

Tyson Foods, Inc.

Tyson Foods 2020 Shareholders Meeting

Thursday, February 6, 2020, 11:00 A.M.  
Eastern

**CORPORATE PARTICIPANTS**

**John Tyson** – *Chairman*

**Read Hudson** – *Secretary*

**Stewart Glendinning** – *Chief Financial Officer*

**Noel White** – *President, Chief Executive Officer*

## **PRESENTATION**

### **John Tyson**

Good morning everybody and if we will take our seats and get ready for another shareholders meeting. This is kind of exciting, a lot of things going on and stuff and so, and good morning to our friends and welcome to our guests to the annual meeting of shareholders of Tyson Foods. We do appreciate the opportunity to look back at what we have accomplished and look forward to what we intend to achieve. This year would mark the 85<sup>th</sup> anniversary of our company. It is a business my granddad started because he was looking for a better way to provide for his family. I was at the back of the building upstairs in the conference room looking out over the town and I remember that used to be where the feed sacks were, 50-pound feed sacks, and I was going it has kind of changed a little bit – most of it in a positive direction, but each and every day, we are required to solve problems and offering solutions and something I think our family and our company has done for a long time.

I believe everyone who has been the part of the evolution of Tyson Foods would be proud of what we have done and what our company has become and that includes 140,000 team members that are the backbone of this company and the plant communities where we are here in this country and around the world where we support the local communities both by providing jobs and both by providing support into the communities and as we feed millions of people here and around the world.

We did start with a certain set of values that remains woven into our cultural DNA, as our company operates today. We do strive to do business with integrity. We do not get it right every day, but that is what we strive to do. We trust in all that we try to do, and we live a simple culture of taking care of our people. My granddad started that, my dad embraced it along with his management team and that culture has been passed along into our people who work for us, our customers and consumers.

Today, you will hear more about our financial performance. It is a follow-on to our earnings call this morning from our CFO, Stewart and then you will hear about the direction of Tyson Foods from our CEO Noel, but as always, we have the business portion of our meeting.

The bylaws of the company specify that the Chairman and the Secretary of the company are the Chairman and Secretary of the annual meeting and at this time the chair recognizes as secretary Read Hudson, who will report on the preparations for our annual shareholders meeting.

### **Read Hudson**

Mr. Chairman, all shareholders were sent a notice of annual meeting and proxy on or about December 20, 2019, which is evidenced by an affidavit from our mail agent. As required by Delaware Law, a certified list of shareholders, as of the record date of December 9, 2019, is available for inspection in the lobby. Additional voting cards are available for anyone who wish to overrule their previous proxy cards or who might wish to vote if they have not already. If you would like a voting card, please raise your hand.

The bylaws of the company also provide for a proxy committee of one or more persons designated by the Board of Directors. The Board of Directors has appointed John Tyson and Kevin McNamara as members of the proxy committee.

Mr. Chairman, I am reporting at the direction of the proxy committee that of the total possible shares of 365,375,844 as of December 9, 2019, 323,408,888 shares were voted and represent a

quorum at this meeting.

**John Tyson**

Based upon the report of the company's Secretary, I hereby declare that this shareholders meeting has been properly called and a quorum is present.

I do ask that any questions from shareholders be submitted in writing. If you have a question, raise your hand and we will bring you a notepad. When finished, raised the notepad and we will collect it and give you a written answer within seven days. At this time, I hereby appoint Brett Johnson as the Sergeant-at-Arms and authorize him to appoint deputies to enforce the rules of the meeting, which are in your program. At this time, I need a motion regarding the reading of the minutes of the last annual Shareholders' Meeting.

**Unidentified Speaker**

I move.

**Unidentified Speaker**

I second.

**John Tyson**

It has been moved and seconded that we waive the reading of the minutes of the 2019 Shareholders' Meeting. All of those in favor, please signify by a voice vote of yay.

**Shareholders**

Yay.

**John Tyson**

All of those opposed, nay.

