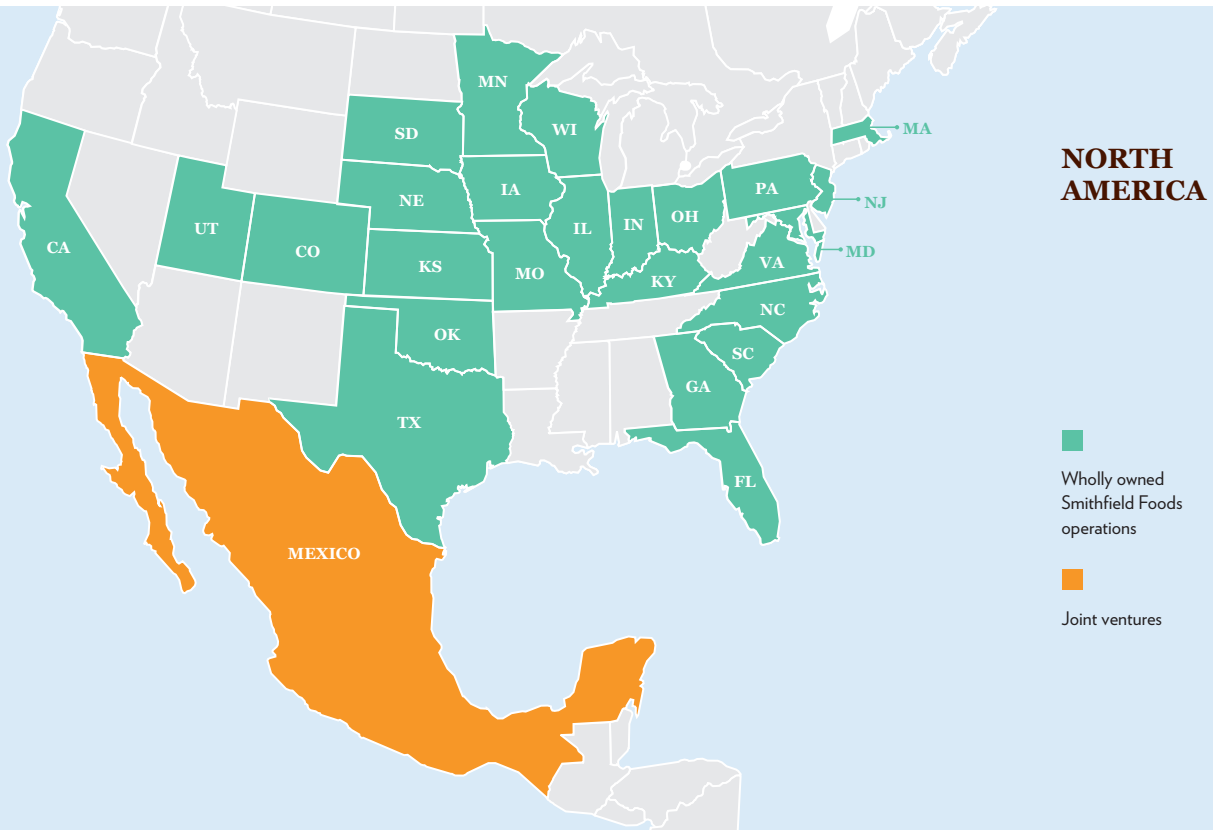


**Smithfield Foods:
A Global Leader Producing
Good Food. Responsibly.®**

Through independent operating companies and joint ventures, as well as our stake in Europe's largest packaged meats provider, Smithfield Foods' operations extend to 12 countries.



EUROPE

Wholly owned Smithfield Foods operations

Campofrío Food Group, S.A., a publicly traded company of which Smithfield Foods owns 37 percent



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Visit Our New CSR Web Site

More comprehensive CSR information is available at www.smithfieldcommitments.com, including full GRI B-level reporting.

About This Report

Welcome to the Smithfield Foods' Corporate Social Responsibility (CSR) Summary Report. This summary report highlights our progress in environmental performance, animal care, food safety and quality, helping communities, and employee relations—key topics for our company and its stakeholders. The order of discussion is not meant to emphasize one issue over another. This report also discusses our international operations and our strengthened CSR governance and management structure, including a set of sustainability goals and targets that we adopted in 2010.

We use the results of a 2010 materiality analysis and the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended sustainability reporting framework and indicators, to help focus the boundaries of the qualitative and quantitative information in this report. With the exception of the "About Smithfield Foods" page 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 majority (51 percent or more) interest. We also discuss our management approach to contract farming, primarily in the areas of environment and animal care, but we do not provide performance data for these operations because our contract farmers are independent businesses. We primarily use American measurement metrics and American numbering when reporting the performance of our U.S. and international operations.

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 2011.

¹Smithfield Foods, Inc., is a holding company with a number of independent operating companies. Throughout this report, the term "Smithfield" is utilized for ease of reference to indicate one or more of these independent operating companies. Smithfield should not be confused with The Smithfield Packing Company, Inc., which is one of Smithfield's independent operating companies.

About Smithfield Foods

Smithfield Foods is a \$12 billion global food company and the world's largest pork processor and hog producer. In the United States, the company is also the leader in numerous packaged meats categories with popular brands including Farmland,[®] Smithfield,[®] Eckrich,[®] Armour,[®] and John Morrell.[®]

Headquartered in Smithfield, Virginia, we conduct our operations through four reportable segments: Pork, Hog Production, International, and Corporate, each of which is comprised of a number of subsidiaries, joint ventures, and other investments. A fifth reportable segment, the Other segment, contains the results of several recently disposed of businesses, including our former turkey production operations and our previous 49 percent interest in Butterball, which were sold in December 2010, as well as our former live cattle operations, which were sold in the first quarter of fiscal 2010.

The Pork segment consists mainly of our three wholly owned U.S. fresh pork and packaged meats subsidiaries. The Hog Production segment consists of our hog production operations located in the United States. The International segment is comprised mainly of our meat processing and distribution operations in Poland, Romania, and the United Kingdom; our interests in meat processing operations, mainly in Western Europe and Mexico; our hog production operations located in Poland and Romania; and our interests in hog production operations in Mexico. The Corporate segment provides management and administrative services to support our other segments.

Each of our operating companies and joint ventures operates independently and maintains its individual identity. Our products are sold to more than 4,000 customers worldwide, 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.

Smithfield Foods at a Glance

	2011	2010
COMPANY-WIDE		
Employees	46,350	48,000
Brands	12 key brands	50+
Products	200+	200+
Sales	\$12.2 billion	\$11.2 billion
Customers	4,000+	5,000+
PORK SEGMENT		
Employees	31,000	32,100
Pounds of Fresh Pork Produced	3.6 billion	4.0 billion
Pounds of Packaged Meats Produced	2.7 billion	2.9 billion
Sales ¹	\$10.3 billion	\$9.3 billion
HOG PRODUCTION SEGMENT²		
Employees	4,900	5,200
Sows	827,000	1.0 million
U.S. Market Hogs Produced	16.4 million	17.4 million
Sales ¹	\$2.7 billion	\$2.2 billion
INTERNATIONAL SEGMENT²		
Employees	10,300	10,400
Pounds of Products Produced	1.0 billion	926 million
International Market Hogs Produced	2.2 million	1.9 million
Sales ¹	\$1.3 billion	\$1.3 billion
OTHER SEGMENT		
Employees	0	100
Sales ¹	\$75 million	\$153 million
CORPORATE SEGMENT		
Employees	150	200

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

¹ Includes intersegment sales. ² Some results have been reclassified to reflect realignment of international hog production operations.

Dear Smithfield Foods Stakeholders:



We're in a new era at Smithfield Foods. Over the past several years, we have fundamentally changed our company as we evolve from a meat production company to a consumer packaged goods business. We have restructured our operations and are delivering more competitive cost structures. And, after several of the most challenging years our industry has ever witnessed, we turned the financial corner in fiscal 2011, posting the strongest balance sheet in memory.

Throughout this difficult period, we kept our focus on our corporate social responsibility (CSR) values and commitments, which we believe are making us an industry leader. In fact, we didn't simply maintain our focus on CSR; we elevated its importance at Smithfield with a suite of robust new goals and targets, programs, and accountability systems for all of our operations. As the world's largest pork producer, our CSR-related actions are closely watched, and often replicated, by others in our industry.

Our customers, investors, and other stakeholders seek transparency. They want to learn more about how we are reducing our environmental footprint. They want to know how we take care of our animals. They want confirmation that we are a good neighbor within our communities. They want to know that we care about the safety of our employees through continuing improvements in our worker safety programs. In all of these core areas, we're delivering solid results, although we'll be the first to acknowledge that there is more work ahead.

As we embark on the second full year of our new sustainability management system, we're on track to meet many of our targets and, in some instances, have already exceeded them. For example, we're seeing reductions in our water use and this year, for the first time, identified which of our domestic sites are in water-stressed regions. We have reduced waste to landfill (normalized) by 12 percent—ahead of the 10 percent by fiscal 2016 target we set. We're evaluating whether we need to set new targets in light of our faster-than-expected progress.

On the animal care front, we've taken great steps forward in the conversion of housing for pregnant sows. By the end of calendar 2011, we anticipate that nearly one-third of all pregnant sows on our company-owned farms will be living in group housing, which is viewed by many external stakeholders as preferable to individual stalls.

As a food producer, we also recognize our responsibility toward feeding those in need. This past year, we donated more than 8 million servings of food through our Helping Hungry Homes® initiative. Educating children and young adults is another critical area of focus for our company.

Looking ahead, one of society's biggest challenges is finding ways to continue to feed a growing world population, without negatively impacting the environment or communities. Global population is expected to jump from about 6 billion today to over 9 billion by 2050. And with increasing world affluence, a greater proportion of people will be consuming meat. Smithfield and others in our industry must increase our efficiencies if we are going to meet demand.

The pages of this summary report provide an overview of our progress, as well as our challenges, from this past year.

Sincerely,

C. Larry Pope
President and Chief Executive Officer

August 1, 2011

Ask the Chief Sustainability Officer

Q&A with Dennis H. Treacy, Senior Vice President, Corporate Affairs, and Chief Sustainability Officer

In 2010, we increased our commitment to sustainability at Smithfield, creating a new sustainability management program and a new position to oversee our efforts and drive further progress. Dennis H. Treacy, one of our vice presidents, took on the role of chief sustainability officer. The CSR report team sat down with Dennis to talk through elements of Smithfield's sustainability strategy and to address some of the questions often posed by external stakeholders.

Q: How has sustainability evolved at Smithfield over the years?

A: When I came to Smithfield about a decade ago, my primary goal was to keep our company out of trouble. Today, we're setting aspirational goals and specific targets across all of our core sustainability programs with the aim of advancing our leadership in our industry. We think we have made great progress, as many of the examples highlighted in this report show.

Q: What is one of your biggest environmental challenges?

A: Of all of our CSR-related programs, our environmental management systems are the most developed—and the most successful. Yet, I continue to be frustrated that we still occasionally receive notices of violation (NOVs) from government agencies. We have not yet reached our goal of 100 percent compliance, 100 percent of the time. My aspiration is to get to the point where compliance is off the table and it's just a given.

Q: After one full year of the company's new sustainability management system, how would you characterize its effectiveness and impacts to date?

A: The creation of a Sustainability Committee on our board of directors has allowed us to put new focus, vigor, and attention on these important issues. In a nutshell, sustainability has moved up our company's priority list. In addition, the new management program gives greater ownership of sustainability issues to our independent operating companies (IOCs). This has generated a sense of competition among our family of companies to improve performance, from environmental improvements to community giving.

Another obvious strength of the program is our new and improved data collection system. In the past, not all of our facilities had been submitting their data to our corporate offices in the same way. Now, we're better able to track our successes—and pinpoint where we need to make improvements.

Q: In the first year of the CSR program, the company has already exceeded several of the targets set for 2016 and you're on track toward hitting others. Will you establish new targets before 2016?

A: When we first set the targets, we thought they were a stretch because we had already achieved improvements over recent years. But once our teams focused on meeting them, we witnessed progress that was much faster than we had anticipated. We plan to watch our continued progress for another year and then will evaluate whether to set new targets ahead of 2016. Our numbers tend to fluctuate from one year to the next, so we can't automatically assume that the second year of our sustainability management program will see the same strong results.

Q: Are you looking at setting goals and targets in other areas that are not yet specifically addressed?

A: Packaging is an area that is getting lots of attention, especially with our largest customers. We're exploring setting specific targets for reductions in the packaging of our products.

We're also working on developing new policies and goals focusing on health and nutrition, which are issues of increasing concern among consumers, governments, nongovernmental organizations (NGOs), and other stakeholders.

Q: In past years, Smithfield has not spelled out a greenhouse gas (GHG) reduction goal. Are GHG reductions a new area of concentration for Smithfield?

A: For many years now, our management focus has been on improving our energy efficiency and reducing energy use, and we have reported on our performance in both categories. In this year's report, at the request of several NGO stakeholder groups, we now specifically highlight our GHG reductions, and better explain that these reductions are related to our overall energy reduction target—10 percent reduction (normalized) over 2008 by fiscal 2016. Smithfield also participated this past year in an industry study that analyzed the carbon footprint of pork. Details of the study are discussed on page 22.

Q: Water—availability, access, and quality—is an area of increasing concern globally. How is Smithfield advancing its work in this area?

A: Water is an issue we all should be concerned about. A good example of just one of our efforts to reduce our water footprint is our partnership in Tar Heel, North Carolina, where we are

building a treatment plant to help protect existing groundwater supply. In addition, we recently began to use the World Business Council for Sustainable Development's Global Water Tool to help us identify any facilities operating in water-stressed regions. We were pleased to see that, according to the analysis, 92 percent of our domestic sites are not located in water-stressed areas. Nonetheless, we will continue to find ways to reduce our water footprint across our companies.

Q: What environmental areas pose the biggest opportunities for Smithfield?

A: One of our aspirations is to find ways to transform hog manure into energy. We're moving in that direction, but we still have a ways to go. When I first came to Smithfield, I talked about turning our environmental programs into a profit center—and people laughed at me. Today, we're using biogas from waste at several processing facilities and we're exploring other novel ways to convert waste materials into profits to benefit not only Smithfield, but society as a whole.

Q: Has Smithfield set a deadline for the phase-out of individual gestation crates for pregnant sows?

A: We first announced the phase-out plan in January 2007, with a goal of completion within 10 years. But not long after our announcement, the economy took a nosedive, and that forced us to delay our conversion work. However, in September 2010, we announced that capital expenditures for the phase-out had restarted. We now expect to have 30 percent of all company-owned sow housing converted to group stalls by December 2011, and we will continue to update our progress on our Web site and in future CSR reports.

Q: In late 2010, an animal activist group released a film by an undercover operative and charged Smithfield with abusing animals. What was your response to that?

A: We immediately took action and sent in a team, which included renowned animal handling experts and state officials. They reviewed the film and had free access to all the farms. In the end, the team confirmed that our program is robust and made recommendations such as how to improve our employee training and other suggestions, which we are currently implementing. As to the episodes of abuse depicted on the film, we fired three individuals. All of this demonstrates again that we have a zero-tolerance policy for willful neglect or abuse of our animals. We condemn any instances of willful animal abuse, but we believe these episodes were isolated incidents.



Dennis H. Treacy, Senior Vice President, Corporate Affairs, and Chief Sustainability Officer

Q: What is Smithfield doing to improve the sustainability of its supply chain?

A: Our customers want to know we're working to encourage strong environmental and social performance among our suppliers. Two years ago, we began to ask our largest suppliers about their CSR commitments and programs. We're now working on a similar survey for our independent hog suppliers, which do not contract with us and sell directly to Farmland Foods and Smithfield Packing. We expect to distribute the survey sometime in fiscal 2012.

Q: How is Smithfield addressing increasing global demands for food?

A: Global food production will need to increase by 70 percent by 2050 in order to keep up with population growth and demand. We are committed to doing our part to feed an increasingly hungry world while improving our efficiencies and decreasing resource demands. The sustainability of the world's food supply depends on many factors, new technologies, and collaboration. One mode of production isn't always better than another.

Key Commitments

CSR FOCUS AREA	GOALS	TARGETS	2010–11 RESULTS
ENVIRONMENT	<ul style="list-style-type: none"> Eliminate NOV's at our facilities Reduce natural resource demand 100% compliance, 100% of the time 	<p>By fiscal 2016:</p> <ul style="list-style-type: none"> Reduce normalized water use 10% from fiscal 2008 Reduce normalized energy use 10% from fiscal 2008 Reduce normalized solid waste 10% from fiscal 2008 	<p>Since fiscal 2008:</p> <ul style="list-style-type: none"> Normalized water use down 7% Normalized energy use down 2%² Normalized GHG emissions down 5%² Normalized solid waste down 12% <p>Calendar 2010:</p> <ul style="list-style-type: none"> 63 NOV's and \$164,184 in fines 97% of facilities received no fines
ANIMAL CARE	<ul style="list-style-type: none"> Keep our animals safe, comfortable, and healthy 	<ul style="list-style-type: none"> Maintain 100% Pork Quality Assurance Plus (PQA Plus[®]) certification (including site assessments) at company-owned and contract farms Maintain PQA Plus certification for all suppliers and move toward site assessments Maintain 100% USDA Process Verified Program (PVP) certification for all relevant facilities Continue pen gestation conversion Maintain a systematic approach to humane animal handling and demonstrate continuous improvement Maintain Transport Quality Assurance (TQA) certification for all live animal truck drivers 	<ul style="list-style-type: none"> 100% of company-owned and contract farms are PQA Plus certified and site assessed 100% of suppliers are PQA Plus certified. All PVP suppliers will be site assessed by the end of 2012. All other suppliers are being surveyed and encouraged to complete site assessments. All company-owned pig farms are 100% PVP certified, and all plants participate in this program 30% of sows will be in company-owned group housing by the end of calendar 2011 100% of facilities manage animal welfare based on American Meat Institute guidelines 100% of drivers delivering animals to our plants are TQA certified

¹All 2010–11 results are for fiscal 2011 unless otherwise noted.

