

Smithfield®

2013
Integrated
Report



NEW!

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Good Food.
Responsibly.®

Table of Contents

Financial Highlights	2
Executive Letters	3
Key Data Summary	8
Key Commitments	9
Animal Care	12
Benefiting from Vertical Integration	16
Employees	18
Environment	20
Food Safety & Quality	24
Helping Communities	26
International Operations	28
Governance & Management	30
Value Creation & Risk Management	32
Our Operations	34
Our Companies	38
10-Year Financial Summary	40
Non-GAAP Measure Reconciliation	42
Corporate Information	43
Corporate Officers	44
Third-Party Recognition 2012/2013	45
Integrated Reporting Index	46
Contact	47



About This Report

Welcome to the Smithfield Foods¹ 2013 Integrated Report. This publication combines our annual financial results with highlights of our sustainability programs and performance in six key areas: animal care, employees, environment, food safety and quality, helping communities, and value creation. The content of this integrated report primarily covers fiscal 2013; Smithfield's fiscal year runs from May through April. More comprehensive sustainability information, which aligns with the Global Reporting Initiative guidelines, is available at smithfieldcommitments.com. Visit investors.smithfieldfoods.com for additional investor information.

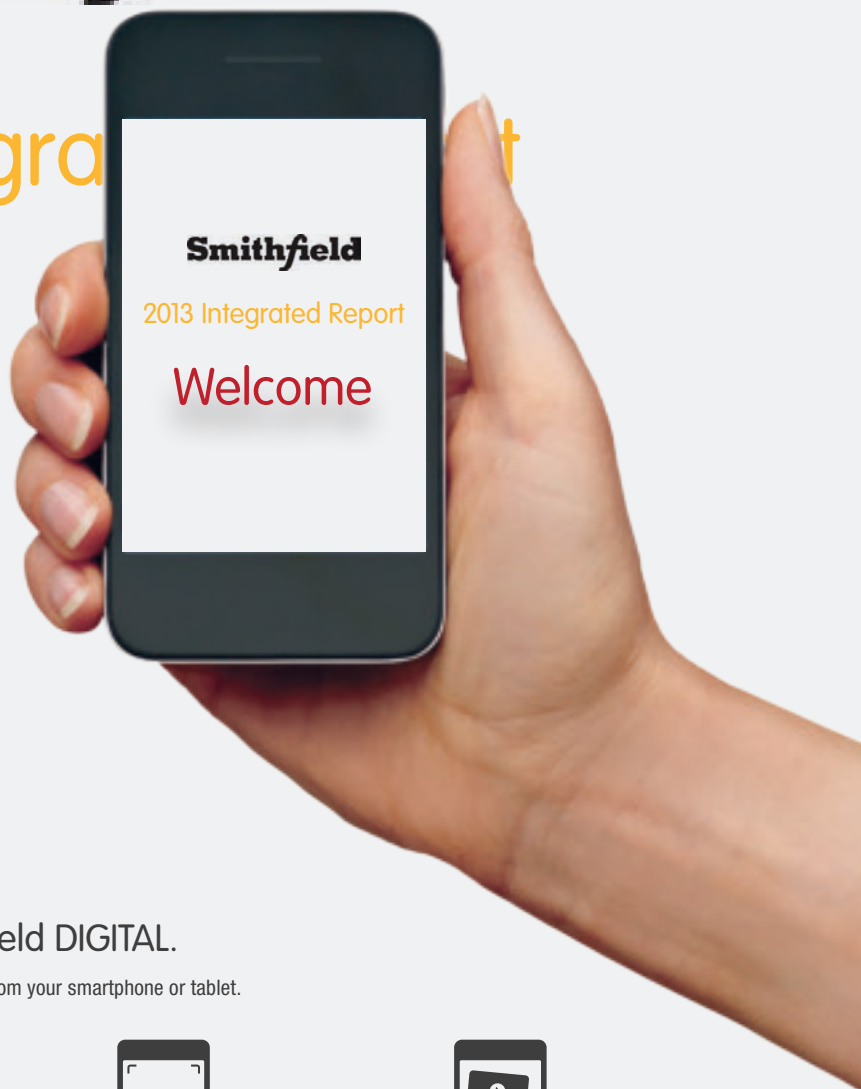
About Smithfield Foods

Based in Smithfield, Virginia, Smithfield Foods is the world's largest pork processor and hog producer. Revenues exceeded \$13 billion in fiscal 2013. In the United States, we are also the leader in numerous packaged meats categories with popular brands including Smithfield[®], Eckrich[®], Farmland[®], Armour[®], Cook's[®], Gwaltney[®], John Morrell[®], Kretschmar[®], Curly's[®], Carando[®], Margherita[®], and Healthy Ones[®]. We conduct our operations through four segments: Pork, Hog Production, International, and Corporate, each of which includes a number of subsidiaries, joint ventures, or other investments. See the Our Operations foldout on page 34 for more details.