The reading of the minutes of the last Annual Shareholders' Meeting will be waived at this time. The next item of order of business is the election of your directors. The nominees were set forth in the proxy statement and I would like to introduce this great group of directors that I get to work with each and every day. The nominees for the ensuing year and I would ask each of you all to stand as your name is called, and please hold your applause till the end of the introduction, Gaurdie Banister, Dean Banks, Mike Beebe, Mikel Durham, Jonathan Mariner, Kevin McNamara, Cheryl Miller, Jeff Schomburger, Robert Thurber, Barbara Tyson, Noel White and myself, John Tyson.

**Shareholders**

Applause

**John Tyson**

The slate of directors has been nominated as presented, and would the Secretary please report the results of the vote regarding the election of your directors?

**Read Hudson**

Mr. Chairman, there were at least 783,831,450 votes cast favoring the election of each nominee presented, representing 84.18% of the votes cast. A clear majority votes for the election of the nominees as directors.

**John Tyson**

With 84.18% of the votes cast favoring the election of the nominees, I declare the slate of directors elected as nominated.

The next item of business is a proposal to ratify the selection of PricewaterhouseCoopers, LLP, as the company's independent registered public accountant for the year ending October 3, 2020. Would the Secretary please report the results of the vote regarding the ratification?

**Read Hudson**

Mr. Chairman, there were 949,997,035 votes cast favoring ratification of selection of PricewaterhouseCoopers, LLP as independent registered public accountant, representing 99.65% of the votes cast. There were 3,288,695 votes cast against ratification, representing 0.34% of the votes cast. A clear majority votes for the ratification of PricewaterhouseCoopers, LLP as the company's independent registered public accountant.

**John Tyson**

With 99.65% of the votes cast for ratification, I declare the selection of PricewaterhouseCoopers, LLP as the company's independent registered public accountant ratified.

The next item of business is the proposal to approve on a non-binding advisory basis, the compensation of the company's named executive officers as set forth in the proxy statement. Would the secretary please report the results of the vote regarding this proposal?

**Read Hudson**

Mr. Chairman, there were 913,043,596 votes cast approving the compensation of the company's named executive officers representing 98.10% of the votes cast. There were 17,610,929 votes cast against approval representing 1.89% of the eligible votes. A clear majority votes for approval.

**John Tyson**

With 98.10% of the votes cast approving the compensation of the company's named executive officers, I declare that the compensation of the company's named executive officers has been approved.

Next item of business is the Shareholders' proposal regarding corporate lobbying. The Chair recognizes that representative of the proponent to present the proposal.

**Karen Smith**

Fellow shareholders and members of the board, my name is Karen Smith on behalf of the International Brotherhood of Teamsters, I move item #5, asking our company to report on its state and federal lobbying expenditures, including indirect funding of lobbying through trade associations. Transparency and accountability in corporate spending to influence public policy are in the best interests of Tyson's shareowners, customers and all stakeholders.

Since 2010, Tyson has spent over \$15.4 million on federal lobbying activities according to federal disclosure report. As in previous years, our company claims that proposal overstates the actual amount paid for lobbying, but this amount reflects what is publicly filed and accurately reflects what our company has officially reported. If Tyson's federal lobbying amounts are overstated, is our company misreporting its federal lobbying? And there is incomplete disclosure about spending at the state level where our company also lobbies. Tyson is required to report its lobbying and already has this information, so it could easily provide more complete information to shareholders.

Corporations contribute millions to trade associations to lobby indirectly on their behalf without specific disclosure or accountability. Tyson has previously been identified as a member of the US Chambers of Commerce, which is the largest lobbying group in Washington, spending more than \$1.5 billion on lobbying since 1998, and Tyson also serves on the Board of the National Chicken Council. Yet Tyson does not disclose its trade association memberships and payments, or the portions of these payments used for lobbying. So, Tyson's shareholders currently have no way to comprehensively know its trade association membership or the amount of its contribution being used to lobby on its behalf. As shareholders, we believe that companies should ensure there is alignment between their own positions and their lobbying including through trade associations.