²Some environmental data included here and elsewhere in this PDF version of the summary report differ slightly from what we included in the print edition. This is due to a minor data correction received from one of our facilities after the print report went to press.

³National 2010 industry safety data from the Bureau of Labor Statistics had not yet been released when this report was produced.

In early 2010, we adopted a new set of goals and sustainability targets that exceed all regulatory guidelines or previous reduction goals for our independent operating companies (IOCs). This table highlights these goals, future targets, and progress made since our last report. As these goals are new, we did not expect all facilities to attain all of them in the first year. We will continue to track, monitor, and report progress toward them in future years.¹

CSR FOCUS AREA	GOALS	TARGETS	2010–11 RESULTS
FOOD SAFETY & QUALITY	<ul style="list-style-type: none"> ▪ Deliver safe, high-quality meat products with no recalls ▪ 100% compliance, 100% of the time 	<ul style="list-style-type: none"> ▪ Obtain 100% Global Food Safety Initiative (GFSI) certification ▪ Assess nutrition issues such as salt content and obesity ▪ Assure wide variety of products for different diets and needs 	<ul style="list-style-type: none"> ▪ 100% of facilities had no recalls ▪ 100% of relevant facilities are GFSI-certified ▪ 100% of IOCs assessed nutritional issues. All packaged meat product categories include product lines with lower sodium, reduced fat, or less sugar.
HELPING COMMUNITIES	<ul style="list-style-type: none"> ▪ Provide food to those in need and enhance education in our communities 	<ul style="list-style-type: none"> ▪ Pork Group IOCs to donate 1 million servings of food through Helping Hungry Homes® ▪ Each Pork Group IOC to support two Learners to Leaders® (LTL) programs ▪ Each facility to participate in two National FFA Organization or other education events ▪ Each facility to sponsor one local community cleanup event ▪ Each facility to participate in World Water Monitoring Day 	<ul style="list-style-type: none"> ▪ Pork Group IOCs donated 8.3 million servings of food ▪ 100% of IOCs supported at least two LTL programs ▪ 80% of facilities met FFA education target ▪ 92% of facilities sponsored local community cleanup events ▪ 92% of facilities participated in World Water Monitoring Day
EMPLOYEES	<ul style="list-style-type: none"> ▪ Reduce employee injury rates 	<ul style="list-style-type: none"> ▪ Meet or beat general manufacturing industry national average for injuries³ ▪ All safety and operations leadership trained to 10-hour General Industry training ▪ Regular Safety Roundtable meetings to be held at each facility ▪ Increase formal employee engagement in safety processes to 25% participation by fiscal 2016 	<ul style="list-style-type: none"> ▪ 69% of facilities reduced their injury rates from the previous year ▪ 96% of safety leadership completed 10-hour training ▪ 96% of locations held Safety Roundtable meetings, up from 20% the previous year ▪ 79% of facilities had formal employee engagement of at least 25%

Key Data Summary

Smithfield believes transparency is central to ensuring accountability. Reporting helps stakeholders understand our performance over time and our performance relative to others in our industry. Below are some key performance indicators we feel are particularly important to internal and external stakeholders, as well as to Smithfield as a company. This year we incorporated new, company-wide metrics related to our sustainability goals in water use, energy use, greenhouse gas (GHG) emissions, and solid waste disposal rate. You will find additional domestic data in the relevant sections of this report. See pages 37–38 for data from our operations in Poland and Romania.

ENVIRONMENT

	FY 2011	FY 2010	FY 2009	FY 2008
Water Use (gallons per cwt ¹)—page 16	85.5	84.2	83.0	91.7
Energy Use (decatherms per cwt)—page 17	0.136	0.137	0.133	0.139
GHG Emissions (metric tons CO ₂ e per cwt)—page 18	0.0186	0.0184	0.0185	0.0195
Solid Waste to Landfill ² (lbs per cwt)—page 18	2.13	2.20	2.45	2.42
	CY 2010	CY 2009	CY 2008	CY 2007
NO _x Emissions (tons)—smithfieldcommitments.com	356	353	437	403
SO _x Emissions (tons)—smithfieldcommitments.com	59	181	275	458
Notices of Violation—page 20	63	36	40	50
Significant Fines—page 20	\$164,184	\$81,726	\$69,616	\$266,446

ANIMAL CARE

	FY 2011	FY 2010	FY 2009	FY 2008
Market Hog Transportation Accidents—smithfieldcommitments.com	4	9	6	6
Hog Fatalities—smithfieldcommitments.com	208	466	356	243
Feed-Grade Antibiotics Use ³ (lbs per cwt)—page 27	0.147	0.124	0.106	0.116

HELPING COMMUNITIES

	FY 2011	FY 2010	FY 2009	FY 2008
Smithfield-Luter Foundation Scholarships—page 31	\$377,500	\$196,500	\$290,000	\$349,979
Learners to Leaders [®] Contributions—page 31	\$288,388	\$369,710	\$319,415	\$383,385
Total Food Donations (lbs)—page 30	2.1 million	2.9 million	4.1 million	3.3 million

EMPLOYEES

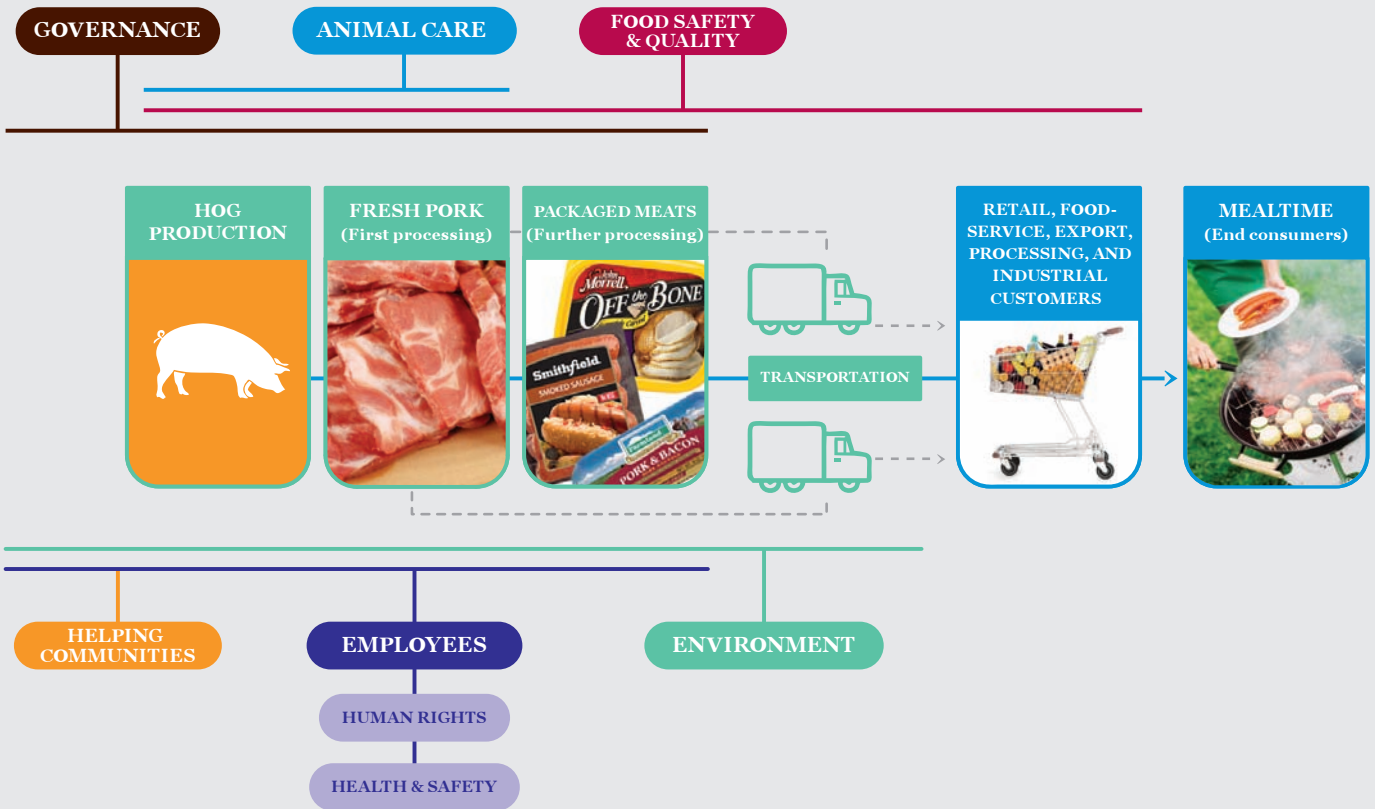
	CY 2010	CY 2009	CY 2008	CY 2007
Total Case Rate—page 34	4.66	6.17	6.58	6.76
Days Away, Restricted, Transferred Rate—page 34	3.24	4.26	4.40	4.04
Days Away from Work Illness and Injury Rate—page 35	0.82	1.12	1.29	1.27
OSHA Notices of Violations—page 35	34	20	40	12
OSHA Penalties—page 35	\$33,323	\$23,725	\$38,787	\$11,037

¹ 100 pounds of product. ² Total does not include Murphy-Brown.

³ In previous reports, each year represented a 12-month period ending in October. We are now reporting antibiotics use by fiscal year.

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 & MANAGEMENT

ENVIRONMENT

ANIMAL CARE

FOOD SAFETY & QUALITY

HELPING COMMUNITIES

EMPLOYEES

INTERNATIONAL OPERATIONS

Our mission is to be a trusted, respected, and ethical food industry leader that excels at bringing delicious and nutritious meat and specialty food products to millions every day while setting industry standards for corporate social responsibility.

In 2010, we took significant steps to advance our corporate social responsibility strategy, including how we manage sustainability issues across our company. We formed two new sustainability committees (one for our board of directors, the other for top executives across our company), created a new position of chief sustainability officer, and developed a series of goals and performance targets. While we had been focused on CSR for a number of years, these latest steps are taking our program to a new level.

MATERIALITY ANALYSIS

A materiality analysis we conducted in 2010 identified the following as Smithfield's most material corporate responsibility issues:

- Environmental issues of water quality and manure management;
- Humane treatment of animals;
- Food safety and security; and
- The company's economic impact and contributions to local communities.

We continued to use this analysis to guide development of this 2011 report, modifying and refining content in response to the materiality matrix and to stakeholder feedback. For example, for this year we are including additional data and information on water resource and quality issues and expanded coverage of our animal housing conversion process. We have also called out our greenhouse gas (GHG) reduction targets, which were embedded within our overall energy targets, to address stakeholder requests.

CORPORATE GOVERNANCE

The Smithfield board of directors (the board) includes 12 members, eight 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 six committees:

- Audit
- Compensation
- Executive
- Nominating and Governance
- Pension and Investment
- Sustainability, Community, and Public Affairs

The board-level Sustainability, Community, and Public Affairs Committee oversees our revised corporate sustainability management strategy. Three out of the four members are independent members of our board. The committee meets two times a year.

OUR CORE VALUES

We will constantly strive for the following:

- To produce safe, high-quality, nutritious food
- To be an employer of choice
- To advance the well-being of our animals
- To protect the environment
- To have a positive impact on our communities

Ethics and Compliance

Safeguarding integrity remains a critical business priority. Ethical and lawful conduct are essential parts of our company's culture, and we are committed to conducting our business with the highest standards.

Smithfield maintains a Code of Business Conduct and Ethics applicable to all employees, officers, and directors, and the board's Nominating and Governance Committee reviews it periodically. 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.

We also have 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.

Our e-mail Code of Conduct certification process promotes awareness of our code and the values that we expect our employees to demonstrate in their day-to-day work. Each year, we send e-mails to all employees with e-mail accounts and they must acknowledge compliance. Certain supervisory/managerial personnel who do not have active e-mail accounts certify compliance by paper-based methods.

CSR Governance

Overall responsibility for CSR governance issues rests with the board's Sustainability, Community, and Public Affairs Committee, which receives regular updates through Smithfield's chief sustainability officer.

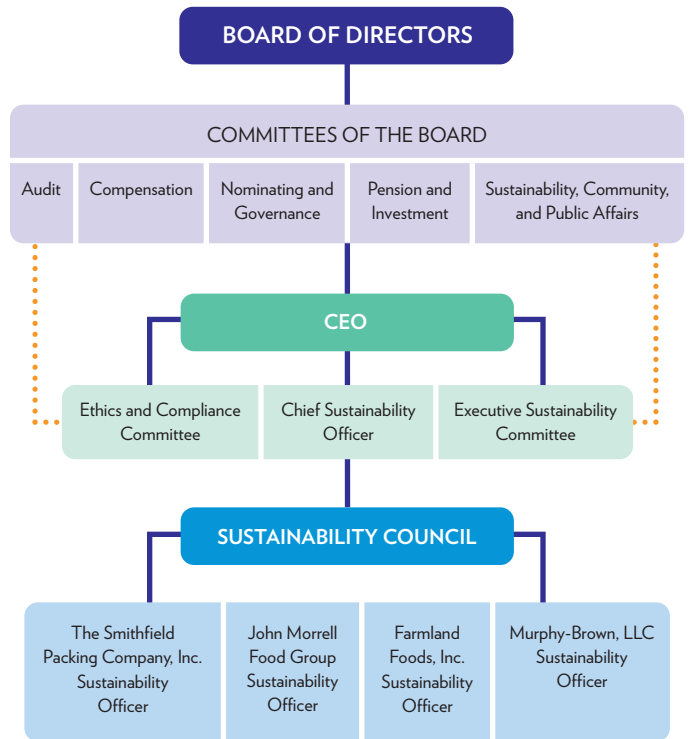
Central direction on CSR comes from our corporate-level Sustainability Committee, which is composed of some of our most senior executives, including our chief financial officer and four subsidiary presidents. This committee, which is chaired by our chief sustainability officer, brings all of Smithfield's CSR issues together under one umbrella, approves company-wide goals and performance targets, and maintains accountability for each of our independent operating companies (IOCs).

Together, our board-level Sustainability, Community, and Public Affairs Committee and our corporate Sustainability Committee approve any new CSR goals and targets, and guide our strategy going forward. Our CEO reviews the sustainability performance of each IOC on an annual basis.

CSR MANAGEMENT

Overall management of Smithfield's CSR program rests with our Sustainability Council, which is comprised of a core team of senior managers and subject matter experts along with the lead sustainability officials from each of Smithfield's IOCs. The Council facilitates decision making, helps develop CSR goals and promote CSR, reviews best practices, and coordinates and disseminates key CSR data.

SUSTAINABILITY GOVERNANCE



Consistent with Smithfield's decentralized management structure and philosophy, each of our subsidiaries has its own CSR programs, functions, and staffs. Each IOC manages many issues independently, within an overall corporate framework that establishes expectations for all our operations. Each IOC is responsible within this framework for meeting company goals and targets and including them in strategic business plans. Our IOCs report CSR data on a quarterly basis to our Council and provide recommendations for future improvement and programs.

CSR Management System Evolution

Our new CSR management structure builds upon the strategy we developed more than a decade ago. At that time, we identified several CSR areas 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 our U.S. farms and processing facilities and some overseas operations. Over the years, we expanded that approach to our other CSR areas such as employee health and safety, and animal care. We formed corporate or cross-subsidiary committees to develop and implement consistent approaches, including committees focusing

on environmental compliance, animal care, food safety, and diversity. Common elements of the management systems developed in each of these areas include policies, employee training, goal setting, corrective action, third-party auditing, and executive review.

Joint Ventures and Acquisitions

We developed our CSR management approaches initially in our U.S. operations. We also are phasing in our management system approaches at our wholly owned international subsidiaries in Europe, as well as addressing CSR issues unique to regions there.

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.

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.

CSR TARGETS

In 2010, we adopted a series of new goals and corresponding targets in our domestic operations for our five primary sustainability focus areas. Each of these is discussed in greater detail in the relevant sections of this summary report.

Our targets include the following:

- Reduce natural resource use (energy and water) and solid waste by 10 percent over fiscal 2008 numbers (normalized) by fiscal 2016;
- Maintain 100 percent Pork Quality Assurance Plus certification for our hog production facilities;
- Provide those in need with 1 million servings of food per year;
- Meet or beat the general manufacturing industry national average for injuries; and
- Obtain 100 percent Global Food Safety Initiative (GFSI) certification for all facilities.

We have set additional targets for our IOCs related to our key sustainability areas. These range from sponsorship of community cleanup events to the submission of projects for consideration in external environmental/sustainability awards programs.

In many areas, we have already met our targets in the first year of implementation. In the environmental arena, for example, we attribute strong performance in our energy, water, and waste metrics to our recent corporate restructuring, our focus on high-margin/high-volume products, improved capacity utilization, and continued resource conservation efforts.

We will continue to monitor our progress and will consider whether we need to reset our targets or add new areas of focus. Historically, our data tend to vary from year to year, and we will monitor our results over time.

SUPPLY CHAIN MANAGEMENT

As part of our new CSR emphasis, we are extending our approach to our supply chain. Indeed, our relationships within our value chain—including those with customers and with suppliers—are becoming a bigger driver of our overall strategy. We believe there are a variety of ways in which we can work together to improve CSR performance.

In fiscal 2011, for the second consecutive year, we sent surveys to 40 of our largest suppliers to better understand what they are doing in areas such as energy reduction, natural resource use, employee safety, and community giving. A total of 34 companies, or 85 percent of the total recipients, responded. We use the surveys to explore synergies that improve environmental performance for both Smithfield and the suppliers themselves.

The second annual survey showed general improvements in the sustainability efforts of our suppliers since our first year survey. Of particular note, the number of supplier companies with third-party certified environmental management systems increased from four to six. There was also a significant increase in the number of companies making their accident/injury information available to the public: 62 percent in 2011, compared to 40 percent in 2010.

We are in the process of developing a supplier sustainability survey for our independent hog suppliers and expect to distribute it within the next year.

STAKEHOLDER ENGAGEMENT

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.

