

Smithfield

CORPORATE SOCIAL RESPONSIBILITY REPORT 2008/09



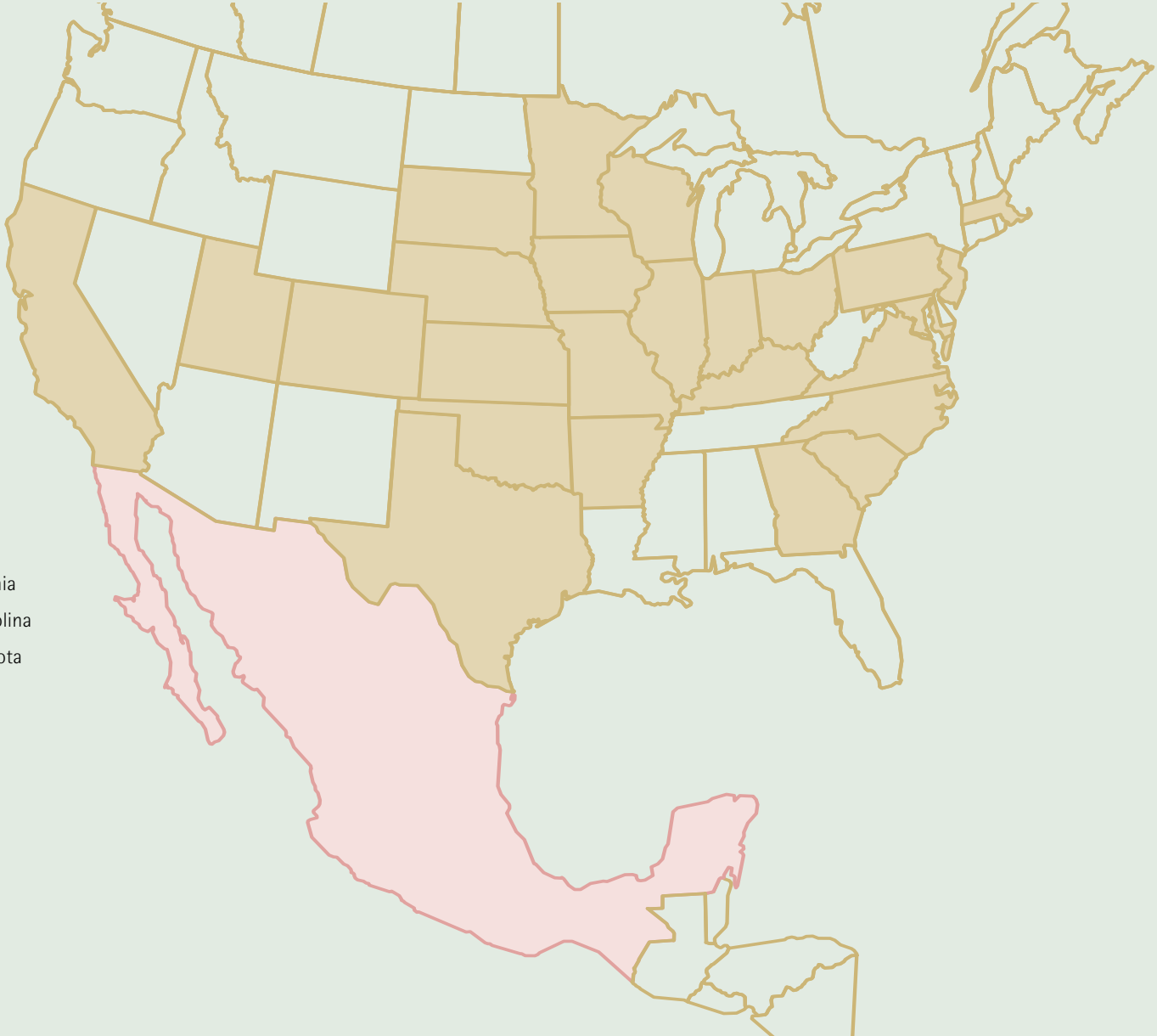
Smithfield Foods: A Global Leader Producing Good Food. Responsibly.™

NORTH AMERICA

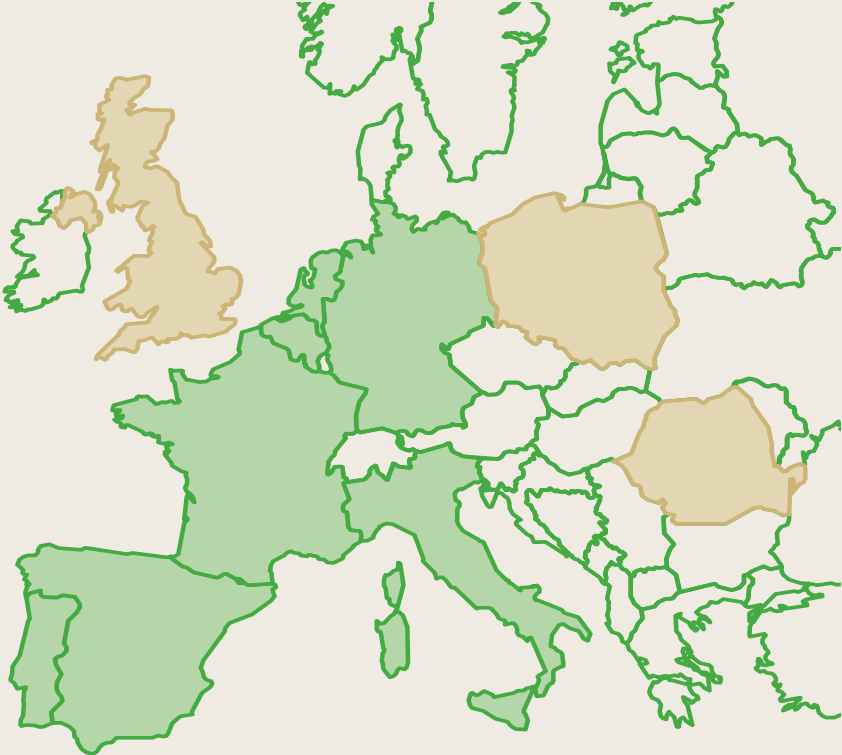
UNITED STATES

- Arkansas
- California
- Colorado
- Georgia
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Maryland
- Massachusetts
- Minnesota
- Missouri
- Nebraska
- New Jersey
- North Carolina
- Ohio
- Oklahoma
- Pennsylvania
- South Carolina
- South Dakota
- Texas
- Utah
- Virginia
- Wisconsin

MEXICO



Through independent operating companies and joint ventures, as well as our stake in Europe's largest packaged meats provider, Smithfield Foods' operations extend to 13 countries.



EUROPE

- BELGIUM
- FRANCE
- GERMANY
- ITALY
- THE NETHERLANDS
- POLAND
- PORTUGAL
- ROMANIA
- SPAIN
- UNITED KINGDOM

ASIA

CHINA



- Wholly owned Smithfield Foods operations as well as the Butterball, LLC, joint venture in the United States
- Campofrio Food Group, S.A., a publicly traded company in which Smithfield Foods owns 37 percent
- Joint ventures

TABLE OF CONTENTS

Letter from C. Larry Pope, President and CEO	4
Letter from Dennis H. Treacy, VP, Environmental & Corporate Affairs	6
About Smithfield Foods	11
Governance and Management	18
Environment	26
Animal Welfare	47
Food Safety	55
Helping Communities	59
Employees	64
International Operations	75
Corporate Officers and Directors	92
Corporate Information	93
GRI Index	94
CSR SPOTLIGHTS	
"Farm-to-Fork" Sustainability Reporting	23
Environmental Protection Expenditures	38
The Science of Hog Production	54
CSR Activities of a Joint Venture	89
MAPS, DIAGRAMS, AND MAJOR TABLES	
Smithfield Foods Global Operations IFC	
Financial Highlights	2
Smithfield Foods Key Commitments	8
Key Data Summary	10
Our Family of Companies	12
Smithfield Foods Production	14
CSR Across Our Business	17
Environmental Inputs and Outputs	27
Consolidated Financial Statements	90

FINANCIAL HIGHLIGHTS

Fiscal years ended	May 3, 2009	April 27, 2008	April 29, 2007
(in millions, except per share data)			
Sales	\$ 12,487.7	\$ 11,351.2	\$ 9,359.3
Income (loss) from continuing operations	(242.8)	139.2	211.9
Net income (loss)	(190.3)	128.9	166.8
Income (loss) from continuing operations per diluted share	(1.72)	1.04	1.89
Net income (loss) per diluted share	(1.35)	.96	1.49
Weighted average diluted shares outstanding	141.1	134.2	111.9
Additional Information			
Capital expenditures	\$ 174.5	\$ 460.2	\$ 460.5
Depreciation expense	264.0	258.0	201.0
Working capital	1,497.7	2,215.3	1,795.3
Total debt ¹	2,988.2	3,883.4	3,092.9
Shareholders' equity	2,561.4	3,048.2	2,240.8
Total debt to total capitalization ²	53.8%	56.0%	58.0%

¹ Total debt is equal to notes payable and long-term debt and capital lease obligations including current portion.

² Computed using total debt divided by total debt and shareholders' equity.

ABOUT THIS REPORT

Welcome to Smithfield Foods' Corporate Social Responsibility (CSR) report. This is our fourth CSR report, which builds on our experience publishing annual environmental reports from 2001 to 2004.

This report discusses our performance in environmental stewardship, animal welfare, food safety, community engagement, and employee well-being—the CSR areas we consider important to our company and its stakeholders. We also include a section on governance, which underpins all of our CSR performance, and a section on our wholly owned international operations. The order of discussion in the report is not meant to emphasize one issue over another.

To help determine the focus and communications objectives of this year's reporting, we considered stakeholder feedback from a number of sources, including the Nathan Cummings Foundation, Environmental Defense Fund, and Chesapeake Bay Foundation. We expect that many of our stakeholders will find this report of interest, including our employees, investors, customers, and end consumers; governments and nongovernmental organizations; and the communities in which we do business.

Over the past two reporting years, we have worked hard to align our report more closely with the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended sustainability reporting framework and indicators. We are reporting at a GRI-checked application level of "B." More information on the G3 Guidelines and application levels is available at the following Web address: www.globalreporting.org/GRIReports/ApplicationLevels/.

We used the GRI G3 Guidelines to help focus the boundaries of the qualitative and quantitative information in this report. With the exception of the "About Smithfield Foods" section, and unless otherwise indicated, the information and metrics within this report pertain to Smithfield Foods'

independent operating companies and investments in which we have a controlling (51 percent or more) interest.* We also provide discussion of our management approach to contract farming, primarily in the areas of environment and animal welfare, but do not provide performance data because our contract farmers are independent businesses.

Changes in the scope of reporting or reclassifications of data previously reported are noted in the relevant data sections, as are other assumptions and bases for calculations. We primarily use American measurement units for data for our U.S. operations, metric units for international operations, and American numbering conventions throughout.

The financial data in this report have been audited by a third-party firm. Other data and information have been subject to internal review but not external, third-party assurance.

The content focuses primarily on calendar year 2008 but includes fiscal 2009 financial information and discussion of some key developments that occurred in early 2009. Smithfield's fiscal year runs from May through April.

Throughout this report, Smithfield Foods is referred to as Smithfield. The name "Smithfield" is also sometimes utilized for ease of reference to indicate one or more independent operating companies. Smithfield should not be confused with The Smithfield Packing Company, Inc., which is a subsidiary.

Forward-Looking Information

This publication may contain forward-looking statements within the meaning of federal securities laws. In light of the risks and uncertainties involved, we invite you to read the Risk Factors and Forward-Looking Information sections of Smithfield Foods' Form 10-K for fiscal 2009.

*Smithfield Foods, Inc., is a holding company with a number of independent operating companies. For the purposes of this report, the term "independent operating company" and "subsidiary" are used interchangeably to refer to various entities of the Smithfield Foods family of companies.



C. Larry Pope
President and CEO

Dear Smithfield Foods Stakeholder:

It can be easy for companies to make corporate social responsibility a priority during times of fiscal prosperity. It becomes much more challenging when the economic road is rough.

We are publishing this year's CSR report in the midst of a global recession of historic proportions. Smithfield Foods has not been immune to these events. Indeed, the costs of hog production spiked substantially in 2008, thanks in large part to feed and energy prices that hit record highs. While sales in our packaged meats division were strong, they could not make up for the losses sustained in our hog production unit.

Another significant challenge we faced this year was the spring 2009 outbreak of A(H1N1) influenza—the official name of the misnamed but widely quoted "swine flu." Much of the initial media focus fell on a hog farm in Veracruz, Mexico, that is partly owned by Smithfield. The influenza outbreak was difficult for the entire pork industry, which had to dispel many common misperceptions about the virus. According to the Centers for Disease Control and Prevention, the A(H1N1) influenza is not transmitted by food and cannot be contracted from eating pork or pork products. More information about the influenza virus, and Smithfield's response, can be found on our Web site at www.smithfieldfoods.com.

Despite these challenges, we did not back away from our CSR commitments. We maintained the core programs and systems that we have developed to address environmental and societal concerns, although the economy did force us to slow the pace of some of our efforts.

Nevertheless, we continued to focus on our CSR goal of becoming the most trusted, respected, and ethical food industry leader. Recent efforts include the following:

- We sent to market the first hogs to be produced in new group housing—part of our pledge to replace individual gestation stalls for pregnant sows.
- To further improve transparency, we expanded the scope of our reporting to include baseline environmental data from our wholly owned international operations in Poland and Romania as well as our most recent domestic acquisitions.

- At our processing plants, we improved our rate of recycling, reduced solid waste generation, and improved efficiencies in electricity and water use.
- We continued to fund our new Helping Hungry Homes initiative, which provides food for low-income families, and worked with celebrity cook Paula Deen to deliver donations. We also partnered with prominent chef Jeff Henderson to help spread the message of hunger relief, diversity, and empowerment.
- We have continued funding educational programs that enhance the leadership and career development skills, as well as personal growth, of students preparing for eventual careers in agribusiness.
- We saw a continued reduction of our overall total injury and illness rate, which remains well below the industry average.

Our CSR efforts are getting noticed. We are extremely proud to have been selected as the first recipient of McDonald's new Sustainability Award for the supplier that best exemplifies the McDonald's vision, principles, and values for sustainable supply. And in 2009, we were included for the first time among *CRO (Corporate Responsibility Officer)* magazine's list of 100 Best Corporate Citizens. Meanwhile, we're optimistic that fiscal 2010 will improve, and we are hopeful that we will emerge from the recession ahead of other industries.

We're pleased to share with you our CSR report for 2008/09. We believe you will find that our slogan—Good Food. Responsibly.™—is living up to its promise.

Sincerely,



C. Larry Pope
President and Chief Executive Officer

June 15, 2009

"We continued to focus on our CSR goal of becoming the most trusted, respected, and ethical food industry leader."



Dennis H. Treacy
Vice President
Environmental and Corporate Affairs

Dear Smithfield Foods Stakeholder:

In the past decade, CSR has become an integral component of Smithfield's business operations. Social responsibility creates business opportunities, minimizes regulatory threats, attracts customers and investors, safeguards our employees, and engages stakeholders.

This report covers the issues that we believe are most important to Smithfield and to our stakeholders: environmental stewardship, animal welfare, food safety, community engagement, and employee well-being. We are making progress in these areas, as noted in the following examples:

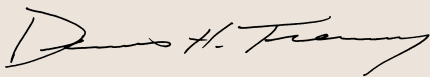
- We continued to integrate and align our most recent acquisitions with our core Smithfield operations, implementing systematic approaches to the management of environmental, health and safety, animal welfare, and food safety issues. We also present examples of how one of our joint ventures in Mexico is tackling CSR issues.
- Our environmental and safety record improved on a number of fronts. For example, our U.S. facilities that process meat into finished products cut their greenhouse gas emissions per unit by 25 percent in 2008. The long-term trends in our energy and water efficiency show great improvement. Our safety indicators have improved anywhere from 12 percent to 31 percent over five years, and two of the three key measures are better than industry averages.
- Our employees continue to find creative ways to improve operational and environmental performance. In this report, we document the costs and savings generated as a result of investments in environmental improvements. In 2008, we invested \$6.1 million in projects that saved nearly \$11 million.
- We resolved a long-standing, contentious situation at our largest processing plant, in Tar Heel, North Carolina, where the United Food and Commercial Workers International Union (UFCW) had been attempting to unionize the hourly work force. Smithfield and the UFCW agreed to hold a secret-ballot union election, in which the employees voted in favor of unionization by a vote of 52 percent to 48 percent. We respect the decision of our employees, and we look forward to working with the union.

- Three Smithfield facilities participated in a pilot effort aimed at providing a first-ever, comprehensive "farm-to-fork" look at sustainability issues and their management across the pork production value chain. Our initiative was recently listed among McDonald's 2009 "Global Best of Green" for companies with leading environmental practices.

The recent A(H1N1) influenza outbreak, coupled with the global economic slowdown, made this past year a particularly challenging one. But we do not question the value of maintaining and expanding our CSR initiatives. Our customers, influenced in turn by their customers, have ever-higher expectations for our CSR performance and disclosure about it. To meet and exceed their expectations, we must raise standards throughout our value chain and industry, document that our operations are environmentally sound and safe, and engage with our suppliers on these issues.

As we communicate with customers and other stakeholders, we continue to strive to be as transparent as possible. And we must reinforce the value of our CSR efforts to our employees in the face of financial pressures and continuing controversies about industrial food production. Our industry and our company will always be attacked by those who oppose raising any animals for food and will be controversial among those who prefer a small-scale approach to food production. We remain committed to providing affordable protein sources for millions of families through large-scale meat production conducted in a responsible manner.

We also believe we can learn from other perspectives and promote dialogue by practicing transparency and engaging with stakeholders. Indeed, we have led the industry in reviewing our practices and adopting new ones when they make sense for our company, our customers, and other stakeholders. Our commitment to transition our farms to group housing for sow gestation and our policy on antibiotics use exemplify our leadership efforts. We see our CSR reports as an important way to provide information about our company, communicate our values, and encourage dialogue. We hope you find this report informative, and we welcome your comments on it.



Dennis H. Treacy
Vice President, Environmental and Corporate Affairs
June 15, 2009

"We remain committed to providing affordable protein sources for millions of families through large-scale meat production conducted in a responsible manner."

SMITHFIELD KEY COMMITMENTS

CSR FOCUS AREA	OVERALL GOALS	2007-08 COMMITMENTS	2008-09 RESULTS	FUTURE PLANS
ENVIRONMENT	<p>100% compliance 100% of the time</p> <p>Continuously review and reduce environmental impacts</p> <p>Work toward quantifiable, corporate-level environmental performance targets</p>	<p>Reduce NOVs</p> <hr/> <p>Reduce emissions and waste generation</p> <hr/> <p>Improve the efficiency of our use of raw materials and energy</p> <hr/> <p>Communicate environmental performance and policies to the public</p>	<p>NOVs reduced by 20% since 2007</p> <hr/> <p>Since 2007, SOx emissions fell by 18.5%; solid waste generation per animal unit increased 7%; and cardboard recycling decreased by 33%</p> <hr/> <p>Since 2007, further processing electricity efficiency improved by 5.5%; first processing water use efficiency improved by 0.6%; and natural gas use rose by 19%</p> <hr/> <p>Reported using GRI G3 Guidelines Expanded scope and coverage of reporting</p>	<p>Reduce NOVs through focused training and information programs</p> <hr/> <p>Reduce solid waste generation through source reduction, reuse, and expanded recycling</p> <hr/> <p>Develop specific targets for energy reduction</p> <hr/> <p>Expand the scope of international data to include additional GRI indicators</p>
ANIMAL WELFARE	<p>Adhere to sound animal welfare practices</p>	<p>Integrate audits with National Pork Board's Pork Quality Assurance (PQA) Plus program</p> <hr/> <p>Phase out individual gestation stalls at all company-owned sow farms; begin weaning pigs at an average of 24 days</p> <hr/> <p>Improve hog handling and transportation safety</p>	<p>All company-owned and contract farms are in the process of being certified and site assessed under PQA Plus</p> <hr/> <p>First animals produced from open gestation stall facilities reached market in early 2009; completed conversion surveys on several dozen farms</p> <hr/> <p>Two accidents in U.S.</p>	<p>Complete PQA Plus certification and site assessment at all company-owned and contract farms by September 2009. Comply with and pass all follow-up third-party audits</p> <hr/> <p>Convert all individual gestation stalls to group housing</p> <hr/> <p>Continue to improve response to accidents to reduce animal injuries and fatalities</p>
FOOD SAFETY	<p>Maintain excellent food safety record</p> <p>Make safe, high-quality food</p>	<p>Ensure compliance with internal and government standards</p> <hr/> <p>Better address pathogen control, food security, and training</p> <hr/> <p>Maintain high standards in product and service labeling</p>	<p>Further implementation of comprehensive new auditing protocols introduced in 2006</p> <hr/> <p>Worked toward Global Food Safety Initiative certification for Smithfield facilities</p> <hr/> <p>No significant penalties or fines associated with product labeling regulations</p>	<p>100% compliance 100% of the time</p> <hr/> <p>Improve proactive R&D research on nutrition</p> <hr/> <p>Maintain excellent labeling record, incorporating Country of Origin labeling</p>
COMMUNITIES	<p>Nourish minds and bodies in the communities where our employees live, work, and raise their families</p>	<p>Support ongoing education efforts</p> <hr/> <p>Provide educational scholarships for employees' children and grandchildren</p> <hr/> <p>Provide food to those in need</p>	<p>Donated \$660,875 to Learners to Leaders program over three years</p> <hr/> <p>Awarded 48 scholarships worth \$290,000 in 2008</p> <hr/> <p>In fiscal 2009, provided approximately 3.7 million pounds of food, worth about \$4.6 million. Partnered with nationally known chef to spread the message of hunger in America. In Romania, launched "Food For Souls"</p>	<p>Continue to close the education gap for underprivileged students in our employees' communities</p> <hr/> <p>Continue to raise employee awareness of scholarship opportunities</p> <hr/> <p>Continue donating much-needed food for hunger-relief programs</p>

This table highlights some of our goals, commitments, results, and future plans in the CSR areas we view as particularly important. We have a number of overarching goals for our company. Our management systems call for targets to be set in important performance areas.

Given the decentralized nature of our company, and the fact that the targets vary by business and facility, it is difficult to aggregate company-wide targets. As we continue to advance our CSR efforts, we will work toward setting—and reaching—quantifiable targets and goals.

CSR FOCUS AREA	OVERALL GOALS	2007–08 COMMITMENTS	2008–09 RESULTS	FUTURE PLANS
COMMUNITIES <i>(continued)</i>		Support local environmental stewardship efforts	Sponsored World Water Monitoring Day, an international program organized by the Water Environment Federation	Continue supporting local efforts
EMPLOYEES	Treat our employees with respect, while protecting their health and safety	<p>Promote diversity and cultivate a representative U.S. work force</p> <hr/> <p>Comply with federal and state immigration legislation by strengthening our hiring practices and reducing employment of unauthorized workers</p> <hr/> <p>Maintain active employee engagement</p> <hr/> <p>Offer opportunities for further education and advancement within our company</p> <hr/> <p>Improve employee retention</p>	<p>Began creating a leadership program to develop a more diverse and well-prepared Smithfield work force.</p> <hr/> <p>Awarded associate membership in U.S. Immigration and Customs Enforcement's (ICE) new IMAGE program—ICE Mutual Agreement between Government and Employers</p> <hr/> <p>Conducted employee engagement surveys at independent operating companies and responded to employee concerns from prior surveys</p> <hr/> <p>Reimbursed 50% to 100% of tuition and lab fees; provided scholarships for employee dependents</p> <hr/> <p>Provided strong benefits, competitive wages, and employee-focused programs</p>	<p>Launch leadership program</p> <hr/> <p>Continue ensuring the integrity of our work force</p> <hr/> <p>Respond to employee concerns and continue with engagement efforts</p> <hr/> <p>Increase employee participation</p> <hr/> <p>Continue decreasing turnover rates</p>
HUMAN RIGHTS	Ensure fair treatment of our employees throughout the company	Implement a new Human Rights Policy (www.smithfieldfoods.com/employees/human.aspx)	Provided copies of the policy to all employees, encouraging them to call a toll-free hotline if they need to report violations	Protect and advance human rights through dedicated oversight and implementation of the policy
HEALTH & SAFETY	Foster continuous improvement and a culture of safety as a core value	<p>Implement Employee Injury Prevention Management System (EIPMS)</p> <hr/> <p>Enhance employee safety management</p> <hr/> <p>Maintain highest training standards</p> <hr/> <p>Improve safety metrics</p> <hr/> <p>Achieve external recognition for our efforts</p>	<p>Rolled out EIPMS audit and conducted lead auditor training for 30+ auditors</p> <hr/> <p>Held monthly conference calls to find improvement opportunities and completed EIPMS refresher training at all locations</p> <hr/> <p>Annual Safety Conference conducted online throughout the year</p> <hr/> <p>OSHA metrics versus industry averages: OSHA TIFR Rate: 6.58 (8.40) OSHA DART Rate: 4.40 (5.50) OSHA DAW Rate: 1.27 (1.20)</p> <hr/> <p>Eighteen facilities recognized by American Meat Institute (AMI) in April 2009, up from 13 in 2008</p>	<p>Continue baseline EIPMS audits at all locations</p> <hr/> <p>Increase engagement/participation in safety processes. Create new training programs</p> <hr/> <p>Conduct 10-hour OSHA General Industry training for all conference participants</p> <hr/> <p>Improve OSHA metrics. Continue to reduce number and severity of injuries</p> <hr/> <p>Increase number of facilities participating in the AMI recognition program</p>

KEY DATA SUMMARY

(See pp. 77–88 for baseline data from our operations in Poland and Romania.)

		CY 2006	CY 2007	CY 2008
ENVIRONMENT ¹	Air Emissions			
	NOx ² (tons)—p. 36	381	403	Not Available
	SOx ² (tons)—p. 36	562	458	Not Available
	Compliance			
	Notices of Violation (NOVs)—p. 42	64	50	40
	Monetary Value of Significant Fines—p. 42	\$183,952	\$266,446	\$69,616
		FY 2007	FY 2008	FY 2009
	Energy/Greenhouse Gas Emissions			
	Electricity Consumption (kWh in millions)—p. 32	1,031	1,271	1,529
	Direct & Indirect GHG Emissions ³ (metric tons CO ₂ e)—p. 34	Not Available	1,153,634	1,354,640
	Water			
	Water Use (gallons in billions)—p. 37	6.9	7.2	8.4
	Solid Waste			
	Solid Waste Generation (thousand tons)—p. 39	84.6	87.5	154.5
Cardboard Recycling (thousand tons)—p. 40	24.3	48.2	32.4	
	CY 2006	CY 2007	CY 2008	
EMPLOYEES	Health and Safety Rates (per 100 employees)			
	Total Injury and Illness Frequency Rate (TIFR)—p. 72	8.74	6.76	6.58
	Days Away, Restricted, Transferred (DART) Rate—p. 73	5.83	4.04	4.40
	Days Away from Work (DAW) Rate—p. 73	1.49	1.27	1.29
	Compliance			
	OSHA Inspections—p. 73	26	18	25
	OSHA Notices of Violation—p. 73	32	12	40
	OSHA Penalties—p. 73	\$41,404	\$11,037	\$38,787
		FY 2007	FY 2008	FY 2009
	ANIMAL WELFARE	Transportation		
Market Hog Accidents—p. 51		3	6	2
Hog Fatalities—p. 51		83	243	33
Antibiotics Use ^{4,5}		Nov '05–Oct '06	Nov '06–Oct '07	Nov '07–Oct '08
Feed-Grade Medications Purchased (lbs. per 100 lbs. sold)—p. 50		0.155	0.151	0.107
		FY 2007	FY 2008	FY 2009
COMMUNITIES	Corporate Giving			
	Smithfield–Luter Foundation Scholarships (Total \$ Value)—p. 60	\$282,256	\$349,979	\$290,000
	Learners to Leaders—p. 60	\$277,490	\$383,385	\$319,415
	Food Donations			
	Overall Food Donations (lbs. of food)—p. 62	1.8 million	3.3 million	3.7 million

¹ All environmental data is for processing facilities, except NOVs, which include farms.

² Calendar year 2008 data scheduled for release in mid-2009.

³ GHG emissions data were not recorded prior to 2007.

⁴ Feed-grade antibiotic data supplied by AgProvision.

⁵ Analysis now includes Premium Standard Farms, purchased in 2007.

