

SMITHFIELD FOODS INC  
 Form PRER14A  
 August 01, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

<b>Check the appropriate box:</b>	
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<input type="checkbox"/>	Definitive Additional Materials
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**SMITHFIELD FOODS, INC.**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

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Dear Fellow Shareholder:

It is my pleasure to invite you to attend our 2012 Annual Meeting of Shareholders on September 19, 2012 at 2:00 p.m., Eastern Time. The meeting will be held at the Williamsburg Lodge in Williamsburg, Virginia.

This meeting is a special moment in the life of your Company, following a fiscal 2012 in which Smithfield Foods had record sales and the second highest net income in its history. It is an opportunity for you to find out more about the exciting developments at Smithfield where we are focused on top and bottom line growth in our business. More importantly, the meeting is an opportunity to ask questions and express your opinions concerning Smithfield, regardless of the number of shares you own. I encourage you to read the enclosed materials and vote your shares either by proxy or in person at the Annual Meeting.

We have made several changes in this year's proxy statement in order to make the matters to be addressed at our Annual Meeting more understandable. You will note several enhancements in how we present information about our Board of Director nominees and corporate governance and executive compensation practices. We have also added a summary of the proxy statement that begins on page 6 to highlight important information discussed throughout the proxy statement. Further, you will see that we have continued to enhance our Compensation Discussion and Analysis that begins on page 28 in order to show you how our executives' compensation is linked to performance.

Among the proposals to be acted upon at the Annual Meeting are two amendments to our Articles of Incorporation: one, to declassify the Board of Directors and, two, to eliminate a related supermajority voting provision in our Articles. At last year's Annual Meeting, our shareholders expressed their strong support for a non-binding shareholder proposal requesting that the Board of Directors take the necessary steps to declassify the Board of Directors. In response to this clear message from our shareholders, our Board of Directors has unanimously proposed, and recommends that our shareholders approve, these amendments to our Articles of Incorporation.

On behalf of your Board of Directors and your Smithfield management team, we hope you can attend the Annual Meeting. Thank you for your continued confidence in Smithfield.

August 9, 2012

**C. Larry Pope**

*President and Chief Executive Officer*

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**SMITHFIELD FOODS, INC.**

**200 COMMERCE STREET**

**SMITHFIELD, VIRGINIA 23430**

**Corporate Internet Site: *www.smithfieldfoods.com***

Notice of Annual Meeting of Shareholders  
September 19, 2012

2:00 p.m., Eastern Time

Williamsburg Lodge, 310 South England Street, Williamsburg, Virginia

As a shareholder of SMITHFIELD FOODS, INC., a Virginia corporation (the “Company”), you are cordially invited to be present, either in person or by proxy, at the Annual Meeting of Shareholders of the Company to be held at the Williamsburg Lodge, 310 South England Street, Williamsburg, Virginia, at 2:00 p.m., Eastern Time, on September 19, 2012, for the following purposes:

1.

To elect as directors four nominees named in the attached proxy statement to serve a three-year term on the Company’s Board of Directors;

2a.

To consider and act on a proposal to approve an amendment to the Company’s Articles of Incorporation to declassify the Board of Directors;

2b.

To consider and act on a proposal to approve an amendment to the Company’s Articles of Incorporation to eliminate the supermajority voting requirement for amending or repealing Article VI of the Company’s Articles of Incorporation;

3.

To ratify the selection of Ernst & Young LLP as independent auditors of the Company for the fiscal year ending April 28, 2013;

4.

To consider and act on an advisory vote to approve named executive officer compensation; and

5.

To transact such other business as may properly come before the meeting or any continuation or adjournment thereof.

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Only shareholders of record at the close of business on July 13, 2012 will be entitled to vote at the Annual Meeting and any adjournment thereof. The transfer books will not be closed.

We hope you can attend the Annual Meeting in person. However, even if you plan to attend, please vote your proxy as soon as possible, so that we may be assured of a quorum to transact business. If you receive more than one proxy because you own shares registered in different names or addresses, each proxy should be voted. Your proxy is revocable and will not affect your right to vote in person in the event you are able to attend the meeting.

Your attention is directed to the attached proxy statement.

Smithfield, Virginia

August 9, 2012

By order of the Board of Directors,

**Michael H. Cole**  
*Secretary*

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## PROXY STATEMENT SUMMARY

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement carefully before voting. For more complete information regarding Smithfield's fiscal 2012 performance, please review our Annual Report on Form 10-K for the period ended April 29, 2012.*

### 2012 Annual Meeting of Shareholders

<b>Time and Date</b>	September 19, 2012 at 2 p.m., Eastern Time Williamsburg Lodge, 310 South England Street
<b>Place</b>	Williamsburg, Virginia
<b>Record Date</b>	July 13, 2012
<b>Voting</b>	Shareholders of record as of the record date are entitled to vote. Each share of Smithfield common stock is entitled to one vote on each matter properly brought before the 2012 Annual Meeting.

### Fiscal 2012 Business Highlights

In fiscal 2012, Smithfield delivered strong operating results. Business highlights of fiscal 2012 included:

- Net income of \$361.3 million, the second highest in Smithfield's history;
- Sales of \$13.1 billion, a company record and up 7% over fiscal 2011;
- Packaged meats sales increased 5% and operating profit increased 16%;
- Interest expense reduced by nearly \$70 million, or 28%; and
- \$189 million of our common stock repurchased.

Executive Compensation Highlights (page 28)



Our executive compensation programs are designed to motivate our executives to improve operating performance and, ultimately, increase our Company's share price. Therefore, our annual and equity-based long-term incentives are variable and constitute a significant portion of our executives' potential compensation.

This emphasis on incentive compensation reflects Smithfield's commitment to paying for performance – the incentives pay out when performance is strong and do not pay out when performance is disappointing. The nearby chart illustrates the close relationship between company performance, measured by consolidated pre-tax profits, and the compensation of our CEO over the past three fiscal years.

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The Company regularly assesses the compensation program to ensure that it properly aligns the interests of our shareholders and senior management. While the Company has reported record earnings during the last two fiscal years and achieved important strategic objectives for debt and cost reduction, our stock price has yet to reflect the impact of these achievements. Therefore, we have implemented a number of key changes in the compensation program over the last two years in order to more closely align executive compensation to shareholder interests. The following are changes that were made to our CEO's compensation for fiscal 2012 and 2013:

•

We redesigned our CEO's annual cash incentive award beginning in fiscal 2012 to reduce the amount paid at higher profit levels and to cap the total payout. These changes reduced our CEO's 2012 cash incentive by \$2.2 million compared to what would have been paid under the formula previously in effect.

