt securities then outstanding) occurs and is continuing, then, and in each and every such case, except for any series of debt securities the principal of which shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the debt securities of each such series then outstanding under the Indenture (each such series voting as a separate class) by notice in writing to the Company (and to the Trustee if given by Holders), may declare the entire principal (or, if the debt securities of any such series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series and set forth in the applicable prospectus supplement) of all debt securities of all such series, and the interest accrued on such debt securities, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (c) or (f) occurs and is continuing with respect to all series of debt securities then outstanding, then and in each and every such case, unless the principal of all the debt securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of all the debt securities then outstanding under the Indenture (treated as one class), by notice in writing to the Company (and to the Trustee if given by Holders), may declare the entire principal (or, if any debt securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms of such Original Issue Discount Securities and set forth in the applicable prospectus supplement) of all the debt securities then outstanding and interest accrued on such debt securities, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (d) or (e) occurs and is continuing, then the principal amount (or, if any debt securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms of such Original Issue Discount Securities and set forth in the applicable prospectus supplement) of all the debt securities then outstanding and interest accrued on such debt securities, if any, shall be and become immediately due and payable, without any notice or other action by any Holder or the Trustee, to the full extent permitted by applicable law.

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The provisions described in the paragraph above, however, are subject to the condition that if, at any time after the principal (or, if the debt securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms of such Original Issue Discount Securities and set forth in the applicable prospectus supplement) of the debt securities of any series (or of all the debt securities, as the case may be) shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, the Company will pay or will deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the debt securities of each such series (or of all the debt securities, as the case may be) and the principal of any and all debt securities of each such series (or of all the debt securities, as the case may be) which shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the same rate as the rate of interest or yield to maturity (in the case of Original Issue Discount Securities) specified in the debt securities of each such series and set forth in the applicable prospectus supplement to the date of such payment or deposit) and such amount as shall be sufficient to cover all amounts owing to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and if any and all Events of Default under the Indenture, other than the non-payment of the principal of debt securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided in the Indenture, then and in every such case the Holders of a majority in aggregate principal amount of all the debt securities of each such series, or of all the debt securities, in each case voting as a single class, then outstanding, by written notice to the Company and to the Trustee, may waive all defaults with respect to each such series (or with respect to all the debt securities, as the case may be) and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment will extend to or shall affect any subsequent default or shall impair any right consequent on such default. For all purposes under the Indenture, if a portion of the principal of any Original Issue Discount Securities shall have been accelerated and declared due and payable pursuant to the provisions described above, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Original Issue Discount Securities will be deemed, for all purposes under the Indenture, to be such portion of the principal of such Original Issue Discount Securities as shall be due and payable as a result of such acceleration, and payment of such portion of the principal of such Original Issue Discount Securities as shall be due and payable as a result of such acceleration, together with interest, if any, on such Original Issue Discount Securities and all other amounts owing under the Indenture, shall constitute payment in full of such Original Issue Discount Securities. (Section 6.2)

The Indenture contains a provision under which, subject to the duty of the Trustee during a default to act with the standard of care required by law:

(i) the Trustee may rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper person, and the Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(ii) before the Trustee acts or refrains from acting, it may require an officers' certificate or an opinion of counsel, and the Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion;

(iii) the Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care;

(iv) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction;

(v) the Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders of a majority in principal amount of the outstanding debt securities relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and

(vi) the Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it under the Indenture in good faith and in reliance on such advice or opinion. (Section 7.2)

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Subject to such provisions in the Indenture for the indemnification of the Trustee and certain other limitations, the Holders of at least a majority in aggregate principal amount of the outstanding debt securities of each series affected (each such series voting as a separate class) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided, that the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction; and provided further, that the Trustee may take any other action it deems proper that is not inconsistent with any directions received from Holders of debt securities pursuant to this paragraph. (Section 6.5)

The Indenture provides that no Holder of any debt security of any series may institute any proceeding, judicial or otherwise, with respect to the Indenture or the debt securities of such series, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless:

(i) such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the debt securities of such series;

(ii) the Holders of at least 25% in aggregate principal amount of outstanding debt securities of such series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(iii) such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liabilities or expenses to be incurred in compliance with such request;

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding debt securities of such series have not given the Trustee a direction that is inconsistent with such written request.

