

Gas Mart 2007

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Outline



- Overview of Tyson Foods
- Tyson Commodity Exposure
- Tyson Energy Needs



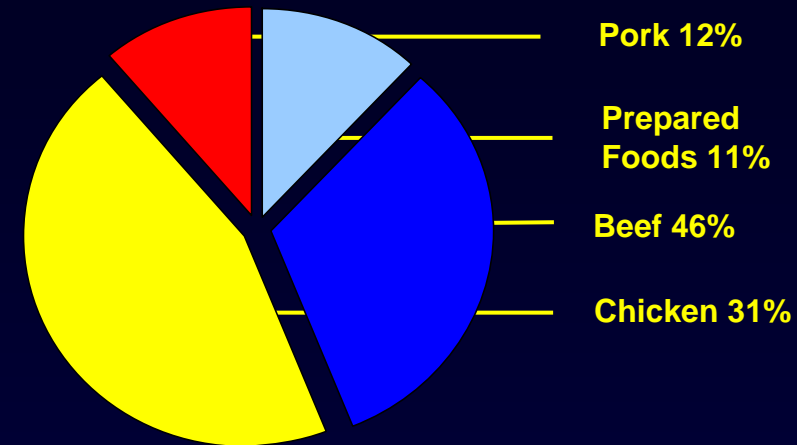
Overview of Tyson Foods

Tyson Facts

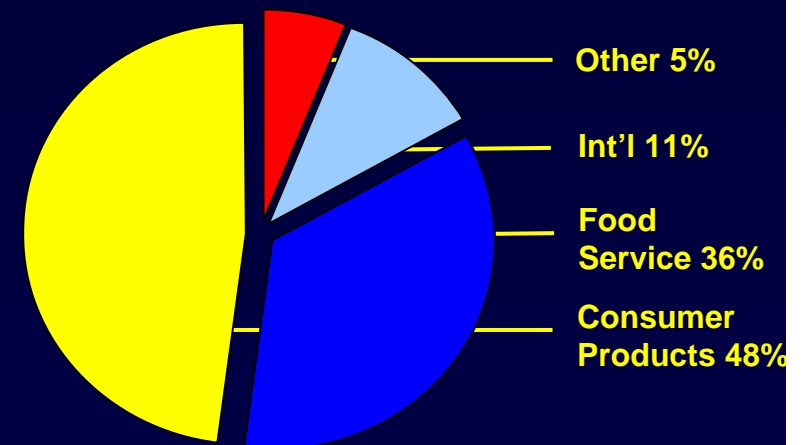


- Largest processor of chicken, beef, and pork in the world
- 107,000 team members
- 2006 Revenue: \$25.6 Billion
- Domestic Production:
 - Chicken
 - 42 MM head/week
 - 25% market share
 - Beef
 - ~169,593 head/week
 - 25% market share
 - Pork
 - ~350,507 head/week
 - 18% market share
- Fortune 500 Rank: 80 (2006)

2006 Sales by Segment



2006 Sales by Distribution Channel



Tyson History



- 1935: John Tyson, founder, begins hauling chickens from Springdale, AR to market in Kansas City and St. Louis
- 1958: Built first poultry processing plant in Springdale, AR and became fully integrated processor
- 1963: Name changed to Tyson's Foods; First public offering of stock
- 1968: Introduced Chill Pak, pre-priced chicken kept at 28°F
- 1972: Changed name to Tyson Foods; Build plant in Nashville, AR
- 1974: Acquired interest in Vantress Pedigree, Inc., a leading supplier of poultry breeding stock
- 1978: Acquired Wilson Foods Broiler Division with four facilities in Southeast
- 1983: Acquired Mexican Original, Inc., a corn and flour tortilla processing facility
- 1989: Acquired Holly Farms Corp. consisting of 7 poultry complexes in North Carolina, Texas, and Virginia as well as other beef and pork assets