•

We amended the formula for calculating benefits under our supplemental executive retirement plan, resulting in a \$5.9 million reduction in the value of the CEO's pension benefits.

•

We redesigned the performance share unit awards in fiscal 2013 to link vesting to Smithfield's total shareholder return over a three-year period compared to the average total shareholder return of a peer group of 18 companies, thus more closely aligning executive compensation to shareholder return.

•

We eliminated stock options as a component of our CEO's compensation beginning in fiscal 2013.

Voting Matters and Board Recommendation

•

**Election of Directors** (page 12)

***FOR each Director Nominee***

•

**Amendments of Articles of Incorporation** (page 55)

***FOR***

**To Declassify the Board of Directors**

***FOR***

**To Eliminate a Related Supermajority Voting Provision in our Articles**

•

**Ratification of Auditors** (page 57)

***FOR***

•

***FOR***

**Advisory Vote to Approve Named Executive Officer Compensation**

(page 59)

## Board Nominees (page 12)

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation</b>	<b>Committees</b>
Joseph W. Luter, III	73	1975	Chairman of the Board of Directors; Former Chief Executive Officer of Smithfield	E
C. Larry Pope	57	2006	President and Chief Executive Officer of Smithfield	E
Wendell H. Murphy, Sr.	73	2000	Private Investor; Former CEO Murphy Farms, Inc.	E, SCPA
Hon. Paul S. Tribble, Jr. *	65	2007	President of Christopher Newport University	NG, SCPA

\* = Independent Director, E=Executive Committee, NG=Nominating and Governance, SCPA=Sustainability, Community and Public Affairs Committee

## Amendments to Articles of Incorporation (page 55)

Our Articles of Incorporation currently provide that the Board of Directors be divided into three classes with each class elected to serve a three-year term. Our Articles also currently require a supermajority vote to amend or repeal Article VI of the Articles which contains the classified Board provisions. One proposed amendment would phase out the classification of the Board of Directors such that directors elected at or after the 2013 Annual Meeting would be elected for a term of one year. The second proposed amendment would delete the related supermajority voting provision for amending or repealing Article VI of the Articles of Incorporation. The approval of this second proposal to amend our Articles is contingent on the approval of the first proposal to amend our Articles.

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## WELCOME TO THE SMITHFIELD FOODS ANNUAL MEETING OF SHAREHOLDERS

### QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

#### 1. What is a proxy statement and what is a proxy?

A proxy statement is a document that SEC regulations require us to give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy is your legal designation of another person to vote the shares you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated two of our officers as proxies for the 2012 Annual Meeting of Shareholders (the “Annual Meeting”), C. Larry Pope and Michael H. Cole.

#### 2. Why did I receive these proxy materials?

We are providing this meeting notice, proxy statement and proxy card (the “Proxy Materials”) in connection with the solicitation by the Board of Directors of Smithfield Foods, Inc., a Virginia corporation (“Smithfield,” the “Company,” “we,” “us,” and “our”), of proxies to be voted at our Annual Meeting. The proxies also may be voted at any continuations, adjournments or postponements of the meeting. This proxy statement contains information you may use when deciding how to vote in connection with the Annual Meeting. We are first sending the Proxy Materials to shareholders on or about August 9, 2012.

#### 3. Why did I receive a Notice of Internet Availability of Proxy Materials instead of printed proxy materials?

Pursuant to rules adopted by the SEC, we have elected to provide access to our Proxy Materials over the Internet. Accordingly, we are sending a Shareholder Meeting Notice & Admission Ticket (the “Notice”) to our shareholders. All shareholders will have the ability to access the Proxy Materials on the website referred to in the Notice or request to receive a printed set of the Proxy Materials. Instructions on how to access the Proxy Materials over the Internet or to request a printed copy may be found in the Notice. We encourage you to take advantage of the availability of the Proxy Materials on the Internet in order to help reduce the costs and environmental impact of the Annual Meeting.

#### 4. When and where is the Annual Meeting, and who may attend?

The Annual Meeting will be held on September 19, 2012 at 2:00 p.m., Eastern time, at the Williamsburg Lodge, 310 South England Street, Williamsburg, Virginia. The meeting room will open at 1:30 p.m. and registration will begin at that time. Shareholders who are entitled to vote may attend the meeting, as well as our invited guests. Each shareholder is permitted to bring one guest.

#### 5. What is the difference between holding shares as a Shareholder of Record and as a Beneficial Owner?

If your shares are registered in your name on the books and records of our transfer agent, you are a “Shareholder of Record.” Smithfield sent the Notice directly to you.

If your shares are held for you in the name of your broker or bank, your shares are held in “street name” and you are considered the “Beneficial Owner.” The Notice has been forwarded to you by your broker, bank or other holder of record, who is considered, with respect to those shares, the Shareholder of Record. As the Beneficial Owner, you have the right to direct your broker, bank or other Shareholder of Record on how to vote your shares by using the voting instruction card included in the mailing.

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6. How do I attend the Annual Meeting? What do I need to bring?

**Shareholders of Record.** If you are a Shareholder of Record and plan to attend the meeting, please bring the Notice and photo identification. Shareholders of Record who do not present Notices at the meeting will be admitted only upon verification of ownership at the admission counter.

**Beneficial Owners.** If you are a Beneficial Owner and plan to attend the meeting, you must present proof of your ownership of Smithfield shares as of July 13, 2012, such as a bank or brokerage account statement, and photo identification. If you wish to vote at the meeting, you must also bring a legal proxy as described in the answer to Question 12.

7. What are my voting choices for each of the proposals to be voted on at the Annual Meeting?

**Proposal**

**Voting Choices and Board Recommendation**

•

Vote in favor of all nominees;

•

Vote in favor of specific nominees;

•

Vote against all nominees;

•

**Item 1: Election of Four Director Nominees**

Vote against specific nominees;

•

Abstain from voting with respect to all nominees; or

•

Abstain from voting with respect to specific nominees.

**The Board recommends a vote **FOR** each of the nominees.**

**Items 2a and 2b: Approval of Amendments to the Articles of Incorporation to:**

**For each amendment:**

•

Vote in favor of the amendment;

**Declassify the Board of Directors**

•

•

Vote against the amendment; or

**Eliminate a Related Supermajority Voting Provision in our Articles**

Abstain from voting on the amendment.

**The Board recommends a vote FOR each amendment.**

•

Vote in favor of the ratification;

•

**Item 3: Ratification of the Appointment of Ernst & Young as Independent Auditors**

Vote against the ratification; or

•

Abstain from voting on the ratification.