ABOUT SMITHFIELD FOODS

A DIVERSIFIED FOOD PRODUCTION AND MARKETING COMPANY

Smithfield Foods, Inc., is a global company committed to providing good food, responsibly. We are the world's largest hog producer and pork processor, with more than 50 brands of pork and turkey products and more than 200 gourmet foods.

Headquartered in Smithfield, Virginia, we have operations in 13 countries through wholly owned subsidiaries and joint ventures. The majority of our facilities and our approximately 52,400 employees are in the United States. Internationally, we have controlling interests in meat production, packaging, and distribution operations in Poland, Romania, and the United Kingdom, along with joint ventures and minority interests in Belgium, China, France, Germany, Italy, Mexico, the Netherlands, Portugal, and Spain.

Each of our operating companies and joint ventures operates independently and maintains its individual identity. Some of our popular brands include Smithfield®, John Morrell®, Farmland®, and Butterball®.

Our sales for fiscal 2009 reached nearly \$12.5 billion, up from \$11.4 billion in fiscal 2008. More detailed information can be found in our annual report, available on our Web site at investors.smithfieldfoods.com/annuals.cfm. Our products are sold to more than 4,000 customers in the United States and internationally, including supermarket and hotel chains, wholesale distributors, restaurants, hospitals, and other institutions. We also sell to companies that further process our meats into consumer food products.

We consistently appear on the *Fortune* list of Most Admired Companies, ranking fifth among all U.S. food production companies in 2009. Also in 2009, we were included among *CRO* magazine's latest list of 100 Best Corporate Citizens.

MERGERS AND ACQUISITIONS

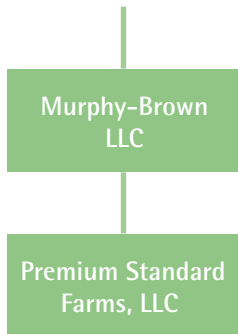
Over the years, we have completed a series of mergers and acquisitions that have made us a global company and a leading food producer. Most recently, in December 2008, we finalized the merger of Campofrío Alimentación, S.A., with Groupe Smithfield Holdings S.L. Smithfield Foods owns 37 percent of the new company, now known as Campofrío Food Group. The merger, which created the largest pan-European company in the packaged meats sector and one of the five largest worldwide, represented a major step in our global growth strategy.

In June 2008, we announced that we had entered into an agreement with COFCO Limited, China's largest national agricultural trading and processing company, to sell 7 million shares. China is experiencing rapid growth in pork consumption, consuming more pork than the rest of the world combined.

Smithfield

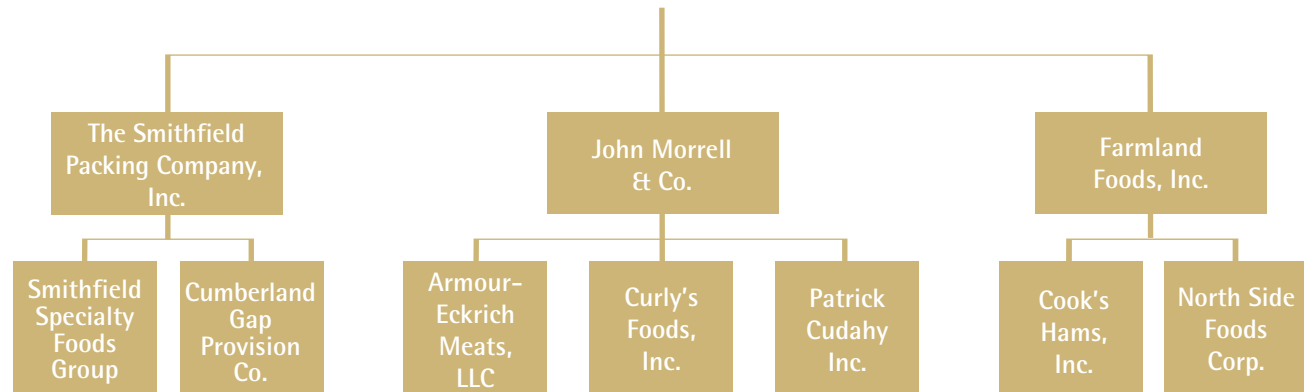
HOG PRODUCTION

FISCAL 2009 SALES
\$2.8 BILLION***



PORK

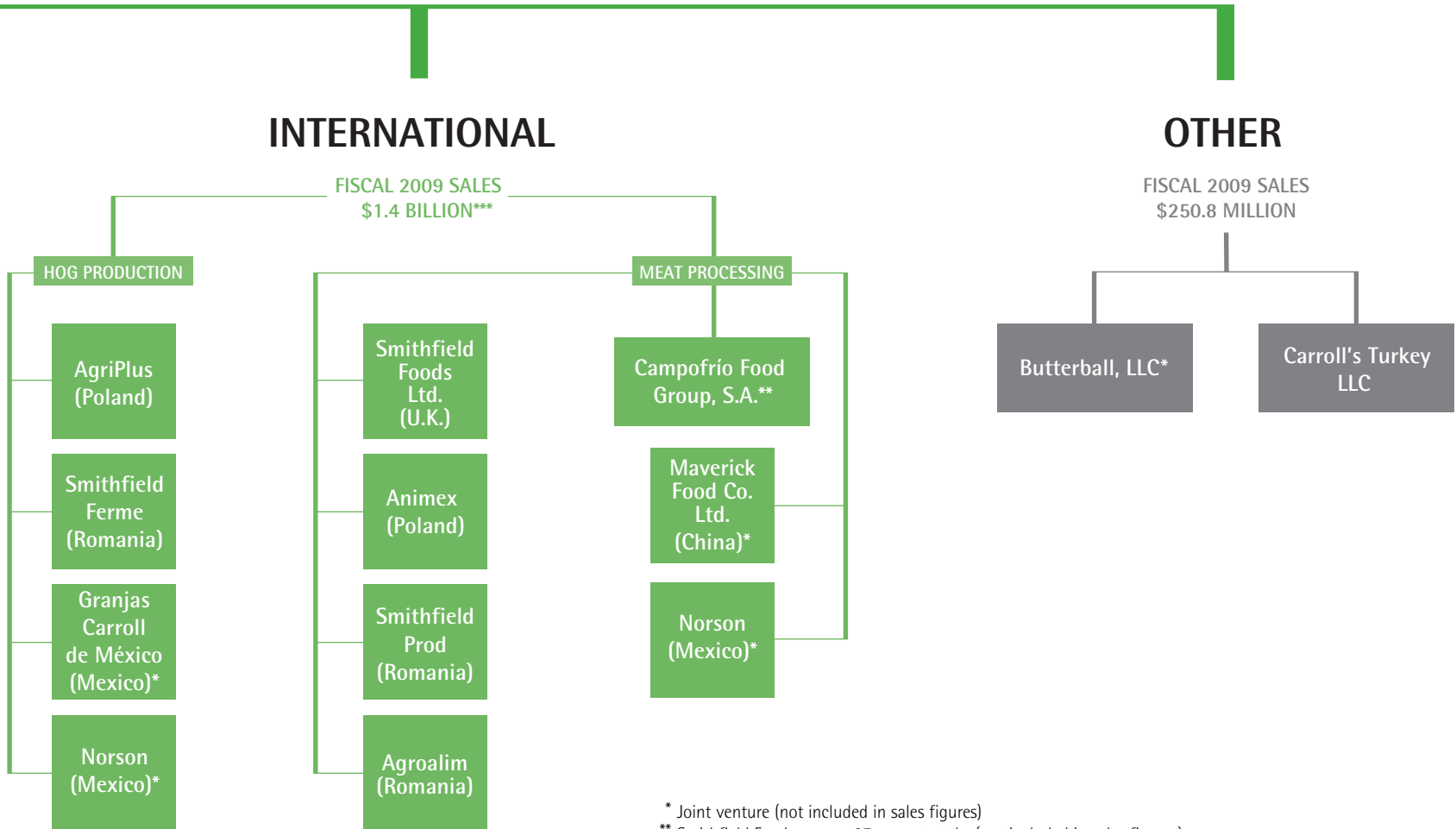
FISCAL 2009 SALES
\$10.5 BILLION



Note: Fiscal 2009 sales include intersegment sales of \$(2.4) billion.

OUR FAMILY OF COMPANIES

This chart provides an overview of Smithfield Foods' organizational structure. Our independent operating companies and joint ventures maintain their individual identities, and together they make us a leader in several key categories.



* Joint venture (not included in sales figures)
 ** Smithfield Foods owns a 37 percent stake (not included in sales figures).
 *** International hog production sales are reported in the Hog Production segment.

SMITHFIELD FOODS PRODUCTION

GENERAL	2008	2009
Employees ¹	58,100	52,400
Brands	50+	50+
Products	200+	200+
Sales ²	\$11.4 billion	\$12.5 billion
Customers	4,000+	4,000+

PORK		
Pounds of Fresh Pork Produced	4.0 billion	4.5 billion
Pounds of Packaged Meats Produced	3.1 billion	3.1 billion
Sales	\$9.6 billion	\$10.5 billion

HOG PRODUCTION		
Sows	1.1 million	1.1 million
Market Hogs Produced	19.4 million	20.0 million
Joint Venture Sows	98,000	90,000
Joint Venture Market Hogs Produced	1.5 million	1.7 million
Hog Production Sales	\$2.4 billion	\$2.8 billion

INTERNATIONAL		
Products Produced (lbs.)	870 million	806 million
Sales	\$1.2 billion	\$1.4 billion

OTHER		
Sales ²	\$149 million	\$251 million

All values reported by fiscal year

¹ 2008 total employees includes Smithfield Beef Group, which was sold to JBS S.A. in October 2008.

² Includes sales of wholly owned live cattle inventories that were excluded from the sale of Smithfield Beef Group, which was completed in October 2008.

CHANGES IN OPERATIONS

Pork Group

We are restructuring our pork group to consolidate and streamline its corporate structure and manufacturing operations and make the company more competitive. The reorganization, which was announced in February 2009, will reduce the number of independent operating companies (IOCs) in the pork group from seven to three. Four existing IOCs will be combined under the various business units of The Smithfield Packing Company, Inc., John Morrell & Co., and Farmland Foods, Inc. As a result of the restructuring, six plants will close, and we expect to eliminate approximately 1,800 positions.

Wherever possible we will offer transfers to employees, and we are providing assistance to help others find employment within their local communities. All employees were provided with a 60-day closure notification, as required under the federal Worker Adjustment and Retraining Notification Act (WARN).

Sow Production

Beginning in the third quarter of fiscal 2008 through the third quarter of fiscal 2009, we reduced the size of our U.S. sow herd by 10 percent in order to reduce the oversupply of hogs in the U.S. market. This has resulted in a reduction of 100,000 sows, which will result in approximately 1.4 million fewer market hogs in fiscal 2010 and approximately 1.8 million fewer market hogs annually thereafter. In addition, in June 2009 we announced that we will further reduce our sow herd by 3 percent, or approximately 30,000 sows. We believe that this reduction will result in approximately 540,000 fewer market hogs annually.

Smithfield Beef Group, Inc.

In October 2008, we completed the sale of Smithfield Beef Group, Inc., our beef processing and cattle feeding operation, to JBS S.A. for \$575.5 million in cash. Smithfield had only a small market share among U.S. beef producers and little potential to grow. The net proceeds from the sale helped Smithfield dramatically improve liquidity.

STRUCTURE OF OUR MAIN BUSINESSES

Smithfield Foods conducts its business through five reporting segments: Pork, International, Hog Production, Other, and Corporate, each of which includes a number of subsidiaries, joint ventures, and other investments.

Pork Segment

The Pork segment produces a wide variety of fresh pork and packaged meat products in the United States and markets them nationwide and internationally. In fiscal 2009, we sold approximately 4.5 billion pounds of fresh pork and 3.1 billion pounds of packaged meats. Pork segment sales totaled \$10.5 billion in fiscal 2009.

Hog Production Segment

We operate numerous hog production facilities with approximately 1.1 million sows producing about 20 million market hogs annually worldwide. Through joint ventures, we have another 90,000 sows producing about 1.7 million market hogs a year. The Hog Production segment's Murphy-Brown LLC is the world's largest hog producer, with sales of \$2.8 billion in fiscal 2009.

International Segment

Smithfield Foods' International segment, which accounts for approximately 8,600 employees, produces a wide variety of fresh and packaged meats that are sold all over the world. In fiscal 2009, our international operations processed approximately 806 million pounds of meat products. Sales for this segment reached approximately \$1.4 billion in fiscal 2009.

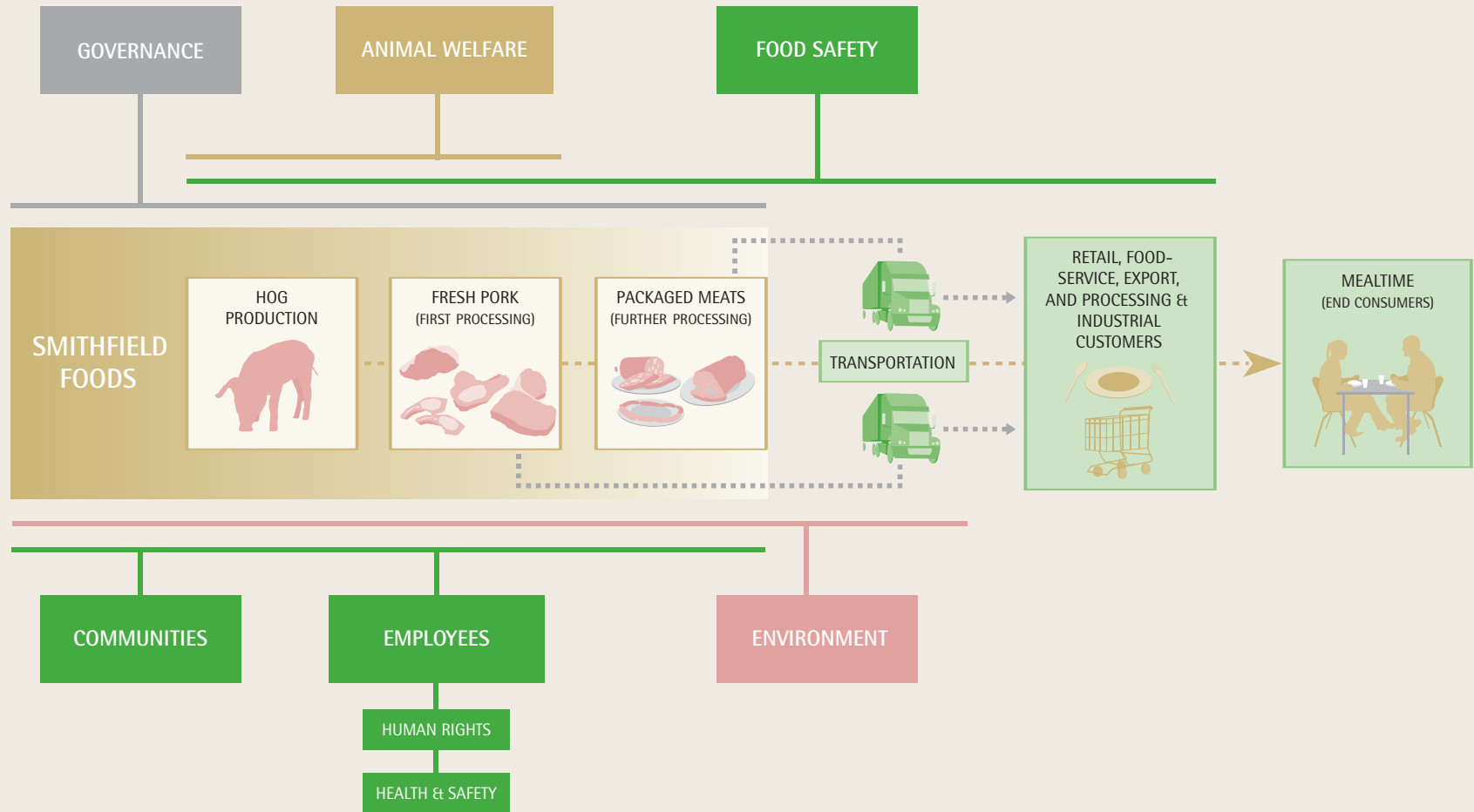
Other Segment

The Other segment is composed of our turkey production operations, our 49 percent interest in Butterball, LLC, the nation's largest turkey producer, our remaining live cattle operations, and our interest in live cattle joint venture operations.

For a detailed description of our businesses, read Smithfield Foods' Form 10-K at investors.smithfieldfoods.com/SEC.cfm.

CORPORATE SOCIAL RESPONSIBILITY ACROSS OUR BUSINESS

We have focused this report on the key CSR topics highlighted below. The diagram illustrates the major components of our business and the stages of our value chain in which the key topics arise.



GOVERNANCE AND MANAGEMENT

Smithfield's mission is to be a trusted food industry leader that brings delicious and nutritious meat and specialty food products to millions every day, with a strong commitment to corporate social responsibility. The company's core values state that we will constantly strive to produce safe, high-quality, nutritious food, to be an employer of choice, to advance animal welfare, to protect the environment, and to have a positive impact on our communities.

Our strong framework of governance, management, and accountability for ethical behavior is the key to upholding our mission and values, and maintaining the trust of investors and stakeholders. In this section of our report, we discuss our governance structures, how we manage CSR issues, our ethical standards and programs, our stakeholder engagement efforts, public policy issues of interest to our company, and our political contributions.

CORPORATE GOVERNANCE

The Smithfield board of directors (the "Board") includes 13 members, nine of whom are independent (as determined by the Board in accordance with the guidelines of the New York Stock Exchange and other organizations). The Board has established five committees:

- Audit
- Compensation
- Executive
- Nominating and Governance
- Pension and Investment

We also have an executive-level ethics and compliance committee (the "ECC"), chaired by our chief legal officer, which oversees the full range of compliance issues for Smithfield. The chair of the ECC regularly reports to the audit committee of the Board on risks and compliance issues related to the environment, animal welfare, and other CSR issues. The Smithfield Foods vice president for environmental and corporate affairs, who sits on the ECC, is responsible for informing the Board about Smithfield's CSR issues and progress and regularly briefs the audit committee on the progress of the CSR program. Additional corporate governance information, including our governance guidelines and committee charters, is available on the Web at investors.smithfieldfoods.com/governance.cfm and www.smithfieldfoods.com/pdf/governance-appendix.pdf.

CSR MANAGEMENT

Smithfield Foods traditionally has operated with a decentralized management structure and philosophy. Our subsidiaries have

their own corporate functions and staffs and manage many issues independently, within an overall corporate framework that establishes expectations for all our operations. Our Code of Business Conduct and Ethics, for example, applies to all our global operations. In the early part of the decade, we identified several CSR issues that merited a more consistent management approach across the company in order to meet our goal to lead the industry in our practices. The first such issue was environmental management. We implemented and certified environmental management systems at all of our U.S. farms and processing facilities and some overseas operations. Recognizing the value of applying structured, disciplined management systems to CSR issues, we have expanded that approach to animal welfare, employee health and safety, and food safety. Common elements of the management systems include policies, employee training, goal setting, corrective action, third-party auditing, and executive review.

As needed, we have formed corporate or cross-subsidiary committees to develop and implement consistent approaches to our CSR issues. For example, in 2003 Smithfield established a sustainability committee consisting of senior managers. The committee is responsible for helping the company address the integration of the financial, environmental, and social aspects of its business. Smithfield's vice president of environmental and corporate affairs, who is a corporate officer, manages the company's environmental programs, reviews recommendations from the sustainability committee, and directs strategies on environmental and social topics. This officer reports directly to the chief executive officer and executive vice president. Other committees include an animal welfare committee, a food safety committee, and a committee focused on hunger relief that coordinates food donations. Most recently, we formed a diversity committee to help the company identify opportunities for strengthening relationships with our customers, our employees, our suppliers, and our communities.

We have developed these approaches in our U.S. operations. We also are phasing in our management system approaches at our wholly owned international subsidiaries in Poland and Romania, as well as addressing CSR issues unique to those regions. This report covers those international operations, located in Poland and Romania, providing a baseline data set and information on their management of CSR issues. Of course, regulatory frameworks vary from country to country. Therefore, we, like many other companies, are working hard to align our goals and approaches to important issues such as environmental management with our international operations.

Our environmental management expertise is available to the companies in which we hold a minority interest. We have worked with several of these companies to address particular environmental issues, and we encourage them to utilize environmental compliance practices that are consistent with our own. We intend to expand these efforts with our joint ventures, including those in which we recently acquired an interest. In addition, we will continue to identify emerging CSR issues where we operate and develop systematic approaches to managing them. This report includes examples of initiatives at joint venture facilities in Mexico. (See CSR Spotlight 4 on page 89.)

When we acquire a new company, we conduct various reviews, including assessing the company's practices related to employees, safety, and the environment. We also try to address the current relationship with local regulators and the communities in which

they are based. Following an acquisition, implementation of our environmental and health and safety management systems (described in the respective sections of this report) begins promptly and helps us determine practices already in place as well as gaps. We then use our corporate-level training programs and intranet sites to communicate Smithfield best practices.

ETHICS AND COMPLIANCE

Smithfield maintains a Code of Business Conduct and Ethics (the "Code") applicable to all employees, officers, and directors. We publish the Code in the five major languages of the countries in which we have operations. It conveys the company's policies and practices for conducting business in accordance with applicable law and the highest ethical standards. Any waiver of the Code for executive officers or directors can be made only by the Board or its Audit Committee and must be promptly disclosed. Our Board adopted the Code, and the Board's Nominating and Governance Committees review it periodically.

The ECC administers the Code. All directors and executive officers are required to complete an annual certification relating to ethics and compliance with the law, the Code, and other company policies. The chair of the ECC reports periodically to the Audit Committee on the administration of the Code and is required to report promptly any violation of the Code by an executive officer or director to the Chairman of the Audit Committee. The Code and any amendments or waivers are available at www.smithfieldfoods.com.

The company also has provided employees with opportunities to report ethics violations or similar concerns through an anonymous telephone hotline. The company reviews and responds to all hotline complaints.

STAKEHOLDERS

We define as *stakeholders* all persons or organizations who are impacted or believe they are impacted by the operations or practices of the company. Interaction with diverse stakeholders allows us to engage with and learn from these groups. We continuously conduct an internal analysis to identify stakeholders. In general, we have identified and defined the following stakeholders as groups we engage with regularly:

- **Internal stakeholders**, including company employees, facility management, and corporate management, among others.
- **External stakeholders**, including shareholders and investors; the customers and suppliers with whom we do business; the end consumers of our products; federal, state, and local governments and regulatory entities; nongovernmental organizations; and the communities in which our employees live and work.

In 2008, we expanded our stakeholder engagement efforts on the local level by working closely with Ceres on the Facility Reporting Project (FRP), a local-level sustainability reporting process designed to engage stakeholders and disclose the impacts companies have on communities in which they operate. Smithfield's FRP is described in CSR Spotlight 1 on page 23. Smithfield has made a practice of frank and timely communications with our key stakeholders by listening, learning, and communicating openly. Stakeholders are typically engaged directly or as directed by and through the efforts of Smithfield's vice president for environmental and corporate affairs. Many of our engagements occur around particular issues. For example, several actions discussed in the Animal Welfare section resulted from stakeholder consultation as follows:

- In 2007, following discussions with and input from company customers and nongovernmental organizations, Smithfield announced plans to phase out the use of sow gestation crates on hog farms and replace them with group housing.
- In 2005, Smithfield executed an agreement with Compass Group, one of the world's largest catering companies, and Environmental Defense Fund, a nonprofit advocacy group, to report and track our use of antibiotics. The agreement built upon an antibiotics policy that had been in existence at Murphy-Brown for some time. In 2008, this stakeholder interaction was highlighted in a case study in the *Guide to Successful Corporate-NGO Partnerships*, developed by the Global Environmental Management Initiative (GEMI, of which Smithfield is a member) and Environmental Defense Fund.
- Smithfield responded to suggestions by animal welfare groups—a stakeholder segment with which the meat industry has had a sometimes-adversarial relationship—to revise its procedures for responding to road accidents involving the transportation of animals. The changes have resulted in improvements to the handling of accidents.

The following are additional examples of our interactions with stakeholders:

- Employees are one of our most important stakeholder groups. We are continuing initiatives to engage with employees on a range of issues, including diversity. (Please see the Employees section for more detail.)
- Increasingly, our customers are hearing from their customers—the ultimate consumers—about CSR issues of concern to them. We participate in supplier CSR surveys and communicate directly with customers, including working with our customers to develop approaches to issues ranging from animal welfare to nutrition to environmental and health and safety practices. We are responding in numerous ways, including offering low-fat and low-sodium products. We have also engaged our sales force, which provides the primary customer point of contact, to communicate our approach to CSR so they can interact knowledgeably with our customers on these issues.
- The government is an important stakeholder, and Smithfield continues to explore innovative initiatives with elected officials. For example, Smithfield entered into a voluntary agreement with the North Carolina attorney general's office to investigate

and participate in a variety of environmental enhancement efforts. These include committing \$15 million to fund the independent investigation of environmentally superior technologies, as that term is defined in the agreement, for farm manure management, as well as \$50 million over 25 years to fund environmental enhancement projects in the state. Smithfield also entered into an agreement with the Iowa attorney general to provide \$100,000 per year for 10 years to fund a program for the awarding of annual grants to Iowa citizens or entities to pursue innovative programs to advance swine production in that state. The grants are awarded to applicants selected by the attorney general in collaboration with Iowa legislators and Smithfield.

- We operate in a highly regulated industry. Thus, establishing and maintaining good relationships with regulatory agencies at all levels is key to our ability to operate successfully. We cooperate with agencies in a variety of ways. For example, three of our independent operating company facilities participated in the Performance Track program of the U.S. Environmental Protection Agency (EPA). Through this program, facility managers worked closely with regulators to identify opportunities to exceed legal requirements. Participating companies typically set public, measurable goals to improve the quality of air, water, and land. For example, Smithfield Transportation's Smithfield Division, the first of our facilities to participate, pledged to reduce its energy use and improve its management of nonhazardous waste. Even though the EPA has recently eliminated the Performance Track program, Smithfield continues to benchmark improvement under the criteria established for the program.
- Our suppliers are important stakeholders in our value chain. As a vertically integrated company, we are our own biggest supplier. Nonetheless, we interact regularly with external suppliers. We work closely with our contract growers on environmental issues, as discussed in the Environment section of this report.
- Several organizations, including Ceres, Environmental Defense Fund, and the Nathan Cummings Foundation, have reviewed our previous reports and/or a draft of this report and provided valuable feedback. We have tried to respond to the feedback in preparing this report. For example, we have expanded coverage of our international operations and increased the number of operations covered by our data set. For the 2007/08 report and again this year, we used the Global Reporting Initiative G3 Guidelines and had GRI check our application-level declaration. We are also reporting on key issues such as animal welfare in more depth.

Our engagement with diverse stakeholders is also reflected in the list of organizations in which we hold memberships. A comprehensive list of these memberships is available on our Web site at www.smithfieldfoods.com.

Smithfield and Stakeholders Pilot “Farm-to-Fork” Sustainability Reporting

As a vertically integrated company, Smithfield's value chain is complex and includes diverse types of operations. For several years, Smithfield has engaged with stakeholders interested in the company's environmental performance to increase its public reporting on environmental and other sustainability issues across the business. The steady expansion of information in this report is, in part, a result of that engagement.

During 2008, three Smithfield facilities reached out to stakeholders and prepared community-level sustainability reports aimed at providing a first-ever, comprehensive, “farm-to-fork” look at sustainability issues and their management across the pork production value chain. After considering requests from the Nathan Cummings Foundation, a nonprofit philanthropic organization, and other stakeholders for additional information on the environmental performance of our farms, several of our facilities partnered with Ceres, a national network of investors, environmental organizations, and other public interest groups:

- **PRODUCTION**
Blueberry Sow Farm, a Murphy-Brown sow farm in Ammon, North Carolina
- **FIRST PROCESSING**
a Smithfield North slaughtering and processing facility in Smithfield, Virginia
- **PACKAGING**
the North Side Foods further processing facility in Cumming, Georgia

Ceres provided training, tools, and advice to guide the facilities through the stakeholder dialogue and reporting process. Stakeholder engagement varied from meetings with regulators and nongovernmental organizations to a community cookout at the Blueberry Sow Farm. These efforts identified issues of interest to stakeholders that were then addressed in the reports. We followed the format of the Ceres Facility Reporting Project, which seeks to provide a generally accepted facility-level economic, environmental, and social sustainability reporting framework. The reporting addresses environmental compliance and stewardship, employee health and safety, animal well-being, food safety, and community involvement.