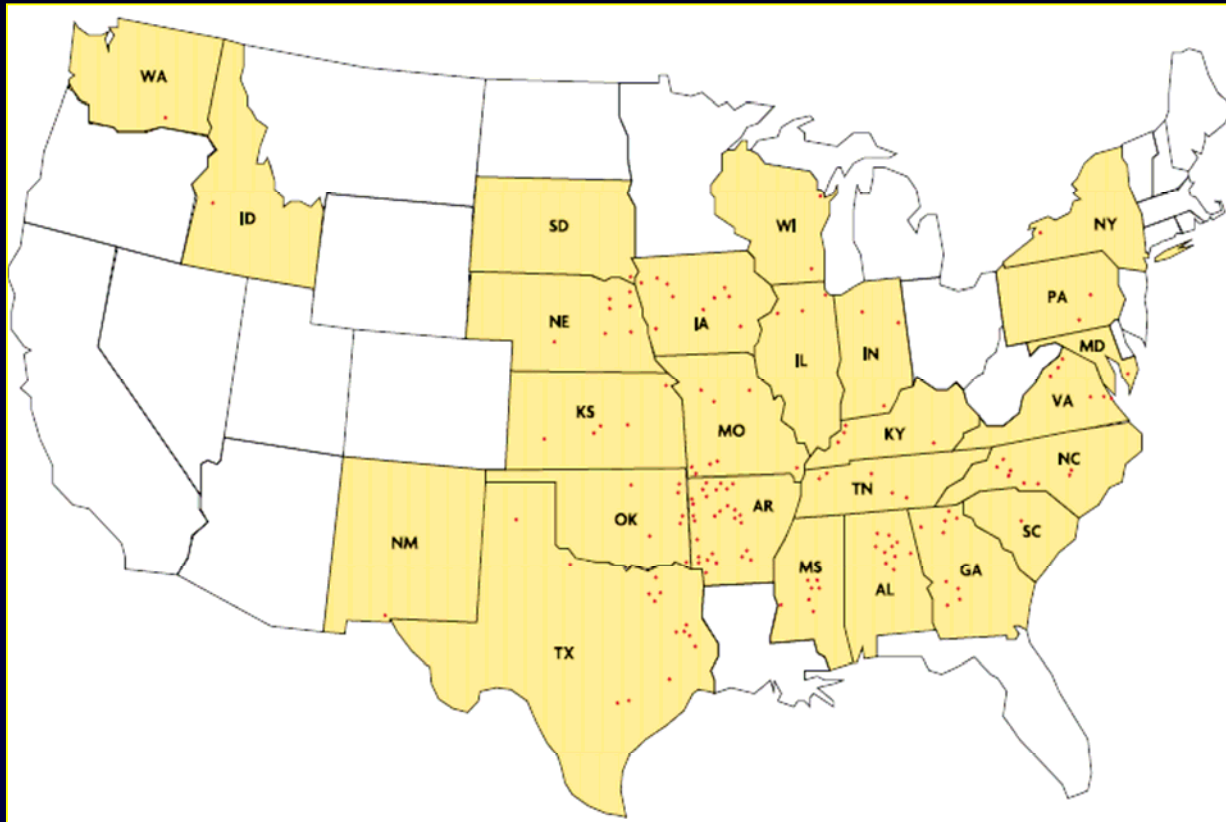
Tyson History (cont'd)



- 1998: Acquired Hudson Foods, Inc., nation's 6th largest poultry processor
- 2000: Cobb-Vantress, Inc. acquired assets of Avian Farms, Inc.
- 2001: Acquired IBP, Inc., the world's largest supplier of premium beef and pork products
- 2002: Purchased bacon processing plant in Omaha, NE
- 2005: Announced plans to open case-ready beef and pork plant in Sherman, TX; Tyson added to S&P 500 index
- 2007: Tyson implements trade risk capture system for managed natural gas and grains (SolArc, Inc).

Acquisition of IBP essentially created a new company buoyed by a significant market presence in chicken, beef and pork