**The Board recommends a vote FOR the ratification.**

•

Vote in favor of the advisory proposal;

•

**Item 4: Advisory Vote to Approve Named Executive Officer Compensation**

Vote against the advisory proposal; or

•

Abstain from voting on the advisory proposal.

**The Board recommends a vote FOR the advisory proposal to approve named executive officer compensation.**

8. Are there any other matters to be acted upon at the Annual Meeting?

We do not know of any other matter to be presented or acted upon at the meeting. If any matters not set forth in the meeting notice included in the Proxy Materials are properly brought before the meeting, the persons named in the enclosed proxy will vote on them in accordance with their best judgment.

9. Who is entitled to vote at the Annual Meeting?

You are entitled to vote if you owned shares of our common stock as of the close of business on the record date, July 13, 2012. Each share of common stock is entitled to one vote and there is no cumulative voting. As of July 13, 2012, we had 152,554,706 shares of common stock outstanding. Both Virginia law and our Bylaws require our Board to establish a record date in order to determine who is entitled to receive notice of the Annual Meeting and to attend and vote at the Annual Meeting and any continuations, adjournments or postponements of the meeting.

10. How many votes must be present to hold the Annual Meeting?

A majority of the total votes entitled to be cast on matters to be considered at the Annual Meeting, or 76,277,354 shares, must be present in person or by proxy to hold the Annual Meeting. If a share is represented for any matter at the Annual Meeting, it is deemed to be present for quorum purposes and for all other matters as well. Abstentions and shares held of record by a broker or its nominee (“Broker Shares”) that are voted on any matter are included in determining the number of votes present or represented at the Annual Meeting. However, Broker Shares that are not voted on any matter at the Annual Meeting will not be included in determining whether a quorum is present at such meeting.



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11. How many votes are needed to approve the proposals?

**Proposal 1:** The number of votes cast in favor of electing each nominee for director must be greater than the votes cast against any such nominee. If elected, the four nominees would be appointed to a three-year term. If a nominee does not receive a majority of votes cast for his or her election, he or she will continue to serve on the Board as a “holdover director” and will be required to submit a letter of resignation promptly to the Board of Directors. Abstentions and Broker Shares that are not voted are not considered cast for or against a director nominee and, therefore, will have no effect on the outcome.

**Proposals 2a and 2b:** For each amendment, the number of votes cast in favor of an amendment to the Company’s Articles of Incorporation must constitute at least two-thirds of the total votes entitled to be cast. Votes that are withheld and Broker Shares that are not voted on each proposal will count as votes against that respective proposal.

The approval of Proposal 2a is not conditioned on the approval of Proposal 2b, but the approval of Proposal 2b is conditioned on the approval of Proposal 2a. Therefore, the Company will amend its Articles of Incorporation to implement Proposal 2a if that particular proposal receives approval from at least two-thirds of the votes entitled to be cast. However, the Company will amend its Articles of Incorporation to implement Proposal 2b only if each of Proposal 2a and 2b receives approval from at least two-thirds of the votes entitled to be cast.

**Proposal 3:** The number of votes cast in favor of the ratification of the selection of Ernst & Young LLP as independent auditors must be greater than the votes cast against the ratification. Abstentions and Broker Shares that are not voted are not considered cast for or against this proposal and, therefore, will have no effect on the outcome.

**Proposal 4:** The number of votes cast in favor of the proposal on an advisory vote to approve named executive officer compensation must be greater than the votes cast against approval. Abstentions and Broker Shares that are not voted are not considered cast for or against this proposal and, therefore, will have no effect on the outcome.

12. How do I vote?

**By Internet or by Telephone:** You may vote your proxy by the Internet or by telephone by following the instructions provided in the Notice. Proxies submitted by the Internet or telephone must be received by 2:00 a.m., Eastern Time, on September 19, 2012. To vote by the Internet, go to <http://www.envisionreports.com/SFD> and follow the steps outlined on the secured website. To vote by telephone, call toll free 1-800-652-VOTE (8683) within the United States, Canada and Puerto Rico any time on a touch tone telephone. There is no charge to you for the call. Please follow the instructions provided by the recorded message. When voting by the Internet or telephone, please have your Notice handy because you will need the validation details that are located on the Notice in order to cast your vote.

**By Mail:** If you request printed copies of the Proxy Materials be sent to you by mail, you may vote by proxy card or voting instruction card. Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a Shareholder of Record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors. If you are a Beneficial Owner, please also see Question 15 below.

**In Person at the Annual Meeting:** All shareholders may vote in person at the Annual Meeting. If you are a Beneficial Owner, you must obtain a legal proxy from your broker, bank or other Shareholder of Record and present it to the inspectors of election with your ballot to be able to vote at the meeting.

13. What can I do if I change my mind after I vote my shares?

If you are a Shareholder of Record, you can revoke your proxy before it is exercised by:

- voting again over the Internet or by telephone prior to 2:00 a.m., Eastern Time, on September 19, 2012,
- timely sending written notice to our Secretary,
- timely delivering a valid, later-dated proxy, or
- voting by ballot at the Annual Meeting.

If you are a Beneficial Owner, you may submit new voting instructions by contacting your bank, broker or other Shareholder of Record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to Question 12.

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14. What if I do not specify a choice for a matter when returning a proxy?

Proxies that are signed and returned but do not contain voting instructions will be voted:

- “FOR” the election of each of the director nominees named in this proxy statement,

- “FOR” an amendment to the Company’s Articles of Incorporation to declassify the Board of Directors,

- “FOR” an amendment to the Company’s Articles of Incorporation to eliminate the related supermajority voting provision in our Articles,

- “FOR” the ratification of Ernst & Young LLP as our independent auditors,

- “FOR” approval of the proposal on an advisory vote to approve named executive officer compensation, and

- in accordance with the best judgment of the named proxies on any other matters properly brought before the meeting.

If you are a Beneficial Owner, see Question 15 below.

If necessary, and unless the shares represented by the proxy are voted in a manner contrary to the manner described in the preceding sentence, the persons named in the proxy may also vote in favor of a proposal to recess the Annual Meeting and to reconvene it on a subsequent date or dates, without further notice, in order to solicit and obtain sufficient votes to approve or disapprove any matters being considered at the Annual Meeting.