Smithfield's first facility-level pilot report using the Ceres framework took place in 2006 and was produced by the North Side Foods facility. The pilot project was a valuable learning experience for all participants and accomplished the following:

- Drove external relationship building that has helped strengthen ties with customers, community members, regulators, and other stakeholders, and has helped confirm the facilities' understanding of external stakeholders' perceptions and priorities related to sustainability.
- Led to the development of additional facility sustainability reports that provided a comprehensive and balanced picture of facility impacts, highlighting the importance of the company's contributions to communities and employees, as well as environmental impacts.
- Engaged employees on issues outside their day-to-day responsibilities and provided a broader forum for trend identification and problem solving related to sustainability issues.

The facility sustainability reports are available by requesting them using the general contact information on the company Web site. We continue to assess whether additional facilities and communities may benefit from this form of reporting.



PUBLIC POLICY

Public Policy Issues of Interest

We participate in legislative and regulatory processes both as an individual company and through industry associations. We believe that engagement in the political process is important in making our views heard on issues of significance to the business. Smithfield representatives participate in many cross-industry boards and commissions at the national and state levels, including, for example, serving on the board of directors of the National Association of Manufacturers (NAM), and serving as the founding chair of NAM's Sustainability Task Force.

We also value our participation as a member of the EPA's Farm, Ranch, and Rural Communities Federal Advisory Committee (FRRCC). The Committee works to strengthen relations with the agriculture community and focuses on the impacts of the EPA's agriculture-related programs, policies, and regulations, including those regarding climate change and renewable energy; a comprehensive environmental strategy for livestock operations; and areas of common interest between sustainable agriculture and protection of the environment.

The following are among the most significant current public policy issues for our company:

- **The Farm Bill:** We took an active role in the debate on the Farm Bill that was passed in 2008. Of particular concern to our company was an effort to ban meatpackers from owning livestock. Many in our industry, Smithfield included, choose to own or contract for livestock because it is the most efficient way to deliver the consistent-quality meat demanded by modern consumers. Given our business strategy of vertical integration, we strongly opposed this provision and were glad it was not included in the final bill.
- **Country of Origin Labeling:** New rules on country of origin labeling were finalized in early 2009, after years of debate. Smithfield joined with other affected companies to engage Congress and the U.S. Department of Agriculture (USDA) in dialogue about the best way to implement the changes to achieve intent of the new requirements by providing information to consumers while managing the practical challenges of labeling each product.
- **Imports of Poultry Products from China:** Due to an obscure provision in an appropriations bill, imports of frozen processed poultry products from China have been effectively prohibited. This ban on poultry products may make it difficult for companies like Smithfield to export products to China. Smithfield is working with others in the industry to persuade Congress to resolve this issue.
- **Immigration Reform:** We are closely following the immigration reform issue because we have many valued employees who are legal immigrants. We are a nation of immigrants. Just like their American-born co-workers, our immigrant

employees want their children to enjoy greater opportunities and the stability that enables families to stay together and thrive. Smithfield has not endorsed any specific legislation, but we do support legislation that includes protections for legal immigrants and their employers, and provides a path to citizenship for immigrant workers.

- **Food Safety:** Congress is now considering legislation to bring significant change to the food safety system. Smithfield intends to carefully review the substantive details of that debate and make comments to key policymakers where appropriate. Smithfield remains committed to working with the USDA and the federal government to ensure the safest possible food supply. We have taken comprehensive steps in our facilities to ensure food safety, as discussed in the Food Safety section of the report.
- **Other Issues:** Several other issues may be the subject of legislative action during 2009. One such issue is restrictions on the use of antibiotics in feeding and raising animals. We have engaged with stakeholders on antibiotics issues, as described in this section, and follow a strong antibiotics policy, as discussed in the Animal Welfare section. We are closely following legislative developments on the issue. Another issue is the "card check" bill. We have spoken out in opposition to the legislation, which would allow a unionization decision by workers without a secret-ballot election. We are also monitoring developments on greenhouse gas regulation and climate change legislation for their impact in Smithfield.

Political Contributions

Through corporate contributions and donations made by our political action committee (HAMPAC), Smithfield Foods regularly supports political candidates seeking office at the local, state, and federal levels. This is done to help ensure the election of those individuals who support policies that are fair to our company and share our concerns about the future of the food production industry.

During the 2008 election cycle, Smithfield Foods and its affiliated PAC contributed a total of \$252,200 to candidates across the nation. Smithfield does not endorse one party over another and bases contributions largely on which party holds the majority in the state or federal legislature and on individual candidates who share the values described in the preceding paragraph.

For more information about Smithfield Foods and its PAC, visit www.hampac.org or e-mail hampac@smithfieldfoods.com.

ENVIRONMENT

OUR COMMITMENT: REDUCING OUR IMPACT

At Smithfield, we aim to lead our industry by minimizing the environmental impacts of meat production and processing with methods that are socially responsible and economically sound. In 2000, Smithfield adopted an environmental policy committing us to environmental performance goals based on continuous improvement, innovation, and technology development. Our goals are general to account for variations among locations and independent operating companies. They include the following:

- Achieving 100 percent compliance with environmental laws and regulations 100 percent of the time
- Continuously improving environmental performance
- Reducing emissions and waste generation
- Improving the efficiency of our use of raw materials and energy
- Reducing operating and capital costs
- Working toward environmental performance targets
- Communicating environmental performance and policies to the public

We share best practices throughout our global network, extending our outreach efforts to our supply chain, including our contract growers. Despite financial challenges presented by the current economy, we are committed to establishing and meeting higher, quantifiable performance goals.

OUR MANAGEMENT APPROACH: CONTINUOUS IMPROVEMENT

A dedicated sustainability committee, made up of senior managers from our human resources, environment, safety, legal, and finance departments, oversees Smithfield's environmental strategy. The committee explores ways to balance financial, environmental, and social performance across our business.

Our policies, management systems, and programs create accountability and provide support for maintaining and advancing our commitment to improved environmental performance. They also work to anticipate and meet the expectations of customers, consumers, regulatory bodies, host communities, and other key stakeholders.

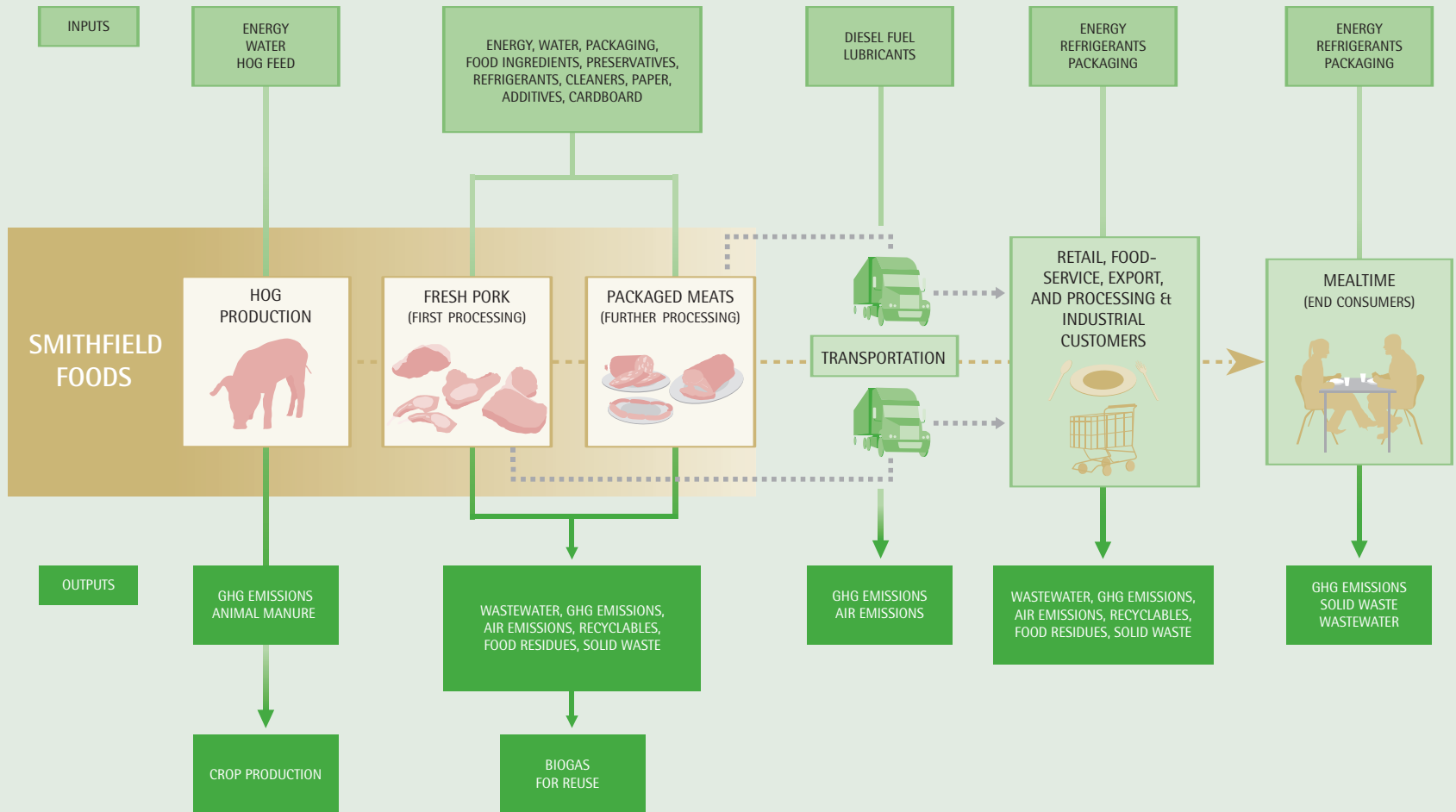
Our Environmental Policy Statement can be found on our Web site at www.smithfieldfoods.com/responsibility/eps.aspx.

Environmental Management Systems (EMS)

Smithfield uses the International Organization for Standardization (ISO) 14001 standard to mitigate and minimize the potential environmental impact of pork production and food processing. We believe that certification to ISO 14001 has strengthened our

ENVIRONMENTAL INPUTS AND OUTPUTS ACROSS OUR BUSINESS

This diagram illustrates the major environmental inputs and outputs involved at key stages of our value chain, from the first phases of hog production through the time our foods reach consumers.



CURE Program Improves Wildlife Habitat

In August 2003, the North Carolina Wildlife Resources Commission (WRC) made our Murphy-Brown subsidiary its first corporate partner in its Cooperative Upland-habitat Restoration and Enhancement (CURE) program, designed to increase and enhance wildlife habitats.

Murphy-Brown gave the WRC access to its properties for habitat management and conservation research. The first site selected in February 2005 was the Mr. Holmes Farm complex in Ammon, North Carolina. Over 16 months, the WRC planted 60 acres of native warm-season grass and installed 150 acres of field borders to maximize nesting grounds for birds.

The WRC holds workshops at the site for farmers, local governments, landowners, and private conservation groups. Issues discussed include buffer system use, upland habitat management, forestry and burning practices for habitat enhancement, and beneficial predacious insect populations in wildflower habitat.

The site has shown significant increases in birdcall counts for three seasons. In 2007, the WRC received funding for another three years to expand the CURE project to other Murphy-Brown farms and local properties.

In 2006 and 2008, the WRC's Small Game Committee awarded Murphy-Brown the Lawrence G. Diedrick Small Game Award. For more on habitat restoration, visit www.ncwildlife.org/CURE/index.htm.

environmental performance by requiring a long-term management plan integrating regular third-party audits, goal setting, corrective action, documentation, and executive review. Smithfield's Environmental Management System (EMS), which conforms to the ISO 14001 standard, addresses the significant environmental aspects of our operations, provides employee training programs, and facilitates engagement with local communities and regulators. Most importantly, the EMS allows the collection, analysis, and reporting of relevant environmental data to help ensure our compliance with all applicable environmental legislation and regulations. Our goal is to achieve and maintain certification of all wholly owned facilities.

- In 2001, Smithfield completed ISO 14001 certification of all domestic company-owned farms, becoming the first livestock operation in the world to do so.
- In 2004, the company's pork processing plant in Tar Heel, North Carolina, became the world's first major meat processing plant to achieve ISO 14001 certification. That same year, we completed certification for all company meat processing plants.
- In 2009, Premium Standard Farms, a Murphy-Brown subsidiary that was acquired in 2007, completed ISO 14001 certification for all of its locations.
- AgriPlus, our hog production affiliate in Poland, became the first Polish operation to obtain ISO 14001 certification for its 28 farms in 2005, and passed recertification audits for all farms in January 2008.
- Smithfield Ferme and Smithfield Prod in Romania have established environmental management systems for their operations and will be pursuing certification in 2009.

This year, several facilities postponed third-party review for ISO 14001 certification due to budget cuts. They continued to implement their EMS during the year and were preparing to be audited and certified by September 2009.

Training

Training is fundamental to continued improvement in our operations. Individual facility training programs, coupled with a company-wide annual training conference, create a culture of environmental awareness that helps us to reduce our environmental footprint. We require all environmental coordinators to participate in environmental training when they are hired and to update their training throughout their career.

In 2008, in response to the economic downturn, our annual Environmental Training Conference was converted from in-person meetings to a "Webinar" format. Smithfield employees received tutorials on topics critical to the food processing industry, including environmental regulatory requirements, incident notification procedures, water conservation, and wastewater treatment. Twelve environmental training sessions were repeated weekly over a five-week period. Attendance was mandatory,

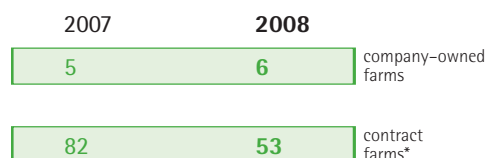
and taken at each session to ensure that at least one person per facility attended each session. Our ISO 14001 third-party auditors also attended to ensure that the training met our annual internal training commitments.

Environmental Performance of Contract Growers

Smithfield's independent operating companies use roughly 2,785 contract farms (nearly 2,155 of which are in the United States) to supply our processing facilities with hogs. Murphy-Brown supplies the livestock, feed, and veterinary care to the contract farms, while the contract farmers themselves provide the initial facility investment, labor, and front-line management. In fiscal 2008, approximately 65 percent of our Hog Production segment's market hogs were finished on contract farms.

Smithfield requires as a condition of their contracts that all contract growers comply with all relevant environmental laws and permit requirements. However, Smithfield does not impose a universal supplier policy pertaining to environmental practices. Violations may result in contract terminations or the removal of livestock from a grower's farm until the problem is resolved. Although we do not report environmental performance for contract farms, we informally monitor their compliance. In 2008 our approximately 2,155 domestic contract growing operations received 53 Notices of Violation (NOVs) from environmental agencies. The vast majority of the NOVs for contract growers related to alleged recordkeeping deficiencies. Our 480 company-owned farms had five NOVs.

FARM NOTICES OF VIOLATION



All values reported by calendar year

*Contract farm NOV figures are based on reviews of state database information and surveys of production staff.

ENVIRONMENTAL PERFORMANCE

Data Collection and Management

Smithfield has a sound record of environmental reporting, using metrics recognized and used by our customers, stakeholders, and competitors. We report processing data separately by our two main types of facilities: "first processing facilities," which render livestock into wholesale cuts of meat, and "further processing facilities," which process and package meat products for consumers. While we report absolute data, in order to provide an accurate comparison of operational efficiencies we have normalized the data on a per-animal or per-weight basis.

Armour-Eckrich Plant Reduces Its CO₂ Reliance

The Armour-Eckrich Meats plant in Junction City, Kansas, which produces approximately 100 million pounds of smoked sausage annually under the Eckrich, Butterball, John Morrell, and Healthy Ones brands, has found a way to reduce its reliance on carbon dioxide (CO₂) by 33 percent. That translates into an average savings of 38 tons every week.

"We inject CO₂ into our various sausage blends to help cool them," explains Powerhouse Supervisor Carl Lawson. "By installing a plate water chiller, we're now cooling the city water we use in the blending process from 60 to 70 degrees Fahrenheit down to 35 degrees Fahrenheit. As a result, we don't need as much CO₂."

Elegant in its simplicity, the water chiller is composed of 23 stainless steel plates filled with liquid ammonia refrigerant. The temperature of incoming municipal water decreases just by flowing around the plates.

"One of the great things about this system is that it is transferable to any facility that uses non-chilled water in its products and an external cooling source such as CO₂," adds Plant Manager Adrian Mitchell.

The decreased CO₂ use has yielded one additional environmental benefit. The plant now receives one less delivery of the gas per week, eliminating any diesel fuel emissions the truck would have generated in the process.

Prior to 2006, many of our subsidiaries collected data independently and without centralized guidance or management. This created inconsistencies in reported metrics and made facility-to-facility comparisons difficult in past reports. For example, we have noted that our 2004 data show a company-wide jump in emissions and decline in efficiencies across several metrics, and the cause is not clear. Smithfield established uniform, automated protocols for environmental metric measurement and reporting in 2006 and rolled them out for use across the company in 2007. We have collected one full year of data using the new system, and continue to develop and improve our data-collection program. Even as we continue to explore ways to better capture and communicate environmental data, several factors, discussed below, affect the data and the significance of data trends.

Scope of Reporting

The scope of our reporting has expanded greatly over the past five years. This is due to improved data collection and company growth. For fiscal 2008 we report on 49 domestic processing plants and 467 farms, compared to 44 plants and 445 farms in fiscal 2007. Our expanded data sets now include Murphy-Brown's Premium Standard Farms subsidiary as well as domestic processing facilities not included in previous reports.

One result is that the absolute data reported in this section of the report might be interpreted to suggest, erroneously, that we have increased resource use and emissions over time at the same facilities producing the same amount of finished product. In reality, this has resulted, for the most part, from the collection of additional data from existing facilities and from the addition of data from more recently acquired facilities (rather than the construction or start-up of entirely new facilities). Thus, we also report normalized data to better track our efficiency, which is a more accurate indicator and shows improvement in many performance areas. In this report, the following were not included in the scope of the data:

- Joint venture and contract farm energy use, greenhouse gas emissions, air emissions, and waste generation
- Contract businesses
- Operations in which we hold a minority interest

New Metrics

For this report, we have made a number of changes to improve our reporting and better align with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. This report includes the following for the first time:

- Greenhouse gas (GHG) emissions data from company-owned transportation
- Multiple years of GHG emissions data from domestic operations
- Environmental protection expenditure and savings data for the past five years
- Environmental data from processing and farming operations in Poland and Romania

Data from the international operations are reported in a separate section as they are intended to provide a baseline (since time series data is not available) and certain of the data are not directly comparable to the domestic data. We will continue expanding

the scope of our reporting in future reports to cover additional facilities and operations as our data management system matures. The numbers in the data charts have been rounded. Because percentage changes are calculated based on non-rounded values, they may vary from those calculated based on the rounded numbers.

Energy Use and Greenhouse Gas Emissions

Climate change, which has been linked by many scientists to GHG emissions, may have implications relative to water use, energy prices, weather patterns, and demand for consumer goods. The U.S. Environmental Protection Agency (EPA) reports that carbon dioxide (CO₂) released by fossil fuel combustion for power generation, vehicle and manufacturing emissions, and heating is the primary greenhouse gas in the United States, representing approximately 85 percent of total GHG emissions. As in any industry, GHG emissions occur to some extent at various points in our operations.

- Our processing plants emit CO₂ and nitrous oxide (N₂O) (through energy use) and methane (CH₄) (via wastewater treatment)
- Our transportation activities result in CO₂ emissions (due to fuel use)
- Our farms emit methane* and N₂O (from animal manure, treatment systems, and crop production) and CO₂ (due to energy use)

Because fossil fuel use and GHG emissions are linked, we report them together in this section. The data reported on the following pages account for more than 90 percent of our energy use. We are working toward developing a fuller carbon profile of Smithfield's operations that will include all domestic and international processing facilities, our farming operations, and contributions from hog feed mills, and the transportation of feed, live animals, and food products. We anticipate a reduction in overall energy and GHG emissions next year, as the data will reflect the sale of our Beef Group in 2008.

Electricity Consumption [Reporting Facilities: Processing/49, Murphy-Brown/557, Premium Standard Farms/24]

In this year's report, we include data from five additional processing plants. However, normalized data show that we have improved our energy efficiency, cutting energy use per 100 pounds of production by 5.6 percent this past year, and by 31 percent since 2004. In addition to pushing for greater efficiency at our processing facilities, our corporate information technology (IT) department has made an effort to reduce energy use in our office-based operations. Our Green IT Initiative includes a number of potential projects, all of which are inexpensive and effective ways to decrease our carbon footprint while cutting energy costs:

- Properly managing computer power usage
- Making double-sided printing the printer default
- Raising data center thermostats by five degrees in summer
- Virtualizing servers and replacing old equipment with Energy Star-rated devices
- Increasing use of WebEx, video conferencing, and telecommuting

* In the United States, the EPA reports that agriculture accounted for less than 6 percent of GHG emissions in 2007. The largest sources of methane emissions are enteric fermentation (22.7 percent) from ruminant animals such as cows and sheep (not hogs), landfills (22.6 percent), natural gas systems (18.4 percent), coal mining (10.5 percent), and manure management (7.5 percent). (Source: epa.gov/climatechange/emissions/usinventoryreport.html)

John Morrell Plant Lowers Its Salt and Water Use

Few meals are as easy to prepare as a hot dog. Producing one is quite another matter. John Morrell & Co.'s packaged meats plant in Springdale, Ohio, makes approximately 125 million pounds' worth every year that are sold under several Smithfield Foods brands. The process includes chilling the cooked product twice, first in water and then in a brine solution. The latter requires large amounts of salt that eventually get released into the plant's wastewater.

By making just a few engineering adjustments, the Springdale plant has been able to reduce the amount of brine its hot dogs require by 50 percent. That has lowered salt consumption by the same percentage—from 500,000 to 250,000 pounds each week. As a result, the Hamilton County water treatment plant handles 13 million fewer pounds of salt annually.

Moreover, producing less brine translates into decreased water use. Through this initiative, the plant has reduced its annual water consumption by 5.6 million gallons.

"We did a number of things to improve the efficiency of the system," explains Project Engineer Charlie Kuhn. "For example, we redesigned the tanks that hold the solution to allow the use of an automated float assembly. The automated float shuts off the flow of brine to prevent overflow far more efficiently than having an operator do it manually."

ELECTRICITY CONSUMPTION

2004	2005	2006	2007	2008	04-08 change	
468	493	695	677	880	88%	kWh in millions first processing
294	327	336	594	649	121%	kWh in millions further processing
762	820	1,031	1,271	1,529	101%	kWh in millions total
341	311	285	290	288	16%	kWh in millions farm total
42	43	39	40	38	10%	kWh per animal unit first processing
49	25	28	36	34	31%	kWh per 100 lbs. further processing

All values reported by fiscal year

Processing Facility Natural Gas Use [Reporting Facilities: 49]

We use natural gas in boilers to make hot water and in ovens to cook our food products.

We have cut natural gas use per 100 pounds of production by 10 percent since 2004.

PROCESSING NATURAL GAS

2004	2005	2006	2007	2008	04-08 change	
2.9	2.7	3.8	4.1	5.2	79%	decatherms in millions first processing
7.0	1.9	1.8	3.1	3.4	51%	decatherms in millions further processing
9.9	4.6	5.6	7.2	8.6	13%	decatherms in millions total
0.27	0.27	0.20	0.25	0.23	14%	decatherms per animal unit first processing
0.19	0.14	0.12	0.15	0.17	10%	decatherms per 100 lbs. further processing

All values reported by fiscal year

Farm Natural Gas Use [Reporting Facilities: Murphy-Brown/75, Premium Standard Farms/3]

Natural gas use for employee and animal comfort at Murphy-Brown and Premium Standard Farms is linked with operational output and fluctuates with the weather.

FARM NATURAL GAS

	2004*	2005	2006	2007	2008	05-08 change
decatherms in millions Murphy-Brown	0.091	0.193	0.189	0.178	0.181	6%
decatherms in millions Premium Standard Farms	0.005	0.021	0.033	0.028	0.022	4%
decatherms in millions total	0.096	0.214	0.222	0.206	0.203	5%

All values reported by fiscal year

* 2004 data for Premium Standard Farms include February and March only.

Liquid Propane Gas Use [Reporting Facilities: Murphy-Brown/443, Premium Standard Farms/19]

Liquid propane gas use for employee and animal comfort at Murphy-Brown and Premium Standard Farms also fluctuates with the weather.

LIQUID PROPANE GAS

	2004*	2005	2006	2007	2008	05-08 change
decatherms in millions Murphy-Brown	0.48	0.83	0.55	0.59	0.45	46%
decatherms in millions Premium Standard Farms	0.13	0.39	0.37	0.39	0.34	12%
decatherms in millions total	0.61	1.22	0.92	0.98	0.79	35%

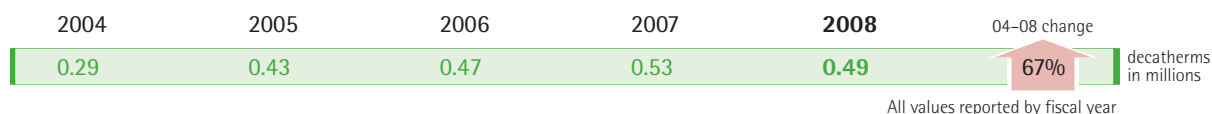
All values reported by fiscal year

* 2004 data for Premium Standard Farms include February and March only.

Biogas Production [Reporting Facilities: 6]

Since 1992, select plants have captured the byproduct of our anaerobic wastewater treatment for use as fuel (biogas) in modified steam boilers. This offsets fuel use and reduces methane emissions, while reusing a waste product. Production of this biogas has risen 67 percent since 2004 as the financial and environmental benefits are realized and more facilities contribute. During fiscal 2008, six facilities produced enough of this biofuel to power 12,782 U.S. households for one year. Biogas use will be affected in future reports following the 2008 divestiture of our Beef Group, which has accounted for roughly 40 percent of production.

BIOGAS PRODUCTION



Greenhouse Gas (GHG) Emissions

We calculate GHG production emissions using the WBCSD/WRI Global Greenhouse Gas Protocol, quantifying scope 1 and 2 emissions, which include indirect emissions associated with the use of purchased electricity. In 2008, company plants emitted the equivalent of 1.35 million metric tons of CO₂. This 17 percent change since 2007 is due to the increase in the number of reporting plants from 44 to 49. We reduced our further processing emissions per 100 pounds of production by 25 percent compared to 2007 and our first processing emissions per animal by 5 percent.

GHG Emissions from Fuel Burning [Reporting Facilities: 49]

GHG EMISSIONS	EMISSIONS (Metric tons CO ₂ e)*			EFFICIENCY**					
	2007	2008	Change	First Processing (kg CO ₂ e per animal unit)			Further Processing (kg CO ₂ e per 100 lbs.)		
				2007	2008	Change	2007	2008	Change
Total Direct & Indirect GHG Emissions	1,153,634	1,354,640	+17%	37	35	-5%	37	28	-25%
Total Direct & Indirect Carbon Dioxide (CO ₂) Emissions	1,150,346	1,348,988	+17%	37	35	-5%	37	28	-25%
Direct Methane (CH ₄) Emissions	200	229	+14%	0.006	0.006	-2%	0.006	0.004	-40%
Direct Nitrous Oxide (N ₂ O) Emissions	3,088	5,423	+76%	0.158	0.146	-7%	0.158	0.105	-33%

All values reported by fiscal year • *The universal unit to indicate the global warming potential (GWP) expressed in terms of the GWP of one unit of carbon dioxide.
**A lower number indicates improvement.

GHG Emissions from Transportation

This year, we report for the first time on GHG emissions from company-owned trucks. The fleet data were assembled from Murphy-Brown, Smithfield Packing, and Smithfield Beef, and GHG emissions were calculated using the WBCSD/WRI Global Greenhouse Gas Protocol. Because other subsidiaries use contracted trucks, they are not included in this data.

	HOG PRODUCTION	PROCESSING		TOTAL
	MURPHY-BROWN	SMITHFIELD PACKING	SMITHFIELD BEEF*	
Number of trucks	343	113	N/A**	N/A**
Miles traveled	25,991,408	8,724,871	N/A**	N/A**
Gallons of diesel	5,572,334	2,354,377	3,398,522	11,325,233
Metric tons CO ₂ e	57,912	24,469	35,320	117,701

All values reflect calendar year 2007.