For this and past reports, we have asked several external stakeholder groups, including Ceres, the Environmental Defense Fund, and The Nathan Cummings Foundation, to provide feedback on how we might improve our reporting. We have worked to address some of their recommendations and have answered questions they raised in a new feature we have added this year: “Ask the Chief Sustainability Officer” (see page 4).

In addition, our new sustainability targets ask that each of our IOCs conducts at least two meetings per year with community stakeholders to highlight our programs and obtain input. In fiscal 2011, virtually all of our IOC facilities met this target.

PUBLIC POLICY

Public Policy Issues of Interest

We participate in legislative and regulatory processes as an individual company and through industry associations. We believe 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 and serving as the founding chair of its Sustainability Task Force.

We also value our participation as members of the EPA’s Farm, Ranch, and Rural Communities Federal Advisory Committee and of the National Academies’ Roundtable on Science and Technology for Sustainability.

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

- **Ethanol:** Smithfield and many other food producers remain concerned about ethanol policies that have already driven nearly 40 percent of the annual corn crop into ethanol production, directly and substantially driving up feed costs for livestock and jeopardizing the economic viability of hog producers across the country. Smithfield favors development of alternative energy sources, but not a flawed corn-based ethanol policy that results in higher food prices for the American consumer and limited net benefit on GHG emissions.
- **Free Trade:** In 2011, the U.S. Congress is considering free trade agreements with South Korea, Panama, and Colombia. These agreements would offer U.S. companies, including Smithfield, vastly expanded access to consumers in these countries.
- **GIPSA:** In June 2010, the U.S. Department of Agriculture’s Grain Inspection, Packers and Stockyards Administration (GIPSA) issued a proposed rule regarding the marketing of livestock and poultry. Of particular concern to Smithfield are provisions that would cause use of marketing agreements between producers and packers to be severely reduced or disappear, and provisions that would prohibit packers who own livestock from selling those animals to another packer.
- **Farm Bill:** In 2011, the U.S. Congress was set to begin work on a new Farm Bill. Of particular concern to our company is any effort to ban meat packers 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 consistent, high-quality meat.

Political Contributions

Through corporate contributions and donations made by our Political Action Committee (HAMPAC), Smithfield Foods supports political candidates seeking office at the local, state, and federal levels in the United States. We support the election of individuals who support policies that are fair to our company and who share our concerns about the future of the food production industry.

We recognize that political contributions are not a customary practice outside the United States. Smithfield does not make political contributions in any other country in which we operate.

During the 2009–10 U.S. federal election cycle, Smithfield Foods and its affiliated PAC contributed \$91,900 to candidates running for U.S. Congress, which includes the Senate and House of Representatives.

In 2010, the company and affiliated PAC also contributed a total of \$270,300 to incumbents and candidates seeking elected office in states across the country. This includes donations to candidates in Virginia and Missouri, where campaign finance law allows corporate contributions to state candidates.

For more information about Smithfield Foods and its PAC, visit <http://hampac.org/Index.html>. You may also send an e-mail to hampac@smithfieldfoods.com.

GOVERNANCE & MANAGEMENT

ENVIRONMENT

ANIMAL CARE

FOOD SAFETY & QUALITY

HELPING COMMUNITIES

EMPLOYEES

INTERNATIONAL OPERATIONS



Employees from Smithfield Packing's meat processing facility in Tar Heel, North Carolina, test the water quality of the nearby Cape Fear River.

At Smithfield, we are constantly striving to improve environmental performance and we aim for leadership in our industry. We closely monitor environmental outputs and work to reduce our footprint.

A decade ago, Smithfield adopted an environmental policy committing us to pollution prevention and continuous improvement in our environmental performance. Initially, our efforts focused on regulatory compliance. Once a solid foundation was in place, we expanded our focus to improving resource efficiencies. Between 2005 and 2008, we achieved a 12 percent reduction in overall water use and normalized electricity use at our processing plants. Normalized water use on farms fell by 15 percent in the same amount of time.

During this same period, our further processing operations began making larger quantities of ready-to-eat products, the production of which requires more natural resources and creates more waste than our other products. Between 2005 and 2008, water use at those facilities went up by 57 percent, while normalized electricity use grew by 36 percent. The amount of waste sent to landfills from those facilities jumped by 117 percent per 100 pounds of product.

OUR ENVIRONMENTAL GOALS:

- Eliminate notices of violation (NOVs)
- Reduce natural resource demand
- 100% compliance, 100% of the time

OUR ENVIRONMENTAL TARGETS¹:

- Water: 10% reduction over fiscal 2008 by fiscal 2016
- Energy: 10% reduction over fiscal 2008 by fiscal 2016
- Solid Waste: 10% reduction over fiscal 2008 by fiscal 2016

¹ All targets are normalized.

In 2010, Smithfield and each of our independent operating companies (IOCs) elevated our environmental commitments by adopting specific environmental targets. Our aim is to further

Environmental Expenditures and Cost Reductions (\$ in millions)

Since 2004, we've saved an estimated \$211.1 million in operating costs through environmental improvement projects such as using box assembly machines that reduce packaging materials and updated control systems for boilers and refrigeration systems.

	NUMBER OF PROJECTS	AWARDS GRANTED	CAPITAL EXPENDITURES	COST REDUCTIONS YEAR ONE	RETURN ON INVESTMENT (MONTHS)	ESTIMATED NET CUMULATIVE COST REDUCTIONS
2004	31	5	\$0	\$2.0	Not Available	\$2.0
2005	70	14	\$4.1	\$5.8	8.5	\$5.7
2006	93	16	\$6.9	\$7.2	11.5	\$13.8
2007	137	16	\$14.0	\$12.0	14.0	\$26.8
2008	129	17	\$6.1	\$10.9	6.7	\$56.6
2009	124	12	\$3.2	\$8.8	4.4	\$100.1
2010	137	14	\$10.5	\$9.9	12.7	\$146.2
2011	168	12	\$5.0	\$13.2	4.5	\$211.1

improve beyond the significant reductions already achieved, and reduce water use, energy use, greenhouse gas (GHG) emissions, and solid waste outputs (per unit of production) to 10 percent below fiscal 2008 levels by fiscal 2016.

Since fiscal 2008, we have accomplished the following:

- Improved water efficiency by 7 percent;
- Reduced normalized energy use by 2 percent and normalized GHG emissions by 5 percent, despite changes to our product mix and increased production levels; and
- Sent 12 percent less waste to landfill, per 100 pounds of production.

We selected 2008 as the baseline because it was the first year that we collected a full set of data using an automated reporting system we adopted in 2007, making year-over-year comparisons more meaningful. And although we have made great strides, we are hopeful that our new sustainability management program (see page 12) will drive progress even further.

We are pleased to report that we are already reaching some new targets one full year after embarking on our new sustainability program. However, environmental performance data has fluctuated over time. In light of that, we will need to continue to evaluate performance trends before considering any adjustments to our targets.

As part of our new sustainability program, all Smithfield facilities submit at least one project to our internal awards program. In fiscal 2011, 92 percent of our facilities submitted at least one project for consideration. The projects submitted resulted in a cumulative savings as follows:

- **128 million gallons of water** (a year's supply for roughly 880 U.S. households)
- **109,868 decatherms of natural gas** (enough to heat about 2,745 U.S. households for a year)
- **17,402,247 kWh of electricity** (enough to power some 465 U.S. households for a year)
- **2,336 tons of solid waste materials not landfilled** (equal to the annual waste output of nearly 3,000 U.S. residents)
- **166,365 gallons of diesel fuel** (enough to power 300 U.S. cars for a year)
- **3,397 tons of additional cardboard savings**

Data Collection and Reporting

Beginning with this report, we are providing data on progress relative to our new sustainability targets, so we have changed the indicators we use and the data we report. This will better illustrate progress toward our 2016 targets. We are now combining the performance for farming operations, first processing (i.e., slaughter), and further processing facilities. The data are normalized per 100 pounds of product raised on the farms and shipped out of each plant so that we can better compare year-over-year progress in water use, energy use, and solid waste management efficiency.

This summary report includes key data in several performance areas for fiscal years 2008 to 2011.

ENVIRONMENTAL PERFORMANCE

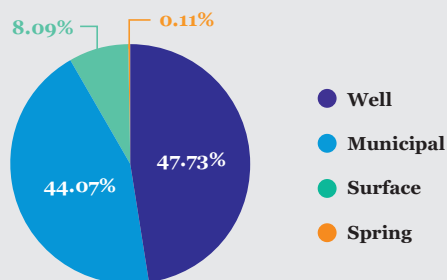
Water Use

- Water use target: 10% reduction over fiscal 2008 (normalized) by fiscal 2016
- Progress to date: Reduced normalized use by 7%

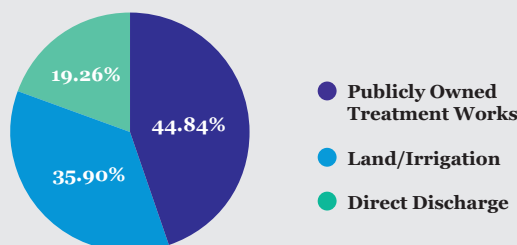
Growing pigs need water for drinking, sanitation, and cooling (with misters, cool cells, and drippers). Our IOCs' farms also use water to sustain animal health and keep equipment and facilities clean.

Water Management

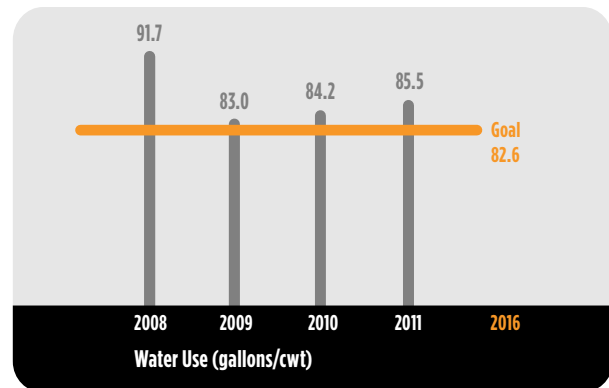
Inputs (% total use)



Outputs (% total use)



Our processing facilities use water for cooling, cleaning, sanitizing, and making our products, totaling 9.6 billion gallons in fiscal 2011. In the United States, our IOCs obtain water from municipal water supplies from local surface and groundwater sources, private surface water impoundments, private wells, and spring water. In order to compete and succeed in an increasingly water-constrained world, we are working to develop more proactive water management systems.



All values reported by fiscal year.

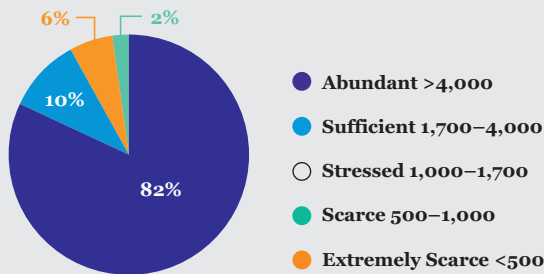
Evaluating Water Risk

We avoid operating in areas where there are insufficient water supplies to support our operations and the local community. To verify this, and in response to stakeholder requests, we recently began to use the World Business Council for Sustainable Development (WBCSD) Global Water Tool to identify facilities located in water-stressed regions. This analysis projects that 92 percent of our domestic sites will have adequate water supplies through 2025.

Going forward, we will continue to monitor and assess water supplies. We will focus particular attention on those facilities in areas with projected water scarcity and seek to contribute to solutions as we did near our Tar Heel, North Carolina, facility. (See "Conserving North Carolina Aquifers" on page 17.)

We carefully monitor water use at each facility and make every effort to become more efficient. Since 2008, we have reduced water use per 100 pounds of product at our farms and our processing plants by 7 percent. We are on track for meeting our target for 2016; our challenge now is to push for further improvements.

2025 Projected Annual Renewable Water Supply at Smithfield's U.S. Operations
(m³/person/year)



Energy Use and GHG Emissions¹

- Energy use target: 10% reduction over fiscal 2008 (normalized) by fiscal 2016
- Progress to date: Normalized use down 2%
- GHG progress to date: Reduced normalized emissions 5%

Climate change, which has been linked by many scientists to GHG emissions, may have future impacts on water use, energy prices, weather patterns, and demand for consumer goods. As in any industry, GHG emissions occur to some extent during the production and distribution of our products. We are working to better understand the significance of our industry's contribution and the potential impacts of climate change on our business. (See "The Carbon Footprint of Pork" on page 22.)

While climate change poses potential risks, it also offers opportunities for Smithfield through the development of renewable energy sources (e.g., biogas, wind farms, and participation in future carbon markets).

We have focused our efforts on mitigating the risk of climate change by improving energy efficiency throughout our value chain. We monitor our progress and identify best practices at all our facilities. We have set a new target to reduce our energy intensity (energy use per 100 pounds of product) to 10 percent below fiscal 2008 levels by fiscal 2016. Meeting the target should also reduce GHG emissions.

¹ Smithfield reports GHG emissions using the Greenhouse Gas Protocol Initiative developed by the World Resources Institute (WRI) and the WBCSD (www.ghgprotocol.org). Publicly available emission figures are used where no reliable data are available from energy providers. We report on scope 1 emissions (direct) and scope 2 emissions, which include indirect emissions associated with the use of purchased electricity.

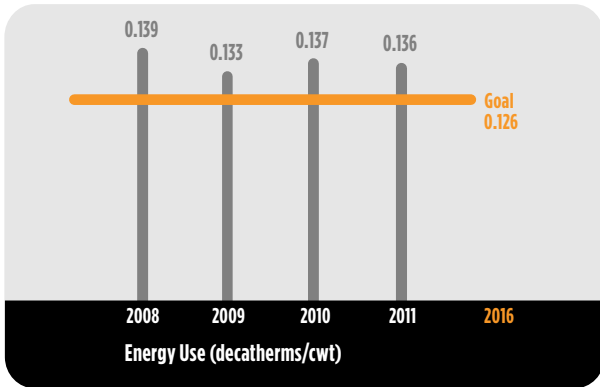
CONSERVING NORTH CAROLINA AQUIFERS

Smithfield Packing's slaughterhouse in Tar Heel, North Carolina, is located in the coastal plain of North Carolina. The area has abundant water resources but is facing a significant shortage of high-quality fresh water for use by homes, businesses, and farms. It is the largest facility of its kind in the world, handling up to 35,000 hogs daily. As a large water user in the region, Smithfield Packing has focused on using water efficiently and ensuring adequate supplies for its neighbors. When the processing plant opened in 1992, it withdrew 2 million gallons of water per day from the Black Creek and Upper Cape Fear aquifers.

In 1997, Smithfield Packing installed a \$3 million water reuse system designed to recycle more than 1 million gallons per day. This allowed the Tar Heel facility to increase production while reducing its water demand and the volume of treated water discharged into the Cape Fear River. This reuse system currently recycles 500 million gallons of water per year, and it has reduced the facility's water use by an estimated 3.98 billion gallons of water over the last 14 years. However, the facility remained dependent on these aquifers.

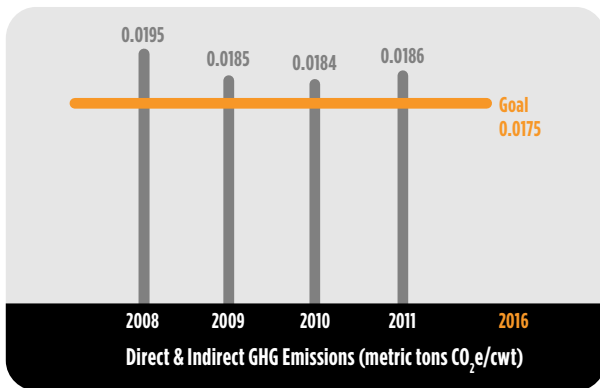
In 2006, Smithfield Packing began working with the Lower Cape Fear Water and Sewer Authority to jointly develop the Bladen Bluffs Regional Surface Water Treatment Plant. The plant, under construction since January 2010, is on Smithfield property and withdraws water from the Cape Fear River. It will use granular activated carbon to remove disinfection by-products, synthetic inorganic compounds, taste, and odor from the water.

Construction is on schedule, and the plant should be treating water in early 2012. It will produce reliable water quality for future customers and will be able to expand as demand grows. This new treatment plant is expected to protect the existing groundwater supply, reduce drought risk, and provide the infrastructure needed to support future economic development in the region.



All values reported by fiscal year. More than 90 percent of our facilities report energy data (electricity, natural gas, and propane use).

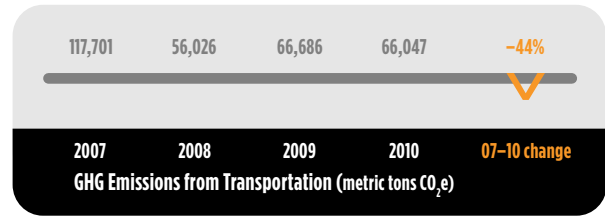
Thanks to the variety of energy efficiency projects we implemented in 2010, our normalized energy use decreased 2 percent. This helped offset the continuing shift to the production of fully cooked (ready-to-eat) products for foodservice customers and consumers. These improvements in energy efficiency do not account for the decrease in energy use for customers and consumers who can use the products with less cooking and preparation. In 2011, company plants emitted a total of 1.3 million metric tons of greenhouse gases, up 2 percent from 2008. The chart illustrates the effectiveness of our energy efficiency and GHG reduction efforts. Normalized emissions are down 5 percent due to the type of fuels utilized.



All values reported by fiscal year.

GHG Emissions from Transportation

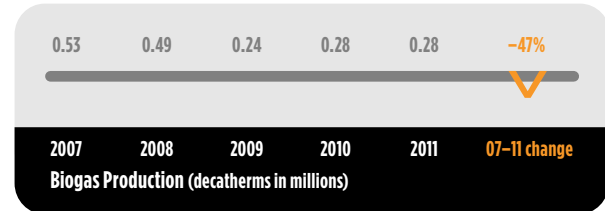
Transporting raw materials, livestock, and finished products around the world contributes to the total carbon footprint of our products. We continue working to improve the efficiency of our company-owned trucking fleets. Calendar 2007 included the Beef Group; the 2008 reduction was due to the divestiture of the Beef Group.



