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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 28, 2021
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number: 1-37830

LAMB WESTON HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**61-1797411**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
599 S. Rivershore Lane Eagle, Idaho	**83616**
(Address of principal executive offices)	(Zip Code)

(208) 938-1047
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 par value	LW	New York Stock Exchange

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 the 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 ☒

As of December 30, 2021, the Registrant had 145,203,600 shares of common stock, par value $1.00 per share, outstanding.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

Lamb Weston Holdings, Inc.
Consolidated Statements of Earnings
(unaudited, in millions, except per share amounts)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	November 28, 2021	November 29, 2020	November 28, 2021	November 29, 2020
Net sales	$ 1,006.6	$ 896.1	$ 1,990.8	$ 1,767.6
Cost of sales	801.1	672.6	1,634.0	1,330.3
Gross profit	205.5	223.5	356.8	437.3
Selling, general and administrative expenses	91.1	83.9	182.2	162.0
Income from operations	114.4	139.6	174.6	275.3
Interest expense, net	82.4	30.0	110.3	60.3
Income before income taxes and equity method earnings	32.0	109.6	64.3	215.0
Income tax expense	9.6	31.9	18.3	59.9
Equity method investment earnings	10.1	19.2	16.3	31.1
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Earnings per share:				
Basic	$ 0.23	$ 0.66	$ 0.43	$ 1.27
Diluted	$ 0.22	$ 0.66	$ 0.42	$ 1.27
Weighted average common shares outstanding:				
Basic	146.0	146.5	146.1	146.4
Diluted	146.3	147.1	146.6	147.1

See Condensed Notes to Consolidated Financial Statements.

Lamb Weston Holdings, Inc.
Consolidated Statements of Comprehensive Income
(unaudited, dollars in millions)

	Thirteen Weeks Ended November 28, 2021			Thirteen Weeks Ended November 29, 2020		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income	$ 42.1	$ (9.6)	$ 32.5	$ 128.8	$ (31.9)	$ 96.9
Other comprehensive income (loss):						
Reclassification of post-retirement benefits out of accumulated other comprehensive income	0.1	—	0.1	—	—	—
Unrealized currency translation gains (losses)	(15.6)	0.7	(14.9)	8.1	(0.1)	8.0
Comprehensive income	$ 26.6	$ (8.9)	$ 17.7	$ 136.9	$ (32.0)	$ 104.9

	Twenty-Six Weeks Ended November 28, 2021			Twenty-Six Weeks Ended November 29, 2020		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income	$ 80.6	$ (18.3)	$ 62.3	$ 246.1	$ (59.9)	$ 186.2
Other comprehensive income (loss):						
Reclassification of post-retirement benefits out of accumulated other comprehensive income	0.2	—	0.2	0.1	—	0.1
Unrealized currency translation gains (losses)	(39.4)	2.2	(37.2)	50.0	(2.6)	47.4
Comprehensive income	$ 41.4	$ (16.1)	$ 25.3	$ 296.2	$ (62.5)	$ 233.7

See Condensed Notes to Consolidated Financial Statements.

Lamb Weston Holdings, Inc.
Consolidated Balance Sheets
(unaudited, dollars in millions, except share data)

	November 28, 2021	May 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 621.9	$ 783.5
Receivables, less allowance for doubtful accounts of $1.1 and $0.9	423.2	366.9
Inventories	613.9	513.5
Prepaid expenses and other current assets	58.8	117.8
Total current assets	1,717.8	1,781.7
Property, plant and equipment, net	1,568.0	1,524.0
Operating lease assets	136.1	141.7
Equity method investments	294.7	310.2
Goodwill	318.6	334.5
Intangible assets, net	35.0	36.9
Other assets	85.4	80.4
Total assets	$ 4,155.6	$ 4,209.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and financing obligations	$ 32.2	$ 32.0
Accounts payable	445.4	359.3
Accrued liabilities	215.4	226.9
Total current liabilities	693.0	618.2
Long-term liabilities:		
Long-term debt and financing obligations, excluding current portion	2,692.1	2,705.4
Deferred income taxes	161.4	159.7
Other noncurrent liabilities	243.9	245.5
Total long-term liabilities	3,097.4	3,110.6
Commitments and contingencies		
Stockholders' equity:		
Common stock of $1.00 par value, 600,000,000 shares authorized; 148,028,060 and 147,640,632 shares issued	148.0	147.6
Additional distributed capital	(825.8)	(836.8)
Retained earnings	1,238.3	1,244.6
Accumulated other comprehensive income (loss)	(7.5)	29.5
Treasury stock, at cost, 2,827,412 and 1,448,768 common shares	(187.8)	(104.3)
Total stockholders' equity	365.2	480.6
Total liabilities and stockholders' equity	$ 4,155.6	$ 4,209.4

See Condensed Notes to Consolidated Financial Statements.

Lamb Weston Holdings, Inc.
Consolidated Statements of Stockholders' Equity
(unaudited, dollars in millions, except share data)

	Thirteen Weeks Ended November 28, 2021 and November 29, 2020						
	Common Stock, net of Treasury Shares	Common Stock Amount	Treasury Stock Amount	Additional Paid-in (Distributed) Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at August 29, 2021	146,061,016	$ 148.0	$ (137.7)	$ (830.2)	$ 1,240.0	$ 7.3	$ 427.4
Dividends declared, $0.235 per share	—	—	—	—	(34.2)	—	(34.2)
Common stock issued	11,427	—	—	—	—	—	—
Stock-settled, stock-based compensation expense	—	—	—	4.4	—	—	4.4
Repurchase of common stock and common stock withheld to cover taxes	(871,795)	—	(50.1)	—	—	—	(50.1)
Comprehensive income	—	—	—	—	32.5	(14.8)	17.7
Balance at November 28, 2021	145,200,648	$ 148.0	$ (187.8)	$ (825.8)	$ 1,238.3	$ (7.5)	$ 365.2
Balance at August 30, 2020	146,324,943	$ 147.4	$ (77.8)	$ (856.5)	$ 1,119.9	$ (1.0)	$ 332.0
Dividends declared, $0.230 per share	—	—	—	—	(33.7)	—	(33.7)
Common stock issued	35,494	0.1	—	0.4	—	—	0.5
Stock-settled, stock-based compensation expense	—	—	—	5.3	—	—	5.3
Common stock withheld to cover taxes	(5,355)	—	(0.2)	—	—	—	(0.2)
Other	—	—	—	0.4	(0.3)	—	0.1
Comprehensive income	—	—	—	—	96.9	8.0	104.9
Balance at November 29, 2020	146,355,082	$ 147.5	$ (78.0)	$ (850.4)	$ 1,182.8	$ 7.0	$ 408.9

	Twenty-Six Weeks Ended November 28, 2021 and November 29, 2020						
	Common Stock, net of Treasury Shares	Common Stock Amount	Treasury Stock Amount	Additional Paid-in (Distributed) Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at May 30, 2021	146,191,864	$ 147.6	$ (104.3)	$ (836.8)	$ 1,244.6	$ 29.5	$ 480.6
Dividends declared, $0.470 per share	—	—	—	—	(68.6)	—	(68.6)
Common stock issued	387,428	0.4	—	1.5	—	—	1.9
Stock-settled, stock-based compensation expense	—	—	—	9.6	—	—	9.6
Repurchase of common stock and common stock withheld to cover taxes	(1,378,644)	—	(83.5)	—	—	—	(83.5)
Other	—	—	—	(0.1)	—	—	(0.1)
Comprehensive income	—	—	—	—	62.3	(37.0)	25.3
Balance at November 28, 2021	145,200,648	$ 148.0	$ (187.8)	$ (825.8)	$ 1,238.3	$ (7.5)	$ 365.2
Balance at May 31, 2020	146,038,893	$ 147.0	$ (68.2)	$ (862.9)	$ 1,064.6	$ (40.5)	$ 240.0
Dividends declared, $0.460 per share	—	—	—	—	(67.4)	—	(67.4)
Common stock issued	472,695	0.5	—	0.6	—	—	1.1
Stock-settled, stock-based compensation expense	—	—	—	11.3	—	—	11.3
Common stock withheld to cover taxes	(156,506)	—	(9.8)	—	—	—	(9.8)
Other	—	—	—	0.6	(0.6)	—	—
Comprehensive income	—	—	—	—	186.2	47.5	233.7
Balance at November 29, 2020	146,355,082	$ 147.5	$ (78.0)	$ (850.4)	$ 1,182.8	$ 7.0	$ 408.9

See Condensed Notes to Consolidated Financial Statements.

Lamb Weston Holdings, Inc.
Consolidated Statements of Cash Flows
(unaudited, dollars in millions)

	Twenty-Six Weeks Ended	
	November 28, 2021	November 29, 2020
Cash flows from operating activities		
Net income	$ 62.3	$ 186.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles and debt issuance costs	94.9	94.7
Loss on extinguishment of debt	53.3	1.0
Stock-settled, stock-based compensation expense	9.6	11.3
Earnings of joint ventures in excess of distributions	(2.2)	(24.4)
Deferred income taxes	4.3	2.5
Other	(0.5)	15.5
Changes in operating assets and liabilities:		
Receivables	(57.7)	(8.5)
Inventories	(101.3)	(140.3)
Income taxes payable/receivable, net	3.1	33.0
Prepaid expenses and other current assets	58.5	51.8
Accounts payable	94.7	138.5
Accrued liabilities	(11.5)	(42.5)
Net cash provided by operating activities	$ 207.5	$ 318.8
Cash flows from investing activities		
Additions to property, plant and equipment	(147.1)	(42.3)
Additions to other long-term assets	(1.0)	(11.4)
Other	0.5	0.4
Net cash used for investing activities	$ (147.6)	$ (53.3)
Cash flows from financing activities		
Proceeds from issuance of debt	1,655.4	—
Repayments of debt and financing obligations	(1,682.1)	(289.6)
Repurchase of common stock and common stock withheld to cover taxes	(83.5)	(9.8)
Dividends paid	(68.7)	(67.2)
Payments of senior notes call premium	(39.6)	—
Repayments of short-term borrowings, net	—	(498.8)
Other	(0.8)	(1.8)
Net cash used for financing activities	$ (219.3)	$ (867.2)
Effect of exchange rate changes on cash and cash equivalents	(2.2)	1.6
Net decrease in cash and cash equivalents	(161.6)	(600.1)
Cash and cash equivalents, beginning of period	783.5	1,364.0
Cash and cash equivalents, end of period	$ 621.9	$ 763.9

See Condensed Notes to Consolidated Financial Statements.

Lamb Weston Holdings, Inc.
Condensed Notes to Consolidated Financial Statements
(Unaudited)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lamb Weston Holdings, Inc. ("we," "us," "our," the "Company," or "Lamb Weston"), along with our joint venture partners, is a leading global producer, distributor, and marketer of value-added frozen potato products and is headquartered in Eagle, Idaho. We have four reportable segments: Global, Foodservice, Retail, and Other. See Note 13, Segments, for additional information on our reportable segments.

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements present the financial results of Lamb Weston for the thirteen and twenty-six weeks ended November 28, 2021 and November 29, 2020, and have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

These financial statements include all adjustments that we consider necessary for a fair presentation of such financial statements and consist only of normal recurring adjustments. The preparation of financial statements involves the use of estimates and accruals. The inputs into our judgments and estimates consider the economic implications of the effects of the COVID-19 pandemic on our critical accounting estimates and significant accounting policies. The actual results that we experience may differ materially from those estimates. Results for interim periods should not be considered indicative of results for our full fiscal year, which ends the last Sunday in May.

These financial statements and condensed notes should be read together with the consolidated financial statements and notes in our Annual Report on Form 10-K for the fiscal year ended May 30, 2021 (the "Form 10-K"), which we filed with the Securities and Exchange Commission on July 27, 2021.

Certain amounts in the prior period consolidated financial statements have been reclassified to conform with the current period presentation.

New and Recently Issued Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This update provides optional guidance for a limited period of time to ease potential accounting impacts associated with transitioning away from reference rates that are expected to be discontinued, such as interbank offered rates and the London Interbank Offered Rate ("LIBOR"). This guidance includes practical expedients and exceptions to the current guidance on contract modifications and hedge accounting. Generally, contract modifications related to reference rate reform may be considered an event that does not require remeasurement or reassessment of a previous accounting determination at the modification date. This guidance was effective immediately and generally can be applied through December 31, 2022. We are currently evaluating the potential impact of the transition from LIBOR to alternative reference rates, however we do not expect a significant impact on our consolidated financial statements.

There were no other accounting pronouncements recently issued that had or are expected to have a material impact on our consolidated financial statements.

2. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per common share for the periods presented:

(in millions, except per share amounts)	Thirteen Weeks Ended November 28, 2021	Thirteen Weeks Ended November 29, 2020	Twenty-Six Weeks Ended November 28, 2021	Twenty-Six Weeks Ended November 29, 2020
Numerator:				
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Denominator:				
Basic weighted average common shares outstanding	146.0	146.5	146.1	146.4
Add: Dilutive effect of employee incentive plans (a)	0.3	0.6	0.5	0.7
Diluted weighted average common shares outstanding	146.3	147.1	146.6	147.1
Earnings per share:				
Basic	$ 0.23	$ 0.66	$ 0.43	$ 1.27
Diluted	$ 0.22	$ 0.66	$ 0.42	$ 1.27

(a) Potentially dilutive shares of common stock from employee incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options and the assumed vesting of outstanding restricted stock units and performance awards. As of November 28, 2021, 0.3 million shares of stock-based awards were excluded from the computation of diluted earnings per share because they would be antidilutive. As of November 29, 2020, an insignificant number of stock-based awards were excluded from the computation of diluted earnings per share because they would be antidilutive.

3. INCOME TAXES

Income tax expense was $9.6 million and $31.9 million for the thirteen weeks ended November 28, 2021 and November 29, 2020, respectively; and $18.3 million and $59.9 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively. The effective income tax rate (calculated as the ratio of income tax expense to pre-tax income, inclusive of equity method investment earnings) was 22.8% and 24.8% for the thirteen weeks ended November 28, 2021 and November 29, 2020, respectively; and 22.7% and 24.3% for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively, in our Consolidated Statements of Earnings. The effective tax rate varies from the U.S. statutory tax rate of 21% principally due to the impact of U.S. state taxes, foreign taxes, permanent differences, and discrete items.

Income Taxes Paid

Income taxes paid, net of refunds were $10.3 million and $24.0 million during the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively.

Unrecognized Tax Benefits

There have been no material changes to the unrecognized tax benefits disclosed in Note 3, Income Taxes, of the Notes to Consolidated Financial Statements in "Part II, Item 8. Financial Statements and Supplementary Data" of the Form 10-K. The expiration of statute of limitations could reduce the uncertain tax positions by approximately $7 million during the next 12 months.