* Due to the recent divestiture of the Smithfield Beef Group, we were unable to account for the number of trucks and total miles traveled in 2007 **Not available

Air Emissions

The charts that follow display total and normalized emissions from 2003 through 2007 for 16 of our facilities required to report air emissions to the EPA. (As of the writing of this report, the 2008 data is not yet due to the EPA and thus not reported here.)

Normalized sulfur oxide emissions for further processing facilities appear to be unusually low for 2003, leading to a deceptively large increase from 2003 to 2007. We have since converted to a software-based collection system and continue to improve data accuracy.

We have increased energy efficiency and reduced emissions at many of our facilities by adding emission control devices, upgrading equipment, and tuning boilers. We now use fossil fuels with lower sulfur content, as well. These efforts have reduced normalized NO_x and SO_x emissions, with further processing SO_x emissions somewhat of an anomaly, as noted above.

Ozone Depleting Substances (ODS)

Ozone depletion caused by gases associated with refrigeration is an issue facing our industry. All but three of our smaller facilities use anhydrous ammonia (NH₃) as their primary refrigerant. NH₃ is more energy efficient than hydrochlorofluorocarbons (HCFCs) (466 BTU/lb. vs. 68 BTU/lb.). It does not contain ODS, nor is it listed as a greenhouse gas. Smithfield does not use perfluorocarbons (PFCs) and uses limited HCFCs. Because we use so little ODS, we do not track or report emissions.

NOx and SOx [Reporting Facilities: 16]

NOx EMISSIONS

2003	2004	2005	2006	2007	03-07 change	
328	292	366	320	353	8%	tons first processing
43	28	27	61	50	16%	tons further processing
371	320	393	381	403	9%	tons total
0.03	0.032	0.028	0.027	0.023	24%	lbs. per animal unit first processing
0.004	0.008	0.003	0.005	0.002	37%	lbs. per 100 lbs. further processing

All values reported by calendar year
Normalized values were formerly reported in tons rather than pounds.

SOx EMISSIONS

2003	2004	2005	2006	2007	03-07 change	
798	730	761	560	455	43%	tons first processing
1	0.10	0.06	2	3	200%	tons further processing
799	730	761	562	458	43%	tons total
0.036	0.034	0.03	0.02	0.014	61%	lbs. per animal unit first processing
0.00001	0.0002	0.00022	0.00134	0.00096	15,900%*	lbs. per 100 lbs. further processing

All values reported by calendar year
Normalized values were formerly reported in tons rather than pounds.

*The increase appears to be artificially high, potentially due to an inexplicably low figure for 2003, range reporting, and improved diligence in reporting for subsequent years.

Water Use

In the United States, we use municipal water supplies from surface and groundwater sources, private surface water impoundments, and private wells. Our facilities use water for processing, cooling, cleaning, and sanitation of our facilities; cleaning and maintaining restrooms; washing trucks; and making our products. Our farms use water for sustaining animal health and cleaning equipment and infrastructure.

Because water is such an important part of our operations, we pay careful attention to water use and strive to become more efficient. Our recent water conservation efforts have made our plants more efficient, even as we acquire larger facilities. In 2008 we used 9 percent less water per animal unit than in 2007. The 16.7 percent increase in total use for the same time period is the result of the reporting by additional, recently acquired facilities and does not reflect an increase in water use. We are working to share best water-efficiency practices with our newest acquisitions.

Water Use [Reporting Facilities: 49]

	2004	2005	2006	2007	2008	04-08 change
gallons in billions first processing	4	4.2	5.2	4.8	5.6	40%
gallons in billions further processing	1.2	1.5	1.7	2.4	2.8	126%
gallons in billions total	5.2	5.7	6.9	7.2	8.4	60%
gallons per animal unit first processing	370	379	284	280	253	32%
gallons per 100 lbs. further processing	207	121	88	103	112	46%

All values reported by fiscal year

Farm Water Use [Reporting Facilities: Murphy-Brown/557, Premium Standard Farms/21]

Growing pigs need water for drinking, sanitation, and cooling (with misters, cool cells, and drippers). Over the years, we have implemented ways to use water as efficiently as possible at our hog-raising facilities. In the past five years, our water efficiency has remained steady at between 22 and 24 gallons per pig per day.

Environmental Protection Expenditures and Investments

Efficient natural resource use makes good business sense, especially in times of economic uncertainty. Smithfield has responded to the current financial downturn by creatively cutting costs without sacrificing the integrity of our environmental programs. For example, our annual environmental training sessions on air compliance, wastewater operations, and other topics were held via Webinars in 2008 to save travel costs and resources.

Our Portsmouth, Virginia, processing plant succeeded in reducing its water use by 40 percent over a six-month period by focusing on driving down utility costs. Facility managers reviewed all the operations within the facility for opportunities to make an immediate impact on water use, and they sought ways to improve efficiencies without major capital investment. As a result, managers at the plant:

- Replaced nozzles on the rotor screens, cutting water use from 1 to 0.6 gallons per minute. This could save 2.4 million gallons per year.
- Replaced narrow chill sprays with nozzles with wider ranges, reducing the number of nozzles needed and reducing the water needed to operate.
- Developed a water recirculation system for the packaging machines.
- Replaced 39 nozzles that had used 6.21 gallons per minute with eight that use only 2.82 gallons per minute, while maintaining performance levels. This has the potential to save 19 million gallons per year.

- Built a cabinet to capture and recycle water used with the emulsion rinser, reducing water use by 98 percent and saving around 20 million gallons per year.
- Replaced unloading nozzles, which keep products moist before packing. Changing from a steady stream to a spray system reduced water use from 3.5 gallons per minute to 0.21 gallons per minute, a savings of 94 percent. This translates to 10 million gallons per year.

In total, the plant spent \$35,000 replacing inefficient spray nozzles and will see an annual savings in water costs of \$258,000 per year. The Commonwealth of Virginia recognized our efforts, awarding Smithfield Packing with a Virginia Governor's Environmental Excellence Award in 2009.

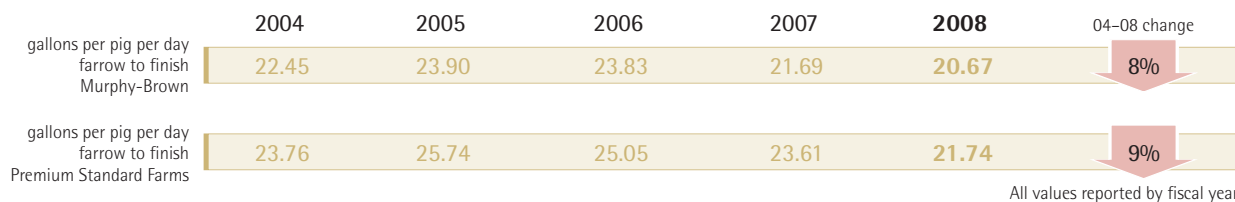
Since 2004, we have saved nearly \$38 million through environmental improvement projects. We gather these data as part of our President's Awards, our internal environmental award program, which requires applicants to submit project details, including amount spent, payback time, and overall spending. This estimate is conservative, as it accounts only for projects with proven savings, and only captures the savings for the year the project was submitted. Most projects pay for themselves in less than a year, and the savings exceed the capital invested. For more information, see the sidebar on page 43.

In 2008, investments for environmental improvement projects totaled \$6.1 million (compared with \$14 million in 2007 and \$6.9 million in 2006).

	Projects	Awards	Honorable Mentions	Capital Expenditures	Savings	Return on Investment (Months)
2004	31	5	0	\$0	\$2.0 million	N/A*
2005	70	14	0	\$4.1 million	\$5.8 million	8.9
2006	93	16	10	\$6.9 million	\$7.2 million	11.5
2007	137	16	11	\$14.0 million	\$12.0 million	14.0
2008	129	17	17	\$6.1 million	\$10.9 million	6.7
Total				\$31.1 million	\$37.9 million	

*Not available

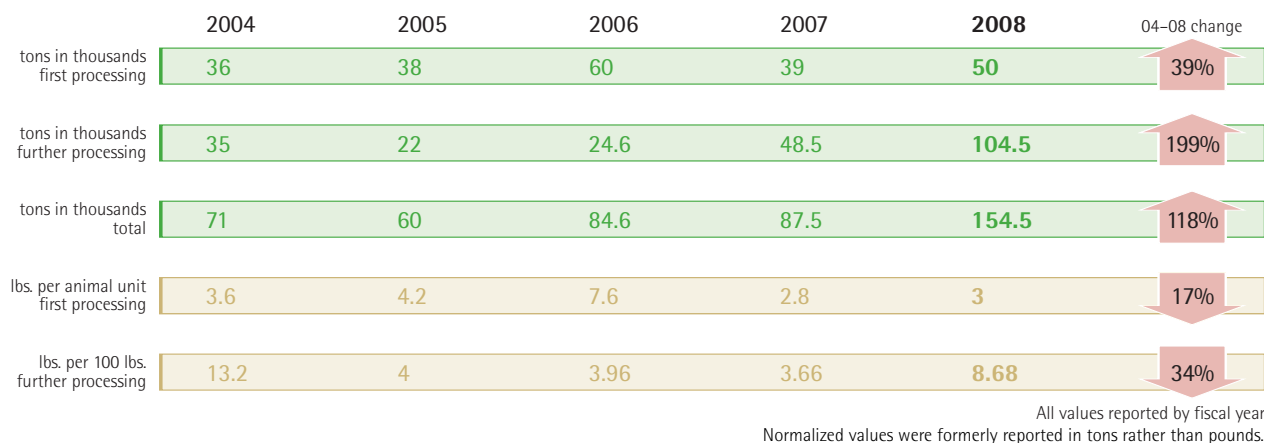
FARM WATER USE



Material Use and Waste Management [Reporting Facilities: 49]

Our processing facilities generate general trash, packaging, paper, and wastewater residuals. Overall waste generation has increased due to the acquisition of new facilities and the inclusion of five additional facilities in this report. Also, facilities sometimes switch between land application (not included in these figures) and landfilling (included in these figures) of wastewater residuals. A shift from land application to landfilling by several facilities was a likely contributor to the increase as well. However, we have reduced solid waste generation per animal unit by 40 percent since 2006.

WASTE LANDFILLED



At our plants, our baled cardboard is picked up by local recyclers who provide certified weights each month. Several office materials are picked up for recycling (paper, cardboard, aluminum, and, in some cases, plastic soda bottles) but are not weighed.

Cutting Waste Through More Efficient Supply Chain

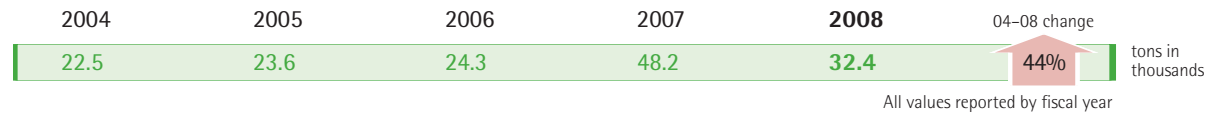
In the past year, we partnered with a pallet and plastic container pooling services company. It issues, collects, repairs, and reissues pallets and containers from its network of service centers. By better managing pallet supply chain logistics, we are helping to save:

- 20.7 million pounds of solid waste from entering landfills
- 64.3 billion BTUs of energy (enough to power 1,700 homes for a year)
- 11 million pounds of GHG emissions (equivalent to taking 960 cars off the road annually)

"[Smithfield] has some innovative programs for lowering its carbon footprint, including using the biogas produced by anaerobic waste treatment to fuel steam boilers. Smithfield Foods also performs well on the social front, contributing to or leading several community development programs..."

*2009 Consumer Food, Food Production, and Beverages Sectors Analysis, Corporate Environmental and Sustainability Reporting
Roberts Environmental Center
Claremont McKenna College*

CARDBOARD RECYCLING



Expanding Our Recycling Efforts

Many of our plants and offices began tracking plastics recycling this year. Our baseline results will be presented in the next report.

Smithfield Packing has implemented programs to reduce pollution and waste in Smithfield, Virginia. At Smithfield South, we installed a refurbished cardboard baler, increasing cardboard recycling significantly. At Smithfield North, roughly 100,000 pounds of stainless steel and steel were sent to a metal recycler from two metal scrap storage fields.

A group of facilities from John Morrell, Armour-Eckrich in Junction City, Kansas, Smithfield Packing in Wilson, North Carolina, and Farmland Foods in Martin City, Missouri, diverted more than 137 tons of used wood smoking chips from landfills by recycling them through local landscaping companies for use as compost.

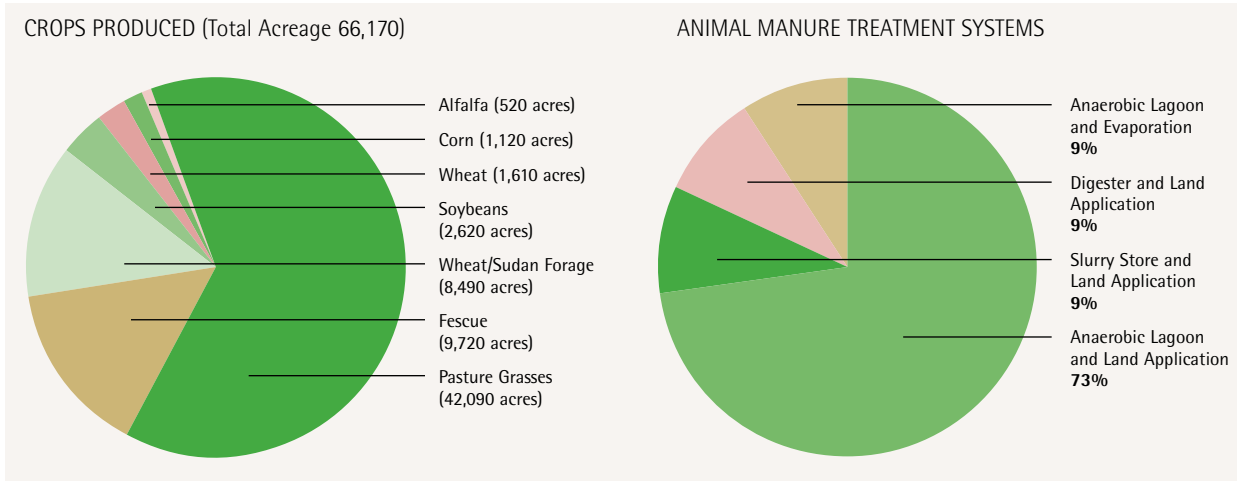
In 2008, the Farmland Foods facility in Monmouth, Illinois, recycled about 420,000 pounds of scrap metal, and it used the proceeds to provide 10 scholarships of \$1,000 each to children of Farmland Foods employees. Also, Smithfield Foods gave the Monmouth facility \$3,000 to donate to local organizations to further their environmental protection goals. These funds were distributed to Living Lands and Waters for raising environmental awareness and for preserving and restoring major rivers and watersheds; as well as to Pheasants Forever for habitat improvement, education, and advocacy for sound land management.

The Smithfield Packing IT division sponsored the second annual Employee e-Recycle Program on Earth Day 2009. Smithfield Foods originally developed the program, and Smithfield Packing won an environmental award for its efforts last year. This free annual service allows all Smithfield employees to have their personal technology equipment (e.g., computers, monitors, printers, cables, scanners, cell phones) collected and disposed of in accordance with legal and environmental guidelines, so it doesn't end up in a landfill.

Animal Manure Treatment Systems and Crops Produced

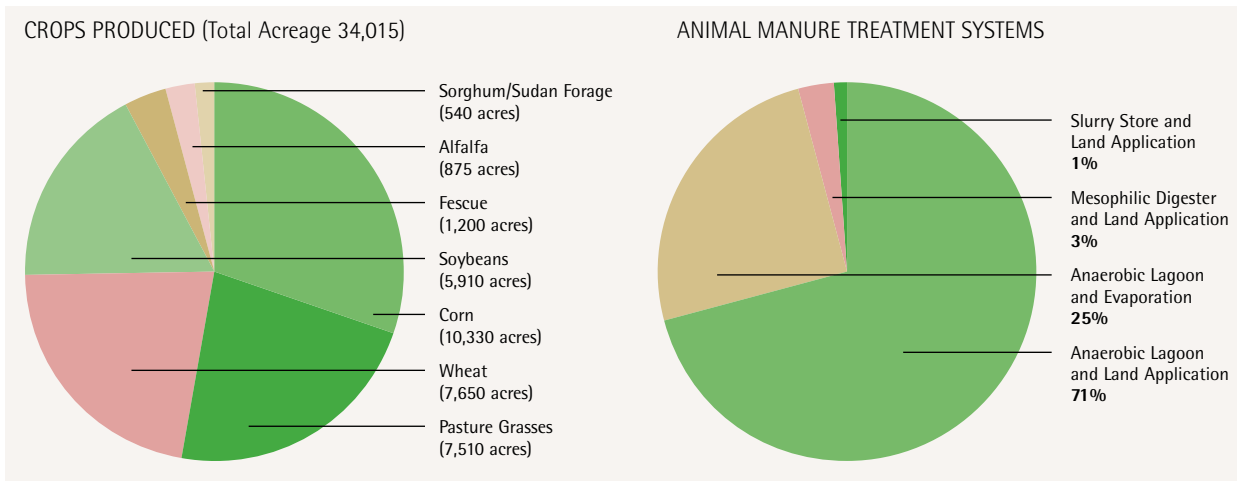
The following pie charts describe the type of treatment systems and approximate acreage of crops fertilized with treated effluent from lagoon and sprayfield systems. Murphy-Brown's waste treatment and crop planting practices have remained relatively unchanged since 2004.

Treatment Systems and Crops Produced by Premium Standard Farms in 2008 [Reporting Facilities: 32]



All values reported by fiscal year

Treatment Systems and Crops Produced by Murphy-Brown in 2008 [Reporting Facilities: 445]



All values reported by fiscal year

COMPLIANCE

We seek full compliance with environmental requirements at all times. To this end, our goal is to optimize existing environmental programs through improved coordination and communication within the company to accomplish the following:

- Improve overall environmental performance and eliminate NOVs
- Effectively analyze and communicate EMS/ISO audit results
- Increase training conference attendance and expand training programs
- Advance Smithfield Foods Awards participation
- Earn more third-party recognition
- Share results annually with management

We track several indicators of compliance, including NOVs and penalties. All our wholly owned domestic subsidiaries, including company-owned farms, received 40 NOVs in 2008. Total fines for domestic facilities fell by nearly \$200,000 in 2008.

NOVS AND FINES

2004	2005	2006	2007	2008	04-08 change	
82	33	64	50	40	51%	NOVs
\$57,280	\$124,978	\$123,952	\$166,446	\$69,616	22%	NOV fines
N/A*	N/A*	\$60,000	\$100,000	N/A*	N/A*	U.S. EPA agreement fines

All values reported by calendar year
* Not applicable

Also, pursuant to state consent judgments with the State of Missouri and a federal consent decree entered into by Premium Standard Farms (PSF) several years before its acquisition by Smithfield, PSF continues to participate in the development and installment of next-generation technology (as defined in the consent judgments) for certain PSF farms in Missouri.

We continue to monitor ongoing environmental enforcement relative to wastewater releases and an operational upset at our former Souderton facility, which is now owned by JBS Souderton, Inc., a wholly owned subsidiary of JBS Packerland, Inc. (collectively JBS Packerland). The investigations into these incidents by the U.S. EPA, the Pennsylvania Department of Environmental Protection (PADEP), and the Pennsylvania Fish and Boat Commission are still ongoing. For more information, read our Form 10-K Annual Report for fiscal 2009 that is available at investors.smithfieldfoods.com/SEC.cfm.

Toxics Release Inventory Data [Reporting Facilities: Tier II/31, Form R/13]

Smithfield reports to the EPA's Toxics Release Inventory (TRI) database each calendar year for ammonia, chlorine, and nitrates. We report a few others, but these are the most common and are included in this report. Tier II data represent the amount of chemicals kept on site, and Form R data correspond to certain environmental releases required by the regulations to be reported under this program. Gathering TRI data fulfills our regulatory obligations and helps improve chemical management decisions. It should be noted that because the 2008 TRI data are due to the EPA in mid-2009, they are not included in this report.

Although we collect actual Tier II and Form R data, some states require sites to report in ranges. These ranges often cover an order of magnitude (e.g., 100,000 to <1,000,000 pounds), meaning actual data may not equal reported values. To avoid understating our data, we submit the high end of the range in this report (e.g., a facility with an actual value of 100,001 pounds reports 999,999 pounds).

Ammonia

Ammonia (NH₃) is the primary refrigerant used in our plants. Changes in our Form R data resulted from the increase in the number of facilities reporting this year (13 instead of 12 last year). Normalized data show a decrease in releases required for reporting.

FORM R AMMONIA

	2003	2004	2005	2006	2007	03-07 change
lbs. in thousands first processing	290	1,304	274	345	349	20%
lbs. in thousands further processing	210	94	44	53	70	67%
lbs. in thousands total	500	1,398	318	398	419	16%
lbs. per animal unit first processing	0.021	0.068	0.007	0.01	0.008	60%
lbs. per 100 lbs. further processing	0.006	0.002	0.007	0.002	0.002	65%

All values reported by calendar year

Awards Program Yields Environmental Gains

Smithfield's President's Awards—our internal awards program—are given for excellence in a variety of areas, including environmental and safety performance. On the environmental side, the awards encourage team projects that surpass compliance and focus on pollution prevention and environmental stewardship. The program includes recognition by senior management and cash awards of \$5,000, of which \$3,000 is donated to a charity of the winning team's choice. Winning programs are selected based on their environmental impact and social significance, efficiency, cost-effectiveness, originality and inventiveness, and technical value, among other factors.

The 2008 President's Awards recognized the following groups for model environmental performance:

FARMLAND FOODS, INC.

Wichita, Kansas (Community Outreach)
Assistance and donations in support of Greensburg, Kansas, after the community was devastated by a tornado.

FARMLAND FOODS, INC.

Monmouth, Illinois (Best Recycling of a Previous Year's Project)

Donated recycling money collected at the local plant to local school system to be used as college scholarships.

For a look at last year's safety award winner, see the sidebar on page 70.

Smithfield Garners Third-Party Recognition

SMITHFIELD FOODS

Smithfield continues to be a member company of the FTSE4Good Index, the responsible investment index calculated by global index provider FTSE Group.

CRO (Corporate Responsibility Officer) magazine included Smithfield among its 100 Best Corporate Citizens in 2009.

The Virginia Chamber of Commerce Torchbearer Award went to Smithfield Packing and Murphy-Brown.

The American Meat Institute honored Smithfield with its Environmental Recognition Awards for Environmental Management Systems, known as the Environmental MAPS 4-Tier Recognition Awards.

SMITHFIELD FOODS/ NORTH SIDE FOODS

McDonald's first-ever Foods Supplier Sustainability Award recognized Smithfield for practices ensuring the health and welfare of employees, the welfare and humane treatment of animals, and programs that minimize impacts on the environment and natural resources.

(continued on opposite page)

TIER II AMMONIA

2003	2004	2005	2006	2007	03-07 change	
2,672	3,761	5,806	5,504	6,699	151%	lbs. in thousands first processing
2,579	8,489	855	3,720	4,219	64%	lbs. in thousands further processing
5,251	12,250	6,661	9,224	10,918	108%	lbs. in thousands total
0.14	0.28	0.22	0.22	0.21	53%	lbs. per animal unit first processing
0.60	0.04	0.05	0.12	0.16	74%	lbs. per 100 lbs. further processing

All values reported by calendar year

Tier II figures for processing facilities increased due to higher production volumes and increased need for refrigeration.

Chlorine

Chlorine is used to disinfect our processing water supply. Total releases remain low for our further processing facilities but have varied widely for first processing facilities. This is due to range reporting as well as the small number of facilities using chlorine.

FORM R CHLORINE

2003	2004	2005	2006	2007	03-07 change	
16	11	36	26	3	81%	lbs. in thousands first processing
13	0	0	27	28	113%	lbs. in thousands further processing
29	11	36	53	31	6%	lbs. in thousands total
0.00043	0.00052	0.00099	0.00066	0.00010	77%	lbs. per animal unit first processing
0.00098	0	0	0.00069	0.00065	33%	lbs. per 100 lbs. further processing

All values reported by calendar year

TIER II CHLORINE

	2003	2004	2005	2006	2007	03-07 change
lbs. in thousands first processing	146	39	239	51.4	160	10%
lbs. in thousands further processing	9	2	0.18	50.1	140	1,456%*
lbs. in thousands total	155	41	239	101.5	300	94%
lbs. per animal unit first processing	0.005	0.003	0.011	0.003	0.006	12%
lbs. per 100 lbs. further processing	0.00067	0.00007	0.00008	0.00159	0.03577	5,215%*

All values reported by calendar year

*The increase is artificially high, due to improved diligence in reporting between 2003 and 2007 as well as the use of range reporting.

Nitrates

At Smithfield, nitrates are released through permitted wastewater discharges from processing facilities. Values peaked in 2005, due to range reporting (as explained previously). Releases have since fluctuated as we have closed some facilities but are also reporting nitrate releases from additional facilities to the EPA. Normalized values have fluctuated since 2003 but remain low. There are no Tier II data, as we do not store nitrates.

(continued from opposite page)

FARMLAND FOODS

The Western Illinois Economic Development Partnership gave the Monmouth facility awards for Manufacturer of the Year, Best Renovation to a Facility, and Environmental Impact.

SMITHFIELD PACKING

Virginia's Governor's Environmental Excellence Award (Bronze) went to Smithfield's Portsmouth location for a 40 percent reduction in water use at the facility over six months.

The Industrial Waste & Pretreatment Award (Silver) for Environmental Excellence (Charlottesville, Virginia) was given to the North and South ham and products facilities for dedication to pollution prevention, waste elimination and reduction, and one year of perfect compliance with pretreatment permit conditions.

MURPHY-BROWN-AMMON COMPLEX

North Carolina Wildlife Resources Commission's Small Game Committee 2008 Lawrence G. Diedrick Small Game Award was given for work to restore songbird and quail habitats.

FORM R NITRATES

2003	2004	2005	2006	2007	03-07 change	
7,743	9,041	10,011	8,981	9,949	28%	lbs. in thousands first processing
143	49	49	168	142	0.4%	lbs. in thousands further processing
7,886	9,090	10,060	9,149	10,091	28%	lbs. in thousands total
0.14	0.14	0.19	0.18	0.16	16%	lbs. per animal unit first processing
0.0031	0.0030	0.0035	0.0065	0.0054	72%	lbs. per 100 lbs. further processing

All values reported by calendar year

BIODIVERSITY

We recognize that biodiversity is an issue of growing scientific and public concern. Various scientists and organizations have categorized several factors that threaten biodiversity, such as habitat destruction, invasive species, pollution (including runoff), human overpopulation, and overharvesting.

We avoid impacts on biodiversity by not operating in protected habitats or areas of high biodiversity value. It is our understanding that there are no protected species with habitats in areas where we operate domestically. Furthermore, several Smithfield farms and facilities feature buffers and other natural areas, preserving local natural habitat. In calendar year 2000, in furtherance of our continued commitment to responsible environmental stewardship, we and our North Carolina-based hog production subsidiaries voluntarily entered into an agreement with the attorney general of North Carolina (the Agreement). This Agreement reflects our commitment to preserving and enhancing the environment of Eastern North Carolina by providing a total of \$50 million to assist in the preservation of wetlands and other natural areas in eastern North Carolina and to promote similar environmental enhancement activities. This commitment is being fulfilled with annual contributions of \$2 million over a 25-year period beginning in 2000.

OUR COMMITMENT TO ANIMAL WELL-BEING

We have three goals when it comes to the animals we raise. We want them to be safe, comfortable, and healthy. As a food producer, the health and well-being of our animals is directly linked to our success as a company. At Smithfield, we believe we have a moral obligation to protect and promote the well-being of our animals; this, in turn, promotes the production of safe food. We are constantly reviewing our systems and procedures to enhance the comfort of our livestock and minimize their stress.

Food companies like Smithfield will always be subject to criticism by certain groups—including those that oppose human consumption of meat and large-scale farming operations. However, we play a crucial role in society by providing safe and affordable food for millions of people every day. As the world's largest pork producer, we also believe that we can play an important role by setting new standards for sound and responsible animal production.

We were the first pork producer to develop and implement a comprehensive, systematic animal welfare management program to monitor and measure animal well-being. We have been recognized as industry leaders for our willingness to improve production, handling, transportation, and slaughter methods for the benefit of the animals. Many of these enhancements increase production costs, but we believe they are the right things to do to safeguard our animals. In 2002, two of the world's foremost animal welfare experts—Dr. Stan Curtis of the University of Illinois at Urbana and Dr. Temple Grandin of Colorado State University—described our animal welfare program as a “conscientious model for the entire American pork industry.”