15. Will my shares be voted if I do not provide my proxy or instruction form?

If you are a Shareholder of Record and do not provide a proxy, you must attend the Annual Meeting in order to vote. If you are a Beneficial Owner and hold shares through an account with a bank or broker, your shares may be voted if you do not provide voting instructions. Brokerage firms have the authority under the New York Stock Exchange (“NYSE”) rules to vote shares for which their customers do not provide voting instructions on routine matters. The ratification of the selection of independent auditors is considered a routine matter. The election of directors, the amendments to the articles of incorporation, and the advisory vote to approve named executive compensation are not considered routine. When a matter is not routine and the brokerage firm has not received voting instructions from the Beneficial Owner, the brokerage firm cannot vote the shares on that matter. This is called a broker non-vote.

16. What does it mean if I receive more than one Notice?

If you received multiple Notices, it means that you hold your shares in different ways (e.g., trust, custodial accounts, joint tenancy) or in multiple accounts. Each Notice you receive should be voted by Internet, telephone or mail.

17. Who will pay for the cost of this proxy solicitation?

We will bear the cost of this proxy solicitation. In addition to solicitation by mail, some of our directors, officers and employees may solicit proxies in person or by telephone for no additional compensation. We will also ask Shareholders of Record who are brokerage firms, custodians and fiduciaries to forward proxy material to the Beneficial Owners of such shares and upon request we will reimburse such Shareholders of Record for the customary costs of forwarding the proxy material. We have retained Okapi Partners LLC to assist in the solicitation of proxies and anticipate that this will cost us \$8,000 plus expenses.

18. May shareholders ask questions at the Annual Meeting?

Yes. The chairman of the meeting will answer questions from shareholders during the designated question and answer period of the meeting. In order to provide an opportunity for everyone who wishes to ask a question, shareholders may be limited to two minutes each to present their question. When speaking, shareholders must direct questions to the chairman and confine their questions to matters that relate directly to the business of the meeting. Shareholders will not be able to make statements.

19. When will Smithfield announce the voting results?

We will announce the preliminary voting results at the Annual Meeting. Smithfield will report the final results in a Current Report on Form 8-K filed with the SEC.

20. Does Smithfield have a policy about Directors' attendance at the Annual Meeting?

It is our policy that directors should attend annual meetings of the shareholders. A regular meeting of the Board of Directors is scheduled in conjunction with the Annual Meeting. All directors attended the 2011 Annual Meeting of Shareholders.

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## PROPOSAL 1 ELECTION OF DIRECTORS

The Board is elected by the shareholders to oversee their interest in the long-term health and overall success of Smithfield's business and its financial strength. The Board serves as the ultimate decision-making body for Smithfield, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the members of senior management who are charged by the Board with conducting the business of Smithfield.

### Election Process

Our Board of Directors currently consists of ten directors, who are divided into three classes with staggered terms. Directors are elected by a majority of the votes cast unless the election is contested, in which case directors are elected by a plurality of the votes cast. A majority of votes cast means that the number of shares voted for a director exceeds the number of votes cast against the director. If shareholders do not re-elect a nominee who is serving as a director, Virginia law provides that the director would continue to serve on the Board as a "holdover director." Under our Bylaws, if an incumbent director in an uncontested election does not receive a majority of votes cast for his or her election, the director is required to submit a letter of resignation promptly to the Board of Directors. Within 90 days of the certification of the election results, the Board must act on the resignation, taking into consideration any recommendation by the Nominating and Governance Committee and any additional relevant information and factors. The director who tenders his or her resignation does not participate in the decisions of the Nominating and Governance Committee or the Board relating to the resignation.

### Director Nominations

The Nominating and Governance Committee considers candidates for nomination to the Board of Directors from a number of sources, including recommendations by current members of the Board of Directors and members of management. Current members of the Board of Directors are considered for re-election unless they are ineligible for re-election or have notified us that they do not wish to stand for re-election. The Nominating and Governance Committee will also consider director candidates recommended by our shareholders. Please see page 23 for further details on the procedures to follow if a shareholder wishes to nominate a director. The Nominating and Governance Committee does not intend to evaluate candidates recommended by shareholders any differently than other candidates.

### Director Qualifications

In evaluating nominees for director, the Nominating and Governance Committee is guided by, among other things, the principles for Board composition expressed in the Governance Guidelines, which include the following objectives:

- 

The Board should be composed of qualified, dedicated and highly regarded individuals who have experience relevant to our operations and who understand the complexities of our business environment.

- 

The Board should endeavor to maintain a "balanced" membership, with representation of relevant areas of experience, types of expertise and backgrounds.

The Nominating and Governance Committee does not set specific, minimum qualifications that nominees must meet, but rather, in identifying and evaluating candidates for nomination, the Committee considers, in addition to the objectives set out in the Governance Guidelines, whether the candidate:

- demonstrates high ethical standards and accountability,
- has demonstrated substantial achievement and leadership in business, government, academic or other relevant fields,
- is dedicated to exercising independent and informed business judgment,
- is prepared and able to participate fully in Board activities, including service on committees, and

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- 

is not engaged in any activity adverse to, and does not serve on the board of another company whose interests are adverse to, or in conflict with, our interests.

As expressed in our Governance Guidelines, the Nominating and Governance Committee believes it is desirable that the Board maintain a “balanced” membership. Therefore, in evaluating director candidates, it is the practice of the Nominating and Governance Committee to consider, among other things, the diversity of viewpoints, experience and backgrounds of the candidates, including gender, race and ethnicity. However, the Nominating and Governance Committee has not formalized this practice into a specific policy. The Nominating and Governance Committee may also consider such factors as whether the candidate is independent within the meaning of the listing standards of the NYSE and whether the candidate meets any additional requirements for service on the Audit Committee.

**All Directors Exhibit:**

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>•</li></ul> outstanding achievement in their professional careers | <ul style="list-style-type: none"><li>•</li></ul> experience with and understanding of the business environment    |
| <ul style="list-style-type: none"><li>•</li></ul> broad experience                                      | <ul style="list-style-type: none"><li>•</li></ul> knowledge of corporate governance requirements and practices     |
| <ul style="list-style-type: none"><li>•</li></ul> wisdom  | <ul style="list-style-type: none"><li>•</li></ul> a commitment to sustainability and social issues, and            |
| <ul style="list-style-type: none"><li>•</li></ul> personal and professional integrity                   | <ul style="list-style-type: none"><li>•</li></ul> willingness and ability to devote adequate time to Board duties. |
| <ul style="list-style-type: none"><li>•</li></ul> ability to make independent, analytical inquiries     |  |

2012 Nominees For Election to Three-Year Terms

The terms of Joseph W. Luter, III, C. Larry Pope, Wendell H. Murphy, Sr. and Paul S. Tribble, Jr. will expire at the time of the Annual Meeting. Following the recommendation of the Nominating and Governance Committee, the Board recommends the re-election of all four individuals to the Board of Directors for three-year terms.