Tyson Facilities Footprint

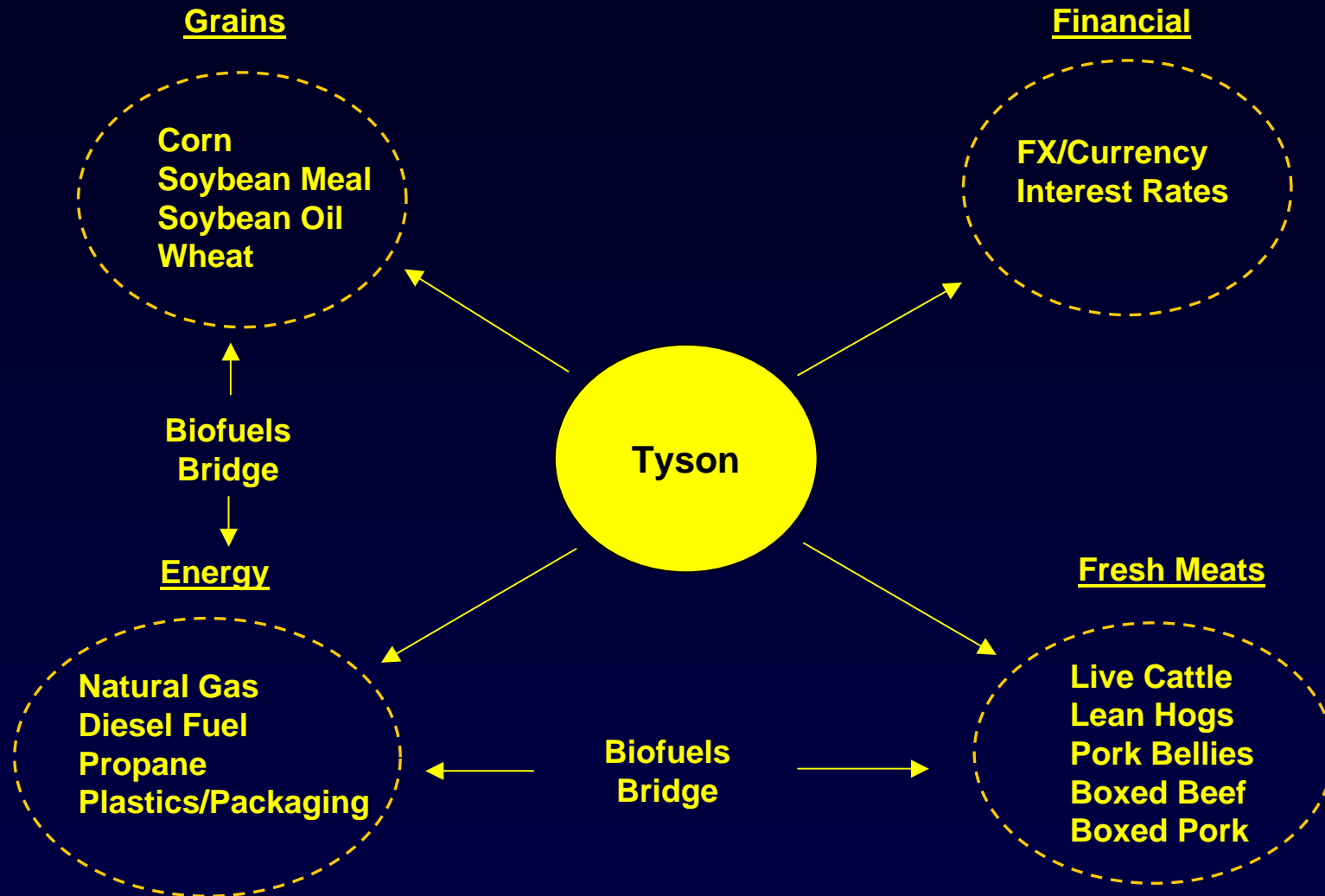


- Facilities concentrated in Upper Midwest and Southeast (international operations in Canada, Mexico, China)
- 145 total facilities in 25 states including 54 poultry processing facilities, 13 beef processing facilities, and 6 pork processing facilities