For example, Tyson has committed to protect food safety and worker health and safety, yet the National Chicken Council has lobbied the USDA to increase line processing. Leading proxy voting advisors, ISS and Glass Lewis both recommended shareholders should vote for it. ISS notes that Tyson does not disclose a comprehensive lobbying policy. Its direct and indirect lobbying expenditures or board oversight of its lobbying activity and Glass Lewis believes Tyson could reasonably expand the disclosure to provide concerning indirect lobbying expenditure, specifically those related to payments made to trade associations.

We believe disclosure transparency is a safety mechanism for our company and its reputation, as what gets disclosed gets managed. Full disclosure of Tyson's lobbying will ensure proper oversight of our company's lobbying. Nearly 47% of Tyson Foods outside shareholders voted for this proposal last year. We ask shareholders to vote for this proposal. Thank you.

#### **John Tyson**

We thank you for your comments. The Board of Directors statement with respect to this shareholder proposal is set forth in a proxy statement and speaks for itself. Would the secretary please report the results of the vote regarding this shareholder proposal?

#### **Read Hudson**

Mr. Chairman, there were 136,313,744 votes cast favoring this shareholder proposal representing 14.65% of the votes cast. There were 794,001,208 votes cast against this shareholders proposal representing 85.34% of the votes cast. A clear majority votes against the adoption of this proposal.

#### **John Tyson**

With 85.34% of votes cast against this shareholder proposal, I declare that this shareholder proposal has been defeated.

The next item of business is the shareholder proposal to prepare a report on human rights due diligence and the chair at this time recognizes the representative of the proponent to present the proposal.

#### **Gina Filata**

Good morning. My name is Gina Filata and I am here today with Martha Salomaa to move the human rights due diligence proposal filed by the American Baptist Home Mission Society and 12 co-filers. Following years of engagement, proponents offer this proposal a second time to urge Tyson to act on its human rights responsibility. Increased due diligence will strengthen protections for right-holders and help the company proactively manage its risk. Worker dignity, community livelihoods and consumer health are at stake. Tyson workers in Albertville, Alabama reported indescribable throbbing pain from repetitive motion injuries, difficulty breathing from

chemical exposure and increasing line speeds. These pressures put food safety and consumer health at risk. Workers have also experienced harassment, discrimination and fear of retaliation. As Tyson expands internationally, new human rights challenges will arise. Martha Salomaa representing the Sipsey Heritage Commission will now share her community's experience.

### **Martha Salomaa**

I am here to speak about the impact with just one example of Tyson's pollution. This past summer a Tyson plant located in Hanceville, Alabama, spilled 220,000 gallons of wastewater into the Black Warrior River. By conservative estimate, 170,000 fish were killed. Most of my community, which is another county and 28 miles downriver, only learned about this field when we saw thousands of dead and dying fish passing through what we called the forks. The drinking water of my entire county, Walker County, comes from this river. Because of toxins created by this field, recreational activity houses, we were forced to cancel our Annual Kayak Race out of concern for public safety, negatively impacting our economy. We have no other industry and this one thing we did have has been taken. We call upon Tyson to consult with my community, Sipsey, Alabama, to address these impacts. We urge all stakeholders to support the human rights resolution and encourage Tyson to implement this proposal. Thank you.

### **John Tyson**

We thank the proponents for their comments, and they are duly recognized. The Board of Directors statement with respect to this shareholder proposal is set forth in the proxy statement and speaks for itself. Would the Secretary please report the results of the vote regarding this shareholder proposal?

### **Read Hudson**

Mr. Chairman, there were 135,654,900 votes cast favoring this shareholder proposal, representing 14.58% of the votes cast. There were 794,222,731 votes cast against this shareholder proposal, representing 85.41% of the votes cast. A clear majority votes against the adoption of this shareholder proposal.

### **John Tyson**

With 85.41% of the votes cast against this shareholder proposal, I declare that this shareholder proposal has been defeated.

The next item of business is the shareholder proposal regarding a share retention policy and the Chair recognizes a representative of the proponent to present the proposal.