A Holder may not use the Indenture to prejudice the rights of another Holder or to obtain a preference or priority over such other Holder. (Section 6.6)

The Indenture contains a covenant that the Company will file annually, not more than 90 days after the end of its fiscal year, with the Trustee a certification from the principal executive officer, principal financial officer or principal accounting officer that a review has been conducted of the activities of the Company and its Subsidiaries and the Company's and its Subsidiaries' performance under the Indenture and that the Company has complied with all conditions and covenants under the Indenture. (Section 4.6)

#### **Discharge, Defeasance and Covenant Defeasance**

The Indenture provides that, except as provided below, the Company may terminate its obligations under the debt securities of any series and the Indenture with respect to debt securities of such series if:

(i) all debt securities of such series previously authenticated and delivered (other than destroyed, lost or stolen debt securities of such series that have been replaced or debt securities of such series that are fully paid or debt securities of such series for whose payment money or debt securities have previously been held in trust and subsequently repaid to the Company, as provided in the Indenture) have been delivered to the Trustee for cancellation and the Company has paid all sums payable by it under the Indenture; or

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(ii)(A) the debt securities of such series mature within one year or all of them are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving the notice of redemption, (B) the Company irrevocably deposits in trust with the Trustee, as trust funds solely for the benefit of the Holders of such debt securities for that purpose, money or U.S. Government Obligations (as defined in the Indenture) or a combination of money and U.S. Government Obligations sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification of such firm delivered to the Trustee), without consideration of any reinvestment, to pay principal of and interest on the debt securities of such series to maturity or redemption, as the case may be, and to pay all other sums payable by it under the Indenture, (C) no default with respect to the debt securities of such series has occurred and is continuing on the date of such deposit, (D) such deposit does not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound and (E) the Company delivers to the Trustee an officers' certificate and an opinion of counsel, in each case stating that all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

With respect to the foregoing clause (i), only the Company's obligations under Section 7.7 of the Indenture in respect of the debt securities of such series shall survive. With respect to the foregoing clause (ii), only the Company's obligations in Sections 2.2 (Execution and Authorization), 2.3 (Amount Unlimited; Issuable in Series), 2.4 (Denomination and Date of Securities; Payments of Interest), 2.5 (Registrar and Paying Agent; Agents Generally), 2.6 (Paying Agent to Hold Money in Trust), 2.7 (Transfer and Exchange), 2.11 (Cancellation), 4.2 (Maintenance of Office or Agency), 7.7 (Compensation and Indemnity), 7.8 (Replacement of Trustee), 8.5 (Repayment by Company) and 8.6 (Reinstatement) of the Indenture in respect of the debt securities of such series shall survive until the debt securities of such series are no longer outstanding. Once there are no longer any debt securities of a particular series outstanding, only the Company's obligations in Sections 7.7, 8.5 and 8.6 of the Indenture in respect of the debt securities of such series shall survive. After any such irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations under the debt securities of such series and this Indenture with respect to the debt securities of such series except for those surviving obligations specified above. (Section 8.1)

The Indenture provides that, except as provided below, the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the debt securities of any series after the period specified in clause (iv)(2)(z) below of this paragraph, and the provisions of the Indenture will no longer be in effect with respect to the debt securities of such series, and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same; provided, that the following conditions shall have been satisfied:

(i) the Company has irrevocably deposited in trust with the Trustee as trust funds solely for the benefit of the Holders for payment of the principal of and interest on the debt securities of such series, money or U.S. Government Obligations or a combination of money or U.S. Government Obligations sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification of such firm delivered to the Trustee) without consideration of any reinvestment and after payment of all federal, state and local taxes or other charges and assessments in respect of such funds payable by the Trustee, to pay and discharge the principal of and accrued interest on the outstanding debt securities of such series to maturity or earlier redemption (irrevocably provided for under arrangements satisfactory to the Trustee), as the case may be;

(ii) such deposit will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(iii) no Default (as defined in the Indenture) with respect to the debt securities of such series shall have occurred and be continuing on the date of such deposit or at any time during the period specified in clause (iv)(2)(z) below;

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(iv) the Company shall have delivered to the Trustee (1) either (x) a ruling directed to the Trustee received from the Internal Revenue Service to the effect that the Holders of the debt securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the Company's exercise of its option under this provision of the Indenture and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such option had not been exercised or (y) an opinion of counsel to the same effect as the ruling described in clause (x) above and based on a change in law and (2) an opinion of counsel to the effect that (x) the creation of the defeasance trust does not violate the Investment Company Act of 1940, as amended, (y) the Holders of the debt securities of such series have a valid first priority security interest in the trust funds, and (z) after the passage of 123 days following the deposit (except after one year following the deposit, with respect to any trust funds for the account of any Holder of the debt securities of such series who may be deemed to be an "insider" as to an obligor on the debt securities of such series for purposes of the United States Bankruptcy Code), the trust funds will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law in a case commenced by or against the Company under either such statute, and either (I) the trust funds will no longer remain the property of the Company (and therefore will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally) or (II) if a court were to rule under any such law in any case or proceeding that the trust funds remained in the property of the Company, to the extent not paid to such Holders, the Trustee will hold, for the benefit of such Holders, a valid and perfected first priority security interest in such trust funds that is not avoidable in bankruptcy or otherwise (except for the effect of Section 552(b) of the United States Bankruptcy Code on interest on the trust funds accruing after the commencement of a case under such statute) and the Holders of the debt securities of such series will be entitled to receive adequate protection of their interests in such trust funds if such trust funds are used in such case or proceeding;