All the nominees have indicated their willingness to serve if elected. If at the time of the meeting any nominee is unable or unwilling to serve, shares represented by properly executed proxies will be voted at the discretion of the persons named therein for such other person as the Board may designate.

The information set forth below includes, with respect to each nominee for election as director and each director whose term of office does not expire this year, his or her age, principal occupation and employment during the past five years, the year in which he or she first became a director of the Company, and directorships held by each at other

public companies during the past five years.



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*Joseph W. Luter, III*

Director since 1975

Age 73

Committees served: Executive (chair)

Mr. Luter, III has served as Chairman of the Board since 1975. He previously served as Consultant to the Company from August 2006 to August 2010 and Chairman of the Board and Chief Executive Officer of the Company from 1975 to 2006. Mr. Luter, III is the father of Joseph W. Luter, IV, one of our executive officers.

Qualifications, Attributes, Skills and Experience:

Mr. Luter, III is uniquely qualified to serve as a member of the Company's Board of Directors due to his unmatched operational and leadership experience with the Company and deep knowledge in the meat processing and hog production industry from his service as CEO of the Company for over 30 years during which time the Company transformed from a small regional company to a Fortune 250 company with significant international operations.

*C. Larry Pope*

Director since 2006

Age 57

Committees served: Executive

Mr. Pope has served as President and Chief Executive Officer of the Company since 2006. He previously served as President and Chief Operating Officer of the Company from 2001 to 2006 and Vice President and Chief Financial Officer from 2000 to 2001.

Qualifications, Attributes, Skills and Experience:

Mr. Pope's over 30 year career at the Company spans a variety of senior management roles and responsibilities which bring an in-depth knowledge of the Company and broad experience in operational, finance, accounting and risk management matters. Further, as the Company's CEO, Mr. Pope has expertise in corporate strategy, organizational leadership and international operations.

*Wendell H. Murphy, Sr.*

Director since 2000

Age 73

Committees served: Sustainability, Community and Public Affairs; Executive

Although now a private investor, Mr. Murphy previously was Chairman of the Board and Chief Executive Officer of Murphy Farms, Inc. of Rose Hill, North Carolina, a hog producer, prior to the Company's purchase of such business in January 2000. Mr. Murphy also served as director of the Company from 1991 to 1998.

Qualifications, Attributes, Skills and Experience:

Mr. Murphy's qualifications to serve as director include decades of industry and leadership experience in the hog production industry as the founder of Murphy Family Farms which, at the time the Company bought it, was one of the largest hog production businesses in the country. Mr. Murphy's extensive knowledge of our business has been further enhanced in his service as a director for nearly 20 years. Mr. Murphy, as a former member of the North Carolina legislature, also brings public affairs and state government experience to the Board. The Board further benefits from his entrepreneurial experience and spirit.

*Hon. Paul S. Tribble, Jr.*

Director since 2007

Age 65

Committees served: Nominating and Governance (chair); Sustainability, Community and Public Affairs

Mr. Tribble has served as President of Christopher Newport University since 1996. He served as U.S. Senator from 1983 to 1989 and as Member of U.S. House of Representatives from 1977 to 1983.

Qualifications, Attributes, Skills and Experience:

Mr. Tribble has leadership experience as president of a public liberal arts university with an enrollment of 4,800 students for over fifteen years and his service as U.S. Senator and U.S. Congressman. The Board also benefits from Mr. Tribble's public policy expertise and first hand knowledge of the workings of the state and federal government.

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Continuing Directors For Term Ending Upon 2013 Annual Meeting

*Hon. Carol T. Crawford*

Director since 2000

Age 69

Committees served: Compensation; Sustainability, Community and Public Affairs (chair)

Ms. Crawford is an attorney and an international trade law consultant. She formerly served as Commissioner of the U.S. International Trade Commission from 1991 until 2000 and Assistant Attorney General of the United States from 1989 until 1990. She also served as Associate Director of the White House Office of Management and Budget from 1985 through 1989. She serves on the Board of Trustees of Torray Fund, a publicly-held mutual fund.

Qualifications, Attributes, Skills and Experience:

Ms. Crawford has extensive public policy and governmental affairs experience, including her work on international trade matters. Further, Ms. Crawford's background of governmental service and legal experience are helpful as the Company's operations are subject to various governmental regulations. Ms. Crawford's 12 year directorship at Smithfield also gives her extensive knowledge of our business.

*Richard T. Crowder*

Director since 2011

Age 72

Committees served: Nominating and Governance

Dr. Crowder has served as a Professor of International Trade at the College of Agriculture and Life Sciences at Virginia Polytechnic Institute and State University since 2008. From January 2006 until April 2007, he served as chief agriculture negotiator at the Office of the U.S. Trade Representative, responsible for directing all U.S. agricultural trade negotiations worldwide, including multilateral negotiations in the World Trade Organization, as well as regional and bilateral negotiations. Dr. Crowder also served as a senior advisor to the U.S. Trade Representative from May 2007 until April 2008. Dr. Crowder is a director of Neogen Corporation.

Qualifications, Attributes, Skills and Experience:

Dr. Crowder has extensive knowledge of international trade, and in particular agricultural trade, which brings valuable insight to the Board on matters relevant to the Company and its industry. Dr. Crowder also has public company board experience and currently serves on the Governance Committee and Stock Option Committee of Neogen Corporation.

*John T. Schwieters*

Director since 2001

Age 72

Committees served: Audit (chair); Nominating and Governance

Mr. Schwieters is Senior Executive and member of the Executive Committee of Perseus L.L.C., a merchant bank and private equity fund management company, since 2012, after serving as Senior Advisor from 2009 to 2012 and Vice Chairman from 2000 to 2009. From 1989 to 2000, Mr. Schwieters served as Managing Partner, Mid-Atlantic Region, Arthur Andersen LLP. He is a director of Danaher Corporation and Choice Hotels International, Inc. and within the past five years has also served as a director of Union Street Acquisition Corp. and Manor Care, Inc.

Qualifications, Attributes, Skills and Experience:

Mr. Schwieters has extensive knowledge and experience in the areas of public accounting, tax accounting and finance, as he led the Mid-Atlantic region of one of the world's largest accounting firms after previously leading that firm's tax practice in the Mid-Atlantic region. He also has extensive public company board experience having chaired the Audit Committees of several public companies, including current service as chair of the Audit Committees of Danaher Corporation and Choice Hotels International, Inc.