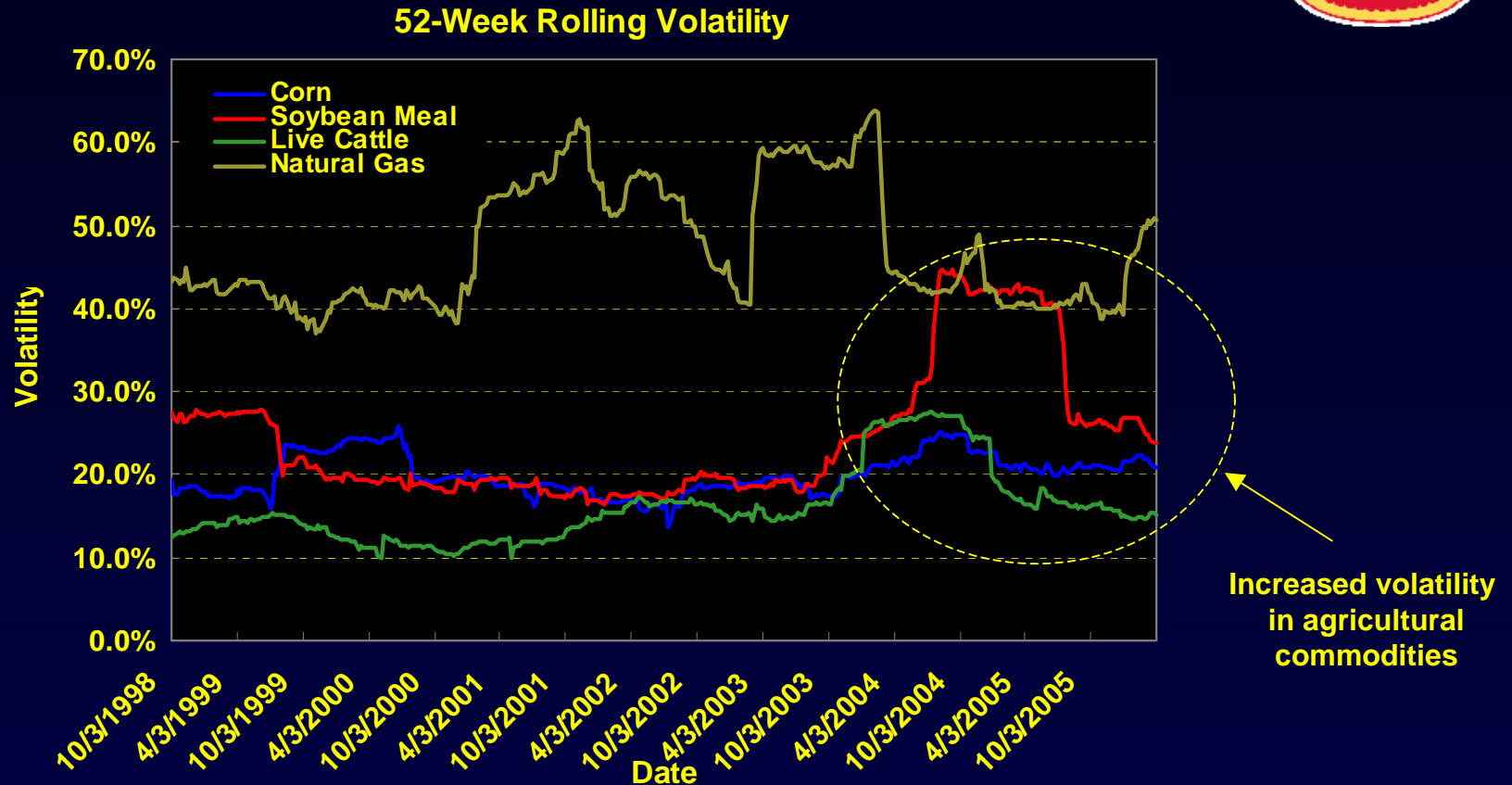


Tyson Commodity Exposure

Tyson Commodity Footprint



Transition in Commodity Volatilities



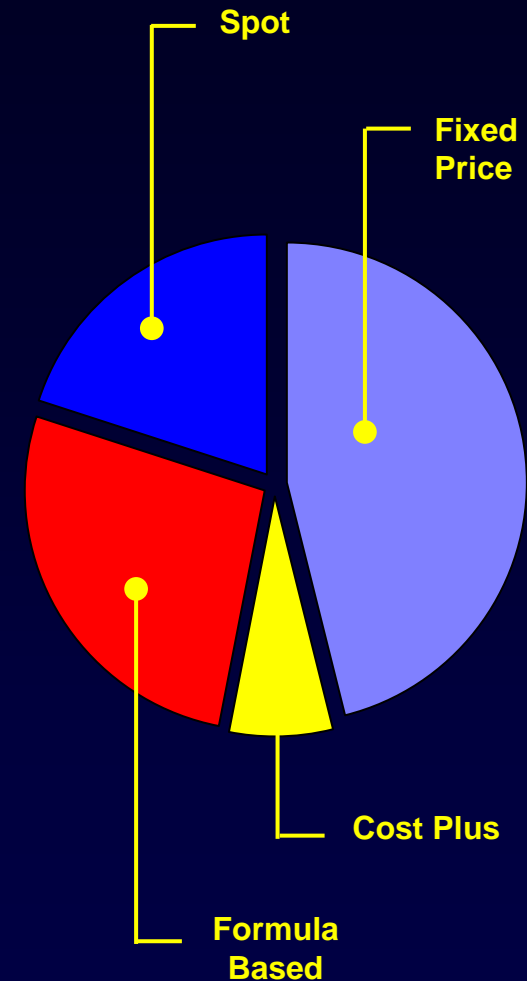
- Energy commodities more volatile than agricultural commodities
- Agricultural commodities have exhibited high volatility periods
 - Crop concerns and shortages of product/live animal cycles
 - Influx of fund money

Relationship Between Sales and Inputs



- Three major types of sales pricing programs:
 - Spot sales
 - Cost-plus/formula arrangements
 - Forward fixed price sales

} Degree of margin stabilization
- For vertically integrated poultry business, risk management of sales and input costs depend on a number of factors:
 - Cost of corn and soybean meal
 - Credits associated with back half of bird (i.e., leg quarters)
 - Flexibility of volume requirements
 - From risk management perspective, business is “many in, many out”





Tyson Energy Needs

Current Energy Procurement Program



- Tyson natural gas purchases program

Term- one year or seasonal

Price- baseload purchases (first of the month index) Incremental purchases priced at a daily price. Deficiencies sold at a daily price to supplier.

- Tyson uses futures and swaps to manage price risk
- Issue with current purchase program
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