### **Gina Filata**

Better linking executive compensation with long-term performance is what the New York State Common Retirement Fund shareholder proposal seeks today at Tyson Foods. The fund urges the compensation committee of the Tyson Foods' Board of Directors to adopt the policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation program. Please note this policy would supplement any other share ownership requirements that have been established for senior executives. Thank you.

### **John Tyson**

Thank you for your comments. The Board of Directors statement with respect to this shareholder proposal is set forth in the proxy statement and speaks for itself and would the Secretary please report the results of the vote regarding the proposal?

**Read Hudson**

Mr. Chairman, there were 62,754,889 votes cast favoring this shareholder proposal representing 6.74% of the votes cast. There were 867,952,861 votes cast against this shareholder proposal representing 93.25% of the votes cast. A clear majority votes against the adoption of this shareholder proposal.

**John Tyson**

With 93.25% of the votes cast against this shareholder proposal, I declare that this shareholder proposal has been defeated.

This concludes the business portion of our meeting and there will be no further business, do I hear motion for adjournment.

**Unidentified Speaker**

I so move.

**John Tyson**

Do I hear second?

**Unidentified Speaker**

I second.

**John Tyson**

I declared the business portion of our 57<sup>th</sup> annual shareholders meeting adjourned at this time. Before you hear from Stewart and Noel, I want to take a moment to congratulate our team for some recent honors. For the fourth straight year, Tyson Foods ranked #1 on Fortune's list of World's Most Admired Companies in the food production category. We are proud of this ranking. I do believe it recognizes the efforts of our team. It also reflects positive on the strategy for our growth. We accept the responsibility and the challenges before us each and every day when we get up. Tyson Foods was also recently recognized by the Religious Freedom & Business Foundation for addressing the importance of faith in the lives of the people who work for us. Our company ranked #2 among Fortune 100 Companies in the Religious Equity, Diversity and Inclusion Index and the recognition of the effort being [unintelligible] the team leaders, being made by the management team and efforts to support our team members feels pretty good to me. So, at this time, I would like to hear from Stewart and then Stewart will turn it over to Noel and then we will wrap up.

**Stewart Glendinning**

Thank you, Mr. Chairman, and good morning. I will begin with the required cautionary language stating that today's remarks include forward-looking statements. I encourage you to go to [ir.tyson.com](http://ir.tyson.com) for this morning's earning release and the 10-Q for discussion of the risks that can affect our business. I must also tell you that any references to earning per share operating income and operating margin are on an adjusted basis unless otherwise noted. The reconciliations to GAAP can be found in our earnings releases for the fourth quarter of fiscal 2019 and for the first quarter of 2020.

Now, let us get into the company's financial performance. It has been a few months since we reported on the fiscal 2019 results, so let us recap. Earnings were \$5.46 per share. Sales were record \$42.4 billion. Operating income was approximately \$3 billion with a return on sales of 7%. Operating cash flows for the year were just under \$2.5 billion. Capital expenditures were \$1.3 billion as we invested to grow our business with additional capacity for fresh chicken

production. Also, in 2019, we brought online two new distribution centers as well as the Tyson manufacturing automation center.

In fiscal 2020, we expect to spend at this level again as we finished the fresh chicken plant in Tennessee and construct a case-ready fresh meats plant in Utah. At the end of the fiscal 2019, net debt was \$11.4 billion including cash of \$484 million. We prioritized debt reduction in our capital allocation strategy and in the fourth quarter last year, we paid off \$1 billion of senior notes, primarily with cash generated during the quarter. At year end, our total liquidity was \$1.2 billion and for the year we repurchased approximately 3.7 million shares for \$252 million. Continuing our dividend growth trend in November, the Board of Directors increased the annual dividend for fiscal 2020. It is currently expected to be \$1.68 for class A shares, which is a 12% growth of 2019. We are well into fiscal 2020 and we just reported earnings this morning. Here are some highlights. First quarter EPS was \$1.66 up 5% from Q1 last year. Operating income was \$894 million up 6% of last year. Sales were also up 6% to just over \$10.8 billion with return on sales of 8.3%. Sale volume was up as well with a 4.7% increase and now it is my privilege to introduce our next speaker, the CEO of Tyson Foods, Noel White.