We require our contract growers to employ the methods and techniques of our animal welfare management program and take steps to verify their compliance, as discussed later in this section. These contract growers share in our responsibility to provide nutritious food and fresh water, sound veterinary care, appropriate treatment and/or timely euthanasia for sick or injured animals, protection from extreme weather conditions, and freedom from willful neglect or abuse.

MANAGING ANIMAL WELFARE

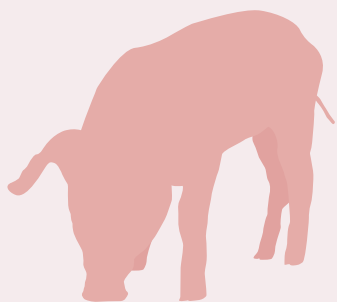
We are the world's largest producer of pork, with approximately 480 company-owned hog production farms and approximately 2,155 contract hog growers in the United States alone. Our comprehensive animal welfare management system guides the proper and humane care of our animals, from gestation to transport to processing plant.

Two groups within Smithfield oversee animal welfare issues: the corporate-level Smithfield Foods Animal Welfare Council and the subsidiary-level Murphy-Brown Animal Welfare Committee. Each meets biannually on a formal basis. Together, these committees review internal policies and procedures to ensure that they are adequate and effective at delivering sound animal care and that they are in keeping with our commitment to animal well-being.

Life Cycle of a Pig

The following information may be a useful companion to some of the elements discussed in this section of the report.

- From insemination to birth:
Approximately 114 days or 3 months,
3 weeks, 3 days
- From birth to weaning
(10–12 lbs.): 21–24 days
- From weaning to feeder pig status
(approximately 50 lbs.): 45–49 days
- From feeder pig to market weight
(260–265 lbs.): 125–130 days
- Total age from birth to market:
195–200 days or 6.5 months



Animal Welfare on Our Farms

For many years, Smithfield and Murphy-Brown followed an Animal Welfare Management System (AWMS) that we developed for our own operations. Over the past year, we have transitioned to the National Pork Board's Pork Quality Assurance Plus Program, which is better known as PQA Plus. While the concepts and methods of the two systems are essentially the same, the PQA Plus program offers a unified, industry approach for animal welfare and food safety issues. As the largest pork producer in the world, we volunteered to provide input and recommendations to help the National Pork Board develop PQA Plus.

Pork producers become certified only after attending a training session on good production practices, which include such topics as disease prevention, biosecurity, responsible antibiotic use, and appropriate feeding, and after undergoing regular on-farm assessments and random third-party audits. PQA Plus certification is valid for three years.

The National Pork Board and National Pork Producers Council (NPPC), which works on legislation, regulations, and trade initiatives that impact America's 67,000 hog farms, have a goal of certification for all pork producers under the PQA Plus program. Smithfield and Murphy-Brown are encouraging all 67,000 U.S. hog producers to participate. In fact, Don Butler, director of government relations and public affairs for Murphy-Brown, is the current NPPC president.

Audits

We are on target to have all of the company-owned and contract farms certified and site-assessed under the PQA Plus program by the end of 2009. The program's random third-party audits complement Murphy-Brown's internal auditing system, which began in 2002. Our internal audit program is designed to identify deficiencies or nonconformances with our strict animal care guidelines and legal and regulatory requirements, and to prevent potential problems from occurring. Trained auditors visit every company farm and contract producer at least once annually.

Adherence to proper animal care is a condition of our agreements with contract farms. Growers found to be in violation of these agreements must take appropriate corrective actions. Contract growers who fail to take corrective action or who are found to condone willful abuse or neglect of animals are subject to immediate termination. In the seven years since our audit program began, we have terminated contracts with nine growers who did not meet our strict conditions. We encourage anyone—especially our own employees—who observes abusive behavior on one of our farms to anonymously contact our toll-free reporting hotline.

In addition, we participate in the U.S. Department of Agriculture's (USDA) Process Verified Program (PVP), which is modeled on ISO 9000 quality management and assurance standards and requires compliance with all USDA rules and regulations.

Through independent third-party audits, the program gives assurance to customers that agricultural companies are providing consistent, high-quality products. Only companies with documented quality management systems in place are eligible to receive certification under the USDA PVP program.

Training

All new company employees who work with our livestock undergo an extensive animal care training program during a 90-day probationary period. These new workers must demonstrate competence in animal handling techniques and a thorough understanding of our corporate animal welfare policy before the probationary period is lifted.

We provide written manuals and videotaped training programs, in English and Spanish, along with on-the-job training and mentoring with experienced animal handlers. Regular training programs continue throughout an employee's career.

Housing of Pregnant Sows

We have committed to phasing out individual gestation stalls for pregnant sows at all company-owned sow farms and are replacing them with group housing. We announced the program, known as "free access," in January 2007 with plans to complete the conversions within 10 years. We currently estimate the total cost of our transition to group pens to be approximately \$300 million. Due to economic conditions, we no longer expect to complete the phaseout within 10 years of the original announcement.

However, we remain committed to implementing the program and are pleased with our progress to date. We have completed group housing conversions at two existing farms in North Carolina and Colorado and at a newly built facility in Milford, Utah. The Circle Four location in Utah includes two new 5,000-hog housing sites where the animals have access to individual stalls to eat, drink, and rest, but can also move into a more open pen area. The animals have the privacy and protection of an individual stall, yet are free to move around and socialize with the other sows in the pen.

Sows housed in group pens require different management practices than sows in individual stalls, and our farm workers receive specific training to carry out the different practices. The first animals to be produced from these new open facilities reached the market in early 2009.

We have analyzed several dozen of our approximately 275 company-owned sow farms to determine the best possible way to convert to group sow housing at each location. Few farms are exactly alike. Some will require extensive retrofits and reconfiguration; many may require new permits from state agencies in order to make any significant changes.

As part of our sow housing conversion process, we are also increasing the length of weaning time for piglets. As we convert to group housing, we will begin weaning pigs at an average of 24 days, rather than 21 days, and replacing older farrowing crates with wider ones. We believe longer weaning times will translate into stronger pigs and, ultimately, healthier animals.

Antibiotics Use

We do not use antibiotics to promote animal growth. Our company and contract farmers use antibiotics only to treat sick or injured animals and to prevent disease. Our Antibiotics Policy applies to all hogs and turkeys raised by Smithfield-owned and

Move to Group Housing Shows Commitment to Animal Welfare

Historically, hog producers have used either individual gestation stalls or group housing for sows during their 16 weeks of pregnancy. There is no scientific consensus on which system is superior, and there are distinct advantages to each. For example, individual stalls make it easier to monitor the pregnant sow, provide medical attention, and prevent injury from aggressive sows, while group housing allows for more animal exercise and interaction.

Our own extensive research—including a three-year study—found that both housing systems can work equally well from an animal safety and production standpoint. Regardless of the housing system used, sound management is key. Nevertheless, our decision to switch to group housing demonstrates our responsiveness to our customers and other stakeholders, many of whom view group housing as the more animal-friendly solution.

More and more of our large customers, including some restaurant chains, are considering or have adopted animal welfare policies for the products they purchase. Meanwhile, several states—including Arizona, California, Colorado, Florida, and Oregon—have passed legislation to ban sow gestation crates, and we continue to monitor such activities.

contract farms. We strictly comply with all antibiotic withdrawal timelines—the amount of time needed to allow the antibiotics to clear an animal's system before slaughter—as established by the USDA and the Food Animal Residue Avoidance Databank. A licensed veterinarian reviews all of our antibiotics use at least quarterly. National programs, including PQA Plus, also include principles and guidelines on antibiotics use to protect animal well-being and public health.

We publicly report the amount of feed-grade antibiotics that are purchased per hundred pounds of product sold. And, in a first-of-its-kind purchasing policy, we partnered with the foodservice giant Compass Group North America and the nonprofit Environmental Defense Fund to promote responsible antibiotics use in mainstream pork production.

Smithfield is closely following legislation that was introduced in Congress in March 2009 to ban the nontherapeutic use of antibiotics in livestock. While the bill was designed to prohibit the use of antibiotics that promote growth, it would also ban antibiotics that prevent and control disease. Smithfield and the National Pork Producers Council believe such legislation would be detrimental to the health and well-being of pigs and could jeopardize public health. Pork producers need access to a range of animal health products to keep our animals healthy and, in turn, produce food that is safe for human consumption.

MURPHY-BROWN FEED-GRADE ANTIBIOTIC USE



Data does not include recently acquired Premium Standard Farms.
Each year represents a 12-month period through October.

Animal Cloning

Although the U.S. Food and Drug Administration has concluded that meat products from cloned animals are safe for human consumption, Smithfield Foods does not produce meat products from cloned animals and has no plans to do so in the future. The science involved in cloning animals is relatively new. We will continue to monitor further scientific research on this technology.

We continue to maintain our focus on the development and improvement of our meat products through careful selective breeding and genetic research. (See CSR Spotlight 3 on page 54 for more on the science of hog genetics.) Cloning is wholly unrelated to this effort.

Safe Transportation

Each year, Smithfield's 200 company-owned trailers and 170 contract haulers log more than 50 million miles transporting live animals from farms to processing plants. We strictly comply with federal animal transport time guidelines and have systems in place to maximize the comfort and safety of our animals. For example, we require two drivers on trips longer than eight hours;

this reduces the number of stops needed so the animals spend less time on the trailer. Other measures to maintain animal comfort include fans and water misters in hot weather and extra paneling and bedding in winter months to provide protection from the cold.

Safety is a top priority for every one of those trips. But with thousands of journeys each year, accidents can happen, although they are infrequent. Our live-haul accident-response procedures are widely regarded by animal welfare experts as the best in the industry. We have five equipment trailers known as "rescue units," which are stocked with a variety of equipment, such as lights, penning equipment, saws, generators, and other devices that would be needed when a truck carrying our animals is involved in an accident.

The trailers are stationed in key areas where our businesses are concentrated. When an accident occurs, designated company employees are dispatched to pick up a rescue truck and bring it to the accident site. Our goal is to have a rescue unit arrive at an accident site within the first hour of the incident.

Our procedures, which were developed with the help of animal scientists, facilitate swift and humane action and are designed to protect animals and handlers, as well as the public. We have trained our truck drivers and our employees on proper techniques for entering overturned trailers, extracting animals, and euthanizing injured animals. We also provide regular training sessions for state and local police, fire, and other public safety officials who respond to accident scenes.

All company-employed and contract drivers who transport our animals also must be certified under the National Pork Board's Transport Quality Assurance Program, which educates transporters, producers, and animal handlers on all aspects of hog production, including the correct way to move pigs of various weights—from small piglets to adults that can weigh more than 400 pounds.

TRANSPORTATION ACCIDENTS INVOLVING MARKET HOGS

	Number of Accidents			Number of Market Hogs Involved			Hog Fatalities		
	Murphy-Brown	Premium Standard Farms	Total	Murphy-Brown	Premium Standard Farms	Total	Murphy-Brown	Premium Standard Farms	Total
2007	3	N/A*	N/A*	533	N/A*	N/A*	83	N/A*	N/A*
2008	6	N/A*	N/A*	1,106	N/A*	N/A*	243	N/A*	N/A*
2009	1	1	2	186	168	354	16	17	33

*Premium Standard Farms data prior to fiscal 2009 are not available. • All values reported by fiscal year

Smithfield Foods and The Family Farm

Isaac Singletary knows pigs. For four decades, he has been raising hogs on the North Carolina farm that has been in his family for more than a century.

Singletary and his wife, Nina, earned a good living as independent hog producers for many years. But in the 1990s, production costs spiked, forcing many small farmers out of business. "The writing was on the wall: If you didn't do something different, you were going to be left by the side of the road," Singletary says.

That "something different" turned out to be contract hog growing. Singletary worked out a deal with Carroll's Foods, the pork production company that was purchased by Smithfield in 1999. Carroll's bought half of Singletary's property to build a company sow farm, while Singletary held on to the remainder of his land for contract hog growing. As a contract grower for Smithfield, Singletary's Reedy Branch Farm shelters, feeds, and cares for approximately 20,000 hogs a year until they reach market weight of about 260 to 265 pounds each.

Smithfield Foods supplies everything Singletary needs to raise the pigs, including feed, transportation for the animals to and from his farm, veterinary support, and technical assistance from production experts. Most importantly, Smithfield provides a steady income stream that protects him from the ups and downs of a volatile market.

(continued on opposite page)

Animal Welfare at Our Plants

The respectful treatment of our animals at our processing plants is just as important as the way we treat the animals while they are growing at our farms. We have systems and procedures in place to ensure minimal stress and discomfort for our animals when they arrive at the plants.

Enhanced Hog Handling

As herd animals, hogs are most comfortable moving side by side in groups. As of 2006, we changed the new vehicle purchasing and fabrication specifications for our company-owned live-haul truck fleet within Murphy-Brown's Eastern operations. All new trailers purchased now have larger rear gate openings, which make it easier to unload hogs and minimize stress on the animals. We also have found that it is more effective to herd animals with plastic panels, known as herding boards. These changes, in conjunction with newly improved unloading facilities at Smithfield Packing's processing plants in Tar Heel, North Carolina, and Smithfield, Virginia, further demonstrate our commitment to continuous improvement of our hog handling procedures.

Enhanced Slaughter Methods

In recent years, we have been implementing a procedure at our slaughter facilities known as CO₂ anesthetizing. Many animal scientists, veterinarians, and other experts view this process as less stressful, particularly for hogs. Animals are processed in groups, rather than single file, and exposed to CO₂ gas, which causes them to quickly lose consciousness. Smithfield is among those companies in the United States that are leading the industry-wide trend toward the use of CO₂ anesthetizing. Eight of our nine hog processing facilities utilize this process.

Quality Management

Our quality management program for our nine animal processing plants includes many of the components employed on our farms. Above all else, we have a zero-tolerance policy for animal abuse or mishandling. Any employee found to be in violation will be subject to discipline, up to and including termination. Willful neglect or abuse of animals by any Smithfield Foods employee are grounds for immediate dismissal, and offenders may also be subject to criminal prosecution under applicable law. Key elements of our quality management program at the processing plants include the following:

- **Animal Welfare Program.** Each plant maintains a comprehensive, written animal welfare program based on the American Meat Institute's (AMI) Animal Handling Guidelines, which include seven core criteria related to issues such as willful acts of abuse and access to water. Each plant also has an animal welfare committee that seeks ways to continuously improve our handling of animals.

- **Expert Personnel.** Our animal welfare professionals must undergo training and certification through the Professional Animal Auditor Certification Organization (www.animalauditor.org/paaco). Smithfield Foods is also actively involved with the AMI's Animal Welfare Committee, which establishes standards, best practices, and continuing education.
- **Training.** Training programs are developed and maintained for all employees who work with live animals. Employees are trained when they join the company and, subsequently, at least once per year.
- **Auditing.** Our programs are audited internally and by third parties to verify, enhance, and update current company practices. Third-party audits at our facilities are conducted by a recognized, qualified independent audit firm or by the USDA's Agricultural Marketing Service.
- **Supplier Expectations.** All Smithfield Foods suppliers must follow established industry standards for animal well-being. Producers and transporters of animals are subject to immediate termination if they fail to take adequate steps to uphold appropriate animal welfare practices.
- **Regulatory Compliance.** Animals that need to be housed at processing plants before slaughter are cared for in accordance with all regulatory requirements, under accepted standards for animal care and welfare. We employ timely use of humane methods to euthanize sick or injured animals that do not respond to appropriate treatments.

(continued from opposite page)

Singletary is currently under a five-year contract with Smithfield, which pays him the same price per hog no matter the external market forces. The relationship allows Singletary to do the job that he knows and loves—on his own land. "I would not be in business today if I had not decided to become a contract farmer," he says.

Singletary and other contract growers participate in regular company training programs on animal health and welfare issues, and benefit from new technological advances in hog production to which he might not otherwise have access. Like all of Smithfield's contract farmers, he also is subject to routine company audits. "They check what we do to make sure that we're doing it all correctly," he says.

While Singletary occasionally misses the independence of a solo farming operation, he says contract growing was far and away the right decision for him and his family. He has thrived as a contract grower, earning recognition from Smithfield five times as "Finishing Grower of the Year." He has been able to hold onto his property, which is now worth a tidy sum, and has stayed active in his community, providing employment for others and contributing to various civic and church groups in his small town of Bladenboro, North Carolina.

At 65, Singletary has eased off work in recent years to spend more time with his family, but he has no firm retirement plans yet. "Hog farming," he says, "is a way of life."

The Science of Hog Production

Science is probably the last thought on the minds of most consumers when they sit down to a plate of ribs or a holiday ham. But breeding the hogs that will produce the choicest and tastiest meats, at an affordable price, is a complex and sophisticated process that is part high-tech DNA analysis and part good hereditary luck.

At Smithfield Foods, seven geneticists in North Carolina spend their days examining pig characteristics to pinpoint which combinations of sows and boars will create the ideal market hog. As a commercial producer, Smithfield strives to reach several goals: elevating the health of the animals, improving the quality of our foods, and maximizing the efficiency of our production.

It is important to note that Smithfield Foods does not genetically modify our animals. Our breeding program uses gene selection to identify the best traits for market hogs and carefully selects the best animals from each generation to be the parents of the next. To understand the process, it helps to visualize a pyramid, explains Matt Culbertson, general manager at Smithfield Premium Genetics. At the top of the pyramid are pure line breeding pigs, which have been selectively developed to have specific traits. Over several generations, one elite "parent" animal at the top of the pyramid will impact tens of thousands of progeny at the commercial level.

These pure line animals, which are unique breed populations such as Durocs, are housed in remote, secure farms in Texas and North Carolina designed to minimize disease contamination. (Smithfield has its own proprietary Duroc line.) Biosecurity is a top priority and requires a commitment similar to many processes found in other intensively managed health facilities. For example, at the state-of-the-art nucleus compounds, all employees shower before entering the farm and wear designated uniforms while performing their daily routines.

At birth, each pure line animal is tagged with a unique bar code. All genetic information about the animals is entered into a database to help the scientists zero in on the pigs that will yield the best offspring. Smithfield Premium Genetics will analyze approximately 100,000 breeding pigs annually across eight genetic lines.

For the growing pig, the scientists seek superior features such as growth rate, feeding efficiency (i.e., how much food it takes for the pig to reach market weight),

and the marbling and texture of the meat once processed. On the mother's side, important characteristics include reproductive efficiency (i.e., litter size and birth weight) and the mother's ability to produce milk and raise healthy piglets.

Culbertson's team tracks a percentage of the offspring of the pure lines through the commercial operations to evaluate their growth performance, and then follows them through to the processing plant for analysis of their product value after slaughter. Each week, about 1,500 pigs are examined at the processing plants for features including leanness and tenderness. The information is recorded in a database that can trace an animal's pedigree back as far as 15 generations.

Through careful gene selection, hog geneticists have been able to increase litter sizes from an average of 10 or 10.5 piglets per litter six or seven years ago to an average of 12 to 13 piglets today. Yet, while the number of piglets has increased, the average birth weight of close to three pounds has stayed the same, or even increased slightly—resulting in healthy, vigorous piglets. (Larger litters with smaller birth weights would have been considered a genetics failure.)

Over recent years, the Smithfield scientists have improved other traits as well. As one example, scientists were able to eliminate a gene—known as the Rendement Napole or RN gene—which caused low pH and water holding capacity in pork. On average, it takes approximately two years for a genetic advance to make its way through from the nucleus group to the market hogs.

Most swine genetics companies are stand-alone businesses. Smithfield benefits from an internal genetics team that can follow pigs from farm to processing. While the information we gather undoubtedly helps us improve our business, it also helps to advance overall hog welfare by eliminating diseases and genetic defects.

Culbertson's team is focusing on finding the genetic lines that will maximize efficiencies on the farms, particularly as the price of feed increases. They want to see which pigs utilize their feed most efficiently and still grow to healthy and productive weights. The team is also looking for more resilient breeds. Of course, luck still comes into play with genetic sampling, just as it does for any parents who pass along genes to their progeny.

OUR COMMITMENT TO FOOD SAFETY

Food safety is our highest priority. Smithfield Foods companies worldwide work together to produce the safest products possible, ensure the traceability of the majority of our livestock, and deliver high-quality meat products. Our vertical integration strategy helps us maintain control of the safety of our products throughout our supply chain through proper management, strict policies, and dedicated employees.

We collaborate with industry, government, and independent experts to create and implement rigorous food safety practices in all our facilities and manufacturing processes. Since 2006, Smithfield Packing has been 100 percent USDA Process Verified, assuring the following:

- All facilities maintain an environmental management system.
- All livestock sent to Smithfield Packing facilities can be traced back to the animal's farm of origin.
- Animals are raised where management systems address health, welfare, and proper use of antibiotics.
- Suppliers are certified according to National Pork Board Pork Quality Assurance Level III guidelines and are encouraged to become compliant with the Pork Board's new PQA Plus quality assurance program by the end of 2010.
- Drivers who transport live animals are certified by the National Pork Board's Transport Quality Assurance guidelines.

We also provide information on nutrition and safe food handling to consumers through our product labels, our Web site, and other outreach efforts.

MANAGING FOOD SAFETY

All Smithfield companies take a comprehensive approach to food safety that addresses facility, equipment, and process design; operating and sanitation procedures; employee training; and auditing of our facilities. Food safety is integrated into our business practices through our capital funding review process. We require a Food Safety Checklist for every capital funding request. This checklist must be signed off by the food safety representative for each facility to ensure that we're addressing product safety issues as part of every capital expenditure.

We have a senior-level, cross-functional Food Safety Council, representing our major subsidiaries, to provide decision making, guidance, and direction to the company. Members of the council consult with each other on an ongoing basis and meet formally throughout the year to discuss current scientific and technical food safety information, as well as evaluate the soundness of our food safety practices. The Council also advises on emerging food safety technologies and pertinent government regulations.

Furthermore, the Council develops and maintains policies, standards, and best practices for all Smithfield Foods companies that meet or exceed all regulatory requirements.

The Council developed our Food Safety Policy, which was originally based on the Hazard Analysis and Critical Control Point (HACCP) system. HACCP is a comprehensive food safety control system designed to keep potentially hazardous products from going to market. The system is mandatory in all European Union countries and is discussed in more detail in the International section of this report. This year, the Council requested that all facilities pursue Global Food Safety Initiative (GFSI) certification. This audit scheme certifies a plant's compliance with a set of food safety standards that are recognized domestically and internationally, eliminating the need for multiple food safety and quality assessments. Once certified, companies may display the GFSI seal on all their products.

Smithfield's food safety strategy is to anticipate points in the production process at which food safety challenges exist and then develop programs to avert problems. For example, the Food Safety Council worked with our Engineering Council to develop comprehensive engineering standards for the construction of new plants and the renovation of aging facilities. These standards help to ensure strict adherence to personal hygiene, minimize direct human contact with food, and enable precise tracking of products across our operations.

Smithfield invests millions of dollars each year in capital improvements to improve the safety of our products and our employees, while simultaneously improving production at existing and new facilities. Capital investments slowed this past year due to economic conditions, but we have not compromised our food safety commitment.

Training

Keeping our food safe requires people who know what to do and how to get the work done. All Smithfield employees receive extensive training in the policies and procedures we use to keep our foods safe. Each worker is trained upon hiring and is retrained annually, depending on his or her job description. Our Food Safety Training Policy outlines required and suggested food safety training topics, trainer qualifications, and the frequency of training at all of our subsidiary processing facilities. The Policy also requires that food safety training be documented and that employees be tested to evaluate the training program's effectiveness.

We are working to further standardize our food safety training and have successfully implemented an electronic training system in many of our facilities.

Auditing and Inspections

Our comprehensive auditing protocols, introduced in 2006, help ensure that the products we deliver are of the highest quality and meet all internal and government standards. Our facilities are subject to a variety of inspections and audits, as follows:

- Each facility is in the process of GFSI certification. This involves audits by a third-party auditing organization at least once a year for adherence to the international standard. Many of our facilities have already achieved certification, and we expect all will be certified in the near future.
- Each facility must also successfully conduct a mock product recall performed by food safety professionals four times a year. Plants are required to locate and collect 99.9 percent of affected food products within four hours.
- Plant personnel conduct self-audits and mock product recall scenarios throughout the year.
- Many of our larger customers have their own food safety officials perform audits at our plants and/or request that we send them the results of the third-party audits that are conducted at our facilities and paid for by Smithfield.
- Government officials based at our plants continually inspect our facilities and products.

Typically, our facilities are audited about eight times each year, in addition to ongoing government inspections. Any nonconformance identified by any audit is addressed promptly at each facility. A follow-up is conducted after the initial audit to ensure that any problems have been addressed.

Nutrition

At Smithfield, we believe it's important to provide consumers with a range of dietary choices. We offer a wide variety of foods customized to different needs and tastes, from low-salt hams to full-flavored bacons to fresh pork products. Our Research and Development team of nutritionists and food scientists works with our customers—such as supermarkets and restaurant chains—to develop new products that respond to evolving customer requests.

Because of the variability in consumer preferences and wants, we produce an assortment of products so that consumers can make their own choices to match their individual lifestyles. Over the years, we have developed leaner cuts of pork and have modified many products to be lower in fat, salt, and/or sugar. Several of our products meet the American Heart Association's certification criteria for foods that are low in saturated fat and sodium content. We are proud to provide affordable products that offer a significant source of protein. Although the current economic environment has limited some of our R&D efforts, we continue to focus on products that provide a pleasurable eating experience while meeting consumer expectations on nutritional requirements.

In March 2009, we hosted the Virginia Agroterrorism Conference, organized to address growing concerns of bioterrorism and animal disease outbreaks. The event, sponsored by the FBI and the Virginia Department of Agriculture, was attended by more than 130 law enforcement and agriculture officials from across the state.

Very few of our products are marketed to children. Less than 1 percent of advertising and promotion is geared toward children under the age of 12, according to an analysis we conducted in 2007.

Consumer Health and Safety

We believe our food safety responsibilities continue even after our products leave our facilities, so we developed the following Web page to educate consumers on proper food handling and preparation: www.smithfieldfoods.com/consumers/prep.aspx.

Product and Service Labeling

Smithfield strives to ensure that our consumers receive the most current information about the ingredients and nutritional value of our products. Our product labeling is clear and accurate, conforming to the unique labeling requirements of each country in which we sell our foods. Smithfield did not have any penalties or fines associated with product labeling regulations since our last report.

Compliance

Smithfield Foods had one recall during the latest reporting period. In January 2009, Patrick Cudahy Incorporated recalled approximately 3,590 pounds of bacon bit products for possible contamination with *Listeria monocytogenes*. The bacon bit products were produced on November 13, 2008, and were distributed to restaurants and institutions in California, Colorado, Florida, South Dakota, Texas, and Wisconsin. The problem was discovered through testing by an establishment that had received the product. The USDA's Food Safety and Inspection Service received no reports of illness.

Patrick Cudahy conducted an extensive investigation to understand how this problem arose. Based on the findings, the company made significant capital investments and implemented a number of operational changes to prevent similar occurrences.

Several Smithfield facilities were affected by trade-related activities in China, Russia, and Mexico, which banned the import of products from specific plants. None of these actions, however, was related to food safety. Many of our domestic competitors were similarly affected by import bans from those countries.

New rules on Country of Origin labeling were finalized in early 2009, after years of debate. According to this law, meat packers are required to provide information to retailers with the name of the country from which animals are produced. Smithfield's U.S. operations began processing only U.S.-born-and-raised hogs starting in April 2009.

During the development of this report, Congress was considering legislation to bring significant change to the FDA and USDA food safety system. Smithfield is paying close attention to the debate.

OUR COMMITMENT TO OUR COMMUNITIES

Giving back to our communities is an important part of our mission at Smithfield Foods—especially in tough financial times. Although the past fiscal year was a difficult one for our company, we maintained our commitments to our communities, continuing to focus in particular on programs that nourish both the body and the mind.

In many of the rural areas where we do business, Smithfield is the primary employer in the community. Helping our employees and those who live around our farms and our plants helps us become a stronger, more vital company. From a business standpoint, our philanthropic efforts also correlate directly with our ability to recruit and retain good workers.

In the town of Tar Heel, North Carolina, where we have the largest meat processing plant in the country and where our employees make up the majority of the community, we built a state-of-the-art medical center across the street from our plant for Smithfield's employees and their families. Office visits are \$10—no matter the medical issue. In 2008, we opened the facility to the public to help address a regional need for more physicians. The subsidized office copayments, however, are available only for Smithfield employees.