(v) if the debt securities of such series are then listed on a national securities exchange, the Company shall have delivered to the Trustee an opinion of counsel to the effect that the defeasance contemplated by this provision of the Indenture of the debt securities of such series will not cause the debt securities of such series to be delisted; and

(vi) the Company has delivered to the Trustee an officers, certificate and an opinion of counsel, in each case stating that all conditions precedent provided for in the Indenture relating to the defeasance contemplated by this provision of the Indenture of the debt securities of such series have been complied with. Notwithstanding the foregoing, prior to the end of the 123-day (or one year) period referred to in clause (iv)(2)(z) of this paragraph, none of the Company's obligations under the Indenture with respect to the debt securities of such series shall be discharged. Subsequent to the end of such 123-day (or one year) period, the Company's obligations in Sections 2.2 (Execution and Authorization), 2.3 (Amount Unlimited; Issuable in Series), 2.4 (Denomination and Date of Securities; Payments of Interest), 2.5 (Registrar and Paying Agent; Agents Generally), 2.6 (Paying Agent to Hold Money in Trust), 2.7 (Transfer and Exchange), 2.11 (Cancellation), 4.2 (Maintenance of Office or Agency), 7.7 (Compensation and Indemnity), 7.8 (Replacement of Trustee), 8.5 (Repayment by Company) and 8.6 (Reinstatement) of the Indenture with respect to the debt securities of such series shall survive until such debt securities are no longer outstanding. Once there are no longer any debt securities of a particular series outstanding, only the Company's obligations in Sections 7.7 (Compensation and Indemnity), 8.5 (Repayment by Company) and 8.6 (Reinstatement) of the Indenture with respect to the debt securities of such series shall survive. If and when a ruling from the Internal Revenue Service or an opinion of counsel referred to in clause (iv)(1) of this paragraph is able to be provided specifically without regard to, and not in reliance upon, the continuance of the Company's obligations under Section 4.1 (Payment of Securities) of the Indenture, then the Company's obligations under such Section 4.1 of the Indenture with respect to the debt securities of such series shall cease upon delivery to the Trustee of such ruling or opinion of counsel and compliance with the other conditions precedent provided for in this provision of the Indenture relating to the defeasance contemplated by this provision of the Indenture. (Section 8.2)

The Indenture provides that the Company may omit to comply with any term, provision or condition described under "-Certain Covenants," and such omission shall be deemed not to be an Event of Default, with respect to the outstanding debt securities of any series if:

(i) the Company has irrevocably deposited in trust with the Trustee as trust funds solely for the benefit of the Holders of the debt securities of such series for payment of the principal of and interest, if any, on the debt securities of such series money or U.S. Government Obligations or a combination of money or U.S. Government Obligations in an amount sufficient (in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification of such firm delivered to the Trustee) without consideration of any reinvestment and after payment of all federal, state and local taxes or other charges and assessments in respect of such funds payable by the Trustee, to pay and discharge the principal of and interest on the outstanding debt securities of such series to maturity or earlier redemption (irrevocably provided for under arrangements satisfactory to the Trustee), as the case may be;

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(ii) such deposit will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(iii) no Default with respect to the debt securities of such series shall have occurred and be continuing on the date of such deposit;

(iv) the Company has delivered to the Trustee an opinion of counsel to the effect that (A) the creation of the defeasance trust does not violate the Investment Company Act of 1940, as amended, (B) the Holders of the debt securities of such series have a valid first-priority security interest in the trust funds, (C) such Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred and (D) after the passage of 123 days following the deposit (except after one year following the deposit, with respect to any trust funds for the account of any Holder of the debt securities of such series who may be deemed to be an “insider” as to an obligor on the debt securities of such series for purposes of the United States Bankruptcy Code), the trust funds will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law in a case commenced by or against the Company under either such statute, and either (1) the trust funds will no longer remain the property of the Company (and therefore will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally) or (2) if a court were to rule under any such law in any case or proceeding that the trust funds remained property of the Company, to the extent not paid to such Holders, the Trustee will hold, for the benefit of such Holders, a valid and perfected first priority security interest in such trust funds that is not avoidable in bankruptcy or otherwise (except for the effect of Section 552(b) of the United States Bankruptcy Code on interest on the trust funds accruing after the commencement of a case under such statute), and the Holders of the debt securities of such series will be entitled to receive adequate protection of their interests in such trust funds if such trust funds are used in such case or proceeding;