4. INVENTORIES

Inventories are valued at the lower of cost (determined using the first-in, first-out method) or net realizable value and include all costs directly associated with manufacturing products: materials, labor, and manufacturing overhead. The components of inventories were as follows:

(in millions)	November 28, 2021	May 30, 2021
Raw materials and packaging	$ 206.1	$ 89.8
Finished goods	361.1	377.8
Supplies and other	46.7	45.9
Inventories	$ 613.9	$ 513.5

5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment were as follows:

(in millions)	November 28, 2021	May 30, 2021
Land and land improvements	$ 112.1	$ 108.2
Buildings, machinery, and equipment	2,815.2	2,763.3
Furniture, fixtures, office equipment, and other	98.6	97.1
Construction in progress	181.3	122.5
Property, plant and equipment, at cost	3,207.2	3,091.1
Less accumulated depreciation	(1,639.2)	(1,567.1)
Property, plant and equipment, net	$ 1,568.0	$ 1,524.0

Depreciation expense was $44.7 million and $45.2 million for the thirteen weeks ended November 28, 2021 and November 29, 2020, respectively; and $89.2 million and $90.1 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively. At November 28, 2021 and May 30, 2021, purchases of property, plant and equipment included in accounts payable were $14.5 million and $23.1 million, respectively.

Interest capitalized within construction in progress for the thirteen weeks ended November 28, 2021 and November 29, 2020, was $1.6 million and $0.5 million, respectively; and $2.8 million and $1.0 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively.

6. EQUITY METHOD INVESTMENTS

We hold a 50% ownership interest in Lamb-Weston/Meijer v.o.f. (“Lamb-Weston/Meijer”), a joint venture with Meijer Frozen Foods B.V., that is headquartered in the Netherlands and manufactures and sells frozen potato products principally in Europe, Russia, and the Middle East. We hold a 50% interest in Lamb-Weston/RDO Frozen (“Lamb Weston RDO”), a potato processing joint venture based in the United States. We also hold a 50% interest in Lamb Weston Alimentos Modernos S.A. (“LWAMSA”), a joint venture with Sociedad Comercial del Plata S.A., that is headquartered in Argentina. LWAMSA manufactures and sells frozen potato products, principally in South America. These investments are accounted for using equity method accounting. The carrying value of these investments at November 28, 2021 and May 30, 2021, was $294.7 million and $310.2 million, respectively, and are included in “Equity method investments” on our Consolidated Balance Sheets.

For the thirteen weeks ended November 28, 2021 and November 29, 2020, we had sales to our equity method investments of $3.3 million and $3.9 million, respectively, and purchases from our equity method investments of $5.8 million and $2.2 million, respectively. For the twenty-six weeks ended November 28, 2021 and November 29, 2020, we had sales to our equity method investments of $8.2 million and $6.9 million, respectively, and purchases from our equity method investments of $7.2 million and $3.3 million, respectively. Total dividends received from our equity method investments were $4.5 million and $3.9 million for the thirteen weeks ended November 28, 2021 and November 29, 2020,

respectively; and $14.2 million and $6.6 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively.

We have an agreement to share the costs of our global enterprise resource planning ("ERP") system and related software and services with Lamb-Weston/Meijer. Under the terms of the agreement, Lamb-Weston/Meijer will pay us for the majority of its portion of the ERP costs in five equal annual payments, plus interest, beginning in the period the system is deployed at Lamb-Weston/Meijer. As of November 28, 2021 and May 30, 2021, Lamb-Weston/Meijer's portion of the ERP costs was $17.4 million and $16.8 million, respectively. Related to this project, we had $14.1 million and $13.2 million of receivables recorded in "Other assets" on our Consolidated Balance Sheets as of November 28, 2021 and May 30, 2021, respectively. We expect the total receivable from Lamb-Weston/Meijer to increase as development and implementation of the ERP system progresses.

7. GOODWILL AND OTHER IDENTIFIABLE INTANGIBLE ASSETS

The following table presents changes in goodwill balances, by segment, during the twenty-six weeks ended November 28, 2021:

(in millions)	Global	Foodservice	Retail	Other	Total
Balance at May 30, 2021	$ 276.3	$ 42.8	$ 10.9	$ 4.5	$ 334.5
Foreign currency translation adjustment	(15.9)	—	—	—	(15.9)
Balance at November 28, 2021	$ 260.4	$ 42.8	$ 10.9	$ 4.5	$ 318.6

Other identifiable intangible assets were as follows:

	November 28, 2021				May 30, 2021			
(dollars in millions)	Weighted Average Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Weighted Average Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Non-amortizing intangible assets (a)	n/a	$ 18.0	$ —	$ 18.0	n/a	$ 18.0	$ —	$ 18.0
Amortizing intangible assets (b)	11	41.5	(24.5)	17.0	11	42.2	(23.3)	18.9
		$ 59.5	$ (24.5)	$ 35.0		$ 60.2	$ (23.3)	$ 36.9

(a) Non-amortizing intangible assets represent brands and trademarks.

(b) Amortizing intangible assets are principally composed of licensing agreements, brands, and customer relationships. Developed technology, which is excluded from this balance, is recorded as "Other assets" on our Consolidated Balance Sheets. Amortization expense, including developed technology amortization expense, was $1.5 million and $1.4 million for the thirteen weeks ended November 28, 2021 and November 29, 2020, respectively; and $3.0 million and $2.1 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively. Foreign intangible assets are affected by foreign currency translation.

8. ACCRUED LIABILITIES

The components of accrued liabilities were as follows:

(in millions)	November 28, 2021	May 30, 2021
Compensation and benefits	$ 70.1	$ 83.2
Accrued trade promotions	47.2	39.9
Dividends payable to shareholders	34.2	34.4
Current portion of operating lease obligations	26.3	29.1
Franchise, property, and sales and use taxes	11.9	11.3
Accrued interest	6.3	7.9
Other	19.4	21.1
Accrued liabilities	$ 215.4	$ 226.9

9. DEBT AND FINANCING OBLIGATIONS

At November 28, 2021 and May 30, 2021, our debt, including financing obligations, was as follows:

(in millions)	November 28, 2021	May 30, 2021
Long-term debt:		
Term A-1 loan facility, due June 2024	$ 266.3	$ 273.8
Term A-2 loan facility, due April 2025	304.7	312.8
4.625% senior notes, due November 2024	—	833.0
4.875% senior notes, due November 2026	—	833.0
4.875% senior notes, due May 2028	500.0	500.0
4.125% senior notes, due January 2030	970.0	—
4.375% senior notes, due January 2032	700.0	—
	2,741.0	2,752.6
Financing obligations:		
Lease financing obligations due on various dates through 2040 (a)	7.5	7.3
	7.5	7.3
Total debt and financing obligations	2,748.5	2,759.9
Debt issuance costs (b)	(24.2)	(22.5)
Current portion of long-term debt and financing obligations	(32.2)	(32.0)
Long-term debt and financing obligations, excluding current portion	$ 2,692.1	$ 2,705.4

(a) The interest rates on our lease financing obligations ranged from 2.08% to 4.10% as of November 28, 2021, and 2.49% to 4.10% as of May 30, 2021.

(b) Excludes debt issuance costs of $4.1 million and $2.1 million as of November 28, 2021 and May 30, 2021, respectively, primarily related to our Amended Revolving Credit Facility, which are recorded in “Other assets” on the Consolidated Balance Sheets.

4.125% Senior Notes due 2030 and 4.375% Senior Notes due 2032

On November 8, 2021, we issued (i) $970.0 million aggregate principal amount of 4.125% senior notes due 2030 (“2030 Notes”) and (ii) $700.0 million aggregate principal amount of 4.375% senior notes due 2032 (“2032 Notes” and, together with the 2030 Notes, the “Notes”) pursuant to indentures, dated as of November 8, 2021 (together, the “Indentures”), among Lamb Weston, as issuer, certain of our subsidiaries named therein as guarantors and Computershare Trust Company, N.A., as trustee. Our obligations under the 2030 Notes and 2032 Notes are unconditionally guaranteed on a senior unsecured basis by each of our subsidiaries that guarantee our obligations under our existing credit facilities.

Interest payments on the Notes are due semi-annually each January 31 and July 31, with the first interest payment due on July 31, 2022. The 2030 Notes will mature on January 31, 2030, unless earlier redeemed or repurchased, and are subject to the terms and conditions set forth in the applicable Indenture. The 2032 Notes will mature on January 31, 2032, unless earlier redeemed or repurchased, and are subject to the terms and conditions set forth in the applicable Indenture.

We may redeem some or all of the Notes at the redemption prices and on the terms specified in the applicable Indenture. If we experience specific kinds of changes in control and certain negative actions are taken with respect to the ratings of the Notes of a series, we must offer to repurchase such Notes on the terms set forth in the applicable Indenture.

The Notes are effectively subordinated to all of our existing and future secured debt, rank equally with all of our existing and future senior debt and rank senior to all of our existing and future subordinated debt. The guarantees of the Notes are effectively subordinated to all of the guarantors’ existing and future secured debt, rank equally with all of their existing and future senior debt and rank senior to all of their existing and future subordinated debt. The Notes are structurally subordinated to all of the liabilities of our non-guarantor subsidiaries.

The Indentures limit our ability and the ability of our subsidiaries to, among other things, incur or suffer to exist liens and consolidate, merge, amalgamate or transfer all or substantially all of our assets. The Indentures contain customary events of default that include, among other things (subject in certain cases to customary grace and cure periods): non-payment of principal, interest or premium; failure to perform or observe covenants; cross-acceleration with certain other indebtedness; certain judgments; and certain events of bankruptcy or insolvency. Generally, if an event of default occurs (subject to certain exceptions), the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

In connection with the 2030 Notes and 2032 Notes issuance, we capitalized $17.5 million of debt issuance costs within long-term debt on our Consolidated Balance Sheet.

4.625% Senior Notes due 2024 and 4.875% Senior Notes due 2026

On November 18, 2021, we used the net proceeds of the issuance of the 2030 Notes and 2032 Notes, together with cash on hand, to redeem all of our outstanding $833.0 million aggregate principal amount of 4.625% senior notes due 2024 (the "2024 Notes") and $833.0 million aggregate principal amount of 4.875% senior notes due 2026 (the "2026 Notes"). The 2024 Notes were redeemed at a price of 102.313% of the principal amount and the 2026 Notes were redeemed at a price of 102.438% of the principal amount. The aggregate call premium for the 2024 Notes and 2026 Notes was $39.6 million (included in the redemption prices noted above) and in connection with these redemptions, we also wrote off $13.7 million of previously unamortized debt issuance costs. Both of these amounts are included as "Interest Expense, net" in our Consolidated Statements of Earnings for the thirteen and twenty-six weeks ended November 28, 2021.

Amended Revolving Credit Facility

On August 11, 2021, we amended our credit agreement, dated as of November 9, 2016 ("Amended Revolving Credit Facility"). The Amended Revolving Credit Facility, among other things, increased the aggregate principal amount of available revolving credit facility borrowings to $1.0 billion and extended the maturity date to August 11, 2026. In addition, we may add incremental term loan facilities, increase commitments and/or add new revolving commitments in an aggregate principal amount of $650.0 million or greater based on conditions described in the agreement. Borrowings under the Amended Revolving Credit Facility bear interest at LIBOR, the Base Rate, the Alternative Currency Daily Rate, or the Alternative Currency Term Rate (each as defined in the Amended Revolving Credit Facility) plus an applicable rate ranging from 1.125% to 1.75% for LIBOR-based loans, Alternative Currency Daily Rate-based loans, and Alternative Currency Term Rate-based loans and from 0.125% to 0.75% for Base Rate-based loans, depending upon our consolidated net leverage ratio. In addition to paying interest, we pay an annual commitment fee for undrawn amounts at a rate of 0.15% to 0.25%, depending on our consolidated net leverage ratio. The Amended Revolving Credit Facility requires us to maintain a consolidated net leverage ratio no greater than 5.00 to 1.00, decreasing to 4.75 to 1.00 on February 23, 2025 through maturity; and an interest coverage ratio no less than 2.75 to 1.00.

In connection with the Amended Revolving Credit Facility, we capitalized $2.0 million of debt issuance costs in "Other assets" on our Consolidated Balance Sheet.

At November 28, 2021, we had no borrowings outstanding under the Amended Revolving Credit Facility and $994.6 million of availability under the facility, which is net of outstanding letters of credit of $5.4 million. For the twenty-six weeks ended November 28, 2021, we had no borrowings under the facility.

Term A-1 and A-2 Loan Facilities

On August 11, 2021, in connection with the Amended Revolving Credit Facility, we amended the credit agreement, dated as of June 28, 2019, relating to our Term A-1 and A-2 Loan Facilities ("Term Loan Facilities"), to, among other things, modify the Term Loan Facilities to make conforming changes to the covenants under the agreement. Under the amended Term Loan Facilities, we are required to maintain a consolidated net leverage ratio no greater than 5.00 to 1.00, decreasing to 4.75 to 1.00 on February 23, 2025 through maturity; and an interest coverage ratio no less than 2.75 to 1.00.

Other

For the twenty-six weeks ended November 28, 2021 and November 29, 2020, we paid $61.4 million and $60.5 million of interest on debt, respectively.

For more information on our debt and financing obligations, interest rates, and debt covenants, see Note 8, Debt and Financing Obligations, of the Notes to Consolidated Financial Statements in "Part II, Item 8. Financial Statements and Supplementary Data" of the Form 10-K.

10. STOCK-BASED COMPENSATION

The Compensation and Human Capital Committee ("the Committee") of our Board of Directors administers our stock compensation plan. The Committee, in its discretion, authorizes grants of restricted stock units ("RSUs"), performance awards payable upon the attainment of specified performance goals ("Performance Shares"), dividend equivalents, and other stock-based awards. During the twenty-six weeks ended November 28, 2021, we granted 0.3 million and 0.1 million RSUs and Performance Shares, respectively, at an average grant date fair value of $66.00. As of November 28, 2021, 7.1 million shares were available for future grant under the plan.

Our stock-based compensation expense is recorded in "Selling, general and administrative expenses." Compensation expense for stock-based awards recognized in the Consolidated Statements of Earnings, net of forfeitures, was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
(in millions)	November 28, 2021	November 29, 2020	November 28, 2021	November 29, 2020
Total compensation expense	$ 4.4	$ 5.3	$ 9.6	$ 11.3
Income tax benefit (a)	(0.9)	(0.9)	(1.8)	(2.0)
Total compensation expense, net of tax benefit	$ 3.5	$ 4.4	$ 7.8	$ 9.3

(a) Income tax benefit represents the marginal tax rate, excluding non-deductible compensation.

Based on estimates at November 28, 2021, total unrecognized compensation expense related to stock-based awards was as follows:

(dollars in millions)	Unrecognized Compensation Expense	Remaining Weighted Average Recognition Period (in years)
Stock-settled RSUs	$ 29.3	2.1
Performance Shares	7.5	1.9
Total unrecognized compensation expense	$ 36.8	2.1

11. FAIR VALUE MEASUREMENTS

For information about our fair value policies, methods and assumptions used in estimating the fair value of our financial assets and liabilities, see Note 1, Nature of Operations and Summary of Significant Accounting Policies and Note 12, Fair Value Measurements, of the Notes to Consolidated Financial Statements in "Part II, Item 8. Financial Statements and Supplementary Data" of the Form 10-K.