All values reported by calendar year. GHG emissions were calculated using the WBCSD/WRI Global Greenhouse Gas Protocol. The data on GHG emissions from company-owned trucks were assembled from Murphy-Brown and Smithfield Packing. Fuel use reported for Smithfield Packing, which also includes refrigeration units, does not cover all of 2010. The company sold its truck fleet in October 2010. Because all subsidiaries other than Murphy-Brown use contracted trucks, they are not included in this report. Declines in GHG emissions are the result of packaging reduction efforts, improved routing, and other efforts to improve fuel economy and shipping efficiency.

Biogas Production

Several of our plants use their anaerobic wastewater treatment systems to capture biogas for use as fuel in modified steam boilers. This offsets fuel use and reduces methane emissions, while deriving value from what is normally considered a waste product. Biogas production fell 53 percent in fiscal 2009 due to the divestiture of our Beef Group. We are actively exploring the possibilities of generating energy at additional Smithfield facilities.

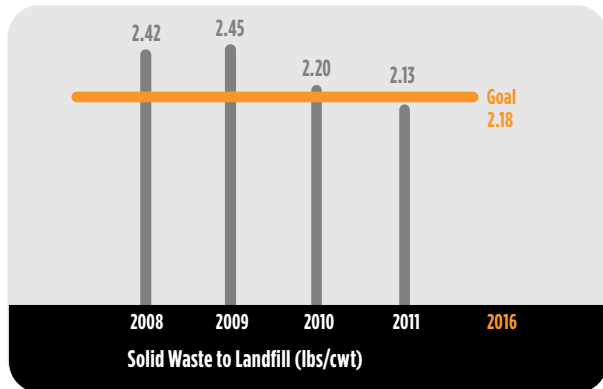


All values reported by fiscal year.

Materials Use and Waste to Landfill

- Solid waste target: 10% reduction over fiscal 2008 (normalized) by fiscal 2016
- Progress to date: Reduced normalized materials to landfill by 12%

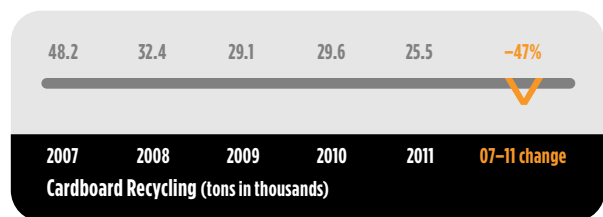
We have reduced solid waste generation per 100 pounds of product by 12 percent since 2008. Although we have already surpassed our target, we will continue to push for greater efficiencies.



All values reported by fiscal year.
Data do not include Murphy-Brown. Solid waste is typically hauled away for a fixed fee; reliable weights are not available.

Cardboard Recycling

Our recycling rate has declined 47 percent since 2007, as we have turned our focus from recycling to source reduction. This company-wide effort to reuse or discontinue the use of cardboard totes to transfer product between and within plants has put our recycling rate at its lowest since we started tracking it, despite increased production over the past five years. Instead of disposing of each cardboard tote after it is used initially, we now inspect each one and, whenever possible, place a new plastic liner inside. This allows us to reuse each one up to five times before recycling it, reducing costs by hundreds of thousands of dollars and diverting tons of cardboard from landfills.



All values reported by fiscal year.

We expect cardboard recycling rates to continue to fall as we implement packaging design improvements and expand our waste prevention projects. (Office paper, cardboard, aluminum, and, in some cases, plastic soda bottles are recycled at our offices, but amounts are not tracked.)

THIRD-PARTY RECOGNITION

American Meat Institute Environmental Achievement Awards

- In March 2011, three subsidiary facilities won four of the 10 American Meat Institute (AMI) Environmental Achievement Awards presented at the Annual Conference on Worker Safety, Human Resources and the Environment. These awards are presented to member companies that exceed regulatory requirements by designing and successfully implementing an innovative plant upgrade, environmental program, or outreach initiative. The AMI also recognized 33 Smithfield facilities with Environmental Recognition Program Awards.

FTSE4Good Index

- Smithfield has been included in the FTSE4Good Index, the responsible investment index, every year since 2006. In the latest FTSE4Good environmental, social, and governance ratings, Smithfield received an overall score of 85 out of 100. The score measures performance on a number of themes, including environmental management, climate change, human and labor rights, and corporate governance.

Third-Party Award Program Participation

- As part of our sustainability efforts, all facilities submit at least one project to a third-party (e.g., state, trade association, charitable foundation, etc.) environmental/sustainability awards program. Over 93 percent of our facilities did so this past year.

Compliance

Compliance Goals:

- 100% compliance, 100% of the time
- Eliminate NOV's at our facilities

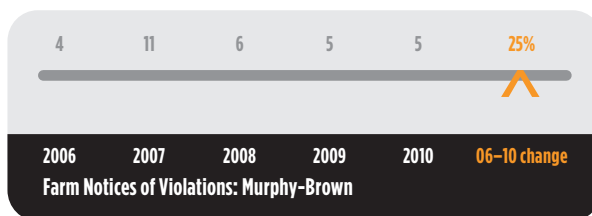
- Progress to date: 97% of processing facilities and farms¹ received no NOV's or fines in calendar 2010.

We seek full compliance with local, state, and federal environmental requirements at all times and have compliance management programs that train and motivate employees to prevent, detect, and correct violations. We track several indicators of compliance, including NOV's and penalties. Our wholly owned domestic subsidiaries, including hog production operations, received 63 NOV's in 2010. The increase in NOV's and penalties since 2009 can be attributed primarily to a few facilities that had issues with their wastewater pretreatment systems. Our environmental team has been working hard to resolve those and we are hopeful that the number of facilities with NOV's will continue to fall in the coming year.

We take any NOV or fine seriously and work quickly to determine how our management systems can be improved, while making corrective actions. We also work with regulators to resolve all environmental issues as they arise.



All values reported by calendar year.
Between 2006 and 2007, \$160,000 was voluntarily paid as part of the National Air Emissions Monitoring Study (NAEMS).



All values reported by calendar year.



All values reported by calendar year.
Contract farm values are based on reviews of state databases and production staff surveys.
N/A = Not available

Environmental Performance of Contract Producers

Roughly 2,135 contract farms supply hogs to our processing facilities. In fiscal 2011, 65 percent of our Hog Production segment's market hogs were finished on contract farms. Smithfield requires that all contract producers act in accordance with all pertinent environmental laws and permit requirements. Noncompliance with our standards may result in contract terminations or the removal of livestock from a producer's farm.

Although we do not report the environmental performance of contract farms, we review state databases and production staff surveys to assess their compliance. In 2010, our approximately 2,135 domestic contract farms received 50 NOV's from environmental agencies. The vast majority related to alleged record-keeping deficiencies. Our approximately 460 farms operated by Murphy-Brown and its subsidiaries had five NOV's.

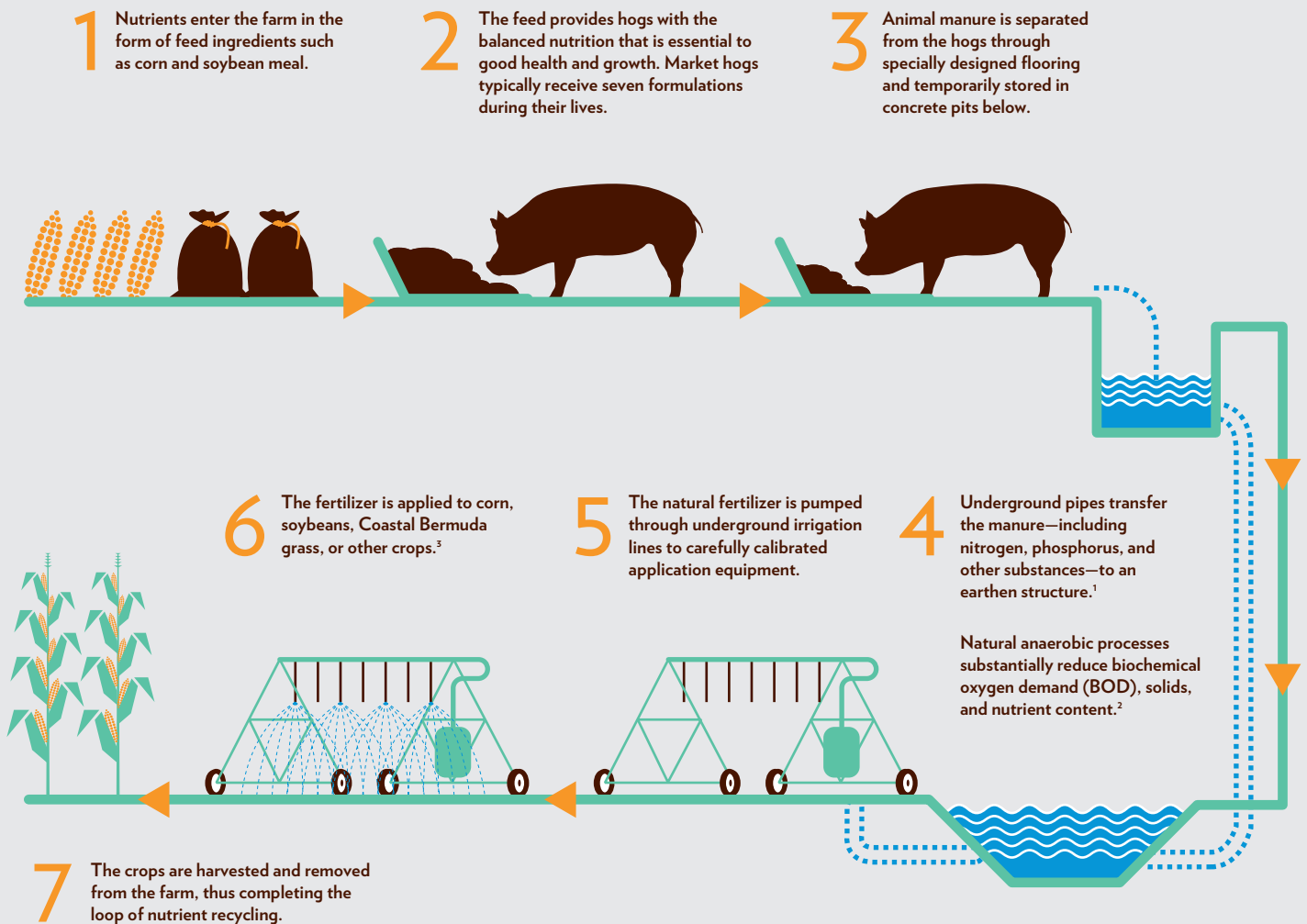
Air Quality

Our hog production IOCs remain in compliance with all state odor regulations. In our experience, properly functioning waste lagoons reduce odors considerably, so we work diligently to make sure that our lagoons are performing as effectively as possible. We track and monitor complaints, including odor complaints, and are continuously piloting new and innovative methods to address odor, including microbial/enzyme additives, lagoon covers, biofilters, vegetative environmental buffers, and automated barn scraper technology.

¹ Total number of facilities and farms equals 512.

The Science of Nutrient Management on Modern Farms

Smithfield's Murphy-Brown subsidiary recycles the nutrients produced on its farms using environmentally sound methods based on factors such as local climate, area agricultural practices, and regulatory requirements. This illustration offers a brief overview of the company's predominant system of nutrient management and the one employed on virtually all Murphy-Brown farms east of the Mississippi.



¹ Certain feed additives, such as phytase enzyme, can reduce the amount of phosphorus.

² Murphy-Brown's anaerobic lagoons are designed to have sufficient storage capacity to accommodate heavy rainfall, storms, and other weather conditions. The space between the liquid level and the top of the earthen structure—also known as freeboard—measures a minimum of 12 inches.

³ By monitoring the application rate, nutrient concentration, and flow rate of the equipment, the correct amount of nutrients can be applied to meet the needs of the crop being grown. All Murphy-Brown farms that apply nutrients do so under the guidance of a certified nutrient management plan.

THE CARBON FOOTPRINT OF PORK

The National Pork Board (NPB) recently released the findings of a two-year study analyzing the carbon footprint of pork. A Smithfield representative participated in the NPB working group that reviewed the entire life cycle of pork production, from farm to table.

The peer-reviewed life cycle assessment, conducted by the University of Arkansas Applied Sustainability Center, contributed to the development of a new carbon footprint calculator to help pork producers identify areas where they can become more efficient and potentially reduce their carbon footprint.

The University of Arkansas researchers' focus was defining GHG emissions¹ across the pork producer supply chain in terms of carbon dioxide equivalents (CO₂e). The GHGs of concern are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and common refrigerants. The study, which was based on 2009 data, encompassed the full life cycle: feed production; swine production; delivery to processor; processing; packaging; distribution; retail; and consumption/disposal.

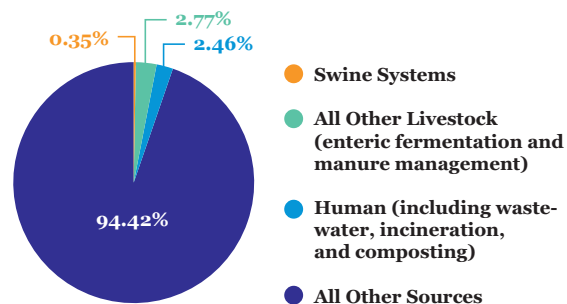
Among some of the key findings:

- The overall estimate of the carbon footprint for preparation and consumption of one 4-ounce serving was found to be 2.48 pounds CO₂e.

- Nearly two-thirds (62 percent) of the carbon footprint comes from live animal production.
- Retail refrigeration and consumer cooking of a portion of pork, along with methane from food waste, contribute 31 percent to the overall carbon footprint—nearly five times the amount contributed by processing and packaging combined.

Pork's carbon footprint is smaller than that of many other animal proteins.

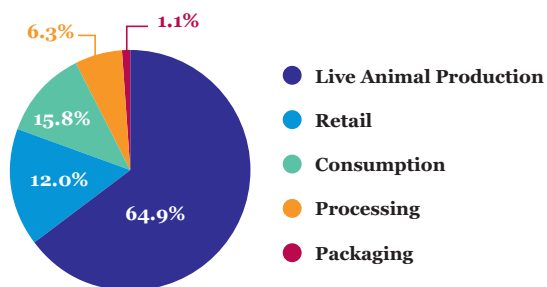
2009 Swine GHGs as a Percent of U.S. Total



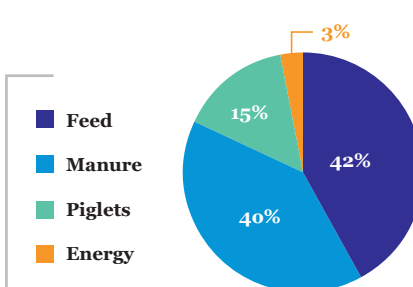
Percentages based on Total Gross GHG Emissions in millions of metric tons CO₂e.

Relative Contribution from Different Phases of the Supply Chain to the Cumulative GHG

Life Cycle Total



Live Animal Production



¹ GHG emissions are commonly defined in terms of the cumulative global warming potential (GWP) of all greenhouse gases emitted for a system or product.

What's in a name? Recently, we changed the name of Smithfield's Animal Welfare Committee to the Animal Care Committee. We believe that "welfare" can be an ambiguous term, with different meanings to different groups of people. Since our primary aim is to take good care of our animals, we selected a name reflective of that commitment.

GOVERNANCE & MANAGEMENT
ENVIRONMENT
ANIMAL CARE
FOOD SAFETY & QUALITY
HELPING COMMUNITIES
EMPLOYEES
INTERNATIONAL OPERATIONS

On this contract farm in Lenoir County, North Carolina, pigs live in an environmentally controlled setting designed to ensure their comfort.



The animals we raise are the core of our business. Their well-being is pivotal to our success, and we do all we can to ensure their safety, comfort, and health. Indeed, our entire operations revolve around sound animal care.

Our animal care management program guides the proper and humane care of our animals at every stage of their lives, from gestation to transport to processing. All farm employees and contract hog producers must employ the methods and techniques of the management system, and we take steps to verify their compliance.

As the world's largest producer of pork, Murphy-Brown, LLC, our hog production independent operating company (IOC), and its subsidiaries own approximately 460 farms and contract with about 2,135 contract hog producers in the United States alone. Smithfield's meat processing operations also receive pigs from numerous independent hog producers, whose numbers fluctuate depending upon market conditions.

Two groups within Smithfield address animal care issues: the corporate-level Smithfield Foods Animal Care Committee and the subsidiary-level Murphy-Brown Animal Care Committee. Each meets regularly and reviews internal policies and procedures to ensure that they are effective at delivering sound animal care. The committees also ensure the policies are in keeping with our commitment to continual improvement.

Since our last report, we have conducted a careful review of our animal handling and care programs, updated our policies, implemented additional unannounced animal care audits, and continued to enhance our training materials for employees who take care of our pigs. We have also made strong progress on our sow housing conversion process.

OUR ANIMAL CARE GOAL:

- Keep our animals safe, comfortable, and healthy

OUR ANIMAL CARE TARGETS:

- Maintain 100% Pork Quality Assurance Plus (PQA Plus®) certification and site assessments at company-owned and contract farms
- Maintain PQA Plus certification for all suppliers and move toward site assessments as well

EXTERNAL VOICE

Dr. Janeen Salak-Johnson

Associate Professor
Department of Animal Sciences
University of Illinois

In the spring of 2011, our department at the University of Illinois added a new course for first-year animal science students. “Contemporary Animal Issues” aims to educate students about modern livestock production, in part because there are so many myths. We felt our students needed to explore the important and intersecting issues within animal production, including animal well-being, the connections between animals and the environment, biotechnology, food safety, and the societal and economic impacts of animal production.

The students coming into our program are a microcosm of the broader U.S. population. Most of these young people have no idea where their food comes from. Our students go on to become veterinarians, researchers, and animal behaviorists, yet their understanding of animal production is based on misconceptions gleaned from Google searches and videos posted on YouTube.