(v) if the debt securities of such series are then listed on a national securities exchange, the Company shall have delivered to the Trustee an opinion of counsel to the effect that the covenant defeasance contemplated by this provision of the Indenture of the debt securities of such series will not cause the debt securities of such series to be delisted; and

(vi) the Company has delivered to the Trustee an officers’ certificate and an opinion of counsel, in each case stating that all conditions precedent provided for in the Indenture relating to the covenant defeasance contemplated by this provision of the Indenture of the debt securities of such series have been complied with. (Section 8.3)

#### **Modification of the Indenture**

The Indenture provides that the Company and the Trustee may amend or supplement the Indenture or the debt securities of any series without notice to or the consent of any Holder:

(i) to cure any ambiguity, defect or inconsistency in the Indenture; provided, that such amendments or supplements shall not adversely affect the interests of the Holders in any material respect;

(ii) to comply with Article 5 (Successor Corporation) of the Indenture;

(iii) to comply with any requirements of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act;

(iv) to evidence and provide for the acceptance of appointment under the Indenture with respect to the debt securities of any or all series by a successor Trustee;

(v) to establish the form or forms or terms of debt securities of any series or of the coupons appertaining to such debt securities as permitted by the Indenture;

(vi) to provide for uncertificated debt securities and to make all appropriate changes for such purpose; or

(vii) to make any change that does not materially and adversely affect the rights of any Holder. (Section 9.1)

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The Indenture also provides that, without prior notice to any Holders, the Company and the Trustee may amend the Indenture and the debt securities of any series outstanding under the Indenture with the written consent of the Holders of a majority in principal amount of the outstanding debt securities of all series affected by such supplemental indenture (all such series voting as one class). The Indenture also provides that the Holders of a majority in principal amount of the outstanding debt securities of all series affected by such supplemental indenture (all such series voting as one class) by written notice to the Trustee may waive future compliance by the Company with any provision of the Indenture or the debt securities of such series. Notwithstanding the foregoing provision, without the consent of each Holder of the debt securities of each series affected by such supplemental indenture, an amendment or waiver, including a waiver pursuant to Section 6.4 of the Indenture, may not:

- (i) extend the stated maturity of the principal of, or any sinking fund obligation or any installment of interest on, such Holder's debt security;
- (ii) reduce the principal amount of such debt security or the rate of interest on such debt security (including any amount in respect of original issue discount), or any premium payable with respect to such debt security;
- (iii) adversely affect the rights of such Holder under any mandatory repurchase provision or any right of repurchase at the option of such Holder;
- (iv) reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity of such debt security pursuant to the Indenture or the amount of such debt security provable in bankruptcy;
- (v) change any place of payment where, or the currency in which, any debt security of such series or any premium or the interest on such debt security is payable;
- (vi) impair the right to institute suit for the enforcement of any such payment on or after the stated maturity of such debt security (or, in the case of redemption, on or after the redemption date or, in the case of mandatory repurchase, the date of such repurchase);
- (vii) reduce the percentage in principal amount of outstanding debt security of such series the consent of whose Holders is required for any such supplemental indenture, for any waiver of compliance with certain provisions of the Indenture or certain Defaults and their consequences provided for in the Indenture;
- (viii) waive a Default in the payment of principal of or interest on, any debt security of such series;
- (ix) cause any debt security of such series to be subordinated in right of payment to any obligation of the Company; or
- (x) modify any of the provisions of this section of the Indenture, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding debt security of any series affected by such supplemental indenture.

A supplemental indenture which changes or eliminates any covenant or other provision of the Indenture which has expressly been included solely for the benefit of one or more particular series of debt securities, or which modifies the rights of Holders of debt securities of such series with respect to such covenant or provision, shall be deemed not to affect the rights under the Indenture of the Holders of debt securities of any other series or of the coupons appertaining to such debt securities. It shall not be necessary for the consent of the Holders under this section of the Indenture to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance of such proposed amendment, supplement or waiver. After an amendment, supplement or waiver under this section of the Indenture becomes effective, the Company shall give to the Holders affected by such amendment, supplement or waiver a notice briefly describing such amendment, supplement or waiver. The Company will mail supplemental indentures to Holders upon request. Any failure of the Company to mail such notice, or any defect in such notice, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver. (Section 9.2)

#### **Governing Law**

The Indenture and the debt securities will be governed by the laws of the State of New York.

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**Concerning the Trustee**

The Company and its subsidiaries maintain ordinary banking relationships with The Bank of New York Mellon Trust Company N.A. and its affiliates and a number of other banks. The Bank of New York Mellon Trust Company N.A. also serves as trustee with respect to certain other outstanding debt securities of the Company and its subsidiaries.