The fair values of cash equivalents, receivables, accounts payable, and short-term debt approximate their carrying amounts due to their short duration.

The following table presents our financial assets and liabilities measured at fair value on a recurring basis based upon the level within the fair value hierarchy in which the fair value measurements fall:

	As of November 28, 2021			
(in millions)	Level 1	Level 2	Level 3	Fair Value of Assets (Liabilities)
Derivative assets (a)	$ —	$ 3.0	$ —	$ 3.0
Derivative liabilities (a)	—	(0.6)	—	(0.6)
Deferred compensation liabilities (b)	—	(24.9)	—	(24.9)
Fair value, net	$ —	$ (22.5)	$ —	$ (22.5)

	As of May 30, 2021			
(in millions)	Level 1	Level 2	Level 3	Fair Value of Assets (Liabilities)
Derivative assets (a)	$ —	$ 15.3	$ —	$ 15.3
Deferred compensation liabilities (b)	—	(23.5)	—	(23.5)
Fair value, net	$ —	$ (8.2)	$ —	$ (8.2)

(a) Derivative assets and liabilities included in Level 2 primarily represent commodity swap and option contracts. The fair values of our Level 2 derivative assets and liabilities were determined using valuation models that use market observable inputs including both forward and spot prices for commodities. Derivative assets are presented within “Prepaid expenses and other current assets” and derivative liabilities are presented within “Accrued liabilities” on our Consolidated Balance Sheets.

(b) The fair values of our Level 2 deferred compensation liabilities were valued using third-party valuations, which are based on the net asset values of mutual funds in our retirement plans. While the underlying assets are actively traded on an exchange, the funds are not.

At November 28, 2021, we had $2,170.0 million of fixed-rate and $571.0 million of variable-rate debt outstanding. Based on current market rates, the fair value of our fixed-rate debt was estimated to be $2,195.9 million. Any differences between the book value and fair value are due to the difference between the period-end market interest rate and the stated rate of our fixed-rate debt. The fair value of our variable-rate term debt approximates the carrying amount as our cost of borrowing is variable and approximates current market prices.

12. STOCKHOLDERS' EQUITY

Share Repurchase Program

In December 2018, our Board of Directors authorized a program, with no expiration date, to repurchase shares of our common stock in an amount not to exceed $250.0 million in the aggregate. During the thirteen weeks ended November 28, 2021, we repurchased 868,753 shares for $50.0 million, or a weighted-average price of $57.55 per share. During the twenty-six weeks ended November 28, 2021, we repurchased 1,264,114 shares for $76.0 million, or a weighted-average price of $60.15 per share. As of November 28, 2021, $93.6 million remained authorized for repurchase under the program. In December 2021, our Board of Directors authorized the repurchase of an additional $250.0 million of our common stock under the program. We have $343.6 million remaining under the updated share repurchase authorization.

Dividends

During the twenty-six weeks ended November 28, 2021, we paid $68.7 million of dividends to common stockholders. On December 3, 2021, we paid $34.3 million of dividends to stockholders of record as of the close of business on November 5, 2021. On December 17, 2021, our Board of Directors increased our quarterly dividend approximately 4% and declared a dividend of $0.245 per share of common stock. The dividend will be paid on March 4, 2022, to stockholders of record as of the close of business on February 4, 2022.

Accumulated Other Comprehensive Income ("AOCI")

Changes in AOCI, net of taxes, as of November 28, 2021 were as follows:

(in millions)	Foreign Currency Translation Gains (Losses)	Pension and Post-Retirement Benefits	Accumulated Other Comprehensive Income (Loss)
Balance as of May 30, 2021	$ 36.0	$ (6.5)	$ 29.5
Other comprehensive income before reclassifications, net of tax	(37.2)	—	(37.2)
Amounts reclassified out of AOCI, net of tax	—	0.2	0.2
Net current-period other comprehensive income (loss)	(37.2)	0.2	(37.0)
Balance as of November 28, 2021	$ (1.2)	$ (6.3)	$ (7.5)

13. SEGMENTS

We have four operating segments, each of which is a reportable segment: Global, Foodservice, Retail, and Other. Our chief operating decision maker receives periodic management reports under this structure that generally focus on the nature and scope of our customers' businesses, which enables operating decisions, performance assessment, and resource allocation decisions at the segment level. The reportable segments are each managed by a general manager and supported by a cross functional team assigned to support the segment.

(in millions)	Thirteen Weeks Ended November 28, 2021	Thirteen Weeks Ended November 29, 2020	Twenty-Six Weeks Ended November 28, 2021	Twenty-Six Weeks Ended November 29, 2020
Net sales				
Global	$ 516.7	$ 475.9	$ 1,017.9	$ 923.4
Foodservice	313.9	241.1	635.3	477.8
Retail	142.6	140.7	275.1	294.6
Other	33.4	38.4	62.5	71.8
Total net sales	1,006.6	896.1	1,990.8	1,767.6
Product contribution margin (a)				
Global	80.9	92.7	123.5	170.5
Foodservice	104.4	87.7	200.8	173.5
Retail	21.4	30.1	36.2	65.9
Other (b)	(6.2)	10.5	(12.8)	23.7
	200.5	221.0	347.7	433.6
Add: Advertising and promotion expenses (a)	5.0	2.5	9.1	3.7
Gross profit	205.5	223.5	356.8	437.3
Selling, general and administrative expenses	91.1	83.9	182.2	162.0
Income from operations	114.4	139.6	174.6	275.3
Interest expense, net (c)	82.4	30.0	110.3	60.3
Income tax expense	9.6	31.9	18.3	59.9
Equity method investment earnings	10.1	19.2	16.3	31.1
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2

(a) Product contribution margin represents net sales less cost of sales and advertising and promotion expenses. Product contribution margin includes advertising and promotion expenses because those expenses are directly associated with segment performance.

(b) The Other segment primarily includes our vegetable and dairy businesses and unrealized mark-to-market adjustments and realized settlements associated with commodity hedging contracts.

(c) The thirteen and twenty-six weeks ended November 28, 2021, include a loss on the extinguishment of debt of $53.3 million, which includes an aggregate call premium of $39.6 million related to the redemption of the 2024 Notes and 2026 Notes, and the write-off of $13.7 million of previously unamortized debt issuance costs associated with those notes.

Concentrations

Lamb Weston's largest customer, McDonald's Corporation, accounted for approximately 11% of consolidated "Net sales" in all periods presented in our Consolidated Statements of Earnings.

14. COMMITMENTS, CONTINGENCIES, GUARANTEES AND LEGAL PROCEEDINGS

We have financial commitments and obligations that arise in the ordinary course of our business. These include long-term debt, lease obligations, purchase commitments for goods and services, and legal proceedings. There have been no material changes to the guarantees and indemnifications disclosed in Note 15, Commitments, Contingencies, Guarantees, and Legal Proceedings, of the Notes to Consolidated Financial Statements in “Part II, Item 8. Financial Statements and Supplementary Data” of the Form 10-K.

We are a party to legal actions arising in the ordinary course of our business. These claims, legal proceedings and litigation principally arise from alleged casualty, product liability, employment, and other disputes. In determining loss contingencies, we consider the likelihood of loss as well as the ability to reasonably estimate the amount of such loss or liability. An estimated loss is recognized when it is considered probable that a liability has been incurred and when the amount of loss can be reasonably estimated. While any claim, proceeding or litigation has an element of uncertainty, we believe the outcome of any of these that are pending or threatened will not have a material adverse effect on our financial condition, results of operations, or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations, which we refer to as "MD&A," should be read in conjunction with our condensed consolidated financial statements and related notes included in "Financial Information" of this Quarterly Report on Form 10-Q (this "Form 10-Q") and in "Financial Statements and Supplementary Data" of the Company's Annual Report on Form 10-K for the fiscal year ended May 30, 2021 (the "Form 10-K"), which we filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") on July 27, 2021.

Forward-Looking Statements

This report, including the MD&A, contains forward-looking statements within the meaning of the federal securities laws. Words such as "will," "continue," "may," "expect," "anticipate," "believe," "estimate," "grow," "take," "mitigate," "support," "remain," "increase," "manage," "improve," "create," "outlook," and variations of such words and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding our plans, execution, capital investments, operational costs, pricing actions, cash flows, liquidity, dividends, share repurchases, enterprise resource planning ("ERP") system implementation and business outlook and prospects, as well as the impact of the COVID-19 pandemic on our industry and the global economy. These forward-looking statements are based on management's current expectations and are subject to uncertainties and changes in circumstances. Readers of this report should understand that these statements are not guarantees of performance or results. Many factors could affect our actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements, including those set forth in this report. These risks and uncertainties include, among other things: impacts on our business due to health pandemics or other contagious outbreaks, such as the COVID-19 pandemic, including impacts on demand for our products, increased costs, disruption of supply, other constraints in the availability of key commodities and other necessary services or restrictions imposed by public health authorities or governments; the availability and prices of raw materials; labor shortages and other operational challenges; levels of pension, labor and people-related expenses; our ability to successfully execute our long-term value creation strategies; our ability to execute on large capital projects, including construction of new production lines or facilities; the competitive environment and related conditions in the markets in which we and our joint ventures operate; political and economic conditions of the countries in which we and our joint ventures conduct business and other factors related to our international operations; disruption of our access to export mechanisms; risks associated with possible acquisitions, including our ability to complete acquisitions or integrate acquired businesses; our debt levels; changes in our relationships with our growers or significant customers; the success of our joint ventures; actions of governments and regulatory factors affecting our businesses or joint ventures; the ultimate outcome of litigation or any product recalls; our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends; and other risks described in our reports filed from time to time with the SEC. We caution readers not to place undue reliance on any forward-looking statements included in this report, which speak only as of the date of this report. We undertake no responsibility for updating these statements, except as required by law.

Overview

Lamb Weston Holdings, Inc. ("we," "us," "our," "the Company," or "Lamb Weston"), along with our joint ventures, is a leading global producer, distributor, and marketer of value-added frozen potato products. We, along with our joint ventures, are the number one supplier of value-added frozen potato products in North America and a leading supplier of value-added frozen potato products internationally, with a strong and growing presence in high-growth emerging markets. We, along with our joint ventures, offer a broad product portfolio to a diverse channel and customer base in over 100 countries. French fries represent the majority of our value-added frozen potato product portfolio.

This MD&A is provided as a supplement to the consolidated financial statements and related condensed notes included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. Our MD&A is based on financial data derived from the financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and certain other financial data (including product contribution margin, on a consolidated basis, Adjusted Diluted EPS, Adjusted EBITDA and Adjusted EBITDA including unconsolidated joint ventures) that is prepared using non-GAAP financial measures. Refer to "Non-GAAP

Financial Measures" below for the definitions of product contribution margin, Adjusted EBITDA, Adjusted EBITDA including unconsolidated joint ventures and Adjusted Diluted EPS, and a reconciliation of these non-GAAP financial measures to gross profit, net income or diluted earnings per share, as applicable.

Executive Summary

We made good financial and operating progress in the quarter as we continue to navigate through a difficult and volatile macro environment defined by cost inflation, supply chain disruptions and production challenges due to a tight labor market. We generated strong sales as solid demand across our food-away-from-home channels drove volume growth, and as we continued to implement recent pricing actions. While earnings declined versus the prior year, the pricing actions and other strategic actions we have taken to offset cost increases and improve throughput in our factories led to sequential gross margin gains. Specifically, in the quarter:

- Net sales increased 12% to $1,006.6 million
- Income from operations declined 18% to $114.4 million
- Net income declined 66% to $32.5 million
- Diluted earnings per share declined 67% to $0.22
- Adjusted Diluted EPS declined 24% to $0.50
- Adjusted EBITDA including unconsolidated joint ventures declined 15% to $180.9 million
- We returned $84.3 million of cash to stockholders, including $34.3 million in dividends and $50.0 million of share repurchases

Compared with the second quarter of fiscal 2021, the increase in net sales was driven by a balance of higher sales volumes and price/mix. The increase in our sales volumes was driven by the ongoing recovery in demand for frozen potato products across our restaurant and foodservice channels in the U.S. The increase in sales volumes was most pronounced in our Foodservice segment, which has a higher proportion of its sales to on-premise dining establishments, including independent restaurants and non-commercial operations, such as lodging and hospitality, healthcare, schools and universities, sports and entertainment, and workplace environments. Sales volumes also continued to increase at the large chain restaurant customers served by our Global segment, but to a lesser extent as sales volumes in this channel had largely recovered to pre-pandemic levels by the first quarter of fiscal 2021. Sales volumes in our Retail segment declined primarily due to lower shipments of private label products resulting from incremental losses of certain low-margin business, and was partially offset by an increase in branded product sales volumes. Our net sales increase was also driven by higher price/mix in each of our core business segments, primarily reflecting the initial benefit of product pricing actions taken earlier in the year, as well the benefit of higher prices charged to customers for product delivery.

Outside of North America, demand was solid in most of our key international markets. However, our international sales volumes, which are included in our Global segment, declined as a result of limited shipping container availability along the U.S. West Coast and disruptions to ocean freight networks across the Pacific Ocean.

Sales volumes in Europe, which is served by our Lamb-Weston/Meijer joint venture, increased as restaurant traffic continued to improve, although earnings were negatively affected by inflation, production, and transportation challenges.

Despite a strong increase in sales, our income from operations declined largely due to higher manufacturing and distribution costs on a per pound basis. The increase in costs per pound primarily reflected double-digit cost inflation from key inputs and transportation, as well as higher costs and inefficiencies related to labor shortages across our manufacturing network. While we expect the increasing benefits from product and freight pricing actions that we implemented earlier this year, along with additional recently-announced pricing actions and supply chain productivity initiatives, will improve future earnings, the benefits that we realized to date were insufficient to fully offset the cost pressures during the second quarter.

The decline in income from operations was also due to higher selling, general and administrative expenses ("SG&A") expenses that were largely driven by an increase in advertising and promotion ("A&P") expenses and higher employee-related costs.

Approximately one-third of the decline in net income and diluted earnings per share was due to lower income from operations and equity method investment earnings. Approximately two-thirds of the decline was due to an approximately $53 million (approximately $41 million, or $0.28 per share, after-tax) non-recurring loss associated with the extinguishment of debt. We have identified these costs as “items impacting comparability” in our non-GAAP results. For more information see “Liquidity and Capital Resources” in this MD&A.

Outlook

We expect our net sales in fiscal 2022 to increase versus the prior year driven by a combination of higher price/mix and higher sales volumes. We expect price/mix to increase largely due to pricing actions that we began to implement earlier in fiscal 2022 in an effort to mitigate higher manufacturing and distribution costs. We expect solid sales volume growth as global demand for frozen potato products continues to rise. In the U.S., during the first half of fiscal 2022, aggregate demand, as well as our shipments, returned to pre-pandemic levels. The rate of recovery in demand in our key international markets remained mixed, while the recovery in our shipments was also tempered by limited shipping container availability and disruptions to ocean freight networks. We expect overall frozen potato demand in the U.S. and in our key international markets will continue to be solid through the remainder of this fiscal year, although sales volumes may be tempered by disruptions in our production and logistics networks, as well as the effect of the COVID-19 variants on restaurant traffic and consumer demand.