Thanks to the Internet, many young people today think of animal production as barbaric and cruel, and they toss around the term “factory farming” to describe production systems. I dislike the term “factory farming” because that is not what it is. The term “factory” makes one think of an assembly line, where everything is automated and no individual attention is paid. That couldn’t be farther from the truth.

There is also a big misconception within the public that the term “animal rights” is synonymous with “animal welfare.” Animal welfare encompasses our obligations to the keeping and care of animals. We care for them by providing food and water, and by giving them a safe and comfortable environment. It’s not about rights—it’s about ethical care. And as an animal scientist, it’s my obligation to seek truth through objective evidence and the scientific process—not to blindly defend animal agriculture.

Humans domesticated livestock animals for food production. When we domesticated them, we changed them. And now, as their keepers, we are obligated to provide the best care possible.

The hardest thing for the students to grasp is that discussion about animal well-being simply cannot be guided by emotions. It must be grounded in ethics, science, and reasoned professional judgment.

SMITHFIELD HOG FACTS AT A GLANCE:

- Number of domestic sows: 827,000
- U.S. market hogs produced: 16.4 million
- International market hogs produced: 2.2 million
- Primary breeds raised: Durocs (sires); Large White, crossbred with Landrace (females)

ANIMAL CARE ON OUR FARMS

Murphy-Brown and its subsidiaries raise animals according to the National Pork Board’s (NPB) Pork Quality Assurance Plus (PQA Plus) program. The program’s concepts and methods are similar to the animal care management system we had developed ourselves in 2001.

Pork producers become PQA Plus certified only after attending a training session on good production practices (which includes topics such as responsible animal handling, disease prevention, and responsible antibiotic use). Farms entered into the program undergo on-farm site assessments and are subject to random third-party audits.

Smithfield was also one of the original adopters of the National Pork Board’s “We Care” program, which demonstrates that pork producers are accountable to established ethical principles and animal well-being practices. Read about this program at www.pork.org/Programs/32/wecare1.aspx.

To learn more about how we care for our animals, please view our new video series, “Taking the Mystery Out of Pork Production,” at www.takingoutthemystery.com. The seven-part series, which was released in early 2011, was designed to open our doors and educate consumers and others about pork production.

Farm Audits

All company-owned and contract farms have been site-assessed under the PQA Plus program. The program’s random third-party audits complement Murphy-Brown’s and its subsidiaries’ internal auditing systems. This internal audit program is designed to evaluate day-to-day practices relative to our strict animal care guidelines, and legal and regulatory requirements.

In 2011, Murphy-Brown and its subsidiaries fulfilled the commitment to maintain 100 percent PQA Plus certification and site assessments at all company-owned and contract farms. In addition, we have continued to make enhancements to both our internal and external animal care audit processes. We recently mobilized a dedicated team of experts to conduct internal animal care audits and animal care training.

Adherence to the company’s Animal Care Policy is a condition of employment and a condition of agreements with contract producers.

Contract producers found to be in violation of these agreements must take appropriate corrective actions. Those 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 past nine years, Murphy-Brown and its subsidiaries have terminated contracts with 10 contract growers who did not manage the farms in accordance with their contract commitments and the standards we require. We encourage any employee who observes neglectful or abusive behavior on farms with our animals to anonymously contact our toll-free reporting hotline.

Our processing plants, the Murphy-Brown and its subsidiaries' farms that supply them, and many external hog producers also 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. Through independent third-party audits, the program gives assurance to customers that participating agricultural companies are providing consistent, high-quality products.

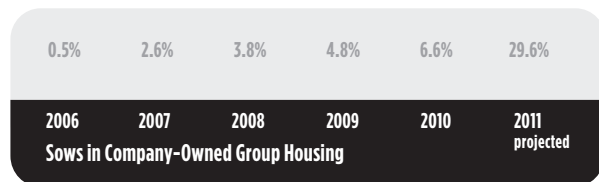
Training

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

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 are making good progress on our commitment to phase out individual gestation stalls for pregnant sows at all company-owned sow farms and replace them with group housing. By the end of 2011, we expect that nearly 30 percent of company-owned sows will be in group housing facilities. We have been making significant capital expenditures to increase the number of farm conversions. We estimate the total cost of our transition to group pens will be in excess of \$300 million. For more on sow gestation and our farms, watch our video series at www.takingoutthemystery.com.



All values reported by calendar year. 2011 projected numbers are based on approved capital expenditures for 2011.

ANIMAL CARE INVESTIGATION

In December 2010, an animal rights activist group released a hidden video that called into question the behavior of a few employees regarding their treatment of our animals at Murphy-Brown farms located near Waverly, Virginia. A few days prior to the video release, we received an anonymous call about an incident through our telephone hotline system.

Following the hotline call, we immediately launched a thorough investigation. The caller did not identify the farm or employees involved. As a result, we interviewed 177 employees from several farms within a very short timeframe. We expanded the investigation to include the subsequently released video. We also engaged an independent team of renowned animal welfare experts—Dr. Temple Grandin, livestock handling specialist Jennifer Woods, and other professionals, including state officials—to help investigate the facts of the events depicted in the video and recommend any policy and procedural adjustments. We took prompt action, including the dismissal of three employees—one of them a supervisor—for violating our company's strict Animal Care Policy.

The independent investigative team toured farms, interviewed employees, evaluated procedures and records, and determined, among other things, that Smithfield has a robust animal care system and that the incidents of improper treatment of pigs were isolated occurrences. The investigation also made five proactive recommendations, which we have been executing.

The full investigation report and additional information about the matter, including the proactive recommendations, can be viewed at www.smithfieldfoodstoday.com.

Biosecurity

Herd health is vitally important in hog production, and our biosecurity policy is intended to protect our pigs from disease. Our biosecurity program is divided into two parts: 1) the animal production process at the individual farm; and 2) the movement of vehicles, animals, personnel, and equipment between farms.

Before any visitors are allowed to enter our farms, they must complete a biosecurity questionnaire to determine whether they have been on other farms recently, and whether they have been in contact with any hogs outside our system during the previous 72 hours. International visitors are required to complete a more thorough questionnaire, and their waiting period before entering our farms is much longer.

GIVING PIGLETS A GOOD START

Recently, we began a new initiative to improve the health of our piglets within the first hours of birth. The “Day One Pig Care Project” establishes specific practices to give newborn pigs the best start in life, reducing competition among piglets so the smaller ones have an equal chance at feeding time.

The program’s goal is to make sure newborn piglets have equal access to their mother’s colostrum (a special milk produced only in the first day after giving birth), which is essential for newborn farm animals. Our farms and contract sow farm growers monitor the newborns to focus on the “at-risk” pigs. Extra measures are taken to ensure that the smaller and weaker pigs have access to their mother’s milk during the first 12 hours after birth. This new process requires significantly more training with farm personnel and follow-up for successful implementation.

Safe Transportation

How we transport our animals from farms to processing plants is an important element of our animal care program. Each year, Smithfield’s subsidiaries’ approximately 140 company-owned trailers and 245 contract haulers log many miles transporting live animals from farms to processing plants.

We comply strictly with federal animal transport time guidelines and have systems in place to maximize the comfort and safety of our animals. Although infrequent, accidents can happen. Several years ago, we revamped our live-haul accident-response procedures into what are widely regarded by animal care experts as the best in the industry. All drivers who transport our animals must be trained and certified under the National Pork Board’s Transport Quality Assurance (TQA) program, which provides education for transporters, producers, and animal handlers on all aspects of hog handling and transportation.

ANIMAL CARE AND HANDLING AT OUR PLANTS

We treat animals with respect at our processing plants, just as we do when they are growing at our farms. Our plants all have developed quality programs following the standards set in the USDA’s Process Verified Program (PVP), as described earlier in this section. Our PVP programs monitor aspects of traceability,

country of origin, PQA Plus adherence on farms, and TQA status of drivers. All Murphy-Brown—and its subsidiaries’—farms that send animals to our plants must participate in the program. Many other suppliers participate as well.

These programs help ensure that the animals that come to our plants were raised where management systems address health, animal well-being, and proper use of antibiotics. All suppliers are certified to the PQA Plus guidelines and are progressing toward completing the on-farm site assessment portion of the Pork Board’s PQA Plus program.

Key elements of our animal welfare management program at our eight processing plants include the following:

- **Animal Welfare Program:** Each plant maintains a comprehensive, written animal welfare program modeled after the American Meat Institute’s Guidelines, which includes seven core criteria, as well as a new section on transportation.
- **Expert Personnel:** Our animal care professionals must undergo training and certification through the Professional Animal Auditor Certification Organization. Learn more about it at www.animalauditor.org/paaco.
- **Training:** Training programs are developed and maintained for all employees who work with live animals. Employees understand that we have a zero-tolerance policy for animal abuse or mishandling. Willful neglect or abuse of animals by any employee is grounds for immediate dismissal, and offenders may also be subject to criminal prosecution under applicable law.
- **Auditing:** Our programs are rigorously audited internally by trained personnel and by external 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 and by the USDA’s Agricultural Marketing Service. Audit reports are shared with customers upon request.
- **Supplier Expectations:** All live-animal suppliers are required to be PQA Plus certified, and all truck drivers—including contract drivers—must be TQA certified. 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.

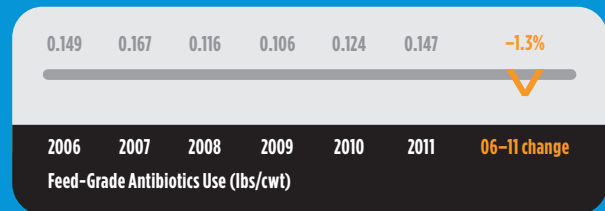
ANTIBIOTICS USE IN HOGS

Smithfield's commitment to the highest standards of food safety and animal care includes the appropriate administration of antibiotics to treat and control diseases and to ensure good health in our pigs.¹ We strive to limit antibiotics use through enhanced management practices and vaccines intended to improve animal health.

Since 2002, we have had a formal and publicly available antibiotics use policy that outlines our commitments and usage requirements. Adherence to the policy is obligatory for anyone who works with the animals owned or managed by or under contract to our IOCs. We review our antibiotics use policy periodically to confirm it is up-to-date with the best science.

Company and contract farmers administer antibiotics only when necessary for the health of the animals. Our policy calls for the responsible use of antibiotics for three specific purposes: to prevent disease, control disease, and treat disease, with proper diagnostic confirmation. Antibiotics are given strategically when pigs are sick or injured, or when they may be exposed to illnesses. Contrary to popular perception, antibiotics are not continuously fed to our animals. We do not use antibiotics for growth promotion purposes, nor do we use hormones in pigs to promote growth. In fact, there are no hormones approved by the U.S. Food and Drug Administration (FDA) for growth promotion in pigs. All antibiotic choices and applications are based on guidance from licensed veterinarians.

We believe that responsible use of antibiotics protects our animals and enhances their quality of life, and we have been a leader in our industry on this issue. For example, we continue to maintain our ongoing partnership with the foodservice giant Compass Group North America and the Environmental Defense Fund. As a result of our first-of-its-kind agreement, which built



All values reported by fiscal year. Feed-grade antibiotics purchased vary from year to year based on a number of factors, including weather conditions, emergence of illnesses, and other issues. The data included here have shifted slightly from prior reports; we are now reporting on a fiscal year, rather than on a 12-month period through October.

upon our existing antibiotics policy, we report and track our use of feed-grade antibiotics.

A HIGHLY REGULATED INDUSTRY

Every antibiotic we use is regulated by the FDA. Murphy-Brown and its subsidiaries comply strictly 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.

Some countries, such as Japan, Russia, and several nations in the European Union, require our farms and suppliers to make specific adjustments to those mandates. We always adhere to the guidelines of those countries with which we do business.

¹ When we refer to "our pigs," we mean all animals produced by Smithfield's livestock production subsidiary Murphy-Brown and its subsidiaries, inclusive of contract farms.

Enhanced Hog Handling and Quality at Processing Plants

Our plants continue to make significant investments in animal handling facilities with new barns, improvements to existing barns, and improved unloading areas in order to ensure that our pigs are safe and comfortable. We have also recently initiated the use of electronic data collection systems at our processing facilities to track animal audit information and report on plant-specific trends.

This allows us to maintain our records electronically and to analyze data on a real-time and trending basis.

In addition, Smithfield has led the U.S. pork industry toward a procedure known as CO₂ anesthetizing. All our facilities use the Butina[®] CO₂ Backloader anesthetizer system. This allows the pigs to move slowly and in small groups, which is much less stressful for the animals and their handlers.

GOVERNANCE & MANAGEMENT
ENVIRONMENT
ANIMAL CARE

FOOD SAFETY & QUALITY

HELPING COMMUNITIES
EMPLOYEES
INTERNATIONAL OPERATIONS

OUR FOOD SAFETY & QUALITY GOALS:

- Deliver safe, high-quality meat products with no recalls
- 100% compliance, 100% of the time

OUR FOOD SAFETY & QUALITY TARGETS:

- Obtain 100% GFSI certification for all relevant facilities¹
- Assure wide variety for different diets and needs and include products designed to address health and wellness in accordance with accepted standards

¹ "Relevant" facilities are those producing meat for human consumption.

Our employees undergo rigorous training in food safety and quality procedures to provide the highest-quality fresh and packaged meats to our customers.



Smithfield and its IOC's work together to ensure livestock traceability and to provide the highest-quality meats and packaged foods to our customers. Our vertically integrated business model helps us manage the safety and quality of our products through careful management, strict policies, and dedicated employees. Responsibility for food safety stretches across our company—from our corporate Food Safety Council to the employees within each of our facilities.

We partner with industry, government, and independent experts to create and implement rigorous food safety and quality practices in all our processing facilities. We believe our systems lead the industry, and we work hard to make certain we are using the most up-to-date, science-based procedures.

OUR APPROACH TO FOOD SAFETY AND QUALITY AT PROCESSING PLANTS

Producing high-quality, safe, nourishing food is a complex undertaking that is critical to our success. All Smithfield companies follow a comprehensive approach that addresses each phase of production, from farms to processing plants. Our management system applies to facility, equipment, and process design; operating and sanitation procedures; employee training; and auditing of our facilities.

There are senior-level food safety managers at each independent operating company (IOC), and all managers undergo specialized

training in food safety issues. Across our operations, we have dozens of food safety and food science professionals, including a team of leading industry microbiologists, who are responsible for ensuring optimal food safety management and product quality.

Our food safety systems are based on the Hazard Analysis and Critical Control Points (HACCP) system, which is required of all meat and poultry companies producing products in the United States. HACCP is a comprehensive food safety control system designed to address all reasonably occurring physical, chemical, and biological hazards, and keep potentially hazardous products from going to market. These systems are reviewed and validated annually as part of the Global Food Safety Initiative (GFSI) certification process.

In 2009, our Food Safety Council required GFSI certification for all facilities. This audit scheme, which certifies a plant's compliance with an internationally recognized set of standards, is making food safety and quality assessments more consistent and efficient, while

ensuring compliance in foreign markets. We decided to move to GFSI certification because it provides a consistent framework for food safety, from auditing of plants to verifications of employee training processes. Many of our customers rely on the GFSI certifications rather than conduct their own audits of our facilities.

Our original food safety target was to obtain GFSI certification for all relevant facilities. Today, 100 percent of relevant facilities—37 in total—are GFSI certified and subject to GFSI's annual third-party audits. Our goal now is to maintain the certification at all facilities.

Training

Maintaining a company-wide culture of safe food requires that our employees meet our strict food safety requirements and are familiar with best practices. All employees undergo rigorous training in food safety and quality policies and procedures—tailored to each of Smithfield's companies—to keep our foods safe. Employees typically undergo one general training a year, plus additional job-specific training. In addition, GFSI verifies employee training programs as part of their auditing processes.

The Food Safety staffs of each IOC remain on the cutting edge of food safety by attending and speaking at educational seminars, professional meetings, and regulatory meetings.

Auditing, Inspections, and Testing

We developed first-generation, comprehensive auditing protocols about 30 years ago, with the intention to improve our ability to effectively control food safety hazards. Over the years, the protocols have been updated and enhanced to meet changing customer and consumer demands, and ensure continuous improvement. Our ongoing, internal auditing program ensures our products are of the highest quality and safety, and that they meet all internal and government standards.

We are constantly assessing the programs to make sure they are as robust as possible and that they incorporate any new regulatory findings and/or best practices in our industry. Each facility is subject to a variety of inspections and audits, including the GFSI audits mentioned above.

Any nonconformance discovered by an audit is addressed swiftly at each facility. A follow-up audit is conducted after the initial audit to make certain that any problems have been sufficiently addressed.

NUTRITION

At Smithfield, we are proud to offer affordable products that contain a significant source of protein. We believe it's important to provide consumers with a wide range of dietary choices. Some consumers want products with reduced fats, sugar, and salt, while others resist making compromises on flavor and convenience.

- **Food Safety & Quality goal:**
No product recalls of any type
- **2011 progress: No domestic recalls**

Our Research and Development (R&D) team of nutritionists, chefs, and food scientists works with our customers—including super-markets, public school systems, and restaurant chains—to develop innovative products that respond to evolving customer needs.

To this end, we produce a broad spectrum of products adapted to different needs and preferences so that consumers can make choices that suit their varied lifestyles. We carefully consider feedback from customers and the end consumer, and continue to deliver new selections with improved nutrition credentials.

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. All of our packaged meat product categories—bacons, hams, hot dogs, sausages—include product lines that are nutritionally improved with either lower sodium, reduced fat, or less sugar.

Sodium

Sodium is a life-essential nutrient and is critical for food preservation and food safety. At Smithfield, salt is also a key ingredient in many of our products and helps us meet customer and consumer demands for quality, authenticity, flavor, and convenience.

Smithfield's sodium policy, which is based on our commitment to producing wholesome food products for our customers, is consistent with the view that a healthy lifestyle is based not just on one nutrient, but on a range of factors, including dietary patterns and exercise. We updated our policy in 2011.