**Banks, Samuel Dean Jr**  
**Employment Agreement**

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## EMPLOYMENT AGREEMENT

This Employment Agreement (the “Agreement”), is entered into on the 6th day of November, 2019, by and between Tyson Foods, Inc., a Delaware corporation, and any of its subsidiaries and affiliates (hereinafter collectively referred to as “Tyson”), and Samuel Dean Banks Jr (hereinafter referred to as “you”).

### WITNESSETH:

WHEREAS, after careful and thoughtful consideration, Tyson is appointing you to the position of President of Tyson Foods, Inc., effective as of December 20, 2019 (the “Effective Date”); and

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 will be involved in the development of, and will 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

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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 as President. The duties and services required to be performed by you shall be consistent with your position, as assigned by the CEO of Tyson in his sole discretion from time to time. 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 the Chairperson of the Compensation and Leadership Development Committee (the "CLDC Chairperson") of the Board of Directors of Tyson Foods, Inc. (the "Board"), 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 the CLDC Chairperson's 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 the consent of the CLDC Chairperson 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. Subject to successful completion and verification of satisfactory results (each as determined by Tyson) of: (i) the documents necessary to establish your identification and work eligibility under the Immigration Control and Reform Act of 1986; (ii) passing a drug screen; and (iii) a routine background check, 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) Base Salary. For the services to be performed hereunder during the Period of Employment, Tyson shall pay you at a base salary of \$1,150,000, which may be adjusted by Tyson from time to time. Such base salary shall be paid in accordance with Tyson's payroll practice.

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(b) Incentive Eligibility. You may receive annual cash and/or long-term incentive awards under Tyson's annual and long-term incentive plans then in effect (if any), on terms and in amounts as determined by and subject to the discretion of the Compensation and Leadership Development Committee of the Board (the "CLDC").

(c) 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 as determined by and subject to the discretion of the CLDC.

(d) 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 senior executive-level employees. 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.

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

(f) Perquisites. During the Period of Employment, Tyson shall make available the personal use of Tyson aircraft in a manner consistent with Tyson's then-existing policies; provided that your personal use of Tyson aircraft shall not interfere with Tyson's use of such aircraft.

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.

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(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 thirty (30) day period, you may not terminate your employment for Good Reason (but you may voluntarily resign pursuant to Section 3(d) below). If Tyson fails to cure the Good Reason event within such thirty (30) day period, your termination of employment will be effective under this Section 3(c) at the end of such thirty (30) day period. For purposes of the Agreement, you will be treated as having terminated for “Good Reason” if you terminate employment after having been demoted from the position of President which Tyson does not cure, within the time period specified in this Section 3(c), by restoring you to the position of President.

(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, in each case, injures or is reasonably likely to injure 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, after due inquiry, 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

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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), the treatment of your equity awards will be governed by the provisions of the applicable award agreements and equity plan(s) under which such awards were granted;
  - (iv) Subject to your execution of the Release (as defined below), an amount equal to the sum of (x) 24 months of your base salary and (y) two times your annual cash-based target bonus (the "Severance Amount"). The Severance Amount will be paid over 24 months in accordance with Tyson's payroll practice, and otherwise subject to the Tyson Foods Severance Pay Plan for Contracted Employees;
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- (v) Subject to your execution of the Release, if upon the Termination Date you are eligible for and timely elect COBRA health continuation coverage under Tyson's group health plan(s) for yourself and, if applicable, your eligible dependents, such coverage will be paid for by Tyson, less the portion of the premium cost paid by active employees for the same coverage, for the period beginning with the first day of the COBRA health continuation coverage period and ending on the date on which occurs the earliest of the following: (i) the date on which you cease to be entitled to receive any payments under Section 4(b)(iv) for any reason; (ii) the date you cease to be eligible for COBRA health continuation coverage; (iii) 18 months; or (iv) the date you notify Tyson that you no longer desire coverage under Tyson's group health plan(s).

(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 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), plus other customary provisions contained in such document. 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). After you sign the Release, you will have seven (7) days to change your mind and to revoke your signature. The Release shall not become effective until the seven (7) day revocation period has expired without revocation. 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 9 below, any payments subject to a Release shall commence on the first payroll period commencing on or after the date the Release becomes effective (the "First Payroll Date"); however, in the event the payments constitute salary continuation or similar periodic payments, the payment on the First Payroll Date will include any such periodic payments that have accrued between your Termination Date and the First Payroll Date.

5. 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

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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 (as defined in Tyson’s equity incentive plan) 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.

- (i) 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;
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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.