We're passionate about our educational initiatives, which offer learning opportunities for those who may not otherwise have them, and we're proud of our ongoing support of food programs. In addition to hunger- and learning-related initiatives, we provide significant support for local and international environmental stewardship efforts. In our headquarters community of Smithfield, Virginia, for example, we recently funded a research project to study the extent, and possible causes, of the loss of marshes along the Pagan River. Norfolk State University and the James River Association conducted the study in the fall of 2008 at the request of *The Smithfield Times* newspaper. The marshlands, which are essential to estuary health, have been steadily disappearing, as evidenced by comparison aerial photographs taken in 1937, 1958, and today.

We are well aware of the ripple effects our operations can have on a community, particularly when we make the difficult decision to close plants and reduce jobs. For more information on the impact of our 2009 restructuring, see the Employees section on page 64.

Corporate-Level Educational Programs

The Smithfield-Luter Foundation

The Smithfield-Luter Foundation, the philanthropic wing of Smithfield Foods, was founded in 2002 to provide educational scholarships for our employees' children and grandchildren at select colleges and universities. Over the years, the Foundation has grown to fund educational partnerships in the communities where our employees live and work.

HELPING COMMUNITIES

Smithfield Program Shows You're Never Too Old for School

Alferd Williams is 10 times the age of his elementary school classmates. But he is living proof that you're never too old to learn. The son of sharecroppers, Williams was 68 when he began learning to read. As a child, he worked the fields with his father and never had a chance to go to school. But he always longed to learn.

"Mama cried that I couldn't go to school," Williams told *People* magazine in a 2008 interview. "She made me promise that someday I would learn to read."

He began making good on that promise in 2005, when he started receiving special instruction from Alesia Hamilton, a teacher at Edison Elementary School in St. Joseph, Missouri. Eventually, Hamilton persuaded her principal to allow Williams to be a regular student in her first-grade class.

In 2008, after hearing Williams' story, Smithfield's Learners to Leaders program presented him with a \$10,000 check to offset his living expenses as he works toward his GED. The donation was made to a trust fund administered by Edison Elementary School. Smithfield Foods also gave \$2,500 to the school library.

"Alferd Williams sets a great example of what our Learners to Leaders program is all about," says C. Larry Pope, president and chief executive officer of Smithfield.

In 2008, the Foundation awarded 48 scholarships totaling \$290,000 for the education of our employees' children and grandchildren. To be eligible, a student must be a dependent of a Smithfield employee, demonstrate financial need, and be accepted by one of seven schools we have named as partners. Since the inception of this program, we have awarded 127 annual scholarships worth nearly \$1.2 million.

We recently expanded our collegiate partnership program to include three historically black universities: Fayetteville State University in Fayetteville, North Carolina; Norfolk State University in Norfolk, Virginia; and Virginia Union University in Richmond, Virginia. In 2007, we gave \$25,000 to each school to fund scholarships and will give up to \$100,000 to each school over several years.

Learners to Leaders™

Launched in 2006, Learners to Leaders is a national education alliance funded by the Smithfield-Luter Foundation. With additional support and expertise from our independent operating companies and local educational partners, the program works to close the education gap for underprivileged students in our employees' communities. Over three years, the Foundation has made \$980,290 in contributions to Learners to Leaders.

The first Learners to Leaders program began in Sioux Falls, South Dakota. Over the past three years, we have funded programs in Green Bay, Wisconsin; Denison, Iowa; Northwest Iowa; Norfolk, Virginia; and Milan, Missouri. Our Learners to Leaders program in Northwest Iowa is an alliance with the National FFA Organization, formerly known as the Future Farmers of America. Smithfield Foods committed \$200,000 to enroll high school students in FFA programs that emphasize agribusiness.

We also recently launched a new Learners to Leaders student development program to help economically disadvantaged high school students in Lumberton, North Carolina, prepare for college. Students who complete the program, which includes laptop computers for every participant, receive a \$1,000 scholarship and up to \$500 for books if they attend Robeson Community College after graduation.

In 2008, our Sioux Falls partnership was honored by the state of South Dakota for helping area high school students advance their educations beyond high school. The State Director's Award is given to programs that increase student achievement and involvement, particularly among nontraditional or special-needs students. The Foundation is funding Southeast Technical Institute's Associate of Applied Science degree program for students selected by the Sioux Falls School District. The students—many of whom never imagined they would go to college—begin the program during their junior year in high school.

Other Community Outreach Programs

Smithfield proudly sponsors and supports a range of programs and community organizations. The following are just a few examples:

- In addition to our new Learners to Leaders–FFA partnership, we support the National FFA Organization's career development events. In 2008, we sponsored our third FFA Environmental and Natural Resources Career Development Contest, in which high school students test their agricultural and environmental conservation skills, such as water and air quality analyses and soil testing.
- We are a corporate sponsor of the Hampton Roads Urban League in Virginia and are actively exploring direct partnerships for work force development and training. The partnership enables us to recruit a more diverse work force.
- Smithfield is a corporate sponsor of An Achievable Dream Academy, a year-round, extended-day school for economically disadvantaged children in Newport News, Virginia, that believes education is the key to breaking the cycle of poverty.
- In 2009, Smithfield was a sponsor of the Capital Area Food Bank Blue Jeans Ball, a fundraising event that supports the food bank's outreach programs and generates awareness about the issue of hunger. The Capital Area Food Bank is the largest public nonprofit hunger and nutrition education resource in the Washington, D.C., area.
- In 2008, Smithfield raised \$135,000 for breast cancer awareness through sales of our Lean Generation Deli® line of meats. Through a partnership with the National Breast Cancer Foundation, Smithfield donates a portion of every Lean Generation purchase for early breast cancer detection and treatment.
- Smithfield sponsors a series of baseball clinics for students from Washington, D.C., as part of our effort to promote education, exercise, and proper nutrition among young people. More than 500 kids, aged four to 18, participated last year in monthly clinics taught by coaches of the Washington Nationals baseball team during the team's season.
- Smithfield recently began to sponsor a joint program between Lions Club International chapters in Virginia and in Timis, Romania, that sends prescription eyeglasses from the United States to low-income patients in Romania. Smithfield is covering the shipping costs for the glasses.

Corporate-Level Hunger Relief Efforts

As a global food company, it makes sense for us to focus many of our community efforts on hunger relief. More than 35 million people live in households considered to be food insecure, including 22.9 million adults and 12.6 million children—and the numbers have been rising as the nation's economy has worsened. Our programs support families faced with food insecurity issues through four main activities:

- **Food banks.** We provide ongoing support to Feeding America (the national network of food banks formerly called America's Second Harvest) and to local food banks through product and monetary donations and/or awareness campaigns.

Chef Jeff and Smithfield Inspire At-Risk Kids

Dr. Wanda Brown, assistant superintendent for secondary education in Columbia, Missouri, vividly recalls recent motivational talks given by Chef Jeff Henderson at two of her high schools.

"What came across most was his passion to make a difference in the lives of young people," says Brown. "I watched several faces in the audience that were captivated by what he said and how he said it."

Smithfield Foods, whose commitment to education can be seen in other initiatives such as the Learners to Leaders alliance, sponsored more than a dozen such appearances by Chef Jeff during the past year.

Host of his own show on the Food Network, Henderson learned to cook while spending 10 years in prison for drug trafficking. He regularly shares his story with students across the United States, encouraging at-risk kids to reach their potential and escape the cycle of poverty. Talent and persistence helped him turn his life around, and he eventually became the first African-American Chef de Cuisine at Caesar's Palace in Las Vegas.

Henderson's stops also included East Bladen High School in Elizabethtown, North Carolina.

"With a predominantly minority population at East Bladen, Jeff Henderson's visit was particularly significant to our young people," notes Rob Spainhour, the school's principal.

Food Banks Welcome Smithfield Donations

"The number of people requesting assistance is increasing at a rate Harvesters hasn't seen in our 30-year history, with our network agencies reporting a 40 percent increase in need compared with the same period in 2008," says Ellen Feldhausen of Harvesters, the food bank based in Kansas City, Missouri. "We're grateful for the meat donations that we have received from Smithfield Foods because protein is important for good nutrition and is much needed."

Smithfield Foods donated more than 86,000 pounds of protein in just the first four months of 2009 to Harvesters, which feeds approximately 60,000 people weekly in Greater Kansas City. That contribution was part of the more than 3 million pounds of meat Smithfield provided to Feeding America's member food banks across the United States during the 2009 fiscal year. Like Harvesters, many are struggling to keep up with unprecedented demand brought on by the current recession.

In Charlotte, North Carolina, the Second Harvest Food Bank of Metrolina supports almost 650 partner agencies that feed the hungry in a 19-county region across North and South Carolina. It has distributed more than 80,000 pounds of Smithfield products during its latest fiscal year.

"We place special emphasis on meeting the needs of children and seniors," notes Kay Carter, the food bank's spokesperson.

- **School nutrition programs.** We supply food to the children who need it most through school-based nutrition programs such as Kids Café, which provides free meals and snacks to low-income children.
- **Disaster relief.** We support relief efforts in the wake of natural disasters.
- **Community outreach.** We assist community-based groups that reach out to local families in need, including families of soldiers serving overseas.

Helping Hungry Homes™

The Helping Hungry Homes initiative is Smithfield's own corporate-level effort to provide food for those in need. In early 2008, celebrity cook Paula Deen helped us kick off the signature program with a 10-city Helping Hungry Homes tour, which included donations totaling 250,000 pounds of food in Deen's hometown of Savannah, Georgia, as well as Philadelphia, New York, Atlanta, Kansas City, Los Angeles, Chicago, New Orleans, Washington, D.C., and Detroit.

Later in the year, Deen brought deliveries of food for distribution in Washington, D.C.; Savannah and Atlanta, Georgia; Richmond, Virginia; and Winston-Salem, North Carolina. Together, these deliveries totaled 118,000 pounds of meat.

To enhance our efforts to raise awareness of hunger issues, we continued to make donations to local food banks and also partnered with Chef Jeff Henderson, the author and Food Network celebrity who found his passion for cooking while incarcerated for drug trafficking. After serving 10 years in federal prison, he rose through the ranks of top restaurants in Las Vegas. Henderson, who is also working with Smithfield's Learners to Leaders program, delivered his first donation with Smithfield Foods in December: 25,000 pounds of meat to the Second Harvest Food Bank of Metrolina in Charlotte, North Carolina.

Overall in 2009, Smithfield Foods distributed approximately 3.7 million pounds of meat, or nearly 15 million servings, with an estimated value of more than \$4.6 million. Smithfield Packing made the largest donation, totaling nearly 1.6 million pounds. Donations were distributed primarily through food banks affiliated with Feeding America, the nation's largest hunger-relief organization and our charity of choice for product donations.

Subsidiary Community Involvement Highlights

Our subsidiary companies have numerous programs that support their local communities, ranging from food donations to charity road races to river cleanups. However, Smithfield Foods does not currently have a method to quantify the total dollars contributed or number of employee volunteer hours contributed across all our independent operating companies. Last year, we assembled a corporate-wide committee to coordinate donations across our enterprise. We are making progress on this effort and hope to be able to report more fully on our subsidiary involvement in the future.

Typically, our subsidiaries' philanthropic efforts mirror our corporate emphasis on education, hunger relief, and environmental stewardship. Highlights during this reporting period include the following:

- Smithfield Packing's Tar Heel Division donated \$100,000 to the American Cancer Society.
- John Morrell donated \$471,000 to the United Way, including a corporate pledge of \$75,000. John Morrell employees have donated \$2.1 million to the United Way since 2005.
- Patrick Cudahy and its employees donated more than \$150,000 to the United Way, while Farmland Foods' Monmouth, Illinois, facility raised \$30,000 for the organization.
- Armour-Eckrich Meats donated three days' worth of food to help support rebuilding efforts in the town of Chapman, Kansas, following a devastating June 2008 tornado. Eighteen Armour-Eckrich employees lived in Chapman; two of them lost their homes. Armour-Eckrich also donated a year of free groceries to one family chosen by the television program *Extreme Makeover: Home Edition*.
- North Side Foods contributed approximately \$124,000 to the Ronald McDonald House Charities through direct contributions and scholarships.

EMPLOYEES

OUR WORK FORCE

Our 52,400 global employees are Smithfield's greatest asset. In addition to protecting their health and safety, Smithfield is committed to the fair and ethical treatment of our employees. We work to provide them with opportunities for further education and advancement within the company.

The majority of our workers can be found raising animals on farms, driving transport trucks, and preparing food in processing plants. There is no doubt that these are demanding jobs. That is why we place such great emphasis on workplace safety and employee health and wellness. In our industry, employee turnover can exceed 50 percent. Although we are always seeking to improve employee retention rates, our turnover rate at Smithfield is consistently below the industry average. Our success as a company depends in large part on our ability to maintain a skilled work force.

During this reporting period, we announced a restructuring of our business that will result in the loss of approximately 1,800 jobs. Layoffs and plant closings are difficult but necessary decisions, and we empathize with the employees negatively impacted by the restructuring.

Whenever possible, Smithfield is offering transfers to other company facilities, and we are working with employees and with applicable union officials to help employees affected by the restructuring to find new jobs. For example, we are holding job fairs and are coordinating with area businesses and government agencies to help find local opportunities for employees. We are also coordinating with unemployment offices to assist with claims and job applications.

Smithfield fully complied with the federal Worker Adjustment and Retraining Notification (WARN) Act, which requires 60-day notifications of plant closures to employees. Under the WARN Act, the company also notified state-level dislocated worker units so they could offer prompt assistance.

Immigration

We have many valued employees who are legal immigrants, so we pay close attention to federal and state debates over new immigration legislation. Our immigrant work force brings a richness and diversity to our operations and the communities in which we live.

We would like to see comprehensive U.S. immigration reform that ensures we can maintain an adequate and stable work force and provide opportunities for legitimate workers who seek jobs at companies like ours. We believe the United States should protect legal immigrants and their employers and provide paths to citizenship for those willing to work.

We are committed to complying with all federal laws and welcome opportunities to enhance our compliance. In September 2008, U.S. Immigration and Customs Enforcement (ICE) awarded us an associate membership in its new IMAGE program—ICE Mutual

Agreement between Government and Employers. The voluntary program, which began in 2007, works in targeted sectors to reduce unauthorized employment. As an associate member of IMAGE, we are committed to working with ICE to strengthen our hiring practices and develop a more secure work force. In addition, all of our plants are members of E-Verify, a voluntary, Internet-based program run by the U.S. Citizenship and Immigration Services to help determine employment eligibility.

We do everything we can to ensure the integrity of our work force. However, we and other employers face significant challenges in determining the eligibility of employees due in part to identity theft and the increasing availability of high-quality forged documents that allow undocumented workers to thwart even the best hiring practices and skirt the laws.

Collective Bargaining

Smithfield Foods has both unionized and nonunionized facilities. If a facility has union representation, we honor and comply with the terms and conditions of the collective bargaining agreement. Approximately 50 percent of our work force in the United States is covered by collective bargaining agreements. Well over half of those in our pork segment are covered by collective bargaining agreements.

We have historically enjoyed good relations with the unions that represent our employees. This past year, we were able to greatly improve a long-standing situation tied to the attempts of the United Food and Commercial Workers International Union (UFCW) to organize the hourly work force at our Tar Heel, North Carolina, processing plant.

In 2006, the UFCW launched a corporate campaign against Smithfield, calling on our customers and consumers to stop buying our products. In October 2007, we reluctantly filed a civil action against the UFCW and its agents under the Racketeer Influenced and Corrupt Organizations (RICO) Act to stop the union's corporate campaign.

The dispute with the UFCW was settled on the eve of trial on October 27, 2008. The settlement was sealed by mutual agreement. A joint statement reflected that the two sides agreed to hold a union election at the Tar Heel plant. In return, the UFCW said it would end its corporate campaign against Smithfield, including the calls for product boycotts. In addition, the company and the union would work together to establish and operate a Feed the Hungry program.

The employees subsequently voted in favor of unionization—52 percent for, 48 percent against—in a secret-ballot election that was supervised by the National Labor Relations Board. Our goal had always been to give employees the opportunity to vote on the union issue in a fair election, by secret ballot. We respect the decision of our employees to unionize, and we look forward to working with the union.

Following a series of collective bargaining contract negotiations, workers at the plant accepted a four-year labor contract that took effect July 1, 2009. The agreement includes wage increases of \$1.50 per hour over the life of the contract, as well as continued family health care coverage, improved paid vacation benefits, and guaranteed weekly hours, among other benefits.

On a related matter, Smithfield has been monitoring the progression of the Employee Free Choice Act, known more colloquially as the "card check bill," which was introduced in Congress in early 2009 and would allow workers to unionize without a secret-ballot election. Smithfield believes the secret ballot should be protected, and company executives have spoken out about the importance of affording employees the right to a secret-ballot election when deciding whether or not to form a union.

EMPLOYEE RELATIONS

All human resources and employee relations issues are managed at a subsidiary level by each of our independent operating companies. Smithfield Foods does not currently include a corporate-level human resources function.

We're working hard to engage our employees through management safety committees and have taken steps at our independent operating companies to evaluate—and enhance—employee satisfaction. We ask a lot of our employees, but we believe that we give them a lot in return. We provide competitive wages and benefits, educational scholarships, and a variety of programs that go beyond industry norms.

Diversity

Smithfield is committed to promoting and cultivating a work force that will enhance the company's competitiveness in an increasingly diverse and interconnected world. Our Diversity Advisory Committee, which we established in 2007 to help the company identify opportunities and strengthen relationships with our employees, customers, and external stakeholders, is composed of eight senior-level managers from subsidiaries and the corporate office. Our full Diversity Statement can be seen on our Web site at www.smithfieldfoods.com/responsibility/diversity.aspx.

Smithfield Foods does not discriminate against any employee or any applicant because of race, color, religion, ethnic or national origin, gender, sexual preference, age, disability, veteran status, or any other status protected by federal law. The company works hard to provide employees of all backgrounds with opportunities for training and advancement at all levels. All Smithfield Foods facilities adhere to our Equal Employment Opportunity policies and programs.

As of September 2008, women represented an estimated 34.8 percent of our U.S.-based employees and 17.5 percent of management. Minorities represented 65.7 percent of employees and 23.3 percent of management. To determine the representation of women and minorities for reporting to the federal government, each Smithfield Foods subsidiary with more than 50 employees produces the requisite report using a standard methodology. The information is then centralized for corporate analysis and the development of future employee programs.

MINORITIES AT SMITHFIELD FOODS

	2004	2005	2006	2007*	2008	04-08 change
percentage of employees	67.1	69	67.4	66.5	65.7	2%
percentage of management	24	26	24.4	22.8	23.3	3%

Data reported as of September each year
 * Due to an error in data compilation, we incorrectly reported the 2007 minority percentage in last year's CSR report. The 2007 numbers are accurately represented here.

WOMEN AT SMITHFIELD FOODS

	2004	2005	2006	2007	2008	04-08 change
percentage of employees	33.7	35	35	35.3	34.8	3%
percentage of management	15.9	17	16.8	17.8	17.5	10%

Data reported as of September each year

Human Rights

In 2007, we implemented a new Human Rights Policy to ensure the fair treatment of our employees throughout the company and in all of our subsidiaries. Although we long had a Code of Business Conduct and Ethics to protect the rights of workers, we felt it was important to develop a formal policy to specifically address human rights.

We have provided copies of the policy to all of our employees, including new hires, and encourage our workers to call our toll-free Smithfield hotline to report any violations. The policy spells out expectations in the areas of equal opportunity; health, environment, and safety; harassment and violence; rights of employees; and other key topics. The policy can also be viewed on our Web site at www.smithfieldfoods.com/employees/human.aspx.

Our Code of Business Conduct and Ethics, which is also communicated to all employees, sets forth our expectations for appropriate employee behavior, as well as corporate hiring and disciplinary policies. We also communicate our Human Rights Policy to all major suppliers.

Employee Engagement

Several of our operating companies use employee engagement surveys to identify, measure, and prioritize issues that affect our workers and drive business results. The surveys, which are typically offered in English and in Spanish, evaluate topics such as communications, safety, supervisory relationships, benefits, and leadership. Results and follow-ups from 2008 include the following:

- Smithfield Packing conducted its third annual employee survey, which yielded an 81 percent participation rate. The survey found that trusting immediate managers, and feeling valued by them, remain the two top drivers of employee engagement across the organization. In response, Smithfield Packing developed leadership training to address specific skills.
- In Murphy-Brown's Western operation, department managers are developing action plans for improvement following the company's second annual employee engagement survey. Scores improved from 2007 to 2008.
- Farmland Foods has been working to address many of the concerns raised in the first round of an employee satisfaction survey. For example, after 37 percent of respondents at the Lincoln, Nebraska, facility said that employee common areas needed attention, Farmland responded by cleaning and painting locker rooms, bathrooms, and the cafeteria, and assigned an employee to maintain these areas. Farmland also engaged with employees to develop a customized job evaluation program to determine if a mechanic has the skills required for promotion to the next grade level, removing all subjectivities from the review process. And following an employee focus group survey at Farmland's Denison, Iowa, plant, the facility is piloting a Strategic Wellness Plan to improve the overall health of employees.
- North Side Foods distributed a survey in October 2008 to all salaried employees to establish a baseline measurement for communication feedback, leadership assessment, and organizational enhancement. More than two-thirds of employees responded, generating over 330 comments for review and consideration. North Side Foods is now working to address the comments to improve communications. For example, over the past year, the assistant vice president of operations of the Arnold, Pennsylvania, plant has been holding open meetings with hourly employees. And in Cumming, Georgia, North Side Foods formed a labor management committee to enhance organizational communications. In June 2008, North Side Foods was recognized by the Pennsylvania Psychological Association for its employee involvement in training and assessment programs to build a better work environment.

Employee Benefit Programs

Smithfield Foods offers competitive wage and benefit programs that vary according to operating company, location, and position. Employees in Tar Heel, North Carolina, for example, earn a starting wage of \$10 per hour, significantly higher than the current federal and North Carolina minimum wage of \$7.25 (the new minimum as of July 24, 2009). We offer comprehensive health insurance and other traditional benefits, including 401(k) plans, life insurance, and vision and dental care. Several of our subsidiaries provide on-site medical care and preventive health screenings.

At our packing facility in Tar Heel, we built a dedicated Family Medical Center for employees and their families, now operated by the nonprofit Tri-County Community Health Council Inc. For just \$10 per visit, Smithfield employees receive access to primary care, laboratory, X-ray, and pharmacy services six days a week. In 2008, we opened the facility to the public.

Employee Educational Assistance

Smithfield Foods offers tuition reimbursement to help employees pursue their educational goals—from English as a second language courses through graduate degrees. Tuition programs vary by subsidiary and typically cover between 50 percent and 100 percent of tuition and lab fees.

Many of our independent operating companies also provide money for education programs. The following are some examples:

- Armour-Eckrich Meats offers a tuition reimbursement program (up to \$5,000 per calendar year) to help further the education of select employees. Tuition assistance totaled \$58,000 in 2008.
- Over the past year, Patrick Cudahy provided scholarships—more than \$26,000 in total—to children of employees and Cudahy (Wisconsin) High School graduates.
- John Morrell granted \$56,600 in tuition assistance to employees in 2008.
- In 2008, two Farmland Foods facilities provided \$14,500 in scholarships to children of employees, using funds generated from recycling programs.

EMPLOYEE HEALTH AND SAFETY

The hog production and meat-processing industry as a whole has made substantial advancements in worker safety and protection over the past decade, significantly reducing the rate of injury. Nonetheless, on average, U.S. beef and pork processors report 8.4 injuries per 100 employees—more than twice the average rate for all private industry occupations, according to 2007 data from the U.S. Department of Labor's Bureau of Labor Statistics. Smithfield's rate is nearly 25 percent less than the national meat-processing average, at 6.48.

We do not accept that worker injuries are a standard cost of doing business. Our safety systems and programs, which go well beyond regulatory compliance, yield measurable results, protecting employees while reducing our workers' compensation costs. Audits and assessments conducted in early 2009 identified many opportunities for health and safety improvements, which we are in the process of implementing. During this reporting period, we continued to enhance our safety systems as follows:

- Conducted Web-based training for engineering and safety personnel
- Completed baseline Employee Injury Prevention Management System (EIPMS) audits to find improvement opportunities for the system

Safety Award Goes to Armour–Eckrich Facility

The 2008 President's Award for Safety and Health went to the Armour–Eckrich location in Peru, Indiana, for its performance and for building a culture where employee health and safety is a core value in how business is conducted.

Smithfield's President's Awards recognize the outstanding efforts of safety professionals and facilities that have created and implemented exemplary worksite safety and health management systems. The internal awards are given based on an evaluation of an individual location's overall health and safety management efforts. Last year we introduced a new set of criteria to involve employees and reflect management efforts more accurately. An evaluation is conducted of the following:

- Level of implementation of all EIPMS elements
- Results of interviews in which hourly employees "grade" the level of commitment of management at their location
- Employee engagement in safety activities
- Workplace analysis and hazard prevention
- Health and safety training
- Injury rates and Notices of Violation

(continued on opposite page)

- Began EIPMS refresher training for location health and safety professionals and operations management
- Held monthly conference calls with independent operating company and corporate safety personnel to review opportunities to enhance systems

Smithfield Foods continued to reduce our Total Injury and Illness Frequency rate (TIFR), although we did see a slight increase in our Days Away, Restricted, Transferred (DART) rate and Days Away from Work (DAW) rate. Most of our injury and illness rates remain well below the industry averages, with the exception of the DAW rate. (See pages 72–73).

MANAGING EMPLOYEE SAFETY

At Smithfield, employee safety isn't just a priority; it is a core component of our business. Our Employee Safety Policy was reviewed and reauthorized this year and defines safety responsibilities for all levels of the company. Our policy communicates our desire to lead the industry in health and safety practices and performance through hazard identification and risk assessment, training programs, measuring and monitoring, and assessments to ensure compliance with regulatory and other requirements.

Smithfield has a corporate director of health and safety, as well as senior-level safety managers at each operating company. At the supervisory level, all Smithfield managers—from line supervisors to plant managers—are trained in health and safety issues. Across the company, we have 59 professionals whose primary responsibilities involve providing technical information and resources to assist with health and safety management and employee welfare.

A corporate-level steering committee, composed of 10 senior health and safety officials from Smithfield Foods and our independent operating companies, holds monthly teleconferences to discuss safety initiatives, best practices, upcoming regulatory changes, and any problems identified at the company. Several of these committee members also sit on an American Meat Institute committee that is working to foster an industry-wide culture of injury prevention. Going forward, the steering committee will place greater emphasis on preventing incidents associated with non-routine activities, such as producing seasonal products or making changes to equipment, machinery, or procedures.

Employee Injury Prevention Management System

All Smithfield Foods operating companies are expected to implement our corporation-wide Employee Injury Prevention Management System (EIPMS), which builds on the success of our Environmental Management System. The EIPMS is based on Occupational Health and Safety Assessment System (OHSAS) 18001 supplemented by the American National Standards Institute's Z10 and OSHA Voluntary Protection Program guidelines.

The EIPMS was designed to minimize potential risks to employees and others, improve business performance, assist us in leading the industry, and build a responsible image within the marketplace. We fully implemented the EIPMS at all locations in July 2007.

Under the guidelines of the EIPMS, each wholly owned or subsidiary Smithfield facility must do the following, among other requirements:

- Develop effective safety operating control measures and training programs
- Set safety objectives with performance indicators and management plans to achieve objectives
- Establish procedures to identify and control potential risks
- Develop emergency action plans
- Establish, document, and communicate responsibilities for all involved staff
- Identify nonconformance, accidents, and near misses to prevent future incidents
- Regularly assess the management system

The EIPMS is founded on open communication between independent operating companies, the sharing of best practices, and a strong focus on the employees' well-being. Training and auditing are also integral parts of the EIPMS.

Training

Each new Smithfield employee must complete a new-hire safety training program, conducted in English and other languages where necessary, which emphasizes machine and tool safety and the correct use of personal protective equipment. Mentoring programs also give new employees the opportunity to discuss safety issues with and learn techniques from experienced staff.

Safety training continues regularly throughout an employee's career at Smithfield. Locations conduct ongoing training in topics including emergency plans, ergonomics, control of hazardous energy, chemical safety, personal protective equipment, and hearing conservation, for example. As employees move into more specialized occupations, additional training is conducted to meet safety needs on topics such as process safety management, hot work procedures for cutting, welding, and grinding, electrical safety, confined space entry, and many others.