We expect our earnings in fiscal 2022 to be pressured largely as a result of input cost inflation, including higher raw potato costs, and industrywide supply chain challenges. We anticipate that the rate of inflation for many of our manufacturing, commodity, and transportation costs, including, but not limited to edible oils, grains and starches used for product coatings, rail, trucking, ocean freight, and packaging, will remain higher than we experienced in fiscal 2021. We also expect our potato costs on a per pound basis will rise as the year progresses due to the impact of the extreme summer heat that negatively affected the yield and quality of potato crops in the Pacific Northwest. We anticipate the ongoing effects of the pandemic and disruptions to the broader global supply chain will continue to pressure our operations, including the shortage of manufacturing labor, through the remainder of fiscal 2022, which is expected to lead to volatile operating conditions and incremental manufacturing and distribution costs. Our experienced team is continuing to take specific actions to mitigate these challenges, most notably executing pricing actions intended to offset commodity inflation, restructuring freight policies, modifying production and crewing schedules, adopting new policies and practices to attract and retain manufacturing employees, and optimizing our product portfolio.

In addition, we expect overall SG&A in fiscal 2022 will be higher than the prior year largely due to increased compensation and benefit expenses, as well as continued investments to improve our information technology infrastructure over the long term. This includes resuming our efforts in the second half of fiscal 2022 to implement the next phase of a new ERP system.

While the near-term impact of the pandemic on sales volumes and costs continues to be volatile, we believe we have sufficient liquidity to manage through the uncertainty.

We remain focused on our strategic objectives, and believe that our investments in productivity, technology, and capacity to support customer growth will create value for our stakeholders over the long term.

Results of Operations

We have four reportable segments: Global, Foodservice, Retail, and Other. We report net sales and product contribution margin by segment and on a consolidated basis. Product contribution margin, when presented on a consolidated basis, is a non-GAAP financial measure. Net sales and product contribution margin are the primary measures reported to our chief operating decision maker for purposes of allocating resources to our segments and assessing their performance. Product contribution margin represents net sales less cost of sales and A&P expenses. Product contribution margin includes A&P expenses because those expenses are directly associated with the performance of the Company's segments. For additional information on our reportable segments and product contribution margin, see "Non-GAAP Financial Measures" below and Note 13, Segments, of the Condensed Notes to Consolidated Financial Statements in "Part I, Item 1. Financial Statements" of this report.

Thirteen Weeks Ended November 28, 2021 compared to Thirteen Weeks Ended November 29, 2020

Net Sales, Gross Profit, and Product Contribution Margin

	Thirteen Weeks Ended		
(in millions)	November 28, 2021	November 29, 2020	% Inc/(Dec)
Segment net sales			
Global	$ 516.7	$ 475.9	9%
Foodservice	313.9	241.1	30%
Retail	142.6	140.7	1%
Other	33.4	38.4	(13%)
	$ 1,006.6	$ 896.1	12%
Segment product contribution margin			
Global	$ 80.9	$ 92.7	(13%)
Foodservice	104.4	87.7	19%
Retail	21.4	30.1	(29%)
Other	(6.2)	10.5	(159%)
	200.5	221.0	(9%)
Add: Advertising and promotion expenses	5.0	2.5	100%
Gross profit	$ 205.5	$ 223.5	(8%)

Net Sales

Compared to the prior year quarter, Lamb Weston's net sales for the second quarter of fiscal 2022 increased $110.5 million, or 12%, to $1,006.6 million. Volume and price/mix each increased 6%. The ongoing recovery in demand for frozen potato products in our restaurant and foodservice channels in the U.S. drove the increase in sales volumes, while the initial benefits of product pricing actions, as well as higher prices charged to customers for product delivery, primarily drove the increase in price/mix.

Global segment net sales increased $40.8 million, or 9%, to $516.7 million. Price/mix increased 5% while volume increased 4%. The increase in price/mix largely reflected the benefit of pricing actions, including higher prices charged for freight. Strong growth in shipments to restaurant chain customers in the U.S. drove the increase in sales volumes. While demand in most of our key international markets was solid, export sales volumes declined as a result of limited shipping container availability and disruptions to ocean freight networks.

Foodservice segment net sales increased $72.8 million, or 30%, to $313.9 million. Volume increased 22% while price/mix increased 8%. Strong demand at small and regional chain restaurants, as well as independently-owned restaurants, drove the increase in sales volumes. Shipments to non-commercial customers, such as lodging and hospitality, healthcare, schools and universities, sports and entertainment, and workplace environments, also increased versus the prior year quarter, but remained below pre-pandemic levels. The segment's overall volume growth was tempered by our inability

to serve full customer demand due to widespread industry supply chain constraints, including labor shortages, that resulted in lower production run-rates and throughput in our factories. The increase in price/mix largely reflected the initial benefits of pricing actions taken earlier in the year, higher prices charged for freight, and favorable mix.

Retail segment net sales increased $1.9 million, or 1%, to $142.6 million. Price/mix increased 5% while volume decreased 4%. The increase in price/mix was largely driven by favorable price in our branded portfolio, including higher prices charged for freight. The sales volume decline largely reflects lower shipments of private label products resulting from incremental losses of certain low-margin business, partially offset by an increase in branded product sales volumes. Product shipments were tempered by the inability to serve full customer demand due to lower production run-rates and throughput in our factories.

Net sales in our Other segment declined $5.0 million, or 13%, to $33.4 million, with volume down 24% and price/mix up 11%. The decline was driven by lower volume in our vegetable business, reflecting the negative effect of the extreme summer heat on the yield and quality of the vegetable crops.

Gross Profit and Product Contribution Margin

Gross profit declined $18.0 million, or 8%, to $205.5 million, as the benefits from increased sales volumes and higher price/mix were more than offset by higher manufacturing and distribution costs on a per-pound basis. The higher costs per pound predominantly reflected double-digit cost inflation from key inputs, particularly edible oils; ingredients, such as grains and starches used in product coatings; transportation; and packaging. The increase in costs per pound also reflected the effect of labor shortages on production run-rates, as well as lower raw potato utilization rates due to the poor crop harvested in fall 2021. The increase in per pound costs was partially offset by supply chain productivity savings. The decline in gross profit also included a $6.1 million decrease in unrealized mark-to-market adjustments associated with commodity hedging contracts, which includes a $1.0 million loss in the current quarter, compared with a $5.1 million gain related to these items in the prior year quarter.

Lamb Weston’s overall product contribution margin, defined as gross profit less A&P expenses, declined $20.5 million, or 9%, to $200.5 million. The decline was largely due to lower gross profit (as described above) and a $2.5 million increase in A&P expenses.

Global segment product contribution margin declined $11.8 million, or 13%, to $80.9 million. Higher manufacturing and distribution costs per pound more than offset the benefit of favorable price/mix and higher sales volumes. Global segment cost of sales was $434.8 million, up 14% compared to the second quarter of fiscal 2021, primarily due to higher sales volumes and higher manufacturing and distribution costs.

Foodservice segment product contribution margin increased $16.7 million, or 19%, to $104.4 million. Favorable price/mix and higher sales volumes drove the increase, and was partially offset by higher manufacturing and distribution costs per pound. Foodservice segment cost of sales was $208.3 million, up 37% compared to the second quarter of fiscal 2021, primarily due to higher sales volumes and higher manufacturing and distribution costs.

Retail segment product contribution margin declined $8.7 million, or 29%, to $21.4 million. Higher manufacturing and distribution costs per pound, a $1.9 million increase in A&P expenses, and lower sales volumes drove the decline. Retail segment cost of sales was $118.5 million, up 8% compared to the second quarter of fiscal 2021, primarily due to higher manufacturing and distribution costs, partially offset by lower sales volumes.

Other segment product contribution margin declined $16.7 million to a loss of $6.2 million in the second quarter fiscal 2022, as compared to $10.5 million of income in fiscal 2021. These amounts include an $8.6 million loss related to unrealized mark-to-market adjustments and realized settlements associated with commodity hedging contracts, and a $4.3 million gain related to the contracts in fiscal 2021. Excluding these mark-to-market adjustments and realized settlements, Other segment product contribution margin declined $3.8 million, largely due to higher manufacturing costs and lower sales volumes in our vegetable business.

Selling, General and Administrative Expenses

SG&A increased $7.2 million compared to the prior year quarter, primarily due to a $2.5 million increase in A&P expenses, higher sales commissions associated with increased sales volumes, and higher expenses largely related to employee recruiting and retention. The increase in SG&A was partially offset by lower consulting expenses associated with improving our commercial and supply chain operations, as well as fewer expenses for our new ERP system. Approximately $2 million of the ERP-related costs in the quarter consisted primarily of consulting expenses that will not continue after we implement the new system, compared to approximately $5 million in the prior year quarter.

Interest Expense, Net

Compared with the prior year quarter, interest expense, net increased $52.4 million to $82.4 million. The increase reflects a $53.3 million ($40.5 million after-tax) loss on extinguishment of debt associated with the redemption in full of our outstanding 4.625% senior notes due 2024 (the “2024 Notes”) and 4.875% senior notes due 2026 (the “2026 Notes”). For more information see “Liquidity and Capital Resources” in this MD&A.

Income Tax Expense

Income tax expense for the second quarter of fiscal 2022 and 2021 was $9.6 million and $31.9 million, respectively. The effective income tax rate (calculated as the ratio of income tax expense to pre-tax income, inclusive of equity method investment earnings) was 22.8% and 24.8% for the second quarter of fiscal 2022 and 2021, respectively. The effective tax rate varies from the U.S. statutory tax rate of 21%, principally due to the impact of U.S. state taxes, foreign taxes, permanent differences, and discrete items.

Equity Method Investment Earnings

We conduct business through unconsolidated joint ventures in Europe, the U.S., and South America and include our share of the earnings based on our economic ownership interest in them. Our share of earnings from our equity method investments was $10.1 million and $19.2 million for the second quarter of fiscal 2022 and 2021, respectively. Equity method investment earnings included a $3.6 million unrealized gain related to mark-to-market adjustments associated with currency and commodity hedging contracts in the current quarter, compared to a $0.1 million unrealized loss related to these items in the prior year quarter. Excluding the mark-to-market adjustments, earnings from equity method investments declined $12.8 million compared to the prior year period. The earnings decline largely reflects input cost inflation and higher manufacturing costs in Europe and the U.S.

Twenty-Six Weeks Ended November 28, 2021 compared to Twenty-Six Weeks Ended November 29, 2020

Net Sales, Gross Profit, and Product Contribution Margin

(in millions)	Twenty-Six Weeks Ended November 28, 2021	November 29, 2020	% Inc/(Dec)
Segment net sales			
Global	$ 1,017.9	$ 923.4	10%
Foodservice	635.3	477.8	33%
Retail	275.1	294.6	(7%)
Other	62.5	71.8	(13%)
	$ 1,990.8	$ 1,767.6	13%
Segment product contribution margin			
Global	$ 123.5	$ 170.5	(28%)
Foodservice	200.8	173.5	16%
Retail	36.2	65.9	(45%)
Other	(12.8)	23.7	(154%)
	347.7	433.6	(20%)
Add: Advertising and promotion expenses	9.1	3.7	146%
Gross profit	$ 356.8	$ 437.3	(18%)

Net Sales

Compared to the first half of fiscal 2021, Lamb Weston's net sales increased $223.2 million, or 13%, to $1,990.8 million. Volume increased 9% and price/mix increased 4%. The ongoing recovery in demand for frozen potato products in our restaurant and foodservice channels drove the increase in sales volumes. In the prior year period, demand was affected by reduced shipments related to government-imposed social restrictions on restaurant traffic. The initial benefits of product pricing actions, as well as higher prices charged to customers for product delivery, primarily drove the increase in price/mix.

Global segment net sales increased $94.5 million, or 10%, to $1,017.9 million. Volume increased 6% while price/mix increased 4%. Strong growth in shipments to restaurant chain customers in the U.S., including the benefit of limited time product offerings, drove the increase in sales volumes. Demand in most of our key international markets was solid, although limited shipping container availability and disruptions to ocean freight networks tempered growth of our export sales volumes. The increase in price/mix largely reflected the benefit of pricing actions, including higher prices charged for freight.

Foodservice segment net sales increased $157.5 million, or 33%, to $635.3 million. Volume increased 28% while price/mix increased 5%. Solid demand at small and regional chain restaurants, as well as independently-owned restaurants, drove the increase in sales volumes. Shipments to non-commercial customers also increased versus the prior year period, but remained below pre-pandemic levels. The segment's overall volume growth was tempered by our inability to serve full customer demand due to widespread industry supply chain constraints, including labor shortages, that resulted in lower production run-rates and throughput in our factories. The increase in price/mix largely reflected the initial benefits of pricing actions taken earlier in the year, as well as higher prices charged for freight.

Retail segment net sales declined $19.5 million, or 7%, to $275.1 million. Volume declined 11% while price/mix increased 4%. The sales volume decline primarily reflects lower shipments of private label products resulting from incremental losses of certain low-margin business. Branded product sales volumes were well above pre-pandemic levels, but were essentially flat versus the prior year period because of our inability to serve full customer demand due to lower production run-rates and throughput in our factories. The increase in price/mix was largely driven by favorable price, including higher prices charged for freight.

Net sales in our Other segment declined $9.3 million, or 13%, to $62.5 million, with volume down 23% and price/mix up 10%. The decline primarily reflects lower volume in our vegetable business, reflecting the negative effect of the extreme summer heat on the yield and quality of the vegetable crops.

Gross Profit and Product Contribution Margin

Gross profit declined $80.5 million, or 18%, to $356.8 million, as the benefits from increased sales volumes and higher price/mix were more than offset by higher manufacturing and distribution costs on a per-pound basis. The higher costs per pound predominantly reflected double-digit cost inflation from key inputs, particularly edible oils; transportation; ingredients, such as grains and starches used in product coatings; and packaging. The increase in costs per pound also reflected the effect of labor shortages on production run-rates, as well as lower raw potato utilization rates due to the poor crop harvested in fall 2021. The increase in per pound costs was partially offset by supply chain productivity savings. The decline in gross profit also included an $11.8 million decrease in unrealized mark-to-market adjustments associated with commodity hedging contracts, which includes a $0.2 million gain in the first half of fiscal 2022, compared with a $12.0 million gain related to these items in the first half of fiscal 2021.

Lamb Weston's overall product contribution margin declined $85.9 million, or 20%, to $347.7 million. The decline was largely due to lower gross profit (as described above) and a $5.4 million increase in A&P expenses.

Global segment product contribution margin declined $47.0 million, or 28%, to $123.5 million. Higher manufacturing and distribution costs per pound resulting from input and transportation cost inflation, reduced production run-rates and lower raw potato utilization rates more than offset the benefit of favorable price/mix and higher sales volumes. Global segment cost of sales was $892.5 million, up 19% compared to the first half of fiscal 2021, primarily due to higher sales volumes and higher manufacturing and distribution costs.