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Continuing Directors For Term Ending Upon 2014 Annual Meeting

*Margaret G. Lewis*

Director since 2011

Age 58

Committees served: Audit

Ms. Lewis is President of HCA's Capital Division, which includes facilities in northern, central and southwestern Virginia, New Hampshire, Indiana and Kentucky. She began her career with HCA in 1978 and held several positions in nursing management and quality management before becoming Chief Nursing Officer of HCA's Richmond Division in 1997. Ms. Lewis became Chief Operating Officer of CJW Medical Center in 1998 and Chief Executive Officer in 2001. She is a registered nurse and a diplomat of the American College of Healthcare Executives.

Qualifications, Attributes, Skills and Experience:

Ms. Lewis brings extensive leadership experience and management skills to the Board. Her variety of senior management roles provides expertise in executive decision-making and strategic planning.

*David C. Nelson*

Director since 2008

Age 53

Committees served: Compensation; Sustainability, Community and Public Affairs

Mr. Nelson has served as Global Strategist, Animal Protein, Grains and Oilseeds for the Food & Agribusiness Research Advisory group at Rabobank International since July 2010. Previously, he was a Portfolio Manager of Altima One World Agriculture Fund, an affiliate of Altima Partners, which is a European hedge fund manager, from 2008 until July 2010. Additionally, Mr. Nelson served as an analyst and Managing Director of Credit Suisse from 1997 to 2007 and as Assistant Director of Research and Managing Director of NatWest Markets from 1990 to 1997. Mr. Nelson has also served on a number of advisory boards, including to the U.S. Census of Agriculture, National Soybean Processors Association, National Pork Board and U.S. Feed Grains Council.

Qualifications, Attributes, Skills and Experience:

Mr. Nelson brings valuable insight to the Board as an agribusiness analyst in the animal protein and grains industry, as well as his expertise regarding the commodities markets. In addition, the Board values Mr. Nelson's knowledge of Wall Street and the capital markets.

*Frank S. Royal, M.D.*

Director since 2002

Age 72

Committees served: Audit; Nominating and Governance; Compensation (chair)

Dr. Royal has been a physician since 1969. He is a director of SunTrust Banks, Inc. and Dominion Resources, Inc. and within the past five years has also served as a director of Chesapeake Corporation and CSX Corporation.

Qualifications, Attributes, Skills and Experience:

Dr. Royal has significant experience and knowledge of the requirements, rules, issues and concerns that a public company faces. He has extensive public company board experience with significant leadership positions on the various boards that he has served, including service on the boards of several Fortune 500 companies, including a decade of service as a director of Smithfield. Dr. Royal currently serves on the Audit Committee and Governance and Nominating Committee of SunTrust Banks, Inc. and is the chairman of the Compensation, Governance and Nominating Committee at Dominion Resources, Inc.

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## Committee Membership

The following table describes the current members of each of the committees of the Board of Directors and the number of meetings held during fiscal 2012:

<b>Name</b>	<b>Audit</b>	<b>Nominating and Governance</b>	<b>Compensation</b>	<b>Sustainability, Community, and Public Affairs</b>	<b>Executive</b>
Joseph W. Luter, III					<i>Chair</i>
C. Larry Pope					X
Hon. Carol T. Crawford			X	<i>Chair</i>	
Richard T. Crowder		X			
Margaret G. Lewis	X				
Wendell H. Murphy, Sr.				X	X
David C. Nelson			X	X	
Frank S. Royal, M.D.	X	X	<i>Chair</i>		X
John T. Schwieters	<i>Chair</i>	X			
Hon. Paul S. Triple, Jr.		<i>Chair</i>		X	
<b>Number of Meetings</b>	<b>9</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>0</b>

**DIRECTOR COMPENSATION**

The Nominating and Governance Committee is responsible for recommending director compensation to the Board of Directors. The following compensation arrangements have been recommended by the Nominating and Governance Committee and approved by the Board of Directors.

## Fiscal 2012 Compensation

Non-employee directors are entitled to receive the following cash consideration for their services:

- 

an annual retainer of \$75,000,

- an additional annual retainer of \$25,000 for the lead director,

- an additional annual retainer of \$15,000 for the chair of the Audit Committee,

- an additional annual retainer of \$10,000 for the chair of any other committee, and

- \$2,000 for each Board or committee meeting attended.

In addition, each non-employee director receives an annual award of \$75,000 in deferred stock units pursuant to the current award program under the 2008 Plan. For fiscal 2012, the number of deferred stock units for this annual award was determined based on the closing price of the Company's common stock on the second trading day following the Company's first quarter earnings announcement.

Non-employee directors are also entitled under the 2008 Plan to defer 25%, 50%, 75% or 100% of their director fees and receive deferred stock units in lieu thereof. Each deferred stock unit entitles the director to receive one share of common stock at a time following the director's termination of service, as specified in advance by the director. In the event cash dividends are paid on our common stock, hypothetical cash dividends in the same amount will be credited to the director's account and converted into stock units based on the market price of our common stock on the trading day before the dividend payment date.

The Chairman of the Board receives an annual cash retainer of \$500,000, payable in four quarterly installments. In addition, the Chairman receives an annual award of deferred stock units valued at \$500,000, awarded in four quarterly installments. The number of deferred stock units received quarterly is equal to \$125,000 divided by the closing price of our common stock as reported in the *Wall Street Journal* on the trading day prior to the date on which the quarterly payment is to be paid. Each deferred stock unit entitles the Chairman to receive one share of common stock at a time following the Chairman's termination of service as director, as specified in advance by the Chairman. In the event cash dividends are paid on our common stock, hypothetical cash dividends in the same amount will be credited to his account and converted into stock units based on the market price of our common stock on the trading day before the dividend payment date. In setting the Chairman's compensation, the Board considers Mr. Luter, III's extensive experience in the industry generally and the Company's business in particular as well as the important role he plays in long-term strategic planning and overseeing the implementation of such plans.



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The following table includes information concerning compensation paid to or earned by the people listed in the table who served as directors during the fiscal year ended April 29, 2012.