We have worked hard this year to increase employee engagement in safety activities, for example, by encouraging employee participation in safety program reviews and development of new systems. Many locations began developing employee safety teams to focus on ergonomics, emergency response and evacuation planning, incident investigations, health and safety awareness, hazardous energy isolation, machine guarding, chemical awareness, mobile equipment, personal protective equipment, and safety awards and recognition. Employee engagement is now being measured on a formal basis. The type of safety-related activities conducted and number of hourly employees involved are documented as part of a new monthly EIPMS scorecard we have implemented for each Smithfield Foods location.

(continued from opposite page)

Safety professionals at the Armour-Eckrich location implemented the Employee Injury Prevention Management System with excellent results. With close to 600 employees and only 16 recordable injuries last year, Peru's injury and illness rates are among the lowest—not only within Smithfield, but within the entire industry. This year, the Peru facility reported a total OSHA Recordable Rate of 2.82, well below the industry average of 8.4.

Peru's safety professionals are working toward acceptance into the OSHA Voluntary Protection Program (VPP), which promotes effective worksite-based safety and health. In the VPP, company management, employees, and OSHA officials work cooperatively at facilities that have implemented comprehensive safety and health management systems. VPP recognizes the efforts of employers and employees who have achieved exemplary occupational safety and health. Sites accepted into the VPP typically have injury and illness rates that are nearly half the national average.

Budget constraints prevented us from holding our annual Smithfield Safety Conference last year. However, online training seminars, led by company personnel and outside experts, were conducted throughout 2008 on important safety subjects.

Auditing and Inspections

Our success in reducing injury rates can be attributed in part to our ongoing auditing. Each location has developed an internal audit program to assess whether the EIPMS is working effectively. The EIPMS audit focuses on hazard identification and injury prevention, supplemented with a high-level review of regulatory compliance. These efforts help us identify hazards and risks and employ solutions to fix them.

These site-specific audits are complemented by annual audits conducted by teams trained and led by Smithfield-certified lead auditors. Our auditors and our director of corporate safety continuously evaluate our domestic facilities for compliance with OSHA and company-specific safety policies. The findings of each audit are scored, documented, and shared with site operations and safety managers and senior management at the subsidiary and corporate level. We use the first year of audits as a baseline and expect annual improvement as audits continue.

Facilities that do well are encouraged to share their best practices with other Smithfield sites. Those that show poor results are expected to correct their practices and are subject to more frequent audits. Failure to improve audit scores results in increased involvement from the director of health and safety and higher-level corporate leaders, if necessary, to facilitate improvement.

Performance

In fiscal 2008, Smithfield's TIFR, DART, and DAW rates continued to compare favorably with industry rates, as detailed by the charts that follow.

OSHA Total Injury and Illness Frequency Rate (TIFR) [Reporting Facilities: 55]

The number of work-related injuries and illnesses per 100 employees.



2007 Industry Average: 8.4

All values reported by fiscal year

OSHA Days Away, Restricted, Transferred (DART) Rate [Reporting Facilities: 55]

The number of work-related injuries and illnesses per 100 employees that result in an employee missing work, having restricted duty, or being transferred from his or her regular duty work assignment.

2004	2005	2006	2007	2008	04-08 change
6.08	6.40	5.83	4.04	4.40	28%

2007 Industry Average: 5.5

All values reported by fiscal year

OSHA Days Away from Work (DAW) Rate [Reporting Facilities: 55]

The number of work-related injuries and illnesses that result in one or more days away from work per 100 employees. (NOTE: The DAW rate was labeled the Lost Workday Case Rate prior to 2006.)

2004	2005	2006	2007	2008	04-08 change
1.47	1.53	1.49	1.27	1.29	12%

2007 Industry Average: 1.2

All values reported by fiscal year

OSHA Violation Notices

Although substantial improvements were made in our industry's injury and illness rates over past years, the Occupational Safety and Health Administration (OSHA) stepped up its enforcement efforts in 2008. This year, Smithfield had 25 regulatory inspections conducted at locations across the country, up from 18 inspections in 2007. Overall, Smithfield's total number of OSHA violations decreased by 23 percent between 2005 and 2008—a trend we hope to continue.

OSHA NOVs and Penalties

	2005	2006	2007	2008	05-08 change
OSHA Inspections	19	26	18	25	32%
OSHA Notices of Violation	52	32	12	40	23%
OSHA Penalties	\$55,192	\$41,404	\$11,037	\$38,787	30%

All values reported by calendar year

Smithfield Introduced New Awards in 2008

Safety Professional of the Year Award— Maurice Lavoie

In 2008, we added a new award for safety professional of the year. Maurice Lavoie, safety manager at Farmland's Springfield, Massachusetts, facility, was chosen as the first winner of the award for his overall knowledge and expertise, for his ability to lead in health and safety culture, and for his contributions to the safety profession.

Organizational Excellence Award for Health & Safety—Farmland Foods, Inc.

Farmland Foods, which received our new organizational excellence award for overall health and safety, was recognized for its demonstration and understanding of the importance of worker health and safety. Farmland's commitment to the health and well-being of its work force begins within the highest ranks of Farmland's leadership team.

External Recognition

American Meat Institute Awards

The American Meat Institute (AMI) Foundation's Annual Safety Awards are based on safety performance as well as implementation of an effective health and safety program. The subsidiaries represented in the April 2009 awards program included Farmland Foods, Smithfield Packing Company, John Morrell & Company, Armour-Eckrich, and North Side Foods. The number of Smithfield Foods facilities recognized this year by the AMI Foundation's Annual Safety Awards rose by approximately 38 percent over the previous year to a total of 18 plants.

HREVOLUTION Awards

In October 2008, *The National Provisioner* magazine awarded Smithfield Foods its HREVOLUTION Award for the development and ongoing implementation of our Employee Injury Prevention Management System (EIPMS). The HREVOLUTION Awards recognize human resources departments at meat and poultry processors nationwide that employ best practices, effectively solve human capital issues, and improve the work environment for employees.

INTERNATIONAL OPERATIONS

Smithfield Foods' wholly owned international operations consist of four subsidiaries in Poland and Romania as well as a much smaller food distribution operation in the United Kingdom. AgriPlus is one of Poland's largest hog producers and provides a substantial portion of its hogs to our Polish meat-processing affiliate, Animex. Smithfield Ferme, which was recently recognized by a leading Romanian financial media group as the largest investor in Romanian agriculture, raises hogs principally for the pork processor Smithfield Prod. Together, our hog-raising operations in Poland and Romania own more than 110,000 sows that produced approximately 1.7 million market hogs in fiscal 2009. This year, we are pleased to report baseline data and other information about our international operations.*

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

The environmental goals of our international operations are similar to those of our domestic operations:

- Achieving 100 percent compliance with relevant environmental laws
- Implementation and certification of environmental management systems for all sites
- Improved communication with stakeholders (local communities, governments, etc.)
- Reduced environmental incidents through training, preventive actions, and response measures
- Reduction of fuel consumption and improvements in energy efficiency
- Compliance with European Union (EU) directives regarding asbestos, fuel storage, PCBs, and best available techniques

In 2005, AgriPlus was the first Polish hog-raising operation to obtain ISO 14001 certification for its 28 farms, which passed re-certification audits in January 2008. Animex's processing plant in Elk has also achieved full ISO 14001 certification, and Animex is exploring options for the certification of its other facilities. In Romania, Smithfield Prod is planning to achieve ISO 14001 certification in 2009, and Smithfield Ferme has started a process toward the certification of its environmental management system in late 2009 or 2010.

Our Polish and Romanian operations are regulated in accordance with European Union directives, which are administered by the national regulatory agencies. For instance, all of our processing facilities and our farms with more than 750 sows or more than 2,000 finishing hogs are required to obtain Integrated Pollution Prevention and Control permits issued by the Polish and Romanian governments. These permits require an integrated approach to preventing pollution and controlling the facilities' emissions to air, land, and water, including direct environmental releases. Our Polish and Romanian operations are also subject to national environmental requirements that complement EU directives.

*We have other business relations in Europe, but our "international operations" refer only to the wholly owned subsidiaries in Poland and Romania specified in this report.

Auditing and Monitoring

Smithfield's international operations diligently manage risks and the environmental performance of plants and farms through regular monitoring, internal audits, and, in some cases, third-party audits. These reviews verify that the facilities' environmental management is effective and assess compliance with all relevant environmental regulations. The results of all audits are reported to facility management for corrective actions, as needed.

- External audits are conducted regularly at both farms and processing plants by the regulatory agencies overseeing our operations to assess compliance with facility permits, EU directives, and national regulations.
- Internal auditors conduct periodic facility-wide inspections to ensure that the processes put in place to protect the environment are being implemented effectively. For example, Smithfield Ferme has created an internal audit department responsible for verifying compliance with Romanian regulations and internal company procedures at least twice annually. Three employees became qualified environmental auditors, following a 100-hour government-certified training program. At Smithfield Prod, internally certified auditors perform their own internal audits.
- We also cooperate with any customers seeking to conduct their own audits. For example, six AgriPlus farms undergo annual third-party audits that complement those conducted as part of their animal welfare efforts. (See more on these efforts in the Animal Welfare portion later in this section.)

No serious environmental irregularities have been found in the time Smithfield has operated in Poland and Romania, although there were some instances where facilities did not have all the required permits. Those issues were ultimately resolved.

In August 2007, following an outbreak of classical swine fever (CSF) at three of our locations in Romania, government officials began more regular inspections of our farms that resulted in an increase in fines and penalties in 2007 and 2008 for environmental permit violations. All the pigs on these three farms were euthanized to prevent further spread of the disease, which does not affect humans. For more on the outbreak, please see page 80.

Contract Growers

In Romania we currently have no contract farms. In Poland, AgriPlus supplies livestock, feed, and veterinary care to its roughly 630 contract farms. Animex does not use contract farms. Contract farmers provide the initial facility investment, labor, and front-line management. Our contract growers must comply with all relevant environmental laws and permit requirements. Violations may result in contract terminations or the removal of livestock from a grower's farm until the problem is resolved.

ENVIRONMENTAL PERFORMANCE

Data Collection and Management

For our U.S. operations, we present data separately for first and further processing facilities. Because the European facilities operate differently, we are reporting all data together. Since this is the first year of reporting, we present absolute data to set a performance baseline; normalized metrics have not been developed. We calculated GHG processing emissions using the WBCSD/WRI Global Greenhouse Gas Protocol, quantifying scope 1 and 2 emissions, which include indirect emissions associated with the use of purchased electricity and steam. In 2008, company plants in Poland and Romania emitted the equivalent of 197,859 metric tons of carbon dioxide. Coal, oil, and purchased steam were also used, but because we do not report oil consumption domestically, these values are not reported. However, these energy sources are reflected in the total GHG emissions.

Our facilities seek to reduce the environmental impacts identified by our environmental management systems. For example, some Animex facilities have taken a proactive approach to reducing their contribution to climate change. They developed a heat-reuse system in their boiler rooms that provides hot water for cleaning tanks and also reduces the amount of fossil fuels used. A similar approach is employed in processes that use ammonia, capturing otherwise wasted energy to heat water.

Performance Summary [Reporting Facilities: Processing/9, Farms/50]

Summary of International Processing Operations Key Performance Indicators 2008

	Animex Poland	Smithfield Prod Romania	Total
Facilities	8	1	9
Electricity (kWh in millions)	135	16	151
Natural gas (gigajoules)	475,011	56,657	531,668
Direct & indirect GHG emissions (metric tons CO ₂ e)	188,750	9,109	197,859
NO _x emissions (metric tons) ¹	173	N/A ²	N/A ²
SO _x emissions (metric tons) ¹	276	N/A ²	N/A ²
Water use (cubic meters)	3,670,455	365,360	4,035,815
Waste generation (metric tons)	84,193	5,040	89,233
Cardboard recycling (metric tons)	1,262	15	1,277
NOVs	0 ³	1	1
Fines (\$U.S.)	0	4,474	4,474

All values reported by calendar year

¹ NO_x and SO_x emissions were not recorded for Smithfield Prod facilities. ² Not Available. ³ Animex's Ekodrob-Itawa facility received legal notice that it needed additional permits to send wastewater into the municipal sewage system. The permits have since been obtained.

Summary of International Farms Key Performance Indicators 2008

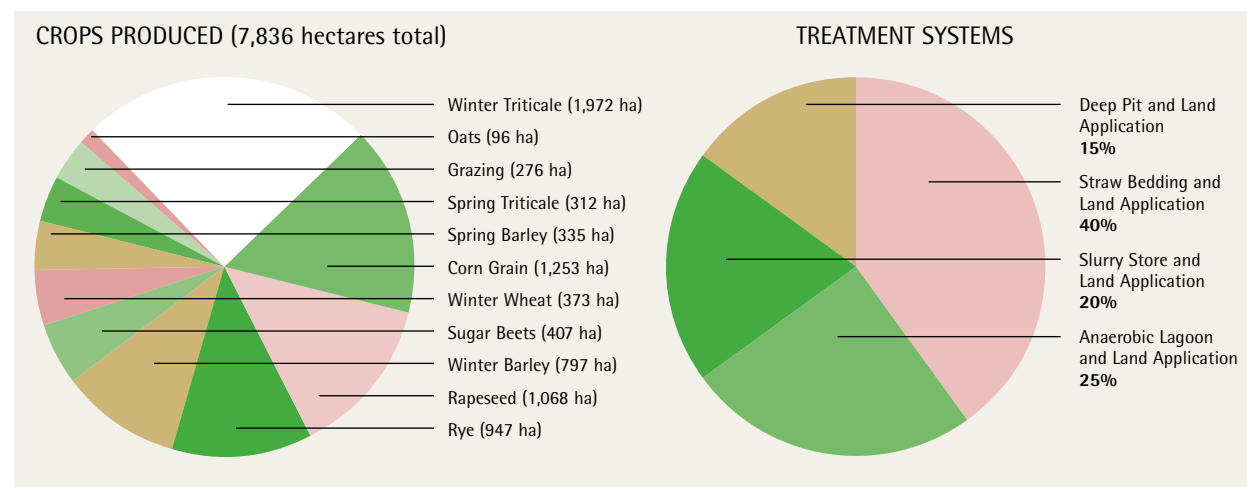
	AgriPlus Poland	Smithfield Ferme Romania	Total
Farms	15	35	50
Electricity (kWh in millions)	11	22	33
Natural gas (gigajoules)	39,270	5,841	45,111
Liquid propane gas (liters in millions)	0	5	5
Water use (cubic meters)	401,817	1,286,930	1,688,747
NOVs	9	5	14
Fines (\$U.S.)	229	17,766	17,995

All values reported by calendar year

Animal Manure Treatment Systems and Crops Produced

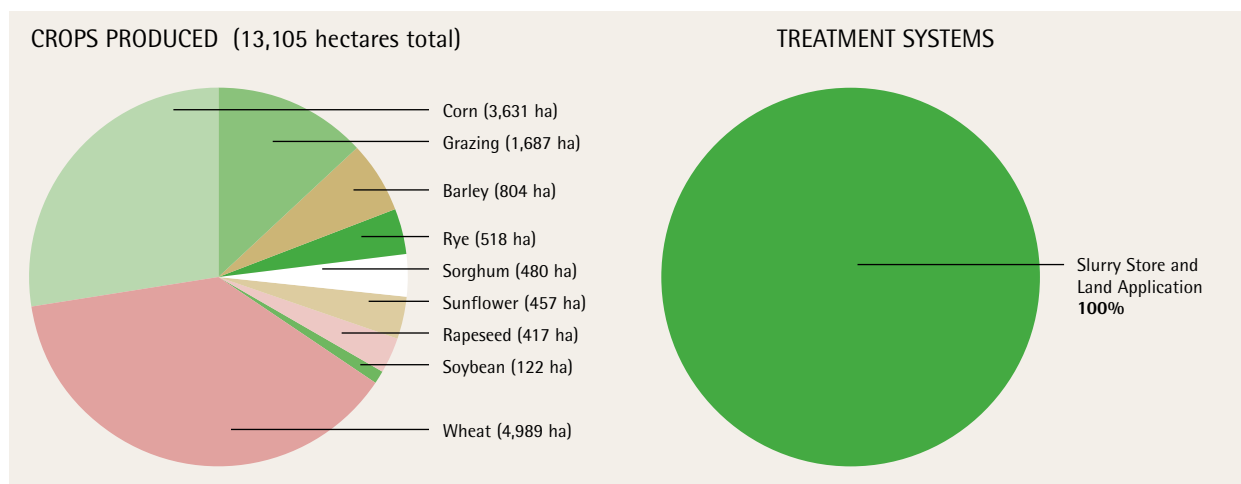
The following describes the type of treatment systems and approximate hectares of crops fertilized with hog manure from our farms in Europe. Hog manure was applied to 20,941 hectares (51,746 acres) of crops in 2008 between our Romanian and Polish operations.

Treatment Systems and Crops Produced by AgriPlus 2008 [Reporting Farms: 15]



All values reported by calendar year

Treatment Systems and Crops Produced by Smithfield Ferme 2008 [Reporting Farms: 35]



All values reported by calendar year

Smithfield Employees Test Waterways

Smithfield Foods has sponsored World Water Monitoring Day, an international outreach program organized by the Water Environment Federation, since 2003. Every year, on or around October 18, the Federation holds a series of events to build awareness and involvement in protecting global water resources.

In 2008, employees from 31 Smithfield Foods facilities in four countries led nearly 400 volunteers in the collecting and testing of water samples, from Tar Heel, North Carolina, to Timisoara, Romania.

ANIMAL WELFARE

MANAGING ANIMAL WELFARE

Our hog production operations in Poland and Romania employ an Animal Welfare Management System (AWMS) that follows the same strict guidelines as our hog production facilities in the United States. The health and well-being of our animals is a top priority. Neglect or abuse of animals is not tolerated and is grounds for termination. Offenders may also be subject to criminal prosecution under applicable local laws.

Our European AWMS, which was formally implemented in Romania in 2008 and in Poland in 2006, is based on five fundamental elements:

- Animals must have unlimited access to fresh water and adequate feed to maintain their health.
- Animals must have a safe environment, including barns and shelters, and a comfortable place to rest.
- Sick or injured animals must be promptly diagnosed and treated.
- Animals must be offered sufficient space and the company of animals of the same breed.
- Animals must be treated in a way that minimizes fear and stress.

The elements are presented to all employees, who undergo training sessions at least twice a year.

Under European Union laws, all EU pork producers must achieve common standards for animal welfare, agricultural, and other issues across all member states by 2013. To implement the EU Rural Development Policy 2007–2013, which aims to put member states on an equal footing, Smithfield Foods has been working with our international operations to ensure that all company-owned and contract farms meet the 2013 standard. AgriPlus has 630 contract growers. Smithfield Ferme and Animex currently have no contract growers.

In Poland and Romania, approximately 80 percent and 90 percent, respectively, of the raw meats used in our products come from farms that already meet the EU's 2013 standards; the remaining farms meet current EU welfare standards and are working toward 2013 compliance.

Audits

In Romania, each farm is inspected at least twice annually by the Local Veterinary Directorate, or DSV, under the supervision of the National Veterinary Authority. These external audits verify compliance with Romanian laws on animal welfare and biosecurity measures. In 2008, our Romanian farms were inspected 144 times, with only two findings of noncompliance. Both instances were minor infractions, for having too many pigs on a farm. We also conduct our own twice-yearly internal audits of our Smithfield Ferme operations to verify animal welfare compliance and appropriate employee training.

In Poland, animal welfare issues are regulated by Polish Veterinary Law. Internal farm audits are carried out at least once a year by trained auditors to evaluate animal welfare, training programs, and transportation systems. Violations are subject to immediate corrective action. As major suppliers to prominent supermarket chains, our Polish farms must be certified by Product Authentication International, which is accredited by the United Kingdom Accreditation Service for food and farm product certification. As part of this process, Genesis Quality Assurance, a third-party auditor, reviews our farms annually. In addition, these supermarket chains require a random sampling of our farms to undergo external audits twice per year by Integra, an industry-recognized third-party auditor in the United Kingdom.

Classical Swine Fever

In August 2007, our Romanian farms had an outbreak of classical swine fever (CSF) at three farms near the villages of Cenei and Igris. All the pigs on the farms—approximately 53,000—were euthanized to prevent further spread of the disease, which is fatal to pigs but does not affect humans. We incinerated the pigs in accordance with EU regulations.

CSF, commonly known as "hog cholera," does not affect humans. CSF was eradicated from the swine population in the United States in the 1970s but remains endemic in many parts of the world, including Romania. CSF is not related to the influenza A(H1N1) virus that drew worldwide attention in the spring of 2009.

We believe CSF was introduced to our animals in Romania from outside our system—most likely from pigs raised on non-Smithfield properties in nearby villages. Only Romanian authorities are allowed to distribute the CSF vaccine in that country, and they had been experiencing interruptions in their supply during the weeks before the CSF outbreak. To prevent the recurrence of the disease, Smithfield Ferme enhanced our biosecurity procedures, training, and practices, implementing a new Biosecurity Management System at all company farms in the first quarter of 2008. For example, new facilities were put in place to allow employees to change their shoes and clothing upon entering the fence line of sow farms. The employees then walk to the farm buildings, shower, and dress in yet another set of boots and clothing that are worn only on farm property.

All Smithfield Ferme farms are now equipped with their own incinerators to avoid the need to transport dead animals and to prevent the spread of any future infections. We also developed a new contingency plan for CSF outbreaks.

Housing of Pregnant Sows

Beginning in 2013 in the European Union, individual sow gestation stalls will be prohibited after the first four weeks of pregnancy. Gestation stalls are already banned in Sweden and in the United Kingdom. Our Romanian farms already comply with the 2013 EU requirements. Sows are housed in individual crates for a maximum of 28 days following insemination; after that, the sows are housed in common pens.

In Poland, 100 percent of our farms comply with the EU 2013 standard; approximately 40 percent of our Polish farms have open stall gestation during a sow's entire pregnancy.

Antibiotics Use

Our European companies and contract farms do not use antibiotics to promote animal growth. We use only limited antibiotics to treat sick or injured animals and to prevent disease. In Romania, the antibiotics are delivered through feed, while our Polish operations use water-soluble antibiotics. Our European farms comply with all antibiotic withdrawal timelines and follow guidelines issued by the EU, which in 2006 banned the use of antibiotics for growth promotion. Authorized veterinarians oversee the usage of antibiotics on company-owned and contract farms, monitoring them on a weekly basis.

Farm Operations Feed-Grade Antibiotics Purchased

	April '08–Dec '08
AgriPlus (kg per kg hog sold)	0*
Smithfield Ferme (kg per kg hog sold)	0.00162

* AgriPlus does not use feed-grade antibiotics. It does use some medication in the water system to treat sick pigs.

Safe Transportation

Smithfield Ferme reported no transportation accidents in fiscal 2009. AgriPlus had one accident in fiscal 2009 involving pigs hauled by an external transportation company. Our European companies are in the process of developing accident-response procedures modeled after those used by our U.S. operations.

TRANSPORTATION ACCIDENTS INVOLVING MARKET HOGS

	Number of Accidents		Number of Hogs Involved		Hog Fatalities	
	AgriPlus	Smithfield Ferme	AgriPlus	Smithfield Ferme	AgriPlus	Smithfield Ferme
2007	0	0	0	0	0	0
2008	1	0	500	0	57	0
2009	1	0	500	0	100	0

All values reported by fiscal year

Enhanced Slaughter Methods

In accordance with European Commission regulations, all employees who work with live animals in our European processing plants must undergo regular training to ensure the protection and welfare of the hogs that arrive at our facilities. Veterinary authorities provide ongoing supervision and support.

Our European pork operations use a slaughter procedure known as CO₂ anesthetizing, which causes animals to quickly lose consciousness in a process believed to be less stressful for hogs than more common forms of electrical stunning. All four of our pork processing operations in Europe use CO₂ anesthetizing.

FOOD SAFETY

MANAGING FOOD SAFETY

Smithfield Foods' international food processing operations collaborate with industry, government, and independent experts to supply safe, high-quality foods that meet regulatory requirements and customer expectations. We apply necessary resources

to develop and implement our rigorous food safety practices in all our facilities and manufacturing processes. We also provide information on nutrition and safe food handling to consumers through our product labels and other outreach efforts.

At Smithfield Prod and Animex, food safety is a top priority. We use a number of food safety processes and programs throughout our plants.

Our hog production and food processing facilities in Poland and Romania have implemented a Hazard Analysis and Critical Control Point (HACCP)-based Food Safety Policy that addresses all reasonably occurring physical, chemical, and biological hazards. HACCP, which is mandatory in all EU countries, is a comprehensive food safety control system focused on preventing the risk of sending products to market that may jeopardize the consumer's health. Smithfield's international HACCP systems are reviewed and validated annually by qualified third parties.

To develop and implement the company's food safety goals, our Polish and Romanian operations have cross-functional HACCP teams representing the quality managers from each of our major divisions. Team members consult with each other on an ongoing basis to discuss current scientific and technical food safety information and evaluate the soundness of our food safety practices.

In addition to HACCP, all Smithfield Prod slaughter operations have achieved ISO 22000/2005 certification for their Food Safety Management System, as of February 2009. Smithfield Prod's rendering operations were expected to be certified by the end of 2009.

Training

Our employees are the most important part of our food safety programs. All employees at Smithfield's operations in Poland and Romania receive introductory training in our policies and procedures related to food safety and legal compliance, as well as product quality, including HACCP, Good Hygiene Practice, and Good Management Practice principles. Each worker is trained upon hiring, and retrained annually, depending on his or her job description.

In order to foster continuous improvement in food safety, the Food Safety Team constantly looks for new ways to incorporate emerging food safety innovations into our products and processes. The team also regularly presents scientific papers at national conferences and attends educational seminars, professional meetings, and regulatory meetings, using the latest techniques they've learned to train other employees. Animex is developing a multimedia guide for best manufacturing hygiene practices.

Auditing and Inspections

All Romanian and Polish processing facilities conduct a variety of tests as part of their food safety programs. The following are regularly tested and reported:

"The Timisoara Regional Environmental Protection Agency would like to congratulate Smithfield for its involvement in civic and environmental education campaigns in cooperation with a number of organizations here in Romania. In particular, we acknowledge your participation with the students of William Shakespeare High School in World Water Monitoring Day, an international clean-water initiative that took place in 70 countries during the past year."

Gabriela Lambrino

Executive Director

Timisoara Regional Environmental
Protection Agency

- Microbiological counts
- Equipment cleanliness (with microbiological hygiene tests)
- Personal protection equipment
- Raw materials
- Finished products

Our HACCP system is also reviewed and validated annually by qualified third parties. Our goal is to score above 90 percent on these audits.

Any nonconformance identified by an audit is addressed promptly at each facility. Three to four months after the initial audit, a follow-up audit is conducted to ensure that all issues have been resolved.

Nutrition

Our European operations offer fresh meats and packaged foods that satisfy a wide variety of consumer needs and tastes. Our fresh and packaged meat products from Romania and Poland meet all EU nutrition and labeling standards. Our Polish plants also provide testing of nutrition values for our meat products to meet additional customer requirements from grocery store chains operating in the United Kingdom.

Antibiotics and Consumer Safety

None of our European operations or contract farmers use antibiotics to promote animal growth. Antibiotics are used only to treat sick or injured animals and to prevent disease, and are always administered under veterinary supervision, as discussed in the Animal Welfare section of this report. In addition, we comply with all antibiotic withdrawal timelines, giving any antibiotics enough time to clear the animal's system before slaughter. AgriPlus' antibiotic administration process is overseen and controlled by the Polish Veterinary Inspection.

Product and Service Labeling

Smithfield's operations in Poland and Romania strive to ensure that our consumers receive the most current information about the ingredients and nutritional value of our products. Our product labeling is clear and accurate, conforming to the unique labeling requirements of each country in which we sell our foods. Smithfield's European operations are fully compliant with all EU labeling requirements, and did not have any significant penalties or fines related to labeling since our last report.

Compliance

There were no recalls of any of our products in Europe during the current reporting period, nor any penalties or fines associated with food safety.

HELPING COMMUNITIES

Our international operations support a wide range of programs that help people who live in and around our communities. Like Smithfield's U.S. operations, much of the international effort focuses on education, hunger relief, and environmental protection. Some of the highlights from the 2008/09 reporting period include the following:

SMITHFIELD PROD

Food for Souls

Inspired by Smithfield Foods' Helping Hungry Homes program in the United States, Smithfield Prod, the Romanian processing company, launched Food for Souls in February 2009 to give fresh meats to disadvantaged families and individuals in the city of Timisoara and the surrounding area. More than a dozen local charities have partnered with Smithfield Prod to distribute pork products to more than 2,000 people in need.