- (ii) During your employment with Tyson and at any time thereafter, unless otherwise specifically authorized in writing by Tyson, you hereby covenant and agree: (A) to hold Confidential Information in the strictest confidence; (B) not to, directly or indirectly, disclose, divulge or reveal any Confidential Information to any person or entity other than as authorized by Tyson; (C) to use such Confidential Information only within the scope of your employment with Tyson and for the benefit of Tyson; and (D) to take such protective measures as may be reasonably necessary to preserve the secrecy and interests 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.
  - (iii) Nothing in the Agreement (A) prohibits or restricts you from disclosing relevant and necessary information or documents in any action, investigation, or proceeding relating to your employment by Tyson, (B) prohibits or restricts you from cooperating with, providing relevant information to, testifying before, or otherwise assisting in an investigation or proceeding by the Securities and Exchange Commission ("SEC"), or any other governmental or regulatory body or official(s) or self-regulatory organization regarding a possible violation of law, rules, or regulations, (C) (1) prohibits or restricts you from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the SEC, Congress, and any agency Inspector General, or making other
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disclosures that are protected under the whistleblower provisions of federal law or regulation or (2) requires that you obtain the prior authorization of Tyson or Tyson's General Counsel to make any such reports or disclosures, and you are not required to notify Tyson or Tyson's General Counsel that you have made such reports or disclosures, or (D) prohibits or restricts you from voluntarily disclosing information about your own compensation; provided that, if permitted by law, upon receipt of any subpoena, court order or other legal process compelling the disclosure of any such information or documents covered by the Agreement, you shall give prompt written notice to Tyson to permit Tyson to protect its interests to the fullest extent possible, including, but not limited to, by seeking a protective order.

- (iv) You will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Furthermore, if you file a lawsuit for retaliation by Tyson for reporting a suspected violation of law, you may disclose Tyson's trade secrets to your attorney and use the trade secret information in the court proceeding if you: (1) file any document containing the trade secret under seal; and (2) do not disclose the trade secret, except pursuant to court order.

(b) Creative Works.

- (i) "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, (A) during your employment with Tyson, (B) with the use of the time, materials, or facilities of Tyson, (C) relating to any product, service, or activity of Tyson of which you have knowledge, or (D) 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,
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supplies, facilities, or trade secret information except for those inventions or works developed during your employment with Tyson that either: (1) 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 (2) result from any work performed by you for Tyson.

- (ii) 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.
- (iii) 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(b), 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

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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 6(d), "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.

- (i) You acknowledge that Tyson conducts business throughout the United States and in other territories throughout the world, and that Tyson may expand its operations to include additional territories from time to time, and that your duties and services impact Tyson's conducting business throughout all of the territories in which Tyson operates. Accordingly, you acknowledge the need for certain restrictions contained in this Agreement, without limitation as to location or geography within the territories in which Tyson operates, including the United States.
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- (ii) You agree that during your employment with Tyson, and for a period of 24 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 (A) which is in competition with Tyson, or (B) which would benefit from your using or disclosing, whether or not intentionally, Confidential Information of Tyson.
- (iii) You agree that during your employment with Tyson and for a period of 24 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 6(e) shall limit your confidentiality obligations in this Agreement.
- (iv) Further, you understand and agree that during your employment and the restricted time periods thereafter as 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. You are 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. In addition, before accepting a position or entering into a relationship with any person, company or entity that is, in whole or in part, a competitor, or could reasonably be construed to be a competitor, or is taking steps to become a competitor, with Tyson, you are required to inform Tyson of the identity of such person, company or entity and your anticipated responsibilities for, or relationship with, such person, company or entity.

(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, to leave the employ of or terminate a relationship with Tyson; (ii) interfere with the performance by

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any such persons of their duties for Tyson; (iii) solicit, encourage or attempt to persuade any person, company or entity that was a customer or vendor of Tyson during the 6 months preceding your Termination Date to terminate, diminish or modify its relationship with Tyson, or (iv) communicate with any such person, company or entity for the purposes prohibited in Section 6(e).

(g) Non-Disparagement.

- (i) 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.
- (ii) Tyson agrees that it will advise its directors and executive officers not to make any statement or representation that disparages, impugns or otherwise impairs your reputation and Tyson further agrees not to make any official, public statement or representation that disparages, impugns or otherwise impairs your reputation.
- (iii) Nothing in this Section 6, however, shall prevent you or Tyson 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, or as otherwise required by law.

7. Remedies.

(a) Effect of Breach. You acknowledge and agree that, in the event of any breach by you of the terms and conditions of this Agreement, your accrued benefits pursuant to the terms of certain benefit plans and programs may be discontinued or forfeited, in addition to any other rights and remedies Tyson may have at law or in equity.

(b) 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

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Tyson for the expenses, including but not limited to reasonable attorneys' fees, incurred by Tyson in enforcing this Agreement.