All of our IOCs offer a variety of products that are lower in sodium than their traditional counterparts. In early 2011, for example, Smithfield Packing announced that it had reduced sodium levels in the marinated pork category by an average of 25.5 percent as part of an initiative to lower sodium across all of its product categories over the next three years.

CONSUMER HEALTH AND SAFETY

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

GOVERNANCE & MANAGEMENT
ENVIRONMENT

ANIMAL CARE

FOOD SAFETY & QUALITY

HELPING COMMUNITIES

EMPLOYEES

INTERNATIONAL OPERATIONS

OUR COMMUNITY GOAL:

- Provide food to those in need and enhance education in our communities

OUR COMMUNITY TARGETS:

- Provide 1 million servings a year of food
- Each Pork Group IOC to support two Learners to Leaders® programs
- Each facility to support two National FFA or education events
- Each facility to participate in at least one cleanup day

The Learners to Leaders program in Crete, Nebraska, is one of six across the U.S. supported by Smithfield Foods and our independent operating companies.

Making a positive impact on our communities is one of our company's core values. We focus in particular on programs that nourish the body and the mind. In addition to hunger- and learning-related initiatives, we provide significant support for local and international environmental stewardship efforts. In 2010, Smithfield companies contributed \$2.9 million in cash donations to programs and organizations we support.

In many of the rural areas where we do business, a Smithfield independent operating company (IOC) 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 addition to our overall corporate donations, our IOCs have numerous programs that support their local communities, ranging from food donations to charity road races to river cleanups. As part of our new sustainability management program, we recently began collecting additional information on employee volunteer efforts, facility charitable contributions, community participation, and food donations across all our IOCs. The number and types of these events has already surpassed our expectations. We are continuing to refine our tracking process so we can better quantify and report on our efforts in the future. Typically, our IOCs' philanthropic efforts mirror our corporate emphasis on education, hunger relief, and environmental stewardship.

HUNGER RELIEF

As a global food company, it makes sense for us to focus on hunger relief efforts. In the United States, more than 50 million people—including 17.2 million children—live in households that are food insecure. And the numbers have jumped significantly recently as a result of the nation's struggling economy. As part of our new Sustainability Management program, we have set a target to provide at least 1 million servings a year of food for those in need through our Pork Group. (A serving is estimated at a quarter-pound of meat.)

Our hunger relief programs support families faced with food insecurity through four main activities: food banks, school nutrition programs, disaster relief efforts, and community outreach programs.

- **Food donation target: Provide 1 million servings a year of food for those in need**
- **2011 progress: Donated 8.3 million servings through Helping Hungry Homes® initiative**

Helping Hungry Homes

The Helping Hungry Homes initiative is Smithfield's corporate-level effort to provide food for families in need. We launched the program in 2008, with celebrity cook Paula Deen as our spokesperson. Overall in fiscal 2011, Smithfield Foods donated approximately 2.1 million pounds of meat. 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.

Just prior to Thanksgiving in 2010, one of our subsidiaries, Smithfield Packing, announced a campaign to increase consumer involvement with our fight against hunger. Smithfield Packing committed to donate one serving of protein for every person who "liked" its Facebook page before the end of the year. As a result, Smithfield Packing donated an additional 24,000 servings of protein to food banks around the country.

Some of our Helping Hungry Homes donations are in conjunction with the United Food and Commercial Workers International Union (UFCW). In late 2009, we teamed up with the UFCW to donate almost 20 million servings of protein over three years. Through our partnership, Smithfield and the union plan to donate more than 1.6 million pounds (or 6.4 million servings) of protein each year to help families and individuals.

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 Smithfield-Luter Foundation has grown to fund educational partnerships in the communities where our employees live and work.

In 2010, the Smithfield-Luter Foundation awarded 19 scholarships totaling \$377,500 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 93 annual scholarships worth more than \$2 million.

The Smithfield-Luter Foundation also supports student scholarships at CNU in Newport News, Virginia. The university decides which students will share in the awards. The program, which began in 2006, has provided \$415,800 in grant money to 331 students to date.

Learners to Leaders

- **Learners to Leaders target: Each Pork Group IOC to support two Learners to Leaders programs**
- **2011 progress: All three IOCs supported at least two programs**

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. Learners to Leaders focuses on people from disadvantaged backgrounds who have the desire to succeed but don't yet have the skills to overcome their challenges—whether academic, social, or economic. These often include first-generation college-bound students or low-income or minority individuals. Over five years, the Smithfield-Luter Foundation has made \$1.7 million in contributions to Learners to Leaders.

- **FFA target: Each facility to support two National FFA or education events**
- **2011 progress: 12 of 15 IOC facilities supported at least two events**

The first Learners to Leaders program began in Sioux Falls, South Dakota. Since then, we have funded programs in Bolingbrook, Illinois; Lumberton, North Carolina; Harrogate, Tennessee; Green Bay, Wisconsin; Denison, Iowa; Norfolk, Virginia; Milan, Missouri; and Crete, Nebraska, and we're continuing to establish partnerships across the United States.

Supporting World Water Monitoring Day

Smithfield Foods has provided financial support and employee participation to World Water Monitoring Day since 2003. This past year, 92 percent of our domestic facilities took part. Our employees distributed 200 sampling kits and had over 750 participants at sampling events held in 17 states across the United States. Our operations in Poland and Romania held their own events.

- **Cleanup target: Each facility to participate in at least one cleanup day**
- **2011 progress: 92% of domestic facilities organized at least one event**

GOVERNANCE & MANAGEMENT
 ENVIRONMENT
 ANIMAL CARE
 FOOD SAFETY & QUALITY
 HELPING COMMUNITIES
EMPLOYEES
 INTERNATIONAL OPERATIONS

OUR HEALTH & SAFETY GOAL:

- Reduce employee injury rates

OUR HEALTH & SAFETY TARGETS:

- Meet or beat general manufacturing industry national average for injuries
- All safety leadership to participate in 10-hour general industry training programs
- Increase formal employee engagement to 25% by fiscal 2015
- Host Safety Roundtable meetings at all locations



These John Morrell Food Group employees in Sioux Falls, South Dakota, are among the 31,000 people who are part of the Smithfield Foods Pork Group.

Our company's success is largely due to the efforts of our roughly 46,000 employees around the globe. We are committed to protecting their health and safety, and we strive to create a fair and ethical workplace environment. We provide good jobs—often in rural communities with high unemployment rates. Very often, we're the largest employer in the regions where we operate.

We recognize that our jobs can be demanding. Raising hogs on farms, driving transport trucks, and preparing food in processing plants require solid skills and hard work. For that reason, we emphasize workplace safety and training, as well as employee health and wellness.

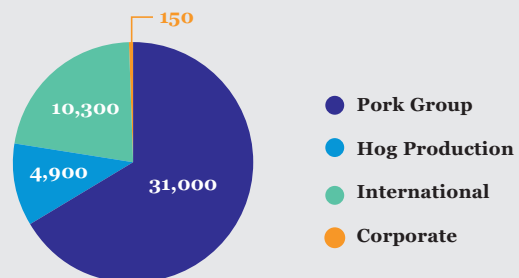
We are working hard to engage our employees through management safety committees and have taken steps at our IOCs to evaluate—and enhance—employee satisfaction. We ask a lot of our employees, and we reward their dedication with competitive wages and benefits, educational scholarships, and a variety of self-improvement programs that go beyond industry norms.

HUMAN RIGHTS

We have a Human Rights Policy to ensure the fair treatment of our employees throughout the company and in all our subsidiaries.

Our Workforce

Total employees: 46,350



Workforce totals as of May 1, 2011. Approximately 50 percent of our U.S. workforce is unionized, and substantially all of our employees are full-time. At our IOCs, about 85 to 90 percent of the workforce is compensated based on hourly rates.

We provide copies of the policy to all our employees, including new hires, and encourage our workers to call our toll-free Smithfield hotline to report any violations. We also communicate our Human Rights Policy to all major suppliers.

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 be viewed on our Web site at the following address: www.smithfieldfoods.com/employees/human.aspx.

IMMIGRATION

Many of our valued employees are legal immigrants, so we pay close attention to federal and state debates over new immigration legislation. At Murphy-Brown and its subsidiaries' operations, for example, roughly one quarter of our workforce are legal immigrants. Our immigrant workforce 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 workforce and provide opportunities for legitimate workers who seek employment 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.

DIVERSITY

We aim to promote and cultivate a workforce that will enhance our company's competitiveness in an increasingly diverse and interconnected world. Our global perspective and commitment to inclusion are central to our mission to produce good food, responsibly. In 2010, we rolled the functions of our Diversity Advisory Committee into our new Sustainability Committee to highlight our commitment to a representative workforce.

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.

We have several programs and initiatives to improve minority representation, particularly at a management level. At Farmland Foods, for example, we have been focused on ways to increase the percentage of Latino managers in our plants. About 39 percent of our plant workforce is Latino, compared to 6 percent of plant managers who are Latino.

Many other IOC facilities offer English as a Second Language courses for workers, and translate company communications into Spanish, Vietnamese, French, and other languages spoken by high proportions of employees. A number of locations also offer Spanish classes for English-speaking managers who want to improve their communications with their Spanish-speaking employees.

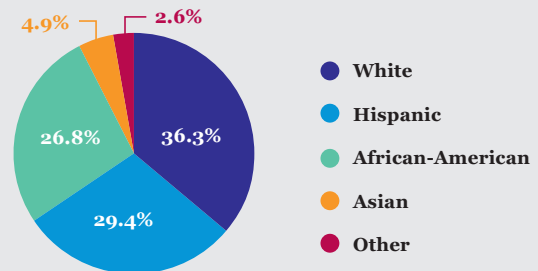


Data reported as of September each year.



Data reported as of September each year.

2010 Minority Breakdown for all Smithfield Operations



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.

REDUCING EMPLOYEE TURNOVER

Across our company, we have been actively exploring ways to reduce employee turnover. Nearly three-quarters of all serious injuries in our industry typically occur within the first six months of employment. So the longer our workers stay at our company, the lower the chances that they will suffer a serious injury.

We need a skilled, stable workforce to succeed as a business. Our turnover rates range from 20 percent to 35 percent, depending on the location—far below an industry average that hovers around 50 percent.

Although the relatively low turnover rate may be partly due to the economy—workers across all industries have been staying in their jobs longer—we firmly believe that our competitive wages and benefits packages have helped us to retain good workers.

EMPLOYEE BENEFIT PROGRAMS

Smithfield Foods offers competitive wage and benefit programs that vary according to operating company, location, and position. We provide 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, and we offer health and wellness programs that challenge our workers to take better care of themselves. Benefits are available to anyone working 30 hours or more a week, which is substantially all of our workforce.

We also offer tuition reimbursement to help employees pursue their educational goals. Tuition programs vary by subsidiary and typically cover between 50 percent and 100 percent of tuition and lab fees.

EMPLOYEE HEALTH & SAFETY

Meat production can be a hazardous business. At Smithfield, our people are critical to our success, and ensuring their safety is one of our highest priorities. In early 2010, we set new targets to meet—or beat—the general industry averages for three categories that we report to the Occupational Safety and Health Administration (OSHA). Prior to 2010, our target had been to meet or beat safety averages for the meat industry alone. We set our sights higher after we began surpassing the meat industry safety averages. In 2010, we continued to reduce our worker injury rates. We beat

the injury rates for the meat industry and continue to close in on our general industry target. Our overall Total Case Rate (TCR) and Days Away, Restricted, or Transferred (DART) rates both dropped by 24 percent, while our Days Away From Work Injury and Illness (DAFWII) rate finished 27 percent lower than the previous year. The data chart on page 35 demonstrates our progress in comparison to the meat industry through 2009, the most recent data available. In subsequent reports, we plan to show how we are tracking against general industry safety data. We did not include overall historical general industry data because we only established that target in 2010.

Over the past year, we advanced our health and safety systems by updating our injury prevention audit process and conducting further auditor certification trainings. We developed new operational controls guidelines focused on hazardous chemical management and chemical security. And we introduced new ergonomic operational controls guidelines and conducted training for the organization's health and safety professionals.

We have improved injury rates due in large part to our Employee Injury Prevention Management System (EIPMS) and auditing process. The EIPMS helps us identify hazards and risks and develop injury prevention solutions. In addition to our own EIPMS audit process, Smithfield undergoes thorough external audits of compliance and hazard control programs at our U.S. work sites.

HEALTH & SAFETY PERFORMANCE

On average, U.S. beef and pork processors report 6.9 injuries per 100 employees—more than twice the average for all private industry occupations, according to 2009 data from the U.S. Department of Labor's Bureau of Labor Statistics.¹ Smithfield's injury rate is 4.66 injuries per 100 employees.

OSHA Total Case Rate (TCR)²:

The number of work-related injuries and illnesses per 100 employees that result in medical treatment has fallen substantially since 2006. In 2010, it improved by 24 percent over 2009 and 47 percent since 2006, indicating how well EIPMS has been adopted into our corporate culture.

OSHA Days Away, Restricted, Transferred (DART) Rate:

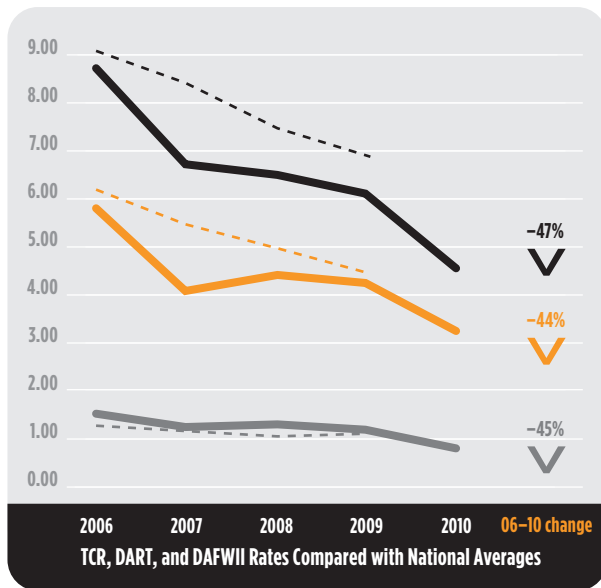
The number of work-related injuries and illnesses per 100 employees that result in an employee missing work, having restricted duty, or being transferred from his or her regular duty work assignment fell by 24 percent last year.

¹ The most recent data available at time of publication.

² TCR was labeled "Total Injury and Illness Frequency Rate" (TIFR) prior to our 2009/10 report. We changed the terminology to be more consistent with OSHA reporting.

OSHA Days Away From Work Injury and Illness (DAFWII) Rate:

The number of work-related injuries and illnesses that result in one or more days away from work per 100 employees has steadily fallen each year since 2006. For 2010, we posted a 27 percent reduction over the previous year.



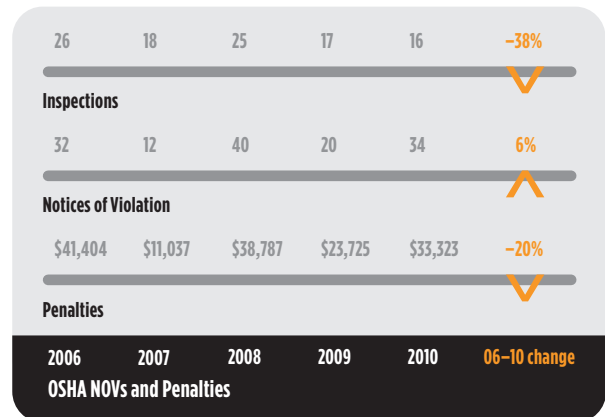
Smithfield
 TCR ———
 DART ———
 DAFWII ———

National Average
 TCR - - - -
 DART - - - -
 DAFWII - - - -

All values reported by calendar year. In previous reports, these metrics were incorrectly labeled as fiscal year. We track trends throughout our fiscal year but report the OSHA rates only by calendar year. National averages are based on 2009 data from the U.S. Department of Labor's Bureau of Labor Statistics. Its 2010 data were not yet available when this report was produced.

OSHA Violation Notices

In 2010, Smithfield had 16 regulatory inspections conducted at locations across the country, receiving 34 citations with penalties totaling \$33,323. The number of citations is lower than in 2008, when OSHA stepped up its enforcement actions around the country. However, the penalties are getting higher for the same types of violations, which represents a national trend for industry enforcement.



All values reported by calendar year.

External Recognitions

Smithfield's significant safety efforts have been recognized by our industry, including the American Meat Institute (AMI), which commended 28 Smithfield facilities in 2010. All our Pork Group subsidiaries were recognized in this year's awards program for their safety performance as well as implementation of effective health and safety programs. Five Smithfield Foods facilities received the Worker Safety Award of Honor, the highest level award bestowed by the AMI.

Smithfield Foods President's Awards

The 2010 President's Award for Health & Safety went to Smithfield Packing Company's facility in Clinton, North Carolina. The plant—one of Smithfield Packing's larger facilities—scored among the highest of all our companies on its EIPMS audit score. Overall injury and illness rates were less than half the national average and well below the averages for Smithfield overall. In addition, employees expressed a high level of trust in their management team to help keep them safe.

GOVERNANCE & MANAGEMENT

ENVIRONMENT

ANIMAL CARE

FOOD SAFETY & QUALITY

HELPING COMMUNITIES

EMPLOYEES

INTERNATIONAL OPERATIONS

Smithfield Foods wholly owns six international operations, consisting of four subsidiaries in Poland and Romania and two food distribution operations in the United Kingdom and Romania. AgriPlus is one of Poland's largest hog producers and provides a substantial portion of its hogs to our Polish meat processing affiliate, Animex. In Romania, Smithfield Ferme raises hogs principally for the pork processor Smithfield Prod. Agroalim, the largest food distributor in Romania, supplies meat produced at Smithfield Prod to the Romanian market.

Together, our hog-raising operations in Poland and Romania raised approximately 2.2 million market hogs on our farms in fiscal 2011. Our food processors in those countries produced over 1 billion pounds of fresh pork and packaged meat products in the same period.

In this report, we are including three years of data and other information about our wholly owned international operations.