Name	Fees earned or paid in cash	Stock awards	Option awards	Non-equity incentive plan compensation	Change in		All Other Compensation	Total
					pension value and nonqualified deferred earnings (\$)	(\$)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Joseph W. Luter, III	500,000	500,000	—	—	—	—	28,202	1,028,202
C. Larry Pope	—	—	—	—	—	—	—	—
Hon. Carol T. Crawford	125,000	75,000	—	—	—	—	—	200,000
Richard T. Crowder	87,000	75,000	—	—	—	—	—	162,000
Margaret G. Lewis	87,000	75,000	—	—	—	—	—	162,000
Wendell H. Murphy, Sr.	87,000	75,000	—	—	—	—	—	162,000
David C. Nelson	115,000	75,000	—	—	—	—	—	195,000
Frank S. Royal, M.D.	158,000	75,000	—	—	—	—	—	233,000
John T. Schwieters	136,000	75,000	—	—	—	—	—	211,000
Hon. Paul S. Triple, Jr.	105,000	75,000	—	—	—	—	—	180,000
Robert L. Burrus, Jr. <sup>(1)</sup>	85,000	—	—	—	—	—	—	85,000
Melvin O. Wright <sup>(2)</sup>	124,500	75,000	—	—	—	—	—	199,500

(1) Mr. Burrus served as a director until the 2011 Annual Meeting of Shareholders held on September 21, 2011. His director compensation includes \$43,500 for service as Director Emeritus.

(2) Mr. Wright served as a director until February 3, 2012. His director compensation includes \$4,000 for service as Director Emeritus.

Fees Earned or Paid in Cash (Column (b))

Pursuant to the Company's 2008 Incentive Compensation Plan ("2008 Plan"), each non-employee director is entitled to defer all or a part of his or her director fees and receive, in lieu thereof, deferred stock units entitling the director to receive shares of our common stock at a future date or dates. For those directors electing to receive all or a portion of such fees as deferred units, the number of deferred stock units received is equal to the amount of fees deferred divided by the market price of the common stock. Deferred fees, if any, are included in the amounts listed in this column.

Stock Awards (Column (c))

Included in this column is the aggregate grant date fair value of the deferred stock units granted annually to each named director pursuant to the 2008 Plan, computed in accordance with FASB ASC Topic 718. Each director is fully vested in the deferred stock units received pursuant to fee deferrals or the annual grant.

The aggregate number of deferred stock units (whether received pursuant to fee deferrals or the annual grants) held by each current director as of July 13, 2012 was as follows: Mr. Luter, III — 50,962; Ms. Crawford — 36,228; Dr. Crowder — 4,141; Ms. Lewis — 4,660; Mr. Murphy — 41,288; Mr. Nelson — 28,234; Dr. Royal — 16,601; Mr. Schwieters — 22,389; Mr. Tribble — 13,099.

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All Other Compensation (Column (g))

Consists of \$28,202 in perquisites. The perquisites consist of a company-leased automobile (calculated using 100% of the lease cost, repairs, maintenance and fees of the automobile) and secretarial support.

[CORPORATE GOVERNANCE](#)

Composition and Independence of the Board of Directors

Our Board of Directors currently consists of ten directors. The Board of Directors has determined that seven of our current directors (Mses. Crawford and Lewis, Drs. Crowder and Royal and Messrs. Nelson, Schwieters and Tribble) qualify as independent directors in accordance with the listing standards of the New York Stock Exchange (the “NYSE”). In addition, the Board of Directors has determined that Mr. Schwieters, Chair of the Audit Committee, is an “audit committee financial expert” as defined by Item 407(d)(5) of Regulation S-K.

Only two of the directors determined by the Board to be independent have any relationship with us other than as a director. The bases for the Board’s determination regarding the independence of these two directors are explained below:

•

In evaluating the independence of Mr. Nelson, the Board considered that in July 2010, Mr. Nelson was appointed as Global Strategist, Animal Protein, Grains and Oil Seeds for the Food and Agribusiness Research Advisory Group of Rabobank International. From July 2009 to June 2011, Rabobank Nederland, an affiliate of Rabobank International, served as syndication agent and a joint book runner and co-lead arranger and lender under the Company’s \$1.0 billion asset-based revolving credit facility (ABL Credit Facility) and as administrative agent and lender under the Company’s \$200 million term loan (Rabobank Term Loan). Prior to July 2009, Rabobank Nederland served in similar capacities under certain of the Company’s previous credit facilities. In June 2011, the Company refinanced its ABL Credit Facility and Rabobank Nederland serves as administrative agent and a lead arranger and lender under the \$925 million asset-based revolving credit facility. In addition, the Company put in place a \$275 million Credit and Security Agreement for which Rabobank Nederland serves as administrative agent and sole lender. The Rabobank Term Loan was also refinanced at the same time and Rabobank Nederland continues to serve in the same capacity for the new loan. In determining that Mr. Nelson is independent, the Board considered favorably that the Rabobank entity with which Mr. Nelson is employed does not serve in any capacity with respect to the Company’s credit facilities, Mr. Nelson does not hold an equity interest in, nor is he serving as an executive officer of, any Rabobank entity, and the administrative fees and interest paid by the Company to Rabobank Nederland were \$27.4 million or less in each of the past three years and represent only a small fraction of one percent of Rabobank’s revenues.

•

In evaluating the independence of Mr. Tribble, the Board considered that the Smithfield-Luter Foundation, a charitable foundation affiliated and funded by us, is committed to making contributions annually through 2016 supporting educational programs and scholarships at Christopher Newport University, a tax exempt, public liberal arts university where Mr. Tribble is currently employed as President. Frances Luter, the wife of one of our executive officers, Joseph W. Luter, IV, served on the Board of Visitors of the university until June 30, 2012. In determining that Mr. Tribble is independent, the Board favorably considered that the Foundation’s existing and planned annual contributions represent

less than 2% of the university's annual gross revenues and that Mrs. Luter abstained from any actions taken by the university's Board of Visitors with respect to compensation or other employment terms or arrangements involving Mr. Triple.

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## Directors Emeritus

At their respective retirement dates, the Board appointed Ray A. Goldberg and Messrs. Burrus and Wright each to serve as a Director Emeritus in accordance with the Company's Bylaws. As Directors Emeritus, Dr. Goldberg and Messrs. Burrus and Wright may attend Board meetings and participate in the discussion of matters that come before the Board, but they are not entitled to vote upon any such matters. For their service as Directors Emeritus, Dr. Goldberg and Messrs. Burrus and Wright receive the same annual retainer and meeting fees as do the non-employee directors, but they do not receive any equity awards. Dr. Goldberg and Mr. Burrus will conclude their service as Directors Emeritus immediately prior to the 2012 Annual Meeting. Mr. Wright will conclude his service as Director Emeritus immediately prior to the 2013 Annual Meeting.

## Board Meetings and Committees

During fiscal 2012, the Board of Directors held five meetings. All directors attended 75% or more of these meetings, including regularly scheduled and special meetings, and the meetings of all committees of the Board on which they served that were held in the past fiscal year during the periods in which they were directors or served on such committees.