Foodservice segment product contribution margin increased $27.3 million, or 16%, to $200.8 million. Higher sales volumes and favorable price/mix drove the increase, and was partially offset by higher manufacturing and distribution costs per pound. Foodservice segment cost of sales was $432.3 million, up 43% compared to the first half of fiscal 2021, primarily due to higher sales volumes and higher manufacturing and distribution costs.

Retail segment product contribution margin declined $29.7 million, or 45%, to $36.2 million. Higher manufacturing and distribution costs per pound, lower sales volumes and a $3.9 million increase in A&P expenses, drove the decline. Retail segment cost of sales was $234.1 million, up 3% compared to the first half of fiscal 2021, primarily due to lower sales volumes and higher manufacturing and distribution costs.

Other segment product contribution margin declined $36.5 million to a loss of $12.8 million in the first half of fiscal 2022, as compared to $23.7 million of income in the first half of fiscal 2021. These amounts include a $16.9 million loss related to unrealized mark-to-market adjustments and realized settlements associated with commodity hedging contracts, and a $12.1 million gain related to the contracts in fiscal 2021. Excluding these mark-to-market adjustments and realized settlements, Other segment product contribution margin declined $7.5 million, largely due to higher manufacturing costs and lower sales volumes in our vegetable business.

Selling, General and Administrative Expenses

SG&A increased $20.2 million compared to the first half of fiscal 2021, primarily due to a $5.4 million increase in A&P expenses to support new product launches; higher compensation and benefits expense; investments to improve our information technology, commercial and supply chain operations over the long term; expenses largely related to employee recruiting and retention and temporary labor; and higher sales commissions associated with increased sales volumes. SG&A included approximately $6 million of ERP-related costs in the first half of fiscal 2022 and 2021. In both periods, these costs consisted primarily of consulting expenses that will not continue after we implement the new ERP system.

Interest Expense, Net

Compared with the first half of fiscal 2021, interest expense, net increased $50.0 million to $110.3 million. The increase reflects a $53.3 million ($40.5 million after-tax) loss on extinguishment of debt associated with the redemption in full of our 2024 Notes and 2026 Notes. For more information see “Liquidity and Capital Resources” in this MD&A.

Income Tax Expense

Income tax expense for the first half of fiscal 2022 and 2021 was $18.3 million and $59.9 million, respectively. The effective income tax rate (calculated as the ratio of income tax expense to pre-tax income, inclusive of equity method investment earnings) was 22.7% and 24.3% for the first half of fiscal 2022 and 2021, respectively. The effective tax rate varies from the U.S. statutory tax rate of 21%, principally due to the impact of U.S. state taxes, foreign taxes, permanent differences, and discrete items.

Equity Method Investment Earnings

We conduct business through unconsolidated joint ventures in Europe, the U.S., and South America and include our share of the earnings based on our economic ownership interest in them. Our share of earnings from our equity method investments was $16.3 million and $31.1 million for the first half of fiscal 2022 and 2021, respectively. Equity method investment earnings included a $7.9 million unrealized gain related to mark-to-market adjustments associated with currency and commodity hedging contracts in the first half of fiscal 2022, compared to a $4.6 million unrealized gain related to these items in fiscal 2021. Excluding the mark-to-market adjustments, earnings from equity method investments declined $18.1 million compared to the first half of fiscal 2021. The earnings decline largely reflects input cost inflation and higher manufacturing costs in Europe and the U.S.

Liquidity and Capital Resources

Sources and Uses of Cash

We ended the first half of fiscal 2022 in a strong financial position with $621.9 million of cash and cash equivalents and $994.6 million of availability under our revolving credit facility, net of letters of credit. During the first half of fiscal 2022, we lowered the interest rates and extended the maturities on $1,670.0 million of our outstanding debt (see Note 9, Debt and Financing Obligations, of the Condensed Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements” of this report) and amended our revolving credit facility to increase its capacity to $1.0 billion and extend its maturity date to August 11, 2026. At the end of the first half of fiscal 2022, no borrowings were outstanding under the amended revolving credit facility.

While we expect the near-term impact of the pandemic on costs to remain volatile, we believe we have sufficient liquidity to meet projected capital expenditures, service existing debt and meet working capital requirements for at least the next 12 months with current cash balances and cash from operations, supplemented as necessary by available borrowings under our currently undrawn revolving credit facility.

Cash Flows

Below is a summary table of our cash flows, followed by a discussion of the sources and uses of cash through operating, investing, and financing activities:

(in millions)	Twenty-Six Weeks Ended November 28, 2021	November 29, 2020
Net cash flows provided by (used for):		
Operating activities	$ 207.5	$ 318.8
Investing activities	(147.6)	(53.3)
Financing activities	(219.3)	(867.2)
	(159.4)	(601.7)
Effect of exchange rate changes on cash and cash equivalents	(2.2)	1.6
Net decrease in cash and cash equivalents	$ (161.6)	$ (600.1)

Operating Activities

In the first half of fiscal 2022, cash provided by operating activities decreased $111.3 million to $207.5 million, compared with $318.8 million in the same period a year ago. The decrease related to a $65.1 million decrease in income from operations, adjusted for non-cash income and expenses, and $46.2 million of cash used for unfavorable changes in working capital. Lower income from operations was driven by higher manufacturing and distribution costs on a per pound basis, reflecting cost inflation for key inputs and transportation. See “Results of Operations” in this MD&A for more information. Unfavorable changes in working capital primarily related to an increase in receivables attributable to higher sales at the end of the first half of fiscal 2022, compared with the end of the first half of fiscal 2021, a decrease in accounts payable changes due to timing, and a decrease in income taxes payable due to lower taxable income in the first half of fiscal 2022, compared with the prior year period. The unfavorability was partially offset by lower finished goods inventories compared with the prior year period, an increase in trade promotion accruals due to higher sales, and an increase in other accrued liabilities due to timing.

Investing Activities

Investing activities used $147.6 million of cash in the first half of fiscal 2022, compared with $53.3 million in the same period in the prior year. The increase primarily relates to our investment in our chopped and formed capacity expansion in American Falls, Idaho and our greenfield french fry processing facility in Ulanqab, Inner Mongolia, China. We expect to use approximately $450 million for capital expenditures, excluding acquisitions, in fiscal 2022.

Financing Activities

During the first half of fiscal 2022, cash used for financing activities decreased $647.9 million to $219.3 million, compared with $867.2 million during the same period a year ago. During the first half of fiscal 2022, financing activities primarily related to issuing senior notes with net proceeds of $1,655.4 million, debt and financing obligation repayments of $1,682.1 million, including the redemption of the 2024 Notes and 2026 Notes, the payment of $68.7 million of cash dividends to common stockholders, and the payment of an aggregate call premium of $39.6 million relating to the notes redemption. In addition, $83.5 million relates to the repurchase of 1,264,114 shares of our common stock at an average price of $60.15 and withholding 114,530 shares from employees to cover income and payroll taxes on equity awards that vested during the period.

During the first half of fiscal 2021, financing activities primarily related to the repayment of $498.8 million of short-term borrowings, $289.6 million of debt and financing obligations repayments, which includes the repayment of the $271.9 million term loan facility due in November 2021, and the payment of $67.2 million of cash dividends to common stockholders. In addition, $9.8 million relates to withholding 156,506 shares from employees to cover income and payroll taxes on equity awards that vested during the period.

We assess our financing alternatives periodically and expect to access credit or debt capital markets opportunistically, within targeted levels, as part of our plans to fund our capital programs, including capital expenditures and cash returns to stockholders through dividends and share repurchases. These transactions may include the incurrence of new debt, subject to financing options that may be available to us from time to time, as well as conditions in the credit and debt capital markets generally. In particular, one of our subsidiaries is pursuing a new credit facility of up to $180 million related to funding our previously announced capital expansion project in China. Borrowings under this facility would be guaranteed by Lamb Weston. The facility is subject to conditions in the global credit markets generally, as well as finalization of definitive documentation. If we do not complete this contemplated financing, we will pursue alternative options for funding the project.

For more information about our debt, interest rates, maturity dates, and covenants, see Note 9, Debt and Financing Obligations, of the Condensed Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements” of this report and Note 8, Debt and Financing Obligations of the Notes to Consolidated Financial Statements in “Part II, Item 8. Financial Statements and Supplementary Data” of the Form 10-K. At November 28, 2021, we were in compliance with the financial covenant ratios and other covenants contained in our credit agreements.

Obligations and Commitments

There have been no material changes to the contractual obligations disclosed in “Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K.

Non-GAAP Financial Measures

To supplement the financial information included in this report, we have presented product contribution margin on a consolidated basis, Adjusted EBITDA, Adjusted EBITDA including unconsolidated joint ventures and Adjusted Diluted EPS, each of which is considered a non-GAAP financial measure.

Product contribution margin is one of the primary measures reported to our chief operating decision maker for purposes of allocating resources to our segments and assessing their performance. Product contribution margin represents net sales less cost of sales and A&P expenses. Product contribution margin includes A&P expenses because those expenses are directly associated with the performance of our segments. Our management also uses Adjusted EBITDA, Adjusted EBITDA including unconsolidated joint ventures, and Adjusted Diluted EPS to evaluate our performance excluding the impact of certain non-cash charges and other special items in order to have comparable financial results to analyze changes in our underlying business between reporting periods. We include these non-GAAP financial measures because management believes they provide useful information to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision making. We believe that the presentation of these non-GAAP financial measures, when used in conjunction with GAAP financial measures, is a useful financial analysis tool that can assist investors in assessing our operating performance and underlying prospects. These non-GAAP financial measures should be viewed in addition to, and not as alternatives for, financial measures prepared in accordance with GAAP. These measures are not a substitute for their comparable GAAP financial measures, such as gross profit or net income (loss), and there are limitations to using non-GAAP financial measures. These non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures the same way.

See “Results of Operations – Thirteen Weeks Ended November 28, 2021 compared to Thirteen Weeks Ended November 29, 2020 – Net Sales, Gross Profit, and Product Contribution Margin” and “Results of Operations – Twenty-Six Weeks Ended November 28, 2021 compared to Twenty-Six Weeks Ended November 29, 2020 – Net Sales, Gross Profit, and Product Contribution Margin” above for a reconciliation of product contribution margin on a consolidated basis to gross profit.

The following table reconciles net income to Adjusted EBITDA and Adjusted EBITDA including unconsolidated joint ventures:

(in millions)	Thirteen Weeks Ended November 28, 2021	Thirteen Weeks Ended November 29, 2020	Twenty-Six Weeks Ended November 28, 2021	Twenty-Six Weeks Ended November 29, 2020
Net income	$ 32.5	$ 96.9	$ 62.3	$ 186.2
Equity method investment earnings	(10.1)	(19.2)	(16.3)	(31.1)
Interest expense, net	82.4	30.0	110.3	60.3
Income tax expense	9.6	31.9	18.3	59.9
Income from operations	114.4	139.6	174.6	275.3
Depreciation and amortization	46.2	46.6	92.2	92.2
Adjusted EBITDA	160.6	186.2	266.8	367.5
Unconsolidated Joint Ventures				
Equity method investment earnings	10.1	19.2	16.3	31.1
Interest expense, income tax expense, and depreciation and amortization included in equity method investment earnings	10.2	7.8	21.2	16.4
Add: Adjusted EBITDA from unconsolidated joint ventures	20.3	27.0	37.5	47.5
Adjusted EBITDA including unconsolidated joint ventures	$ 180.9	$ 213.2	$ 304.3	$ 415.0

The following table reconciles diluted earnings per share to Adjusted Diluted EPS:

	Thirteen Weeks Ended November 28, 2021 (a)	Thirteen Weeks Ended November 29, 2020 (a)	Twenty-Six Weeks Ended November 28, 2021 (a)	Twenty-Six Weeks Ended November 29, 2020 (a)
As reported	$ 0.22	$ 0.66	$ 0.42	$ 1.27
Item impacting comparability:				
Loss on extinguishment of debt (b)	0.28	—	0.28	—
Adjusted	$ 0.50	$ 0.66	$ 0.70	$ 1.27

(a) Diluted weighted average common shares were 146.3 million and 147.1 million for the thirteen weeks ended November 28, 2021 and November 29, 2020, respectively, and 146.6 million and 147.1 million for the twenty-six weeks ended November 28, 2021 and November 29, 2020, respectively.

(b) The thirteen and twenty-six weeks ended November 28, 2021, include a loss on the extinguishment of debt of $53.3 million ($40.5 million after-tax), which consists of an aggregate call premium of $39.6 million related to the redemption of the 2024 Notes and 2026 Notes and the write-off of $13.7 million of debt issuance costs associated with those notes.

Off-Balance Sheet Arrangements

There have been no material changes to the off-balance sheet arrangements disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Form 10-K.

Critical Accounting Policies and Estimates

A discussion of our critical accounting policies and estimates can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Form 10-K. There were no material changes to these critical accounting policies and estimates during the first half of fiscal 2022.

New and Recently Adopted Accounting Pronouncements

For a list of our new and recently adopted accounting pronouncements, see Note 1, Nature of Operations and Summary of Significant Accounting Policies, of the Condensed Notes to Consolidated Financial Statements in "Part I, Item 1. Financial Statements" of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our operations are exposed to market risks from adverse changes in commodity prices affecting the cost of raw materials and energy, foreign currency exchange rates, and interest rates. In the normal course of business, we may periodically enter into derivatives to minimize these risks, but not for trading purposes. The effects of the COVID-19 pandemic have resulted in volatility and uncertainty in the markets in which we operate. At the time of this filing, we are unable to predict or determine the impacts that the COVID-19 pandemic may continue to have on our exposure to market risk from commodity prices, foreign currency exchange rates, and interest rates, among other factors.

Based on our open commodity contract hedge positions as of November 28, 2021, a hypothetical 10 percent decline in market prices applied to the fair value of the instruments would result in a charge to "Cost of sales" of approximately $4.9 million ($3.7 million net of income tax benefits). It should be noted that any change in the fair value of the contracts, real or hypothetical, would be substantially offset by an inverse change in the value of the underlying hedged item.

We transact business in multiple currencies and are subject to currency exchange rate risk through investments and businesses owned and operated in foreign countries. At November 28, 2021, we had no financial instruments to hedge foreign currency risk.

At November 28, 2021, we had $2,170.0 million of fixed-rate and $571.0 million of variable-rate debt outstanding. We have interest rate risk associated with our variable-rate debt. A one percent increase in interest rates related to variable-rate debt would have resulted in an increase in interest expense and a corresponding decrease in income before taxes of approximately $5.8 million annually ($4.5 million net of income tax benefits).