Habitat for Humanity

Smithfield Prod recently partnered with Habitat for Humanity to construct a house, adapted for the needs of five people with severe mental disabilities, not far from the Smithfield Prod plant. On March 19, 2009, 38 Smithfield Prod employees, including Smithfield Prod's chief executive officer and top managers, spent a day on the construction site, working on what is the first Habitat for Humanity project in Timisoara. Employees volunteered to take part and received paid time off to participate.

Local Festivals

Smithfield Prod is proud to support cultural activities in the local community where we operate. In November 2008, 200 folk music singers and dancers attended Festivalul Sorocarilor, a local festival sponsored by Smithfield Prod and aimed at promoting the region's cultural heritage through traditional folk music and dances.

SMITHFIELD FERME

Back to School

Over the past two years, Smithfield Ferme has supported more than 2,700 local students in 15 villages through its Back to School educational program, which supplies backpacks, pencil cases, and other school essentials to preschool and primary school children. Smithfield Ferme also provides the students and their families with educational materials that promote a healthy lifestyle and a balanced diet.

Millions of People, Millions of Trees

Our operations in Romania participated in Millions of People, Millions of Trees, an initiative in partnership with the Romanian Ministry for Environment and the Romanian National Environmental Guard to encourage the planting of trees around the country. Smithfield is a primary sponsor of the program, which plants trees for three months each fall and spring. Fall 2008 marked the third year of Smithfield's efforts to bring forest cover in line with European Union requirements.

Currently, forests cover approximately 26 percent to 27 percent of Romania's land. To achieve EU levels, Romania needs to plant trees on a surface of 2 million hectares over the next 25 years to cover 33 percent to 35 percent of the country.

In 2008, Smithfield Ferme employees planted more than 3,900 trees around 11 farms in Timis County. Meanwhile, Smithfield Prod employees and a team of local kindergarten students spent one day planting 456 trees in the village near the company's production facility. Smithfield Prod employees showed the youngsters how to plant trees and take care of them. Each child who participated received one fruit-bearing tree from Smithfield Prod to plant at home.

Village Festivals

The western part of Romania is a culturally diverse region with ancient community traditions that are still observed by communities originating from Romania, Hungary, Serbia, Germany, and Bulgaria. Smithfield Ferme is proud to support a variety of village and folk festivals, including concerts, dance contests, traditional craftsmanship fairs, and sporting events, such as horse cart racing. In 2008, Smithfield gave funds to more than 15 villages to help preserve this unique heritage of European country life traditions. For photographs of the festivals, please visit www.smithfieldferme.ro/index.php/responsibility/84/84.html.

Community Investment

Smithfield Ferme is the largest investor in agriculture in Romania. With the opening of a new pig farm this year, we will create an additional 100 jobs, bringing our total employment to more than 850 people. We believe we serve a need by providing employment within our communities, particularly in rural areas. We are also meeting with local farmers who could serve as contract growers for our operations. Farmers receive practical training and are advised on how to best develop their farms. The goal is to contribute to the development of a reliable network of modern farms in Romania that comply with EU regulations. We hope this leads to the development of prosperous rural communities.

ANIMEX

Animex Foundation

In 2007, our Polish processing facility launched the Animex Foundation to fund scholarships for children of farmers from rural areas. The program, which began with 12 scholarships in 2007, grew to 36 scholarships in 2008, with plans to expand the program to 100 scholarships for the 2009/10 school year. Last year's scholarships totaled about \$18,000 (62,000 Polish zloty).

AGRIPLUS

AgriPlus aims to support the economy of local communities by decreasing the rate of unemployment through job creation. In particular, AgriPlus actively seeks to employ local people who had once worked for state-owned farms and are now unemployed. We prioritize our work with local suppliers and service providers to stimulate local markets. The company also runs charity and sponsorship programs focused on education and sports for children and teenagers who live in the poorest rural areas where we operate. For example, we support school lunch campaigns in a number of districts and help schools purchase much-needed equipment. We also give significant assistance to local sports clubs and sporting events. One good example is the volleyball team from Czaplínek, organized and supported by AgriPlus, which has won several competitions. We always try to support our local communities, contributing to projects that are important to area residents. Recently, we gave our assistance to help rebuild two churches in the communities of Osiek and Nielep.

EMPLOYEES

Smithfield has approximately 9,500 employees working at our subsidiaries in Poland and Romania. Human resources issues are handled within each independent company, just as they are in our U.S. operations. AgriPlus in Poland, for example, has one central human resources department responsible for personnel issues, payroll, and health and safety.

At Animex, approximately 3,600 workers out of 7,650 are covered by collective bargaining agreements. All of Smithfield Prod's 471 employees are covered by collective bargaining agreements. AgriPlus and Smithfield Ferme do not have any labor unions or work councils at any facilities.

WORK FORCE COMPOSITION

In 2008, AgriPlus' work force included almost uniformly Polish nationals. Of 550 employees, approximately 21 percent were women. Women made up 12 percent of senior management. Animex employed 99 percent Polish nationals and 1 percent Moldovans. Of 7,650 workers, 58 percent were women. Women made up nearly 20 percent of senior management.

At Smithfield Prod, of the 471 employees, 87 percent were Romanian nationals and 30 percent were women. Women made up 36 percent of senior management. Smithfield Ferme's work force of about 850 people, which was almost exclusively Romanian nationals, included 32 percent women. About 22 percent of managers were women.

EMPLOYEE HEALTH AND SAFETY

Worker health and safety is one of the most important and highly developed aspects of European Union policy on employment and social affairs. Working conditions have improved for meat-processing facilities over the past decade, significantly reducing the rate of injury. Over the period of 2000 to 2004 (the latest data available), the rate of fatal accidents in the EU fell 17 percent while the rate of accidents leading to more than three days of missed work fell 20 percent. Despite these improvements, pork processors still have higher injury rates than many other private industry occupations.

Animex Helps Keep Teen's Dream Alive

Each day, a gifted Polish teenager is getting closer to achieving her dreams, with the help of Smithfield.

Katarzyna Brzozowska, nicknamed Kasia, began taking piano lessons when she was eight years old. Her musical prowess was evident right from the start, and she began taking home top prizes in music competitions.

At 17, Kasia longs to attend the prestigious Fryderyk Chopin Academy of Music in Warsaw, one of the oldest and largest schools of music in Poland and Europe. Yet with three other siblings to educate, her parents couldn't afford the cost of the additional lessons and tutoring that Kasia would need to reach her goal.

Animex, which employs Kasia's mother on a processing line, recently awarded the teenager a scholarship to pay for the bus tickets, food, books, and private piano lessons that will allow Kasia to continue her studies and, she hopes, help earn her a coveted spot one day at the Academy.

MANAGING INTERNATIONAL EMPLOYEE HEALTH AND SAFETY

Smithfield's wholly owned international operations have developed employee health and safety policies designed to prevent injury, illness, and fatalities, while promoting health and safety in the workplace. These policies are expected to align with emerging EU directives and national regulations.

Management System

In Romania, health and safety management is based on European Council directives that encourage improvements in the safety and health of workers at work. Smithfield Ferme is in the process of implementing an integrated management system in accordance with ISO requirements and OHSAS:18001. In Poland, Animex, which has a health and safety inspector on duty at each plant, sets safety targets to lower the accident rate.

Training

At all our Polish and Romanian operations, each new employee completes a new-hire safety training program, focused on basic preventive measures, machine and tool safety, and the correct use of personal protective equipment.

Periodic follow-up classes continue throughout an employee's career and include training in topics such as emergency plans, ergonomics, chemical safety, personal protective equipment, and hearing conservation. Training materials are made available at all locations. As employees move into more specialized occupations, additional training is conducted to meet safety needs, such as process safety management, hot work procedures for cutting, welding, and grinding, electrical safety, and confined space entry.

Auditing and Inspections

Smithfield's international operations conduct regular internal audits and work with all third-party inspections, including regular audits by relevant regulating bodies. Each location keeps health and safety records. All violations identified by external audits are reported to site managers for immediate correction. After two to three months, a re-inspection verifies that the issues were addressed. Internal auditors conduct facility-wide inspections biannually to ensure adherence to the processes put in place to protect our employees.

Performance

Smithfield is working on developing international safety metrics that are consistent with the way they are reported in the United States. We hope to present the information in future CSR reports.

THE CSR ACTIVITIES OF A SMITHFIELD JOINT VENTURE

This CSR report focuses on the operations of companies in which Smithfield has a controlling interest of at least 51 percent. However, our joint ventures have also made corporate social responsibility a priority. This year, we take a closer look at one of them: Granjas Carroll de México, or GCM, headquartered in Perote, Mexico, in the State of Veracruz.

GCM has a strong history of corporate social responsibility, earning the Mexican Center for Philanthropy's prestigious social responsibility award, or Empresa Socialmente Responsable (ESR), for three consecutive years. In fact, GCM was the first animal production company in Mexico to receive the ESR certificate. GCM's CSR initiatives cover a variety of areas, some highlights of which follow below:

ENVIRONMENT

GCM is on track in 2009 to earn a Clean Industry certificate, the Mexican equivalent of ISO 14001, through the Mexican environmental authority PROFEPA (Procuraduría Federal Protección al Ambiente). GCM facilities underwent rigorous PROFEPA audits to confirm their leading environmental management systems and performance.

WIND ENERGY

Three years ago, GCM began constructing two windmill generators to produce electricity. This year, GCM is applying for government grant money to improve the windmill technology and eventually generate enough electricity to power one of its pig nurseries.

BIOGAS

GCM has built 11 biogas digesters to capture methane gas from lagoons. One of the digesters is connected to a generator with a capacity of 60 kilowatts—enough to power a wean-to-finishing unit of 7,500 pigs. GCM currently spends about \$3.2 million annually on energy costs, which it hopes to reduce by 60 percent with the energy captured through these digesters and others planned for future installation. Because the digesters reduce emissions of methane, a powerful greenhouse gas, the 11 existing and 17 planned projects have been registered for Clean Development Mechanism credits under the Kyoto Protocol.

ANIMAL WELFARE

GCM, which follows the same animal welfare policies developed by Murphy-Brown operations in the United States, is moving toward open pen gestation for pregnant sows. As of spring 2009, approximately 17 percent of GCM's farms used open pens rather than individual stalls. GCM plans to convert its other facilities to open stalls. GCM is also developing an accident response program.

COMMUNITY

GCM's operations are located in impoverished areas of Mexico, where many local residents battle a host of problems including anemia and malnutrition. GCM has focused its community outreach in three key areas: human health, community health, and the environment.

HUMAN HEALTH

The company has two full-time staff physicians who work within the communities and dispense medicines supplied by the Veracruz government. When the physicians detect a serious problem, GCM pays for taxis to transport the patients to a hospital about 45 miles from our facilities. GCM is also working with two leading pharmaceutical firms, Pfizer and Boehringer Ingelheim, on early cancer detection programs for community residents.

COMMUNITY HEALTH

GCM provides piglets, as well as corn for feed, for a government program that gives animals to poor families. For reasons of biosecurity, the piglets are donated only to families who live at least 40 miles away from company facilities. Last year, GCM donated 500 piglets for this program.

ENVIRONMENT AND BIODIVERSITY

GCM has been working with biologists from the University of Veracruz to provide nesting areas for migratory birds in and around company lagoons. The company has been involved in environmental management programs that support two endangered species—a small squirrel and an owl. GCM also participates in reforestation programs and plans to plant 200 hectares of trees this year on nearby mountains.

CONSOLIDATED STATEMENTS OF INCOME

Fiscal Years (in millions, except per share data)	2009	2008	2007
Sales	\$ 12,487.7	\$ 11,351.2	\$ 9,359.3
Cost of sales	11,855.3	10,196.6	8,292.8
Gross profit	632.4	1,154.6	1,066.5
Selling, general and administrative expenses	798.4	813.6	686.0
Equity in (income) loss of affiliates	50.1	(62.0)	(48.2)
Minority interests	7.8	6.2	6.0
Operating profit (loss)	(223.9)	396.8	422.7
Interest expense	209.1	184.8	133.6
Other income	(63.5)	—	—
Income (loss) from continuing operations before income taxes	(369.5)	212.0	289.1
Income tax expense (benefit)	(126.7)	72.8	77.2
Income (loss) from continuing operations	(242.8)	139.2	211.9
Income (loss) from discontinued operations	52.5	(10.3)	(45.1)
Net income (loss)	\$ (190.3)	\$ 128.9	\$ 166.8
<i>Income (loss) per common share:</i>			
Basic:			
Continuing operations	\$ (1.72)	\$ 1.04	\$ 1.90
Discontinued operations	.37	(.08)	(.41)
Net income (loss) per basic common share	\$ (1.35)	\$.96	\$ 1.49
Diluted:			
Continuing operations	\$ (1.72)	\$ 1.04	\$ 1.89
Discontinued operations	.37	(.08)	(.40)
Net income (loss) per diluted common share	\$ (1.35)	\$.96	\$ 1.49
Weighted average shares:			
Weighted average basic shares	141.1	133.9	111.7
Effect of dilutive stock options	—	0.3	0.2
Weighted average diluted shares	141.1	134.2	111.9

CONSOLIDATED CONDENSED BALANCE SHEETS

(in millions)	May 3, 2009	April 27, 2008
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 119.0	\$ 57.3
Accounts receivable	595.2	738.1
Inventories	1,896.1	2,278.4
Prepaid expenses and other current assets	174.2	119.7
Assets of discontinued operations held for sale	—	656.5
Total current assets	2,784.5	3,850.0
Property, plant and equipment, net	2,443.0	2,850.0
Goodwill and other intangible assets, net	1,212.2	1,261.1
Investments	601.6	694.6
Other assets	161.2	212.2
Total assets	\$ 7,202.5	\$ 8,867.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current liabilities:</i>		
Notes payable	\$ 17.5	\$ 169.3
Current portion of long-term debt and capital lease obligations	320.8	239.7
Accounts payable	390.2	523.4
Accrued expenses and other current liabilities	558.3	563.9
Liabilities of discontinued operations held for sale	—	138.4
Total current liabilities	1,286.8	1,634.7
Long-term debt and capital lease obligations	2,649.9	3,474.4
Other liabilities	686.2	693.7
Minority interests	18.2	16.9
Shareholders' equity	2,561.4	3,048.2
Total liabilities and shareholders' equity	\$ 7,202.5	\$ 8,867.9

MANAGEMENT

CORPORATE OFFICERS

C. LARRY POPE

President and
Chief Executive Officer

GEORGE H. RICHTER

President and Chief Operating
Officer, Pork Group

JOSEPH W. LUTER, IV

Executive Vice President

ROBERT W. MANLY, IV

Executive Vice President
and Chief Financial Officer

RICHARD J.M. POULSON

Executive Vice President

MICHAEL H. COLE

Vice President, Chief Legal
Officer, and Secretary

JEFFREY A. DEEL

Vice President and
Corporate Controller

CAREY J. DUBOIS

Vice President, Finance

BART ELLIS

Vice President,
Operations Analysis

MICHAEL D. FLEMMING

Vice President and
Senior Counsel

CRAIG R. HARLOW

Vice President and
Chief Internal Auditor

BRIAN J. HENNESSY

Chief Financial Officer,
Pork Group

JEFFREY M. LUCKMAN

Vice President,
Livestock Procurement

HENRY L. MORRIS

Senior Vice President,
Operations

KENNETH M. SULLIVAN

Vice President and
Chief Accounting Officer

DHAMU THAMODARAN

Senior Vice President
and Chief Commodity Hedging
Officer

DENNIS H. TREACY

Vice President, Environmental
and Corporate Affairs

VERNON T. TURNER

Vice President, Corporate Tax

MANSOUR ZADEH

Chief Information Officer

DIRECTORS

JOSEPH W. LUTER, III

Chairman of the Board

C. LARRY POPE

President and
Chief Executive Officer,
Smithfield Foods, Inc.

ROBERT L. BURRUS, JR.

Chairman Emeritus of
the law firm of
McGuireWoods LLP

HON. CAROL T. CRAWFORD

Former Commissioner,
U.S. International Trade
Commission

PAUL J. FRIBOURG

Chairman, President, and
Chief Executive Officer,
Continental Grain Company

RAY A. GOLDBERG

Moffett Professor of
Agriculture and
Business, Emeritus,
Harvard Business School

WENDELL H. MURPHY

Private Investor,
former Chairman of the Board
and Chief Executive Officer
of Murphy Farms, Inc.

DAVID C. NELSON

Portfolio Manager,
Altima OneWorld
Agriculture Fund

GAONING NING

Chairman, COFCO Limited

FRANK S. ROYAL, M.D.

Physician

JOHN T. SCHWIETERS

Vice Chairman, Perseus LLC,
a merchant bank and private
equity fund management
company

HON. PAUL S. TRIBLE, JR.

President,
Christopher Newport University

MELVIN O. WRIGHT

Formerly a senior executive
of Dean Witter Reynolds,
now Morgan Stanley

MICHAEL J. ZIMMERMAN*

Executive Vice President and
Chief Financial Officer,
Continental Grain Company

*Advisory Director (non-voting)

CORPORATE INFORMATION

COMMON STOCK DATA The common stock of the company has traded on the New York Stock Exchange under the symbol "SFD" since September 28, 1999. Prior to that, the common stock traded on the Nasdaq National Market under the symbol "SFDS." The following table shows the high and low sales prices of the common stock of the company for each quarter of fiscal 2009 and 2008.

	2009	HIGH	LOW	2008	HIGH	LOW
First		\$ 32.18	\$ 16.61		\$ 35.79	\$ 29.87
Second		26.75	11.82		35.13	27.85
Third		15.15	5.40		30.75	23.75
Fourth		11.95	5.55		29.56	24.34

HOLDERS

As of May 29, 2009, there were 1,074 record holders of the common stock.

DIVIDENDS

The company has never paid a cash dividend on its common stock and has no current plan to pay cash dividends. In addition, the terms of certain of the company's debt agreements prohibit the payment of any cash dividends on the common stock. The payment of cash dividends, if any, would be made only from assets legally available for that purpose and would depend on the company's financial condition, results of operations, current and anticipated capital requirements, restrictions under then-existing debt instruments, and other factors then deemed relevant by the board of directors.

CORPORATE HEADQUARTERS

Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
757-365-3000
www.smithfieldfoods.com

TRANSFER AGENT AND REGISTER

Computershare Investor Services LLC
2 North LaSalle Street
Chicago, IL 60602
312-360-5302

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
One James Center, Suite 1000
901 East Cary Street
Richmond, VA 23219

FORM 10-K REPORT

Copies of the company's 10-K Annual Report are available without charge upon written request to:
Corporate Secretary
Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
757-365-3000
ir@smithfieldfoods.com

ANNUAL MEETING

The annual meeting of shareholders will be held on August 26, 2009, at 2 p.m., at Williamsburg Lodge, 310 South England Street, Williamsburg, VA 23185.

INVESTOR RELATIONS

Smithfield Foods, Inc.
499 Park Avenue, Suite 600
New York, NY 10022
212-758-2100
ir@smithfieldfoods.com

CEO AND CFO CERTIFICATIONS

The company's chief executive officer and chief financial officer have filed with the SEC the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of the company's public disclosure. These certifications are included as exhibits to the company's Form 10-K Annual Report for fiscal 2009. In addition, the company's chief executive officer annually certifies to the NYSE that he is not aware of any violation by the company of the NYSE's corporate governance listing standards. This certification was submitted, without qualification, as required after the 2008 annual meeting of shareholders.

The company makes available, free of charge through its Web site (www.smithfieldfoods.com), its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on form 8-K, and any amendments to those reports as soon as reasonably practicable after filing or furnishing the material to the SEC.

GRI INDEX

Smithfield used the 2006 G3 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) at a GRI-checked B level. This index covers all core indicators and those additional GRI indicators (shown in *italics*) on which we have fully or partially reported. Please visit www.globalreporting.org for the full text of the indicators and other information on the Guidelines.

Key to Indicators: **Reported** *Partially Reported* Not Covered

INDICATORS	DESCRIPTION	PAGES
Corporate Profile Indicators		
Strategy and Analysis		
1.1	Executive statement	4-7
1.2	Key impacts, risks, and opportunities	3-9, 16-17
Organizational profile		
2.1	Name of organization	3, 11
2.2	Primary brands, products, and/or services	11-13, 29, 76
2.3	Operational structure	11-16
2.4	Headquarters	11
2.5	Countries with major operations	Lead-in map, 11-13
2.6	Nature of ownership and legal form	3
2.7	Markets served	11-13
2.8	Scale of reporting organization	2, 11-17
2.9	Significant changes during reporting period	4-5, 11, 15, 64
2.10	Awards received in reporting period	5, 44-45, 74, inside back cover
Report Parameters		
3.1	Reporting period	3
3.2	Date of most recent previous report	3
3.3	Reporting cycle	3
3.4	Contact point	96
Report Scope and Boundary		
3.5	Process for defining report content	3, 20-21
3.6	Report boundary	Inside cover map, 3, 11-14, 29-30
3.7	Limitations on scope/boundary	3, 29-30
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	29, 75-77
3.9	Data measurement techniques	3, 29-31
3.10	Restatements	67
3.11	Significant changes from previous reporting periods	3, 29-31, 75
GRI Content Index		
3.12	GRI Index	94-95

INDICATORS	DESCRIPTION	PAGES
Assurance		
3.13	External assurance	3
Governance		
4.1	Governance structure	18-20
4.2	Board chairperson/executive officer	18
4.3	Independent and/or non-executive members	18-20
4.4	Shareholder recommendations	96, Appendices*
4.5	Compensation and performance	Appendices*
4.6	Avoiding conflicts of interest	Appendices*
4.7	Board of Directors qualifications	Appendices*
4.8	Mission statement/code of conduct	18-20, 66-67
4.9	Board of Directors performance oversight	18-20
4.10	Board of Directors performance evaluation	20, Appendices*
Commitments to External Initiatives		
4.11	Precautionary approach	Appendices*
4.12	External principles/initiatives	23, 48, 56, 64, 83
4.13	Industry memberships	22
Stakeholder Engagement		
4.14	List of stakeholders	20
4.15	Stakeholder identification	20-22
4.16	Stakeholder engagement	6-7, 20-22, 24, 67-68
4.17	Stakeholder concerns	6-7, 22, 24, 67-68
Economic Indicators		
Management Disclosures		
		4-7, 18-20, 59, 64
Economic Performance		
EC1		2, 11, 59-63, 68, 88
EC2		24, 29-30, 77
EC3		65
EC4		16
EC5		68

* Appendices are available online at www.smithfieldfoods.com/PDF/Governance-Appendix2009.pdf and www.smithfieldfoods.com/PDF/SFD-org-Member-Partner2009.pdf

INDICATORS	PAGES
Market Presence	
EC6	–
EC7	–
Indirect Economic Impacts	
EC8	59, 85–86
EC9	59–63, 85–86
Environmental Indicators	
Management Disclosures	8–9, 26–45, 75, 77–79
Materials	
EN1	8–9, 39–40, 77–79
EN2	–
Energy	
EN3	31–32, 77–78
EN4	31–32, 77–78
EN5	31–33
EN6	34, 89
EN7	29–31, 38
Water	
EN8	37, 77–78
Biodiversity	
EN11	46
EN12	46, 89
EN13	28, 89
EN14	56
Emissions, Effluents and Waste	
EN16	34, 35, 77
EN17	34, 35, 77
EN18	34, 89
EN19	10, 34–35, 77
EN20	35–36, 77
EN21	31
EN22	39–41
EN23	41
Products and Services	
EN26	26–30, 75–77
EN27	–
Compliance	
EN28	10, 42, 77

INDICATORS	PAGES
Transportation	
EN29	17, 34
Expenditures/Investments	
EN30	10, 38
Labor Indicators	
Management Disclosures	8–9, 64–67, 72
Employment	
LA1	11, 43, 67, 87
LA2	8–9, 64–66, 87
LA3	68–69
Labor/Management Relations	
LA4	65, 87
LA5	15
LA6	70–71
Occupational Health and Safety	
LA7	72–73, 87
LA8	69–70, 89
Training and Education	
LA10	–
LA11	8–9, 68–69
Diversity and Equal Opportunity	
LA13	66–67, 87
LA14	–
Human Rights Indicators	
Management Disclosures	67
Investment and Procurement Practices	
HR1	–
HR2	–
HR3	8–9, 67
Nondiscrimination	
HR4	–
Freedom of Association/Collective Bargaining	
HR5	65, 87

INDICATORS	PAGES
Child Labor	
HR6	–
Forced and Compulsory Labor	
HR7	–
Society Indicators	
Management Disclosures	8–10, 20, 24–25, 59–63, 67
Community Impacts	
S01	59–63
Corruption	
S02	–
S03	20
S04	–
Public Policy	
S05	24–25
S06	25
Compliance	
S08	42, 73, 77
Product Indicators	
Management Disclosures	4–9, 55–58, 82–84
Customer Health and Safety	
PR1	55–58, 82–84
PR2	58, 84
Product and Service Labeling	
PR3	58, 84
PR4	58, 84
Marketing Communications	
PR5	4, 6–7, 49
PR6	19–22, 49, 57–58, 84
PR7	83, 56–57
Compliance	
PR9	57–58, 84

CONTACT US

The feedback we have received on our performance and communications efforts has proven very valuable to our company. We hope that you will continue to communicate with us as we proceed along our performance-improvement journey.

For investor and media inquiries:

DENNIS H. TREACY

*Vice President,
Environmental and Corporate Affairs*

Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
Tel: 757 365 3000
Fax: 757 365 3070
E-mail: dennistreacy@smithfieldfoods.com

WILLIAM D. GILL

*Assistant Vice President,
Environmental Affairs*

Smithfield Foods, Inc.
111 N. Church Street
Smithfield, VA 23430
Tel: 757 356 6700
Fax: 757 356 6718
E-mail: billgill@smithfieldfoods.com

KEIRA L. ULLRICH

*Director of Investor Relations
and Corporate Communications*

Smithfield Foods, Inc.
499 Park Avenue, Suite 600
New York, NY 10022
Tel: 212 758 4048
Fax: 212 758 8421
E-mail: keiraulrich@smithfieldfoods.com

The Smithfield Foods 2008/09 Corporate Social Responsibility Report saved the following by printing on papers with recycled content compared with 100 percent virgin paper.

Trees	115.8
Wastewater	48,822 gallons
Energy	82.45 million BTUs
Carbon dioxide emissions	10,118 net pounds
Solid waste	5,446 pounds
Carbon emissions	5,354 pounds
Waterborne waste	325 pounds



The covers are printed on Eames Painting Canvas Finish 120 lb. cover stock, produced by Neenah Paper. This stock is Green Seal™ Certified, which means that it contains a minimum of 30 percent recycled content and that the mill's processes, including packaging, are environmentally preferable.



Pages 1 through 96 are printed on Astrolite PC 100® 80 lb. text stock, produced by Monadnock Paper Mills. This stock is made from 100 percent post-consumer recycled fiber. Astrolite PC 100 is also manufactured carbon neutral using 100 percent renewable electricity.

This report was checked by the Global Reporting Initiative to Application Level B.

REPORT APPLICATION LEVELS

		2002 in Accordance					
		C	C+	B	B+	A	A+
Mandatory	Self Declared			✓			
	Third Party Checked						
	GRI Checked			✓			
		Report Externally Assured			Report Externally Assured		



THIRD-PARTY RECOGNITION

Smithfield Foods is proud to have received external recognition from a number of businesses and organizations during the past year.

- American Meat Institute Annual Safety Awards
- American Meat Institute Environmental MAPS Recognition Awards
- *CRO (Corporate Responsibility Officer) Magazine* 100 Best Corporate Citizens
- FTSE4Good Index Member Company
- McDonald's Supplier Sustainability Award
- *National Provisioner Magazine* HREvolution Award
- Roberts Environmental Center, Claremont McKenna College
2009 Consumer Food, Food Production, and Beverages Sectors Analysis
No. 4 Company Ranking / "A" Overall Grade in Corporate Environmental and Sustainability Reporting
- Virginia Chamber of Commerce Torchbearer Award

SMITHFIELD FOODS, INC.

200 Commerce Street, Smithfield, VA 23430

757.365.3000

www.smithfieldfoods.com

Smithfield Foods is the world's largest pork processor and hog producer, with revenues exceeding \$12 billion in fiscal 2009. In the United States, we are also the leader in turkey processing and several packaged meats categories. From national brands and regional powerhouses in the United States to some of the best-known European brands, Smithfield Foods products are prized by retail, foodservice, and deli customers alike.