## **Shareholders**

Applause

### **Noel White**

Thank you, Stewart, and good morning everyone. Sometimes we are so focused on what is in front of us that we forget to look back in what we have accomplished. Fiscal 2019 was a year of accomplishments. It was highlighted by record sales and significant progress in delivering our strategy for long-term growth. We remain focused on our strategy to grow, deliver and sustain our business. This includes growing our prepared foods business as well as our international business, driving operational excellence throughout the company, delivering service and value to our customers and operating in a sustainable manner.

When you look at our progress in 2019, here is what you will see that we expanded our global business with operations in Asia and in Europe. We continue to innovate to meet customer and consumer needs with new products including plant-based proteins. Thanks to our iconic brands, our core retail business and total Tyson retail sales continue to lead the top 10 largest Food and Bev Companies in volume and in growth. We have experienced six consecutive quarters of growth and we continue to invest in advanced analytics, automation and robotics and we are also making strides in sustainability. We are working with the Environmental Defense Fund to make progress against our commitment to improve crop and farming practices and our company has partnered with Proforest to conduct the deforestation risk assessment across our entire supply chain. We have expanded our Upward Academy, which is a LifeSkills program for our frontline team members, including on-site classes and we are expanding our progressive beef program, which certifies cattle feedlot operators to make sure they are following best practices.

A few weeks ago, Tyson Foods announced the creation of the Coalition for Global Protein. Our involvement is being led by John Randal Tyson, our new chief sustainability officer. The goal is to unite key stakeholders to develop solutions to sustainably feed the world population. It is expected to reach almost 10 billion people in 2050. In fact, it is estimated the world will need to almost double its production of protein by 2050.

While we are proud of accomplishments, we have much more to achieve and not just this year, but for many years to come. You do not get to be in business for 85 years without thinking ahead and to adopt what is coming. For example, in prepared foods, we are focused on innovation and



creating more products that are fresh and less processed, in flexible forms to fit our consumers lives and are functional, serving a specific physical or emotional purpose. We also planned to launch more alternative protein products this year across brands, meal occasions, and channels. We believe these products will complement our core meat business but will also continue to grow.

Later this year, we expect to open our new chicken processing complex in Humboldt, Tennessee. In addition, work continues on our new case-ready meat and pork plant in Utah. It is scheduled to open in 2021 to meet the growing demand in the western United States.

I am excited about our future and I am pleased Dean Banks has joined us as president. Together, our entire team will remain focused on the opportunities ahead. If we continue to execute our strategy, Tyson Foods is well positioned to feed people for another 85 years.

Thank you, and now our Chairman will provide some closing remarks.

## **Shareholders**

Applause

### **John Tyson**

Thanks Noel. I think about the progress that has been made from the first time I showed up on Emma Street when I was 5 years old to the fact this is the third year in a row that we have held our shareholders meeting here at Emma Street. I remember the things that my grandfather and my father have shared with me and other people in the company have shared with me, which is you wake up every day trying to do the right thing; some days you are not going to get it right, you learn from it and you try to improve. Some days you stumble, and you get up, but the intent and the integrity of 140,000 people that work here at Tyson Foods is always to do the right thing. I say that from my heart because I know what our company is made up of. We continue to invest in all of the communities where we live and work, and we continue to invest in our hometown of Springdale, Arkansas.

Our presence downtown now includes several facilities. They support the company in many areas, technology, robotics and automation, but in the end the company is a set of people. These things help facilitate, but it is the people who make our company. Our folks represent our commitment to that improvement, to making jobs, safe jobs, to making great products, quality product, to making processes that are easier to manage and to make our company better each and every day with a responsibility to grow the right way with a right integrity and if we do that, our shareholders will be rewarded.

I want to thank everybody for the part you play in our growth story. I want to thank you for taking on the challenges of a complex business, as we touch a lot of subjects and we accept that responsibility and we accept our stewardship of that. So, until next year, travel safely and we hope to see you then. God bless you.

## **Shareholders**

Applause