(c) Clawback Policies. In addition to any other remedies provided in this Section 7, all 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 previously paid to you in accordance with and pursuant to the terms and conditions of such policy. Tyson will make any determinations for clawback or recover in its sole discretion and in accordance with any applicable law or regulation.

(d) 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).

(e) Enforcement and Severability. You specifically acknowledge and agree that the purpose of the restrictions contained in Section 6 is to protect Tyson from unfair competition, including improper use of the Confidential Information by you, and that the restrictions and covenants contained therein 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 shall 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.

8. General.

(a) 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:

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Tyson Foods, Inc.

Attn: Chief Human Resources Officer

2200 Don Tyson Parkway

Springdale, Arkansas 72762-6999

(b) Modification/Entire Agreement. 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.

(c) 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 the CLDC Chairman.

(d) 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.

(e) 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. The parties acknowledge that, by signing this Agreement, they are waiving any right that they may have to a trial by jury for any matter related to this Agreement.

(f) 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.

9. Special Tax Considerations.

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(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. In the case of a reduction in the total payments subject to this Section 9(b), such payments will be reduced in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments and benefits due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with amounts that are payable last reduced first, will next be reduced; (iv) payments and benefits due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24, with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24) will next be reduced; and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) will be next reduced pro-rata. Any reductions made pursuant to each of clauses (i)-(v) above will be made in the following manner: first, a pro-rata reduction of cash payment and payments and benefits due in respect of any equity not subject to Section 409A, and second, a pro-rata reduction of cash payments and payments and benefits due in respect of any equity subject to Section 409A as deferred compensation.

(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 9), 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

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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

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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/ Samuel Dean Banks Jr.

Samuel Dean Banks Jr

11/6/19

(Date)

Tyson Foods, Inc.

By /s/ Gaurdie E. Banister Jr.

Title Chair CLDC

Date 11/7/19





Grow-Out Credit LLC	Delaware
Grow-Out Holdings LLC	Delaware
Haimen Tyson Poultry Development Co., Ltd	China
Hudson Midwest Foods, Inc.	Nebraska
Hybro Genetics Brasil Ltda	Brazil
IBP Caribbean, Inc.	Cayman Islands
IBP Foodservice, L.L.C.	Delaware
IBP Redevelopment Corporation	Missouri
International Affiliates & Investment LLC	Delaware
Jiangsu Tyson Foods Co., Ltd	China
Keydutch Finance B.V.	Netherlands
Keydutch Holdings I LLC	Delaware
Keydutch Holdings II LLC	Delaware
Keydutch Investments B.V.	Netherlands
Keystone CLJV Holdings Limited	Hong Kong
Keystone County House Road, LLC	Delaware
Keystone Foods (AP) Limited	Hong Kong
Keystone Foods Holdco LLC	Delaware
Keystone Foods Intermediate LLC	Delaware
Keystone Foods LLC	Delaware
Keystone Foods Pty Limited	Australia
Keystone Management, Inc.	Delaware
Keystone Receivables Financing LLC	Delaware
Keystone Trading (Shanghai) Company Limited	China
LD Foods LLC	Delaware
M & M Express, LLC	Delaware
M&M Restaurant Supply (MI/OH), LLC	Delaware
Mac Food Services (Malaysia) SDN. BHD.	Malaysia
Madison Foods, Inc.	Delaware
McKey Food Services (Hong Kong) Limited	Hong Kong
McKey Food Services (Shandong) Limited	China
McKey Food Services (Thailand) Limited	Thailand
McKey Food Services Limited	China
McKey Luxembourg Holdings APMEA S.a.r.l.	Luxembourg
McKey Luxembourg Holdings S.a.r.l.	Luxembourg
McKey Luxembourg S.a.r.l.	Luxembourg
McKey VI Holdings Limited	Hong Kong
MFG (USA) Holdings, Inc.	Delaware
Myung Seung Food Company Ltd.	Korea
National Comp Care, Inc.	Delaware
New Canada Holdings, Inc.	Delaware
Northern Mockingbird Pte. Ltd.	Singapore
Oaklawn Capital Corporation	Delaware
Oaklawn IT Solution Private Limited	Maharashtra State
Original Philly Holdings, Inc.	Pennsylvania
PBX, inc.	Delaware