For more information about our market risks, see Note 9, Debt and Financing Obligations, of the Condensed Notes to Consolidated Financial Statements in "Part I, Item 1. Financial Statements" of this report.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation 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 "Exchange Act"), as of November 28, 2021. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer, concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated any change in our internal control over financial reporting that occurred during the quarter covered by this report and determined that there was no change in our internal control over financial reporting during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 14, Commitments, Contingencies, Guarantees and Legal Proceedings, of the Condensed Notes to Consolidated Financial Statements in “Part I, Item 1. Financial Statements” of this report for information regarding our legal proceedings.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties in the course of our business. The discussion of these risks and uncertainties may be found under “Part I, Item 1A. Risk Factors” in the Form 10-K. There have been no material changes to the risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Total shares purchased during the thirteen weeks ended November 28, 2021 were as follows:

Period	Total Number of Shares (or Units) Purchased (a)	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Maximum Number of Shares that May Yet be Purchased Under Plans or Programs (in millions) (b)
August 30, 2021 through September 26, 2021	986	$ 65.79	—	$ 143.6
September 27, 2021 through October 24, 2021	128,484	$ 56.69	128,484	$ 136.3
October 25, 2021 through November 28, 2021	742,325	$ 57.70	740,269	$ 93.6
Total	871,795			

(a) Represents repurchased shares of our common stock under our publicly announced share repurchase program, which were repurchased at a weighted average price of $57.55, and shares withheld from employees to cover income and payroll taxes on equity awards that vested during the period.

(b) In December 2018, our Board of Directors authorized a $250.0 million share repurchase program with no expiration date. Repurchases may be made at our discretion from time to time on the open market, subject to applicable laws, or through privately negotiated transactions. In December 2021, our Board of Directors authorized the repurchase of an additional $250.0 million of our common stock under the program. We have $343.6 million remaining under the updated share repurchase authorization.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1	2030 Notes Indenture, dated as of November 8, 2021, by and among Lamb Weston Holdings, Inc., the Guarantors (as defined therein) and Computershare Trust Company, N.A., as trustee (including form of note relating to the 2030 Notes) (incorporated herein by reference to Exhibit 4.1 of Lamb Weston Holdings, Inc.'s Current Report on Form 8-K filed on November 8, 2021 (File No. 001-37830))
10.2	2032 Notes Indenture, dated as of November 8, 2021, by and among Lamb Weston Holdings, Inc., the Guarantors (as defined therein) and Computershare Trust Company, N.A., as trustee (including form of note relating to the 2032 Notes) (incorporated herein by reference to Exhibit 4.2 of Lamb Weston Holdings, Inc.'s Current Report on Form 8-K filed on November 8, 2021 (File No. 001-37830))
10.3	Lamb Weston Holdings, Inc. Voluntary Deferred Compensation Plan, amended and restated as of September 22, 2021
31.1	Section 302 Certificate of Chief Executive Officer
31.2	Section 302 Certificate of Chief Financial Officer
32.1	Section 906 Certificate of Chief Executive Officer
32.2	Section 906 Certificate of Chief Financial Officer
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

SIGNATURES

Pursuant to the requirements 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.

LAMB WESTON HOLDINGS, INC.

By: /s/ BERNADETTE M. MADARIETA
BERNADETTE M. MADARIETA
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated this 6th day of January, 2022.

LAMB WESTON HOLDINGS, INC.
VOLUNTARY DEFERRED COMPENSATION PLAN

(Effective September 22, 2021)

The Lamb Weston Holdings, Inc. Voluntary Deferred Compensation Plan (the "Plan") was adopted effective January 1, 2017, and amended and restated effective September 22, 2021. The Plan is a successor to the ConAgra Foods, Inc. Amended and Restated Voluntary Deferred Compensation Plan (the "Prior Plan"), following the spin-off of Lamb Weston Holdings, Inc. (the "Company") from ConAgra Foods, Inc. Accrual of benefits under the Prior Plan for affected key employees was terminated effective as of December 31, 2016, at which time the liability for the deferred benefits of such key employees and former key employees under the Prior Plan were transferred to the Plan. All deferral and payment elections under the Prior Plan shall apply under the Plan.

The Plan is established and maintained by the Company for the purpose of permitting certain key employees of the Company and of corporations that are related to the Company to defer the receipt of a portion of their income and/or participate in any appreciation in the value of Company Stock. Accordingly, the Company hereby adopts the Plan pursuant to the terms and provisions set forth below:

PART I
NON-GRANDFATHERED AMOUNTS

The provisions of this Part I shall apply to amounts due pursuant to the Plan that are not "Grandfathered Amounts," as that term is defined in Part II.

ARTICLE I
DEFINITIONS

1.1 Account. The term "Account" means the bookkeeping account established by the Company to which Compensation Deferral Contributions, Employer Matching Contributions, Employer Non-elective Contributions, and earnings and losses thereon, are credited for any Participant. Account shall include all amounts transferred from the Prior Plan, except for any "Grandfather Amount" described in Part II.

1.2 Change of Control Event. With respect to amounts in a Participant's Account that are subject to an election for calendar years on and after January 1, 2017, a "Change of Control" shall occur upon any of the following dates:

(a) The date individuals who constitute the Board (the "Incumbent Board") cease for any reason during any 12 month period to constitute at least 50% of the members of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board; or

(b) The date of consummation of a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power of the reorganized, merged or consolidated company's then outstanding voting securities.

(c) The date that any one person, or more than one person acting as a group who is not related to the Company within the meaning of Treasury Regulation Section 1.409A-3(i)((vii)(B), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section, "more than one person acting as a group" is determined under Treasury Regulation Section 1.409A-3(i)(5)(v)(B). If a person owns stock in both entities that enter into a merger, consolidation, purchase or acquisition of stock, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. In no event shall a change of control occur under circumstances that would not constitute a "change in the ownership of a corporation," a "change in effective control of a corporation," or a "change in the ownership of a substantial portion of a corporation's assets," as those terms are defined in regulations and other applicable guidance issued under Internal Revenue Code ("Code") Section 409A.

With respect to amounts in a Participant's Account that are subject to an election for calendar years prior to January 1, 2017, a "Change of Control" shall occur in accordance with the preceding definition of "Change of Control" except that as used in the definition of "Change on Control" (i) "Company" shall mean ConAgra Foods, Inc., and (ii) "Board" shall mean the Board of Directors of ConAgra Foods, Inc.

1.3 Compensation Deferral Agreement. The term "Compensation Deferral Agreement" means the written compensation deferral agreement entered into by a Participant with the Company pursuant to the Plan.

1.4 Compensation Deferral Contribution. "Compensation Deferral Contribution" means a contribution made to the Plan by a Participant pursuant to Section 3.1.

1.5 Disability. A Participant has a "Disability" or shall be considered "Disabled" if the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company's long-term disability plan.

1.6 Distribution Sub-Account. The term "Distribution Sub-Account" shall refer to each sub-account elected by the Participant pursuant to Section 5.1 for the purpose of applying a specific election concerning time and form of payment to only such sub-account.

1.7 Employer Matching Contribution. The term "Employer Matching Contribution" means a contribution made to the Plan by the Employer pursuant to Section 3.2.

1.8 Employer Non-elective Contribution. The term "Employer Non-elective Contribution" means a contribution made to the Plan by the Employer pursuant to Section 3.3.

1.9 Related Company. The term "Related Company" means: (i) any corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b) that includes the Company); and (ii) any trade or business (whether or not incorporated) that is under common control (as defined in Code Section 414(c)) with the Company. For purposes of applying Code Sections 414(b) and (c), 25% is substituted for the 80% ownership level.

1.10 Separation from Service. The term "Separation from Service" means the date that the Participant separates from service within the meaning of Code Section 409A. Generally, a Participant separates from service if the Participant dies, retires, or otherwise has a termination of employment with the Company, determined in accordance with the following:

(a) Leaves of Absence. The employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed 6 months, or, if longer, so long as the Participant retains a right to reemployment with the Company under an applicable statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Company. If the period of leave exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such 6-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 6 months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29-month period of absence shall be substituted for such 6-month period.

(b) Dual Status. Generally, if a Participant performs services both as an employee and an independent contractor, such Participant must separate from service both as an employee and as an independent contractor, pursuant to standards set forth in Treasury Regulations, to be treated as having a separation from service. However, if a Participant provides services to the Company as an employee and as a member of the Board, and if any plan in which such person participates as a Board member is not aggregated with the Plan pursuant to Treasury Regulation Section 1.409A-1(c)(2)(ii), then the services provided as a director are not taken into account in determining whether the Participant has a separation from service as an employee for purposes of the Plan.

(c) Termination of Employment. Whether a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Company and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor except as provided in subsection (b) of this section would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor, except as provided in subsection (b) of this section over the immediately preceding

36-month period (or the full period of services to the Company if the Participant has been providing services to the Company less than 36 months). For periods during which a Participant is on a paid bona fide leave of absence and has not otherwise terminated employment as described above, for purposes of this subsection (c), the Participant is treated as providing bona fide services at a level equal to the level of services that the Participant would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which a Participant is on an unpaid bona fide leave of absence and has not otherwise terminated employment are disregarded for purposes of this subsection (c) (including for purposes of determining the applicable 36-month (or shorter) period).

(d) Service with Related Companies. For purposes of determining whether a separation from service has occurred under the above provisions, the "Company" shall include the Company and all Related Companies.

ARTICLE II
ELIGIBLE EMPLOYEES

Compensation Deferral Contributions may be made by those employees of the Employer who either have been selected by, and at the sole and absolute discretion of, the Compensation Committee, or who are both categorized by the Company or a Related Company as a grade level 24 or higher, and who have an annual base salary that equals or exceeds $125,000.00. Notwithstanding the foregoing, any Participant who made Compensation Deferral Contributions during 2016 under the Prior Plan may continue to make Compensation Deferral Contributions for each Plan Year beginning after 2016 under the Plan, provided that such Participant's annual base salary equals or exceeds $125,000.00 as of the first day of the applicable Plan Year, and any Participant who has a balance in the Prior Plan as of December 31, 2016, shall become a Participant with respect to such balance and any earnings or losses thereon. The Committee may increase from time to time the required grade level and/or base salary amount, and the Committee may amend the Plan accordingly, all without the approval of the Compensation Committee or the Board.

The Committee shall have sole and absolute discretion to determine whether an individual's base salary equals or exceeds the required dollar amount. Notwithstanding any provision in the Plan to the contrary, the Plan is intended to be a non-qualified deferred compensation plan for a select group of management or highly compensated employees (as that expression is used in ERISA) and participation shall be limited to such employees. Each Participant shall continue to be a participant in the Plan until all payments due under the Plan have been paid. The Compensation Committee may determine at any time that a Participant shall no longer be eligible to make Compensation Deferral Contributions.

Notwithstanding any provision apparently to the contrary in the Plan document or in any written communications, summary, resolution, oral communication or other document, in the event it is determined that a Participant will no longer be eligible to make Compensation Deferral Contributions, then the election for Compensation Deferral Contributions made by that individual in accordance with the provisions of the Plan will continue for the remainder of the calendar year during which such determination is made. However, no additional amounts shall be deferred and credited to the Participant's Account under the Plan for any future calendar year until such time as the individual is again determined to be eligible to make Compensation Deferral Contributions and makes a new

election under the provisions of the Plan. Amounts credited to the Account of such individual shall continue to be adjusted pursuant to the other provisions of the Plan until fully distributed.

Employer Matching Contributions and Employer Non-elective Contributions may be made by the Employer to those employees of the Employer who either have been selected by, and at the sole and absolute discretion of, the Committee, or who have annual total cash compensation in excess of the Code Section 401(1)(17) limitation.

ARTICLE III
DEFERRALS

3.1 Employee Deferrals. During one or more window periods each Plan Year determined by the Company, a Participant may elect to have a portion of his or her pay for the following Plan Year deposited in the Plan ("Compensation Deferral Contribution"). Unless the Committee specifies otherwise, any Compensation Deferral Contribution election will continue from year-to-year until timely changed by the Participant (and such change will be effective for the Plan Year following the Plan Year during which such change election is received by the Company) or until specified otherwise by the Committee to the extent permitted without resulting in any Adverse 409A Consequence. The minimum deposit shall be 5% of the Participant's base salary or short-term incentive. The maximum deposit shall be determined and changed by the Committee from time to time (which may be set forth in the Compensation Deferred Agreement) and, in the absence of any such determination shall be (i) 50% of the Participant's normal salary, (ii) 90% of the Participant's short-term incentive, and (iii) 90% of the sum of the Participant's normal salary plus short-term incentive in excess of the Code Section 401(1)(17) limitation in effect for such Plan Year. The Participant's election shall be made in accordance with the rules and regulations of the Committee and in accordance with a Compensation Deferral Agreement. The elected deferral percentage shall not apply to compensation that is not eligible for deferral under the terms of the Company's 401(k) plan (ignoring for this purpose the limitations imposed by Code Sections 401(a)(17), 401(k)(3) and 415) as in effect on December 31 of the year preceding the year of the deferral. The Compensation Deferral Contribution shall be credited to the Participant's Account under the Plan as soon as reasonably practicable following the date the Participant would have otherwise been entitled to receive cash compensation absent an election to defer under this Section 3.1. A Compensation Deferral Contribution election shall be irrevocable as of the earlier of (1) the deadline specified by the Company and (2) the last day of a Plan Year, with respect to Compensation Deferral Contributions to be made during the following Plan Year, except for a cancellation permitted by Treasury Regulation Section 1.409A-3(j)(4).

3.2 Employer Matching Contributions. The Employer will credit, at the end of each Plan Year, an eligible Participant's Account with Employer Matching Contributions equal to a dollar for dollar match, limited to 6% of compensation earned by the Participant and paid by the Employer in excess of the Code Section 401(1)(17) limitation. The amount of each Employer Matching Contribution shall be automatically reduced by any applicable Federal Insurance Contributions Act tax (or other applicable tax) at the time such contribution is made. Examples: (1) If a Participant receives total cash compensation of $300,000 in 2017, and she deferred $10,000 for 2017, she would receive an Employer Matching Contribution (assuming the Code Section 401(a)(17) limitation for 2017 is $270,000) of $1,800 (6% of $30,000); (2) If the Participant, in the first example, only deferred $1,000

for 2017, she would receive an Employer Matching Contribution of $1,000.

Compensation, for purposes of calculating Employer Matching Contributions, shall be defined in the same manner as the term "compensation" is defined in the Lamb Weston, Inc. Retirement Income Savings Plan, except that, for purposes of this Section 3.2, a Participant's Compensation will include non-qualified deferred compensation in the Plan Year in which such compensation is deferred.

Notwithstanding the foregoing, the Compensation Committee may, in its sole discretion, amend or modify any future Employer Matching Contributions by amending the Plan. No Participant listed in Schedule 1 shall be eligible to receive an Employer Matching Contribution.

3.3 Employer Non-elective Contributions. The Employer will credit to each actively employed Participant's Account, at the end of each Plan Year (i.e., such amount will be credited as of December 31 of each Plan Year), with Employer Non-elective Contributions equal to 3% of an eligible Participant's normal compensation and short term incentive in excess of the Code Section 401(a)(17) limitation in effect for such Plan Year. If a Participant is not permitted to make Compensation Deferral Contributions in the first year of hire, an Employer Non-elective Contribution equal to 9% of such Participant's normal compensation and short term incentive in excess of the applicable Code Section 401(a)(17) limitation will be made for such Participant in his/her first Plan Year of participation, and such amount will be credited to the Participant's Account as of the end of such first Plan Year.