ENVIRONMENT

Environmental Management Structure

Like our domestic operations, each of Smithfield's European companies has one or more senior-level environmental managers who regularly interact with our corporate headquarters team as they manage environmental issues and drive performance improvements. Every facility maintains at least one environmental coordinator tasked with ensuring compliance at all times. At the supervisory level, all managers receive environmental training on a regular basis.

Our Polish and Romanian operations are regulated in accordance with European Union (EU) directives administered by their respective national regulatory agencies. Our facilities are also subject to national environmental requirements that complement EU directives.

The environmental goals of our international operations are comparable to those of their domestic counterparts:

- Achieving 100 percent compliance with relevant environmental laws;
- Certification of an environmental management system (EMS) for each site;
- Improved communication with stakeholders (e.g., local communities, governments, etc.);

- Reduced environmental incidents through training, preventive actions, and response measures; and
- Reduced natural resource consumption and improved operational efficiency.

We are in the process of developing new CSR goals and targets (like those on page 12) for our international operations. We are working toward establishing these by the end of fiscal 2012.

Environmental Management Systems

Our European facilities seek to reduce the environmental impacts identified by our EMS through innovative programs for energy- and water-use reduction. At our processing plants, managers track each project and provide regular status updates to management to maintain accountability.

As with our domestic operations, all our Polish and Romanian farming operations are ISO 14001 certified. By the end of 2012, all our processors and distribution facilities will achieve certification.

Smithfield's international operations manage risks and track their environmental performance through regular monitoring, internal audits, and, in some cases, third-party audits. The results of all audits are reported to facility management. Corrective actions are prioritized and addressed expeditiously.

Contract Growers

As in the United States, we use contract farms to help supply market hogs for our processing facilities. These contract and purchasing arrangements provide multiple economic benefits to rural communities, including employment, steady income, and modernized agriculture. 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.

Our Polish farming operation works with roughly 600 contract farms. Our Polish processing operation purchases hogs and poultry from independent farmers, but does not purchase directly from contract farms.

Our Romanian farm group, Smithfield Ferme, began its first contract grower program in 2009, working with local farmers in the first phase of a wean-to-finish contract farm initiative. In 2010, Smithfield Ferme continued developing partnerships with local farmers to build new hog-raising facilities. To date, these partnerships have built four operational contract farms with a production capacity of 8,000 hogs each.

ENVIRONMENTAL PERFORMANCE

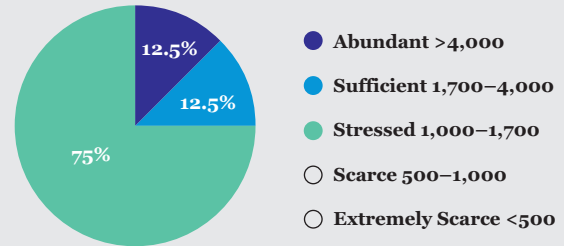
Data Collection and Management

The data in this section account for all nine processing plants and 67 hog farming operations managed by our wholly owned European subsidiaries in Romania and Poland. We continue working to collect and report international operations data in a way that is compatible with our domestic companies. This will allow comparisons among companies and help our international operations join in the efforts to meet our company-wide sustainability goals.

Evaluating Water Risk

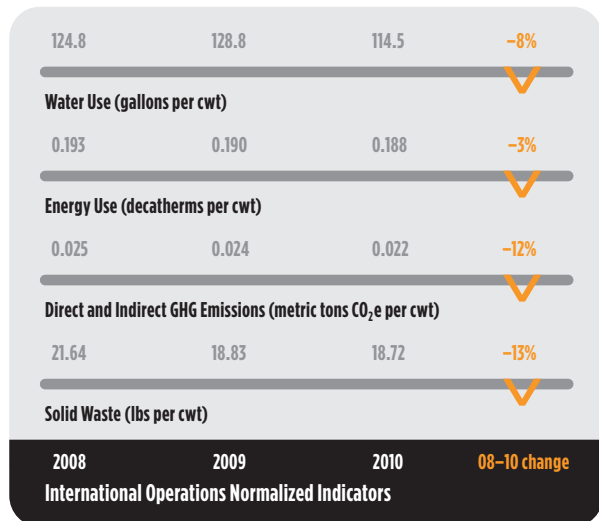
In 2011, our international operations used 1.6 billion gallons of water for raising hogs and making our products. As in our U.S. operations, we are working to develop more proactive water management systems in Poland and Romania. To this end, we recently began to use the World Business Council for Sustainable Development (WBCSD) Global Water Tool to identify facilities located in water-stressed regions. Based on 2025 projections, we have identified 12 locations—all in Poland—in potentially water-stressed areas. Poland has less available water per capita than many other European countries and the United States. Over the next year, we will investigate these findings further to better understand the nature of the anticipated stresses and the role our operations play as users of water.

2025 Projected Annual Renewable Water Supply at Smithfield's International Operations (m³/person/year)



Reducing Resource Intensity

We closely monitor environmental performance at each facility and make every effort to improve the efficiency of our operations. Since 2008, we have reduced water use per 100 pounds of product at our farms and our processing plants by 8 percent. Normalized electricity use fell by 3 percent, thanks to continued efficiency improvement projects. We also reduced our normalized greenhouse gas emissions by 12 percent over the same period. The amount of waste sent to landfills per 100 pounds of product decreased by 13 percent. Our processing operations received zero NOVs for the second year in a row.



All values reported by calendar year. GHG emissions and solid waste totals do not include farming operations. Smithfield reports greenhouse gas (GHG) emissions using the Greenhouse Gas Protocol Initiative developed by the World Resources Institute (WRI) and the WBCSD (www.ghgprotocol.org). Publicly available emission figures are used where no reliable data are available from energy providers. We report on scope 1 emissions (direct) and scope 2 emissions, which include indirect emissions associated with the use of purchased electricity and steam.

	2008	2009	2010	08-10 change
NOx Emissions (tons)	173	123	119	-31%
SOx Emissions (tons)	276	206	180	-35%
Cardboard Recycling (tons in thousands)	1.41	3.36	1.30	-8%
NOVs	1	0	0	-100%
Fines (\$U.S.)	4,474	0	0	-100%

International Processing Key Performance Indicators

All values reported by calendar year.
Only Animex facilities record NOx and SOx emissions.

	2008	2009	2010	08-10 change
Transportation GHG Emissions (Metric tons CO₂e)	N/A	4,882	3,395	N/A
NOVs	14	22	0	-100%
Fines (\$U.S.)	17,995	3,497	0	-100%

International Farms Key Performance Indicators

All values reported by calendar year.
N/A = Not available

ANIMAL CARE

Managing Animal Care

We take pride in keeping our animals healthy, safe, and comfortable. Animal welfare initiatives in Europe date back several decades. Since 1998, our hog production operations in Europe have adhered to strict EU guidelines based on the European Convention for the Protection of Animals Kept for Farming Purposes. Our European operations have formal animal care policies consistent with Murphy-Brown's.

Neglect or abuse of animals in any form is not tolerated and is grounds for termination. Offenders may also be subject to criminal prosecution under applicable local laws. Our European hog raising operations are regularly audited to ensure compliance.

In 2010, our Romanian farms and feed mills were inspected 153 times by the Local Veterinary Directorate with no penalties or findings of noncompliance.

Housing of Pregnant Sows

The European Union's Agriculture Council issued a 2001 directive (Council Directive 2001/88/EC) addressing the health of pregnant sows in gestation stalls. The "EU Pigs Directive" sets minimum standards and aims in particular to achieve the following:

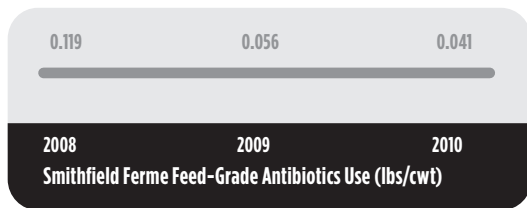
- Ban the use of individual stalls for pregnant sows during most of the gestation period;
- Improve the quality of the flooring surfaces;
- Increase the living space available for sows;
- Allow the sows to have permanent access to materials for rooting; and
- Introduce higher levels of training for personnel in charge of the animals.

These requirements initially apply to all facilities built or rebuilt after 2003. By January 2013, all existing facilities must meet these provisions. Our company-owned farms in Europe comply with these requirements. 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 these requirements. The remaining contract farms and suppliers are working toward meeting the 2013 schedule for completion.

Antibiotics Use

Antibiotics are given strategically when pigs are sick or injured or when they are vulnerable or exposed to illnesses. In Romania, our operations have used fewer antibiotics over the past three years. Antibiotics use has fallen by nearly 66 percent. Antibiotics use fluctuates over time, based on the needs of the animals. Limited antibiotics are delivered through feed; the rest are water-soluble. The Polish operations use only water-soluble antibiotics. Authorized veterinarians oversee the usage of antibiotics on company-owned and contract farms, monitoring them on a weekly basis. Our antibiotics administration process is overseen and controlled by regulatory agencies in each country where we operate.

In 2006, the EU banned the feeding of all antibiotics and related drugs to livestock for growth promotion purposes. Our European farms follow these strict guidelines and comply with all antibiotic withdrawal timelines.



All values reported by calendar year. In previous reports, antibiotics use was reported in kg per kg sold. Reporting is now more consistent with U.S. operations. AgriPlus does not use feed-grade antibiotics. It does use some water-based medication to treat sick pigs.

Safe Transportation

Our European companies continue working to improve their accident response procedures. Over the past year, we have devoted considerable resources to making our live-haul accident response procedures in Romania and Poland more consistent with our domestic operations.

In fiscal 2011, Smithfield Ferme reported one transportation accident, and AgriPlus' contract hauler had two accidents involving pigs.

FOOD SAFETY & QUALITY

At Smithfield Prod, Animex, and Agroalim, food safety is a top priority. We use a number of food safety processes and programs throughout our supply chain, in our plants, and in our distribution company. We closely monitor all relevant EU feed law changes, which allows us to better conform to changes within the law and effectively communicate them to our suppliers.

To ensure quality control throughout supply chain, all our European hog production and food processing facilities, as well as our distribution company, have implemented a Hazard Analysis and Critical Control Points (HACCP)-based Food Safety Policy that addresses all reasonably occurring physical, chemical, and biological hazards. In addition to third-party validated HACCP food safety systems, our Polish processing operations have achieved certification to the Global Food Safety Initiative (GFSI), similar to our domestic operations. All of our other operations in Poland and Romania are ISO 22000:2005 certified.

All Smithfield employees undergo extensive training in food safety policies and procedures—tailored to each of Smithfield's companies—to keep our foods safe. Each worker is trained upon hiring and is retrained on a regular basis, depending on his or her job requirements. In addition, each facility is subject to a variety of inspections and audits. Any nonconformance identified by any internal or external audit is addressed promptly at each facility.

There were recalls of approximately 7,400 pounds of fresh and packaged meat products for microbial or labeling issues by our Polish processing plants during the fiscal 2011 reporting period. No significant penalties or fines associated with food safety were assessed at any of our European operations since our last report.

HELPING COMMUNITIES

Like Smithfield's U.S. operations, our international operations fund hunger relief efforts, provide environmental outreach, and make education more accessible to local students. We also support cultural awareness programs that honor the rich heritages of the communities in which we operate.

In the summer of 2010, southern Poland suffered the most destructive flood seen in generations. Heavy rains raised the Vistula River to its highest level in 160 years, flooding an area that accounts for about a third of Polish gross domestic product and 40 percent of industrial output. The floods killed 15 people, left thousands homeless, and destroyed 680,000 hectares of farmland. Animex donated more than 10 tons (30,000 servings) of canned meat to people affected by the floods and to organizations that serve them.

SUSTAINING LOCAL TRADITIONAL FESTIVALS

Romania is culturally diverse, with traditions observed by communities originating from Romania, Bulgaria, Germany, Hungary, and Serbia. Smithfield is proud to support a variety of traditional festivals, including concerts, dance contests, craftsmanship fairs, and sporting events, such as horse cart racing. Our “Be one of us!” community program supports the unique local traditions of more than 20 rural villages in Romania.

Some of the highlights from the 2010/11 reporting period include the following:

- Our Romanian processing company’s “Food for Souls” program provides fresh meat and hot meals to disadvantaged citizens of Timisoara and the surrounding area. Since the program’s 2009 launch, we have partnered with more than a dozen local charities to feed more than 15,000 people in need.
- In 2010, our Romanian distribution company began expanding the initiative into a national hunger relief program. By the end of the year, the program was fully implemented at four facilities. We plan to implement the program at all 13 Agroalim facilities by the end of 2011. Over the past year, Agroalim has donated roughly 8,000 kilograms (17,636 pounds) of meats and food products to charitable organizations.
- Our Polish processing company supports school lunch campaigns in a number of districts and donates meat products to help our communities. In 2010, our processing plants delivered \$72,350 worth of food products and an additional \$28,000 in cash contributions to provide meals to local children in need.
- For six years, our Romanian hog growing operation has been a primary sponsor of Millions of People, Millions of Trees, a tree planting initiative in partnership with the Romanian Ministry of Environment and the Romanian National Environmental Guard. In spring 2010, our employees planted more than 5,000 trees in 11 villages near our farms and processing plants. As a result of our efforts, over 15,000 trees have been planted around the country.
- Over the past four years, our Romanian farming group has supported more than 8,000 local students in 40 villages through its Back to School educational program, which supplies backpacks, pencil cases, and other school essentials to preschool and primary school children, enhancing their

access to education. We also provide the students and their families with educational materials that promote a healthy lifestyle and a balanced diet.

- Our Polish processing company funds scholarships for children of employees and farmers from rural areas. The program, which began with a handful of scholarships in 2007, grew to 78 scholarships in the 2010/11 school year, totaling about \$58,700. Our scholarship program is aimed at local students, in part based on the assumption that some of them will become employees after finishing their studies.

EMPLOYEES

Smithfield has more than 10,100 employees in Europe. We offer good jobs in rural villages with high unemployment rates. In many regions where we operate, we are one of the largest employers. Moreover, we are often the largest buyer of local feed grain, supporting family farms in the areas where we operate.

Workforce Composition

In 2010, our employees at our Polish farms and processing plants were almost uniformly Polish nationals. Of 8,248 employees, approximately 56 percent were women. Women made up 42.4 percent of senior management.

In Romania, of the 1,892 employees, 97 percent were Romanian nationals and 32 percent were women. Women made up 35 percent of the management team.

Employee Health & Safety

We have robust employee health and safety management systems, training programs, and policies designed to prevent injuries and illnesses while promoting health and safety in the workplace.

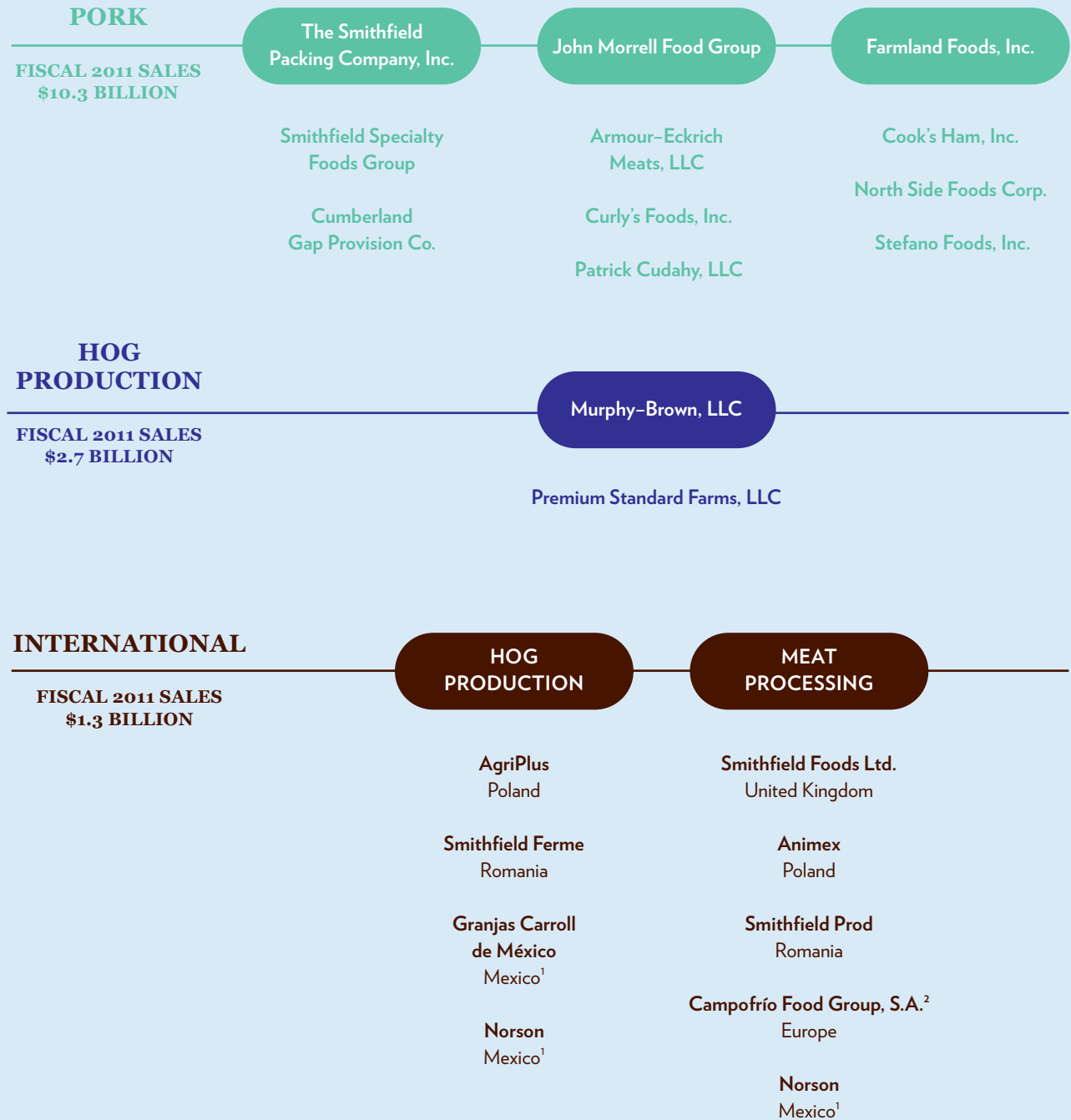
Over the past year, our U.S.-based safety experts have spent time studying the European operations’ safety policies, training standards, and performance records in order to develop a global program for all of our facilities. This new program will address EU requirements and allow our Polish and Romanian operations to collect, gather, and report safety metrics that are more closely aligned with those we use in the United States. We aim to develop a single global system for tracking and managing health and safety performance and will report on our progress in future reports.