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Pierre Holdco, Inc.	Delaware
River Valley Ingredients, LLC	Delaware
Rizhao Tyson Foods Co., Ltd	China
Rizhao Tyson Poultry Co., Ltd	China
Rural Energy Systems, Inc.	Delaware
Sara Lee - Kiwi Holdings, LLC	Delaware
Sara Lee Diversified, LLC	Delaware
Sara Lee Foods, LLC	Delaware
Sara Lee Household & Body Care Malawi Ltd.	Malawi
Sara Lee International LLC	Delaware
Sara Lee International TM Holdings LLC	Delaware
Sara Lee Mexicana Holdings Investment, L.L.C.	Delaware
Sara Lee TM Holdings LLC	Delaware
Sara Lee Trademark Holdings Australasia LLC	Delaware
Samar, L.L.C.	Delaware
Shandong Keystone Chinwhiz Foods Co. Ltd.	China
Shandong Tyson-Da Long Food Company Limited	China
Southern Family Foods, L.L.C.	Delaware
Southwest Products, LLC	Delaware
Tecumseh Poultry LLC	Nebraska
Texas Transfer, Inc.	Texas
The Bruss Company	Illinois
The Hillshire Brands Company	Maryland
The IBP Foods Co.	Delaware
The Pork Group, Inc.	Delaware
TyNet Corporation	Delaware
Tyson (Shanghai) Enterprise Management Consulting Co. Ltd.	China
Tyson Americas Holding Srl	Luxembourg
Tyson Breeders, Inc.	Delaware
Tyson Chicken, Inc.	Delaware
Tyson China Holding 2 Limited	Hong Kong
Tyson China Holding 3 Limited	Hong Kong
Tyson China Holding Limited	Hong Kong
Tyson Deli, Inc.	Delaware
Tyson Europe Holding Company	Nova Scotia
Tyson Farms QOZB, LLC	Delaware
Tyson Farms, Inc.	North Carolina
Tyson Foods Brasil Investimentos Ltda.	San Paulo
Tyson Foods Canada Inc. (Les Aliments Tyson Canada Inc.)	Ontario
Tyson Foods Huadong Development Co., Ltd (Tyson Foods East China Development Co., Ltd)	China
Tyson Foods, Inc.	Delaware
Tyson Fresh Meats, Inc.	Delaware
Tyson Global Holding Srl	Luxembourg
Tyson Hog Markets, Inc.	Delaware
Tyson India Holdings Ltd.	Mauritius
Tyson International Company, Ltd.	Bermuda

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Tyson International Holding Company	Delaware
Tyson International Holding S�rl	Luxembourg
Tyson International Service Center, Inc.	Delaware
Tyson International Service Center, Inc. Asia	Delaware
Tyson International Service Center, Inc. Europe	Delaware
Tyson Mexican Original, Inc.	Delaware
Tyson Mexico Trading Company S. de R.L. de CV.	Mexico
Tyson New Ventures, LLC	Delaware
Tyson of Wisconsin, LLC	Delaware
Tyson Opportunity Zone Fund, LLC	Delaware
Tyson Pet Products, Inc.	Delaware
Tyson Poultry, Inc.	Delaware
Tyson Prepared Foods, Inc.	Delaware
Tyson Processing Services, Inc.	Delaware
Tyson Refrigerated Processed Meats, Inc.	Delaware
Tyson Sales and Distribution, Inc.	Delaware
Tyson Service Center Corp.	Delaware
Tyson Shared Services, Inc.	Delaware
Tyson Storm Lake Holdings, LLC	Delaware
Tyson Warehousing Services, LLC	Delaware
Uninex SA	Uruguay
WBA Analytical Laboratories, Inc.	Delaware
Wilton Foods, Inc.	New York
Zemco Industries, Inc.	Delaware

\*The names of particular subsidiaries, primarily in the Netherlands, Portugal and the United Kingdom, have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of the end of the year covered by this report, a “significant subsidiary” as that term is defined in Rule 1.02(w) of Regulation S-X under the Securities Exchange Act of 1934.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-186797, 333-115380, 333-115379 and 333-115378) and Form S-3 (No. 333-217775) of Tyson Foods, Inc. of our report dated November 12, 2019 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Fayetteville, Arkansas  
November 12, 2019

## CERTIFICATIONS

I, Noel White, certify that:

1. I have reviewed this annual report on Form 10-K 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: November 12, 2019

/s/ Noel White

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Noel White

President and Chief Executive Officer

## CERTIFICATIONS

I, Stewart Glendinning, certify that:

1. I have reviewed this annual report on Form 10-K 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: November 12, 2019

/s/ Stewart Glendinning

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Stewart Glendinning

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 Annual Report of Tyson Foods, Inc. (the Company) on Form 10-K for the period ended September 28, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Noel White, 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/ Noel White

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Noel White

President and Chief Executive Officer

November 12, 2019

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 Annual Report of Tyson Foods, Inc. (the Company) on Form 10-K for the period ended September 28, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stewart Glendinning, 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/ Stewart Glendinning

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Stewart Glendinning

Executive Vice President and Chief Financial Officer

November 12, 2019