The amount of each Employer Non-elective Contribution shall be automatically reduced by any applicable Federal Insurance Contributions Act tax (or other applicable tax) at the time such contribution is made. Compensation, for purposes of calculating Employer Non-elective Contributions, shall be defined in the same manner as the term "compensation" is defined in the Lamb Weston, Inc. Retirement Savings Plan, except that, for purposes of this Section 3.3, a Participant's Compensation will include non-qualified deferred compensation in the Plan Year in which such compensation is deferred.

Notwithstanding the foregoing, the Compensation Committee may, in its sole discretion, amend or modify any future Employer Non-elective Contributions by amending the Plan.

ARTICLE IV
VESTING

4.1 Compensation Deferral Contributions. Each Participant shall have a fully 100% vested and nonforfeitable interest in his or her Compensation Deferral Contributions at all times.

4.2 Employer Contributions. Unless the Employer determines otherwise with respect to a Participant, each Participant shall have a fully 100% vested and nonforfeitable interest in his or her Employer Matching Contributions and Employer Non-elective Contributions when such contributions are credited to Participant's Account.

ARTICLE V DISTRIBUTIONS

5.1 Time and Form of Payment.

(a) Distribution Sub-Accounts. Each Participant may elect, pursuant to Section 5.2, that such Participant's Account shall be divided into Distribution Sub-Accounts for the purpose of the Participant making separate elections in accordance with this Article V concerning time and form of payment with respect to each Distribution Sub-Account. The maximum number of Distribution Sub-Accounts will be specified by the Committee or its delegate from time to time. If an election under this Section 5.1(a) is not timely received from a Participant, then such Participant's Account shall be deemed to be a single Distribution Sub-Account for purposes of the Plan.

(b) Time of Payment. This Section 5.1(b) shall apply, except to the extent another subsection of this Section 5.1 or Section 5.3 is applicable. The normal date on which payment of a Participant's Distribution Sub-Accounts shall be made or commence is the January that next follows the Participant's Separation from Service (the default time of payment). However, each Participant may elect, pursuant to Section 5.2, that any of such Participant's Distribution Sub-Accounts shall instead be paid (or installments shall commence), as follows:

(i) in the January of the calendar year specified by the Participant (which calendar year may not be later than the year during which the Participant attains age 70); or

(ii) on the earlier of the normal payment date or the January of the calendar year specified by the Participant (which calendar year may not be later than the year during which the Participant attains age 70).

The Committee shall determine the payment date within the parameters required by the Plan. A payment that is made after the earliest date payment could have been made, but by the later of the last day of the Participant's taxable year that includes the earliest date payment could have been made, or by the fifteenth day of the third calendar month following the earliest date payment could have been made, shall be treated as having been made on the earliest date payment could have been made.

Any Participant election that specifies a date that does not comply with the Plan will be deemed to be an election of the nearest permitted date. For example, if a Participant were to elect to receive a lump sum at the later of the January after Separation from Service or January 2020 and such Participant attains age 70 in 2019, such election will be reformed to be to receive the lump sum at the later of the January following Separation from Service or January 2019.

(c) Normal Form of Payment. This Section 5.1(c) shall apply, except to the extent another subsection of this Section 5.1 or Section 5.3 is applicable. The normal form of payment of a Participant's Distribution Sub-Accounts shall be a single lump sum payment (the default form of payment) equal to the value of each of the Participant's Distribution Sub-Accounts as of the most recent Valuation Date that precedes the payment date. However, a Participant may elect, pursuant to Section 5.2, that payment of any Distribution Sub-Account shall be made in annual installments over a period elected by the Participant that is not less than 1 nor more than 10 years. Installments will commence following Separation from Service only if the Participant is at least age 50 and the balance of all Distribution Sub-Accounts is at least $100,000.00, both determined as of the Separation from Service. If a Participant does not satisfy, as of such Participant's Separation from Service, the applicable age and Distribution Sub-Account balance requirement to commence

installments, all of the balance of the Distribution Sub-Accounts from which installments had not commenced prior to Separation from Service will be paid in a lump sum at the time provided herein. If installments commenced prior to Separation from Service from a Distribution Sub-Account, then such installments shall continue after Separation from Service regardless of age or balance. Each installment payment shall equal the quotient resulting from dividing the value of the Participant's applicable Distribution Sub-Account as of the most recent Valuation Date that precedes the date the installment is to be paid by the sum of 1 plus the number of installments to be paid after the current installment. Any installments shall be paid annually during January of each year an installment is due.

(d) Death. Upon the death of the Participant before distribution of the Participant's entire Account (whether employed or not at the time of death), the Participant's Account shall be paid to the Participant's Beneficiary as soon as reasonably practical following the Participant's death, but not later than the 90th day following the Participant's death in a single lump sum equal to the value of the Participant's Account as of the most recent Valuation Date preceding the payment.

(e) Disability. If a Participant becomes Disabled prior to or coincident with Separation from Service and prior to the time payment of all of the Participant's Distribution Sub-Accounts is to be made or commenced pursuant to Section 5.1(b), the Participant's Distribution Sub-Accounts with respect to which distribution has not commenced shall be paid in the same manner as in Section 5.1(c), except that the age requirement for installment distributions shall not apply, and distribution shall be made or commenced as soon as reasonably practical following the determination of Disability, but not later than the 90th day following such determination. Payment of any Distribution Sub-Account with respect to which distribution had commenced prior to the time the Participant became Disabled shall continue as scheduled.

(f) Change of Control Event. Each Participant may elect, within the time period specified by Section 5.2(a), that any Distribution Sub-Account shall be paid in a single lump sum as soon as reasonably practical following, but no later than ninety days following, the earlier of (i) Separation from Service and (ii) either (1) the occurrence of a Change of Control Event or (2) 18 months following the occurrence of a Change of Control Event. Such payment shall equal the value of the Participant's Account as of the most recent Valuation Date preceding the payment. If an election is not made under this Section 5.1(f), then payment shall be made in accordance with the other Plan provisions.

(g) Committee Discretion. The Committee in its sole and absolute discretion may revise, remove or add any restriction on time or form payment, including limits on elections with respect to any Distribution Sub-Account, prior to the deadline for the initial election under Section 5.2(a) to be received from the Participant. Such Committee action must be in writing and may be set forth in distribution election form materials approved by the Committee. Any such Committee action shall be deemed to be a permitted amendment to the Plan.

5.2 Elections Regarding Time and Form of Payment. A Participant's elections regarding the time and form of payment of each Distribution Sub-Account shall be made in accordance with the provisions of this Section 5.2.

(a) Initial Elections. Except as otherwise provided in the Plan, the Participant's election of the time and form of payment, pursuant to Sections 5.1(b), (c), (e) and (f), must be

received by the Committee no later than before the deadline set by the Committee, which may not be later than date the Participant's election to make a Compensation Deferral Contribution to which the time and form of payment election will apply becomes irrevocable. If a time and form of payment election is not timely received by the Committee, payment shall be made as if no election has been made. An election of time and form of payment shall become irrevocable as of the time determined by the Committee which shall not be later than the deadline for making such election, except as set forth in Section 5.2(b).

(b) Change in Elections. A Participant may elect to change the timing or form of distribution only in accordance with this Section 5.2(b). Any election under this Section 5.2(b) must comply with Code Section 409A and the guidance issued by the Department of the Treasury with respect to the application of Code Section 409A. Except as permitted by Section 5.3, a Participant may not elect to accelerate the date payment is to be made or commenced. A Participant may elect to delay the time payment is to be made or commenced and may change the form of payment from lump sum to installments, or vice versa, only if the following conditions are met:

(i) the election is received by the Committee not less than 12 months before the date payment would have otherwise been made or commenced without regard to this election;

(ii) the election shall not take effect until at least twelve 12 months after the date on which the election is received by the Committee; and

(iii) except in the case of elections relating to payment on account of death or Disability, payment pursuant to the election shall not be made or commenced sooner than 5 years from the date payment would have otherwise been made or commenced without regard to this election.

For purposes of application of Code Section 409A to this provision, installments shall be treated as a single payment.

5.3 Unforeseeable Emergency. A Participant may request that the Committee accelerate payment due to the occurrence of an "unforeseeable emergency" as defined by, and to the extent permitted by Treasury Regulation 1.409A-3(i)(3).

5.4 Withholding. The Company may determine, withhold and report the amount of any foreign, federal, state, or local taxes as the Company determines may be required to cover any taxes for which the Company may be liable with respect to any payment under the Plan. The Company shall have the authority, duty and power to reduce any benefit payable pursuant to the Plan by the amount of any foreign, federal, state or local taxes required by law to be withheld by the Company under applicable law with respect to such payment of benefits, and if required by law, the Participant's share of Federal Insurance Contributions Act taxes, and any other employment taxes. The Company may in accordance with and to the extent it is able under the laws of the jurisdiction with respect to which a tax is owed, deduct the relevant amount from other earnings payable to the Participant or beneficiary. The Company shall be entitled to withhold and deduct from future wages of a Participant (or from other amounts that may be due and owing to a Participant from the Company), including all payments under the Plan, or make other arrangements for the collection of all legally required amounts necessary to satisfy any and all foreign, federal, state, or local, tax withholding and employment-related tax requirements.

5.5 Distributions to Specified Employees. Notwithstanding any provision of the Plan to the contrary, if a Participant is a "Specified Employee" as of the date of Separation from Service, no portion of his or her Account shall be distributed on account of a Separation from Service before the earlier of (a) the date which is 6 months after the date of Separation from Service and (b) the date of death of the Participant. A "Specified Employee" is a key employee, as defined under Code Section 416(i), without regard to paragraph (5) thereof and as otherwise defined in Treasury Regulation section 1.409A-1(i). Amounts that would have been paid during the delay will be adjusted for earnings and losses and paid on the first business day following the end of the 6 month delay. For the avoidance of doubt, this means that Accounts will not be protected from the effects of earnings and losses during such delay, and will continue to be subject to adjustments for investment performance in accordance with Article VII until such amounts are paid in accordance with the first sentence of this Section.

PART II
GRANDFATHERED AMOUNTS

For "Grandfathered Amounts" under the Prior Plan that are transferred to the Plan, the provisions of this Part II shall apply.

ARTICLE VI
DISTRIBUTION OF GRANDFATHERED AMOUNTS

6.1 Definition of Change of Control. The term "Change of Control" means:

(a) The acquisition (other than from the Company) by any person, entity or "group", within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act"), (excluding, for this purpose, the Company or its subsidiaries, or any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors;

(b) Individuals who, as of the date hereof, constitute the Board (as of the date hereof the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board; or

(c) Consummation of a reorganization, merger, consolidation, in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities, or liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

For purposes of this Section 6.1, "Company" shall mean ConAgra Foods, Inc. and "Board" shall mean the Board of Directors of ConAgra Foods, Inc.

6.2 Definition of Disability. The term "Disability" means total and permanent disability as determined pursuant to the Company's long-term disability plan.

6.3 Definition of Retirement·

(a) Early Retirement. The term "Early Retirement" means termination of employment with the Employer by a Participant who has at least 10 years of service with the Employer and who is at least age 55.

(b) Normal Retirement. The term "Normal Retirement" means termination of employment with the Employer by a Participant who is at least age 65.

6.4 Distribution upon Disability or Retirement. Upon termination of employment because of Disability or Early or Normal Retirement, a Participant's Grandfathered Amount shall be paid over a 10-year period. The first payment shall be made as soon as reasonably practicable following the date of the Participant's termination of employment with annual payments over the next 9 years. A Participant's Grandfathered Amount shall share in earnings and losses during the payout period. Notwithstanding the preceding, a Participant who is receiving his or her distribution in installments, or who expects to receive his or her distribution in installments, may request that the Committee distribute the Grandfathered Amounts in a single lump sum payment. The Participant shall provide the Committee information regarding the reasons for requesting a lump sum distribution, supporting facts and documents and any other information requested by the Committee. The Committee, in its sole and absolute discretion, may grant the lump sum distribution if the facts and circumstances warrant such a distribution. Examples of when the Committee should determine that a lump sum distribution is warranted are financial hardships beyond the reasonable control of the Participant.

6.5 Distribution Upon Termination of Employment. Upon termination of employment for reasons other than death, Disability, or Early or Normal Retirement, the Participant's Account shall be paid in a single lump sum payment. The payment shall be made as soon as reasonably practicable following the date of the Participant's termination of employment.

6.6 Distribution Upon Death. Upon the death of the Participant before distribution of the Participant's entire Account (whether employed or not at the time of death), the Participant's Account shall be paid to the Participant's Beneficiary as soon as reasonably practicable following the death of the Participant.

6.7 Distribution Upon Change of Control. Upon a Change of Control, the Grandfathered Amounts shall be paid to the Participant in a single lump sum payment within 30 days of the Change of Control.

6.8 Distribution Upon Elective Withdrawal By Participant. A Participant may elect to withdraw all of the Grandfathered Amounts. In the event of such elective withdrawal of Grandfathered Amounts, the Participant shall receive a distribution of 90% of the Grandfathered Amounts in the Participant's Account and forfeit the remaining 10%.

6.9 Distribution Upon Termination by Corporate Successor. The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidated only if and to the extent that the

transferee, purchaser or successor entity agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate and the Grandfathered Amounts shall be distributed to the Participant in a single lump sum payment within 30 days of such termination.

6.10 Distributions to Specified Employees. Distributions of Grandfathered Amounts may be distributed, as permitted by the Plan, to Specified Employees (as defined in Section 5.5) prior to the date which is 6 months after the date of separation from service, or if earlier, the date of death of the Participant.

PART III
PROVISIONS APPLICABLE TO GRANDFATHERED AND NON-GRANDFATHERED AMOUNTS

This Part III applies for all purposes of the Plan, including with respect to Grandfathered Amounts and amounts due under the Plan that are not Grandfathered Amounts.

ARTICLE VII
INVESTMENTS AND PARTICIPANT ACCOUNTS

7.1 Investments. The Company's Employee Benefits Investment Committee (the "Investment Committee") shall select the deemed investments available with respect to the Participant's interests in the Plan. Each Participant shall select, in accordance with the rules and procedures established by the Investment Committee, the method of hypothetically investing the Participant's Account and Grandfathered Amount. The Investment Committee may permit Participants to designate different deemed investments for each Distribution Sub-Account. Transfers among deemed investments and changes in investment elections may be made only in accordance with the rules, procedures and limitations established by the Investment Committee.

7.2 Company Stock. Notwithstanding Section 7.1, phantom shares of Company common stock ("Company Stock") shall be an investment available for selection by Participants. If Company Stock is selected by a Participant, then the number of shares of Company Stock that equals the phantom shares credited under the Plan shall be deposited in the trust described in Section 7.4 below. The Company Stock may be acquired by the trust through the Lamb Weston Holdings, Inc. 2016 Stock Plan, or any subsequent stock plan adopted by the Company that allows for such. An account under the Plan ("Participant's Company Stock Account') shall be established for the Participant for the number of shares of phantom Company Stock to be credited to the Participant. The Participant's Company Stock Account shall be credited with dividends paid on the shares of Company Stock credited to the Participant's Company Stock Account. Such dividends shall be reinvested in the Company Stock Account in a manner similar to Compensation Deferral Contributions. Upon distribution to a Participant, amounts credited to a Participant's Company Stock Account shall be paid in Company Stock. If installment payments are made, each distribution shall include Company Stock in proportion to the Company Stock credited to the Participant's Account.