We are also working to develop safety metrics for European IOCs that are consistent with those in the United States. We hope to present the information in future CSR reports.

Smithfield

Family of Companies

This chart provides an overview of Smithfield Foods' organizational structure. Our independent operating companies and joint ventures make us a \$12 billion global food company and the world's largest pork processor and hog producer. In the United States, we are also the leader in numerous packaged meats categories with popular brands including Farmland,[®] Smithfield,[®] Eckrich,[®] Armour,[®] and John Morrell.[®]



¹ Joint venture (not included in sales figures).

² Smithfield Foods owns a 37 percent stake (not included in sales figures).

Note: Fiscal 2011 sales include intersegment sales of \$2.2 billion.

Smithfield

HEADQUARTERS:
Smithfield, VA

PRESIDENT:
Timothy O. Schellpeper

EMPLOYEES: 12,300

FISCAL 2011 SALES:
\$3.7 billion¹

www.smithfield.com

The Smithfield Packing Company, Inc., was founded in 1936 by Joseph W. Luter and his son, Joseph W. Luter, Jr. Primary lines of business include fresh pork, smoked meats, bacon, cooked hams and hot dogs for retail, foodservice, and deli channels. The company exports products to approximately 30 countries. In addition to the Smithfield brand, its Gwaltney, Esskay, and Cumberland Gap products are among the leaders in their respective markets. Smithfield Specialty Foods Group is home of the Genuine Smithfield Ham, The Peanut Shop of Williamsburg, and other gourmet offerings.

MAJOR BRANDS

Smithfield, Gwaltney,
Cumberland Gap, Esskay

MAJOR SUBSIDIARIES

Cumberland Gap Provision
Co.; Smithfield Specialty
Foods Group

FACILITIES

Grayson and Middlesboro, KY;
Landover, MD; Clinton, Kinston,
Wilson, and Tar Heel, NC;
Smithfield and Portsmouth, VA

RECENT CSR ACHIEVEMENTS

- Achieved ISO 14001 certification of environmental management systems at all processing facilities
- Recycled approximately 500 million gallons of water per year at Tar Heel plant from 2008 through 2010
- Captured biogas at Tar Heel plant to burn in boilers, saving an average natural gas equivalent of 124,250 decatherms per year from 2008 through 2010
- Recycled an average of 12,000 tons of cardboard per year from 2008 through 2010
- Installed a 250,000 gallon tank at plant in Smithfield to recover hot water produced by rendering operations, an initiative that is projected to save approximately 49 million gallons of hot water per year
- Began composting wastewater solids from the plant in Smithfield, reducing the amount of sludge sent to landfill by 2,000 tons annually
- Achieved the lowest overall injury and illness rates in Smithfield Packing's history in fiscal 2011

¹ Reflects intersegment and intrasegment sales.





HEADQUARTERS:
Cincinnati, OH

PRESIDENT:
Joseph B. Sebring

EMPLOYEES: 9,500

FISCAL 2011 SALES:
\$3.7 billion¹

www.johnmorrellfoodgroup.com

The John Morrell Food Group traces its roots to the founding of John Morrell & Co. in England in 1827. The company is the oldest continuously operating meat manufacturer in the United States. It consists of national and regional brands that help drive profitable growth in meat categories such as ham, smoked sausage, hot dogs, deli meats, bacon, pulled pork, and dry sausage. With brands that define the meat industry, the John Morrell Food Group brings its expertise to retail, deli, foodservice, direct store delivery, convenience store, club store, military, and co-manufacturing outlets.

MAJOR BRANDS

John Morrell, Curly's, Eckrich, Armour, Margherita, Healthy Ones, Patrick Cudahy, Krakus, Carando, Kretschmar

MAJOR SUBSIDIARIES

Armour-Eckrich Meats, LLC; Curly's Foods, Inc.; Mohawk Packing Company; Patrick Cudahy, LLC; Saratoga Food Specialties; Premium Pet Health

FACILITIES

San Jose, CA; Denver, CO; St. Charles and Bolingbrook, IL; Peru, IN; Sioux City, Sioux Center, and Mason City, IA; Junction City, KS; Springfield, MA; St. James, MN; Omaha, NE; Elizabeth, NJ; Springdale, OH; Sioux Falls, SD; Smithfield, VA; Cudahy, WI

RECENT CSR ACHIEVEMENTS

- Reduced solid waste disposal by 10 percent (normalized) from fiscal 2008 to fiscal 2011
- Lowered water use by 11 percent (normalized) from fiscal 2008 to fiscal 2011
- Reduced energy use by 49 percent (normalized) from fiscal 2008 to fiscal 2011 at Golden Crisp facility in Sioux Center
- Reduced water use by 55 percent at Springdale facility from fiscal 2008 to fiscal 2011
- Generated 158.7 million cubic feet of biogas through Sioux Falls facility's covered anaerobic lagoon wastewater treatment process in fiscal 2011. This decreased natural gas demand by 127,000 decatherms.
- Reduced solid waste disposal by 56 percent at Peru facility from fiscal 2008 to fiscal 2011
- Donated more than 550,000 pounds of food in fiscal 2011, the equivalent of more than 2.2 million servings

¹ Reflects intersegment and intrasegment sales.





HEADQUARTERS:

Kansas City, MO

PRESIDENT:

Michael E. Brown

EMPLOYEES: 9,200

FISCAL 2011 SALES:

\$4.0 billion¹

www.farmlandfoods.com

Farmland Foods, Inc., provides a broad selection of pork products for retail and foodservice customers in the United States and abroad. Its primary lines of business include fresh pork, case ready pork, hams, bacon, fresh sausage, processed sausage, lunchmeat, and specialty sausage. Since its founding in 1959, Farmland Foods has maintained a proud heritage of working side by side with American farm families. Smithfield Foods acquired the company in 2003. Farmland Foods has a large and growing international business, exporting products to more than 35 countries across six continents.

MAJOR BRANDS

Farmland, Cook's,
Ember Farms,
Premium Farms,
Stefano Foods

FACILITIES

Cumming, GA; Monmouth, IL;
Carroll and Denison, IA; Wichita, KS;
Kansas City and Milan, MO; Crete
and Lincoln, NE; Charlotte, NC;
Arnold, PA; Salt Lake City, UT

RECENT CSR ACHIEVEMENTS

- Received American Meat Institute's Environmental Excellence Award (Tier IV), the highest level offered, at 10 facilities
- Awarded more than \$450,000 in employee college tuition reimbursement
- Installed 74 high-efficiency double waterers in Monmouth facility's hog pens, eliminating open troughs and saving 26.5 million gallons of clean water annually
- Installed a closed-loop water system at Denison facility that supplies heat in batch cookers to allow for water reuse. This project saves 7.66 decatherms of energy per hour and reduces greenhouse gas emissions by more than 2,000 tons annually.
- Provided over 850 dry tons of biosolids from Crete and Denison facilities to farmer fields to help with fertilization and development of crops
- Installed blood pressure kiosks at all facilities and in the corporate office
- Recycled 6,800 tons of cardboard annually, conserving 115,600 trees

¹Reflects intersegment and intrasegment sales.



Murphy-Brown LLC

HEADQUARTERS:

Warsaw, NC

PRESIDENT:

Jerry H. Godwin

EMPLOYEES: 4,900

FISCAL 2011 SALES:

\$2.7 billion¹

www.murphybrownllc.com

The livestock production subsidiary of Smithfield Foods, Inc., Murphy-Brown, LLC, is the world's largest producer of hogs. Murphy-Brown is committed to producing high-quality products while protecting the environment and preserving family farms. In the United States, the company owns approximately 827,000 sows and brings 16.4 million hogs to market annually. Operations include 460 company-owned farms and contractual business relationships with 2,135 family farms across 12 states. Its Smithfield Premium Genetics unit, based in Rose Hill, North Carolina, is responsible for improving swine genetics across the company's production herd.

LOCATIONS

Colorado, Illinois, Iowa, Missouri, North Carolina, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Virginia

SUBSIDIARIES

Premium Standard Farms

RECENT CSR ACHIEVEMENTS

- Implemented the "We Care" initiative in 2010, reflecting the company's commitment to responsible pork production in all areas of its operation
- Conducted a thorough review of all production practices and training materials through the Murphy-Brown Animal Care Committee, implementing a number of changes to make the animal care system more robust
- Produced the "Taking the Mystery Out of Pork Production" video series in 2011 to help viewers better understand modern pork production and farming
- Implemented use of hand-held computers on all Murphy-Brown East company farms in 2009 to assist with nutrient management and regulatory compliance programs
- Worked with Ducks Unlimited and the Foundation for Soil and Water Conservation in 2011 to design and construct a unique, mixed-use wildlife impoundment on a working swine farm
- Adopted a section of Six Runs Creek, a tributary of the Black River in Sampson County, as part of North Carolina's Stream Watch program

¹ Reflects intersegment and intrasegment sales.



HEADQUARTERS:
Warsaw, Poland

PRESIDENT:
Darek Nowakowski

EMPLOYEES: 7,700

FISCAL 2011 SALES:
\$1.1 billion¹

www.animex.pl

Animex is Poland's largest producer of fresh and packaged meats. The company is also home to the prized Krakus Ham. Primary lines of business include fresh pork, beef, and poultry as well as smoked and cooked hams, sausages, hot dogs, bacon, canned meats, and pâtés. Animex products are available in more than 50 countries at retail and through foodservice channels. The company operates four red meat facilities in Elk, Morliny, Starachowice, and Szczecin; four white meat facilities in Ilawa, Suwalki, Debica, and Opole; two feed mills in Grodkow and Zamosc; and one raw material supply facility in Ilawa.

MAJOR BRANDS

Krakus, Morliny, Morlinki, Berlinki, Mazury, Yano

FACILITIES

Debica, Elk, Ilawa, Morliny, Opole, Starachowice, Suwalki, Szczecin

RECENT CSR ACHIEVEMENTS

- Donated more than 10 tons—30,000 servings—of canned meat as part of Poland's 2010 flood relief effort
- Supported lunch campaigns in a number of districts in 2010, contributing 134,000 pounds of meats and packaged foods
- Participated in World Water Monitoring Day 2010 by sponsoring eight events involving more than 400 students
- Funded 78 scholarships totaling nearly \$60,000 through Animex Foundation for children of employees and farmers for the 2010/11 school year
- Financed publication of educational guide for Warsaw Agricultural University (SGGW) to distribute to students considering a career in meat production and processing

¹ Reflects intersegment and intrasegment sales.



Smithfield prod

HEADQUARTERS:

Timisoara, Romania

PRESIDENT:

Bogdan Mihail

EMPLOYEES: 1,000

FISCAL 2011 SALES:

\$198 million¹

www.smithfield.ro

Smithfield Prod is Romania’s largest producer of fresh pork products, sold primarily to processors and retail customers under the Comtim brand. It also owns 100 percent of independent distributor Agroalim. With locations in Bucharest as well as seven other cities, Agroalim distributes most of Smithfield Prod’s pork production as well as a wide range of fresh, frozen, and nonperishable products to Romanian retail and foodservice customers. Other Romanian activities include joint venture Frigorifer, a cold storage and vegetable production company that sells products under the Casa Taraneasca brand. Smithfield Prod also owns rendering operations.

MAJOR BRANDS

Smithfield Prod: Comtim
 Agroalim: Minut, Hanul Romanesc
 Frigorifer: Casa Taraneasca

MAJOR SUBSIDIARIES

Agroalim

FACILITIES

Smithfield Prod: Timisoara
 Frigorifer: Tulcea

RECENT CSR ACHIEVEMENTS

- Partnered with local charities to provide fresh meat and hot meals to more than 15,000 people in need in Timisoara and the surrounding area through Food for Souls program; expanded program in 2010 into a national hunger relief effort as Agroalim donated 8,000 kilograms of meats and food products to charitable organizations across Romania
- Participated in World Water Monitoring Day by sponsoring events in 2009 and 2010 involving approximately 60 students from Utvin village
- Sponsored a variety of local arts festivals, including Festivalul Sorocarilor, Ruga Sanmihaiu Roman, and Lada cu Zestre
- Started GreenWeek@SmithfieldProd to educate and encourage employees to plant trees, clean public areas, and live a greener lifestyle at work and at home
- Sponsored “Your World? Clean!” program, initiated by PRAIS Foundation in partnership with the Romanian Environmental Ministry and National Environmental Guard

¹ Reflects intersegment and intrasegment sales.



International Hog Production

HEADQUARTERS:

Warsaw, NC

PRESIDENT:

Luis Cerdan

EMPLOYEES: 1,600¹

FISCAL 2011 SALES:

\$359 million²

Smithfield Foods' international hog production division owns more than 200,000 sows in Mexico, Poland, and Romania through subsidiaries and joint ventures. They brought a combined total of approximately 3.8 million hogs to market in fiscal 2011.³ The Mexican operations consist of 50 percent stakes in Granjas Carroll de México and Norson, a vertically integrated hog producer and meat processor. AgriPlus is one of Poland's largest hog producers and provides a substantial portion of its hogs to Smithfield's Animex meat processing subsidiary. Smithfield Ferme produces hogs in Romania principally for pork processor Smithfield Prod.

¹ Total employees do not include joint ventures GCM and Norson.

² Reflects intersegment and intrasegment sales. Total sales do not include GCM and Norson.

³ Hogs to market total includes GCM and Norson.



www.agriplus.pl

Headquarters: Poznan, Poland

Hogs Produced in Fiscal 2011: 1.36 million

RECENT CSR ACHIEVEMENTS

- Donated \$25,000 to local communities to provide food for children in need
- Sponsored education and sports programs for children in many rural areas where the company operates
- Participated in World Water Monitoring Day by sponsoring events in the Zachodniopomorskie and Pólnocnopomorskie regions of Poland



www.granjascarroll.com

Headquarters: Perote, Mexico

Hogs Produced in Fiscal 2011: 1.14 million

RECENT CSR ACHIEVEMENTS

- Spent nearly 2 million pesos on community programs, including education and testing for cervical cancer in rural areas as well as medications and medical staff
- Continued reforestation program stocked from a company-managed tree nursery
- Supplied pumps and well water to two communities, donated seed corn to poor farmers, and supported the construction of public-use areas



www.smithfieldferme.ro

Headquarters: Timisoara, Romania

Hogs Produced in Fiscal 2011: 767,000

RECENT CSR ACHIEVEMENTS

- Launched Green Campaign in Bacova to increase paper and plastic recycling rates, with plans to expand the program to all locations
- Sponsored Millions of People, Millions of Trees for six years, with volunteers planting more than 15,000 trees
- Gave 8,000-plus students in 40 villages backpacks and other essentials as part of the Back to School program



www.norson.net

Headquarters: Hermosillo, Mexico

Hogs Produced in Fiscal 2011: 539,000

RECENT CSR ACHIEVEMENTS

- Funded more than 300 scholarships for academically deserving candidates through Academic Excellence program, helping prepare the best students for a university education
- Donated more than two tons of pork in 2010 to surrounding communities, benefiting schools, churches, and community events
- Supported eight different school systems in the Hermosillo area with supplies and technology

Contact

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.

DENNIS H. TREACY

Senior Vice President, Corporate Affairs,
and Chief Sustainability Officer

Tel: +1 757 365 3000

E-mail: dennistreacy@smithfieldfoods.com

WILLIAM D. GILL

Assistant Vice President,
Environmental Affairs

Tel: +1 757 356 6700

E-mail: billgill@smithfieldfoods.com

STEWART T. LEETH

Assistant Vice President,
Environmental and Corporate Affairs,
and Senior Counsel

Tel: +1 757 365 3000

E-mail: stewartleeth@smithfieldfoods.com

For investor and media inquiries:

KEIRA L. LOMBARDO

Vice President, Investor Relations
and Corporate Communications

Tel: +1 757 365 3000

E-mail: keiralombardo@smithfieldfoods.com

The Smithfield Foods 2010/11 Corporate Social Responsibility Summary Report achieved the following by printing on paper with recycled content compared with 100 percent virgin paper:

Wood saved	18,728 pounds
Wastewater flow saved	30,133 gallons
Solid waste not produced	1,910 pounds
Carbon dioxide not generated	5,827 net pounds
Energy not consumed	20.87 million BTUs
Carbon emissions not produced	2,545 pounds



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Created and produced by RKC!
(Robinson Kurtin Communications! Inc)
Content developed by BuzzWord
Executive and feature photography (except page 23): Timothy Llewellyn
Printer: J.S. McCarthy

THIRD-PARTY RECOGNITION 2010–11

- FTSE4Good Index Member Company
- Fortune magazine Most Admired Company
- McDonald's Best of Green
- Claremont McKenna College "A+" Ranking for Sustainability Reporting
- American Meat Institute Foundation Environmental Achievement Awards
- American Meat Institute Foundation Environmental Recognition Awards
- American Meat Institute Foundation Worker Safety Award of Honor
- American Meat Institute Foundation Worker Safety Awards
- Ranked on Maplecroft CII Benchmark, part of the Maplecroft Climate Innovation Indexes
- Included in Newsweek 2010 Green Rankings
- Recipient of multiple Telly Awards
- Member of Maryland's Green Registry

SMITHFIELD FOODS, INC.
200 Commerce Street
Smithfield, VA 23430 U.S.A.
+1 757 365 3000
www.smithfieldfoods.com