The Board of Directors has four standing committees which met during fiscal 2012: the Audit Committee, the Nominating and Governance Committee, the Compensation Committee and the Sustainability, Community and Public Affairs Committee. Each of these committees is composed entirely of directors who have been determined by the Board of Directors to be independent under current NYSE standards, except for Mr. Murphy, who serves on our Sustainability, Community and Public Affairs Committee because of his expertise regarding the hog production industry and related public policy issues. Each committee operates under a charter approved by the Board of Directors setting out the purposes and responsibilities of the committee. The committees and the Board of Directors periodically review and, as appropriate, revise the committees' charters to reflect, among other things, changing regulatory developments and changes in the responsibilities of the committees. All committee charters are available for review on our website at <http://investors.smithfieldfoods.com/documents.cfm>. The Board of Directors has also established an Executive Committee which is authorized to exercise the powers of the Board of Directors between Board meetings but did not meet during the past fiscal year.

The table below summarizes the responsibilities of all of the committees of the Board of Directors.

<b>Committee</b>	<b>Summary of the Functions of the Committee</b>
<b>AUDIT</b>	<ul style="list-style-type: none"> <li>Oversee the financial reporting process</li> <li>•</li> <li>Review financial statements and releases</li> <li>•</li> <li>Review significant management judgments affecting financial statements</li> <li>•</li> </ul>

Review quality of accounting principles employed

•

Review adequacy of internal and disclosure controls and procedures

Oversee independent auditors

•

Oversee performance and independence

•

Pre-approve non-audit services

•

Appoint independent auditors

Review scope, methodology and results of the audit of the independent auditors

Oversee the Company's compliance with Section 404 of the Sarbanes-Oxley Act relative to testing of internal controls

Oversee the internal audit department

Oversee compliance with laws and governmental regulations

•

Oversee administration of the Code of Business Conduct and Ethics

•

Review cases of misconduct

Review, approve and ratify related party transactions

Oversee risk assessment and enterprise risk management

Oversee investments in the Company's pension plans

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**Committee**

**Summary of the Functions of the Committee**

Guide selection of directors

•

Establish criteria for nominees

•

Review candidate qualifications

•

Recruit desired candidates

Recommend director nominees

**NOMINATING  
AND GOVERNANCE**

Recommend committee membership

Review Governance Guidelines and recommend governance issues to be addressed

Review the Code of Business Conduct and Ethics

Evaluate director performance

Review committee structure and operations

Recommend ways to improve effectiveness of the Board of Directors

Recommend director compensation

Oversee senior management succession process

Develop the Company's philosophy on executive compensation

Establish compensation for the CEO based on its review and approval of corporate and personal goals and objectives and its evaluation of the CEO's performance in light of those goals and objectives

**COMPENSATION**

Review and approve compensation for other executive officers and key personnel

Recommend compensation and benefit plans

Administer cash and equity-based incentive plans

**SUSTAINABILITY,  
COMMUNITY**

Oversee responsibilities relating to public policy issues

**AND PUBLIC AFFAIRS** •

Monitor public policy and social trends affecting the Company

•

Monitor issues and practices relating to the Company's social accountability

•

Review activities related to emergency preparedness and business continuity planning

•

Review the Company's positions and strategies on public policy issues, including overseeing the political action committee

•

Review impact of business operations and practices on local communities

•

Evaluate the Company's corporate citizenship programs and activities, including Company charitable contributions

**EXECUTIVE**

Exercise the powers of the Board of Directors between Board meetings to the extent permitted by law

Governance Guidelines

The Board of Directors has adopted a set of Governance Guidelines reflecting a commitment to maintaining high corporate governance standards. The Nominating and Governance Committee is responsible for reviewing periodically the Governance Guidelines and making recommendations on governance issues that should be addressed by the Board of Directors. The Governance Guidelines are available for review on our website at <http://investors.smithfieldfoods.com/documents.cfm>.

*Among other matters, the Governance Guidelines address the following:*

•

A majority of the directors shall be independent within the meaning of the listing standards of the NYSE.

•

The Board of Directors is responsible for providing the best example of our core values of integrity and ethical behavior.

•



The directors meet regularly in executive session without the Chief Executive Officer (or any other directors who are current or former officers of the Company) present. These meetings are chaired by the Lead Director.

- 

Directors have access to our management at all times.

- 

When a director no longer holds the principal position that he or she held when first elected to the Board of Directors, the Nominating and Governance Committee is to make a recommendation to the Board of Directors regarding the director's continued service.

- 

The Board of Directors conducts an annual review of its own performance.

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### Code of Business Conduct and Ethics

We maintain a Code of Business Conduct and Ethics (the “Code”) applicable to all of our employees, officers and directors. The purpose of the Code is to convey our policies and practices for conducting business in accordance with applicable law and the highest ethical standards. Any waiver of the Code for executive officers or directors will be made only by the Board of Directors or its Audit Committee and will be promptly disclosed. In support of the Code, we have provided employees with a number of avenues for the reporting of ethics violations or similar concerns, including an anonymous telephone hotline. A compliance committee chaired by our Chief Legal Officer administers the Code and requires all directors and executive officers to complete an annual certification relating to ethics and compliance with the law, the Code and other Company policies. The chair of the compliance committee reports periodically to the Audit Committee on the administration of the Code and is required to report promptly any violation of the Code by an executive officer or director to the Chair of the Audit Committee. The Code was adopted by the Board of Directors and is reviewed periodically by the Nominating and Governance Committee. The Code is available for review on our website at <http://investors.smithfieldfoods.com/documents.cfm>, and we will post any amendments to, or waivers from, the Code on that website.

### Succession Planning

*Chief Executive Officer and Senior Management Succession.* One of the primary duties of the Board of Directors is to select and oversee our Chief Executive Officer and other senior managers. The Board of Directors must ensure that the Company has senior managers who have the required skills and leadership ability to carry out our long-term and short-term strategic plans. Additionally, advance planning for contingencies such as the departure, death or disability of a senior manager is necessary, so that, in the event of an untimely vacancy, the Company has in place an emergency succession plan to facilitate the transition to both interim and longer-term leadership.

***The key elements of our senior management succession plan include:***

- oversight of the Chief Executive Officer and senior management succession process by the Nominating and Governance Committee;
- periodic evaluations of the qualities and leadership skills that are required to carry out the Board of Director’s strategic plans, and the development of a desired profile for the Chief Executive Officer based on this evaluation;