7.3 Accounting. Separate accounting shall be maintained for each Participant's Account and Grandfathered Amounts. Each Participant's Account and Grandfathered Amount shall be adjusted for Compensation Deferral Contributions, Employer Matching Contributions, Employer Non-elective Contributions and earnings and losses, to the extent

applicable.

7.4 Funding. The Company, by action of the Compensation Committee, may establish one or more "rabbi" trusts to hold Company Stock acquired pursuant to Section 7.2 above or any other contributions made under the Plan. Notwithstanding any other provisions of the Plan, the existence of any trust, or any authority granted by the Company to a Participant to change the investment of any rabbi trust or Company assets, the Plan shall be unfunded and the Participants in the Plan shall be no more than general, unsecured creditors of the Employer with regard to benefits payable pursuant to the Plan. Any such trust(s) shall be subject to all the provisions of the Plan, shall be property of the Company until distributed, and shall be subject to the Company's general, unsecured creditors and judgment creditors. Any such trust(s) shall not be deemed to be collateral security for fulfilling any obligation of the Employer to the Participants. Except to the extent otherwise determined or directed by the Board or Compensation Committee, the Company's policy related to deposits and withdrawals from any trust(s), and the terms of any trust(s), shall be determined by the Investment Committee.

ARTICLE VIII
ADMINISTRATION

8.1 Plan Administrator. The operation of the Plan shall be under the exclusive supervision of the Committee. It shall be a principal duty of the Committee to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of persons entitled to participate in the Plan without discrimination. The Committee shall have full and exclusive power to administer and interpret the Plan in all of its details; subject, however, to the requirements of ERISA and all pertinent provisions of the Code. For this purpose, the Committee's powers will include, but will not be limited to, the following authority, in addition to all other powers provided by the Plan:

(a) to make and enforce such rules and regulations as the Committee deems necessary or proper for the efficient administration of the Plan;

(b) to interpret the Plan, the Committee's interpretations thereof in good faith to be final, conclusive and binding on all persons claiming benefits under the Plan;

(c) to decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan;

(d) to approve and authorize the payment of benefits;

(e) to appoint such agents, counsel, accountants and consultants as may be required to assist in administering the Plan; and

(f) to allocate and delegate the Committee's fiduciary responsibilities under the Plan and to designate another person to carry out any of the Committee's fiduciary responsibilities under the Plan, provide that any such allocation, delegation or designation shall, to the extent applicable, be in accordance with ERISA Section 405.

No Committee member shall be involved in a decision that only affects that member's benefit under the Plan, if any. The Committee may delegate any of its powers to any number of other persons. Committee determinations (or those of the Committee's

delegate or agent) may be memorialized and reflected in communications and forms provided to Participants in lieu of Committee meeting minutes.

8.2 Claims. It is the intent of the Company that benefits payable under the Plan shall be payable without the Participant having to complete or submit any claim forms. However, a Participant who believes he or she is entitled to a payment under the Plan may submit a claim for payments in writing to the Company. A claim for benefits under the Plan shall be made in writing by the Participant, or, if applicable the Participant's executor or administrator or authorized representative, (collectively, the "Claimant") to the Committee.

8.3 Claim Denials; Claim Appeals. If a claim for benefits under the Plan is denied, the Claimant shall be notified, in writing, within 60 days (45 days in the case of a claim due to Participant's Disability) after the claim is filed. The notice shall be written in a manner calculated to be understood by the Claimant and shall set forth: (i) the specific reason(s) for the denial; (ii) specific references to the pertinent Plan provisions on which the denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation as to why such information is necessary; and (iv) an explanation of the Plan's appeal procedure.

Within 60 days (or within 180 days in the case of a claim due to Participant's Disability) after receipt of the above material, the Claimant shall have a reasonable opportunity to appeal the claim denial to the Committee for a full and fair review. The Claimant may: (i) request a review upon written notice to the Committee; (ii) review pertinent documents; and (iii) submit issues and comments in writing.

A decision by the Committee shall be made not later than 60 days (or within 45 days in the case of a claim due to Participant's Disability) after receipt of a request for review, unless special circumstances require an extension of time for processing, in which event a decision should be rendered as soon as possible, but in no event later than 120 days (or within 90 days in the case of a claim due to Participant's Disability) after such receipt. The decision of the Committee shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, with specific references to the pertinent Plan provision on which the decision is based.

8.4 Claims Limitations and Exhaustion. No claim shall be considered under these procedures unless it is filed with the Committee within 1 year after the claimant knew (or reasonably should have known) of the principal facts on which the claims is based. Every untimely claim shall be denied by the Committee without regard to the merits of the claim. No legal action (whether arising under ERISA Section 502 or ERISA Section 510 or under any other statute or non-statutory law) may be brought by any claimant on any matter pertaining to the Plan unless the legal action is commenced in the proper forum before the earlier of: (i) 2 years after the claimant knew (or reasonably should have known) of the principal facts on which the claim is based, or (ii) 90 days after the claimant has exhausted the procedures outlined in Section 8.3. Knowledge of all facts that a Participant knew (or reasonably should have known) shall be imputed to each claimant who is or claims to be a beneficiary of the Participant (or otherwise claims to derive an entitlement by reference to a Participant) for the purpose of applying the 1 year and 2 year periods. The exhaustion of the procedures outlined in Section 8.3 is mandatory for resolving every claim and dispute arising under the Plan. No claimant shall be permitted to commence any legal action relating to any such claim or dispute unless a timely claim has been filed under

the procedures outline in Section 8.3 and those procedures have been exhausted and in any legal action all explicit and implicit determinations by the Committee shall be afforded the maximum deference permitted by law.

ARTICLE IX
AMENDMENT OR TERMINATION

9.1 Amendment or Termination. The Compensation Committee reserves the right to amend or terminate the Plan at its sole and absolute discretion. Any such amendment or termination shall be made pursuant to a resolution of the Compensation Committee and shall be effective as of the date of such resolution unless the resolution specifies a different effective date.

9.2 Effect of Amendment or Termination. No amendment or termination of the Plan shall directly or indirectly reduce the balance of any Account held hereunder as of the later of the adoption or effective date of such amendment or termination, or make any material modification related to any Grandfathered Amounts. The Participant's Account and Grandfathered Amounts will continue to share in earnings and losses until complete distribution of the Account. Upon and following the occurrence of a Change of Control Event, no amendment or termination of the Plan may reduce any Participant's rights with respect to his or her Account as of the later of the adoption or effective date of such amendment or termination without such Participant's consent. Upon termination of the Plan, distribution of amounts credited to the Accounts (which does not include Grandfathered Amounts) shall be made to Participants and their Beneficiaries in one of the following manners elected by the Company:

(a) In the manner and at the time otherwise provided under the Plan; or

(b) In a lump sum payable at a time permitted by Code Section 409A, provided that all conditions of Code Section 409A are and will be satisfied.

ARTICLE X
409A COMPLIANCE

The Plan is intended to comply with the provisions of Code Section 409A and the final regulations promulgated thereunder, except as otherwise provided herein (Code Section 409A and the regulations and other guidance issued with respect thereto, may be referred to as "409A"). With respect to amounts other than Grandfathered Amounts, the Plan shall be interpreted, operated and applied to comply with 409A so as not to subject any Participant to the additional tax, interest or penalties which may be imposed under 409A and not to cause inclusion in any Participant's income of a Participant's Account (and any related penalty and interest) until such amount or amounts are actually distributed to such Participant (which additional tax, interest, penalties or income inclusion shall individually and in the aggregate be referred to as "Adverse 409A Consequence" or "Adverse 409A Consequences"). With respect to Grandfathered Amounts, the Plan shall be interpreted and administered to prevent 409A from applying to Grandfathered Amounts; this shall include, but not be limited to, avoiding a material modification of the terms that were applicable to the Grandfathered Amounts on October 3, 2004 under the Prior Plan. However, it is understood that 409A is ambiguous in certain respects. The Committee and Company will attempt in good faith not to take any action, and will attempt in good faith to refrain from taking any action, that would result in the imposition of tax, interest and/or penalties upon any Participant

under 409A. None of the Committee, the Company, their employees, contractors and agents, the Board, each member of the Board nor any Plan fiduciary (the "Released Parties") shall in any way be liable for, and by participating in the Plan, each Participant automatically releases the Released Parties from any liability due to, any failure to follow the requirements of 409A, and no Participant shall be entitled to any damages related to any such failure even though the Plan requires certain actions to be taken in conformance with 409A. The Company may delay any payment to the extent the delay would not result in any Adverse 409A Consequence.

ARTICLE XI
GENERAL PROVISIONS

11.1 Beneficiary. The term "Beneficiary" means one or more persons or other entities designated by the Participant to receive the benefits payable by reason of the Participant's death as provided under the Plan. The designation shall be in writing on a form approved by the Committee, signed by the Participant and delivered to the Committee to be valid. If the Participant makes no valid designation, or if the designated primary and secondary Beneficiaries fail to survive the Participant or otherwise fail to elect to receive such benefits, Participant's Beneficiary shall then be the first of the following persons who survives the Participant: (i) the Participant's spouse (that is, the person to whom the Participant is legally married at the time of the Participant's death), (ii) the Participant's surviving issue, per stirpes, or (iii) the personal representative(s) of the Participant's estate, to be administered and distributed as part of such estate. The Participant may change his or her designated Beneficiary by delivering a new written designation of beneficiary form to the Committee on a form approved by the Committee.

11.2 Board. The term "Board" means the Board of Directors of Lamb Weston Holdings, Inc.

11.3 Code. The term "Code" means the Internal Revenue Code of 1986, as amended from time to time.

11.4 Committee. The term "Committee" means the Company's Employee Benefits Administrative Committee.

11.5 Company. The term "Company" means Lamb Weston Holdings, Inc., a Delaware corporation, or any successor corporation or other entity resulting from a merger or consolidated into or with the Company or a transfer or sale of substantially all of the assets of the Company.

11.6 Compensation Committee. The term "Compensation Committee" means the Compensation Committee of the Board.

11.7 Effective Date. The Plan is adopted effective January 1, 2017, except to the extent otherwise provided herein.

11.8 Employer. The term "Employer" means the Company and any Related Company that the Company has authorized to participate in the Plan as to its employees.

11.9 ERISA. The Employee Retirement Income Security Act of 1974, as amended from time to time.

11.10 Participant. The term "Participant" means any eligible employee covered by the Plan in accordance with the provisions of Article II.

11.11 Plan. The term "Plan" means the Lamb Weston, Inc. Voluntary Deferred Compensation Plan as set forth herein, and as may be amended from time to time.

11.12 Plan Year. The term "Plan Year" means the calendar year.

11.13 Valuation Date. The term "Valuation Date" means the last business day of each Plan Year and any other dates designated by the Committee in its discretion.

11.14 No Guarantee of Benefits. Nothing contained in the Plan shall constitute a guarantee by the Company or any other person or entity that the assets of the Company will be sufficient to pay any benefit hereunder.

11.15 No Enlargement of Employee Rights. No Participant shall have any right to receive a distribution of contributions made under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any Participant the right to be retained in the service of the Employer.

11.16 Spendthrift Provision. No interest of any person or entity in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings, other than by will or the laws of descent.

11.17 Incapacity of Recipient. If any person entitled to a distribution under the Plan is deemed by the Company to be incapable of personally receiving or giving a valid receipt for such payment, then, unless and until claim therefore shall have been made by a duly appointed guardian or other legal representative of such person, the Company may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment of the account of such person and a complete discharge of any liability of the Company and the Plan therefore.

11.18 Corporate Successors. The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidated only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate and the termination provision of Section 9.2 shall apply.

11.19 Governing Law. The Plan shall be construed and administered under the laws of the State of Idaho to the extent federal law is not applicable.

11.20 Offsets. When any payment from a Participant's Grandfathered Amount becomes due hereunder, the Company, without notice, demand or any other action, may withhold payment and use the funds to offset any amounts owed by the Participant to

the Company or any of its affiliates. In addition, the Company also may offset a Participant's Account in any Plan Year by an amount not to exceed $5,000 to satisfy a debt of the Participant owed to the Employer, provided that: (i) the debt was incurred in the ordinary course of the Participant's employment by the Employer; and (ii) the offset is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

11.21 Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

11.22 Compliance with a Domestic Relations Order. Notwithstanding any provision in the Plan or any Participant election to the contrary, with respect to payments to a person other than the Participant, the Company may provide for acceleration of the time or form of payment to an individual other than the Participant, or a payment may be made to an individual other than the Participant, to the extent necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)). The Company may, in its sole and absolute discretion, impose any restrictions it desires on the terms of a domestic relations order with which it will comply pursuant to this Section.

11.23 Expenses. The reasonable expenses incident to the operation of the Plan may be paid by the Company; however, the Company may, in its sole discretion, allocate specific categories of Plan expenses to the Account or Accounts to which the expenses are attributable. Plan expenses that are not specifically allocated and are not paid by the Company shall be charged to the Accounts of Participants and beneficiaries in proportion to their respective Account balances. The Company may, in its sole discretion, choose to pay all or a portion of the Plan expenses allocable to Participants who are current Employees while not paying, or paying a lesser portion of, Plan expenses allocated to other Accounts.

IN WITNESS WHEREOF, the Company has caused this amended and restated Plan to be executed this 22 day of September 2021.

LAMB WESTON HOLDINGS, INC.

By: /s/ Eryk J. Spytek

Its: Senior Vice President, General Counsel and Chief Compliance Officer

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, THOMAS P. WERNER, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended November 28, 2021 of Lamb Weston Holdings, 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(s) 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(s) 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: January 6, 2022

/s/ THOMAS P. WERNER

THOMAS P. WERNER
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, BERNADETTE M. MADARIETA, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended November 28, 2021 of Lamb Weston Holdings, 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(s) 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(s) 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: January 6, 2022

/s/ BERNADETTE M. MADARIETA

BERNADETTE M. MADARIETA
Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, THOMAS P. WERNER, Chief Executive Officer of Lamb Weston Holdings, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that Lamb Weston Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 28, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that the information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lamb Weston Holdings, Inc. as of and for the periods presented.

January 6, 2022

/s/ THOMAS P. WERNER

THOMAS P. WERNER

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Lamb Weston Holdings, Inc. and will be retained by Lamb Weston Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, BERNADETTE M. MADARIETA, Senior Vice President and Chief Financial Officer of Lamb Weston Holdings, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that Lamb Weston Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended November 28, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and that the information contained in such Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lamb Weston Holdings, Inc. as of and for the periods presented.

January 6, 2022

/s/ BERNADETTE M. MADARIETA

BERNADETTE M. MADARIETA
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Lamb Weston Holdings, Inc. and will be retained by Lamb Weston Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.