¹ Smithfield Foods, Inc., is a holding company with a number of independent operating companies (IOCs). Throughout this report, the term "Smithfield" is utilized for ease of reference to indicate one or more of these IOCs. Smithfield should not be confused with Smithfield-Farmland, which is one of these IOCs. Smithfield-Farmland was created in August 2013 as part of an internal company reorganization that combined The Smithfield Packing Company with Farmland Foods.

Smithfield®

2013 Integrated Report



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Financial Highlights

FISCAL YEARS ENDED

(in millions, except per share data)

APRIL 28, 2013

APRIL 29, 2012

MAY 1, 2011

Sales	\$13,221.1	\$13,094.3	\$12,202.7
Operating profit	519.3	722.6	1,095.0
Net income	183.8	361.3	521.0
Diluted earnings per share	1.26	2.21	3.12
Weighted average diluted shares outstanding	146.4	163.5	167.2

Additional Information

Capital expenditures	\$ 278.0	\$ 290.7	\$ 176.8
Depreciation expense	235.3	238.6	227.4
Working capital	1,805.6	2,162.7	2,110.0
Net debt ¹	2,194.7	1,640.1	1,747.6
Shareholders' equity	3,097.0	3,387.3	3,545.5
Net debt to total capitalization ²	41.5%	32.6%	33.0%

¹ Net debt is equal to notes payable and long-term debt and capital lease obligations, including current portion, less cash and cash equivalents.

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

“ Together with Shuanghui, we are stronger and have even more resources to meet the rapidly growing demand for high-quality pork. We are the same old Smithfield—but better. ”



Dear Smithfield Foods Stakeholders:

Value creation. This is a term we think about constantly at Smithfield Foods. It applies to our financial performance, of course, but it also applies far more broadly to the people and places touched by our business.

This is our second annual integrated report in which we highlight our financial results alongside our sustainability performance. Through combined reporting, we demonstrate that sustainability has permeated our entire company and that it is important to all of our stakeholders, including our investors.

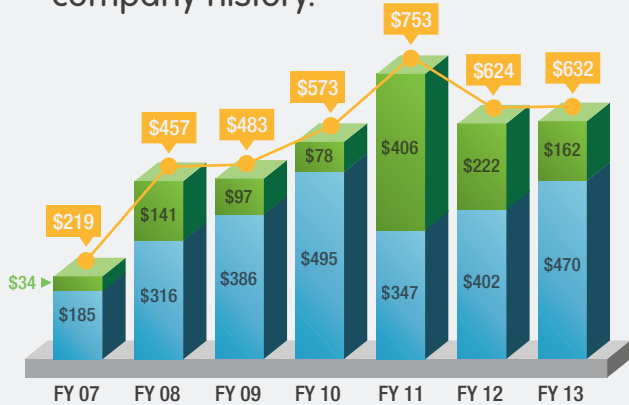
We focus on improvements that reflect our core values and simultaneously improve our bottom line. To put it simply, our sustainability programs are just smart business.

(continued on next page)



Larry Pope talks about this report.

In fiscal 2013, our Pork segment delivered its second-best year in company history.

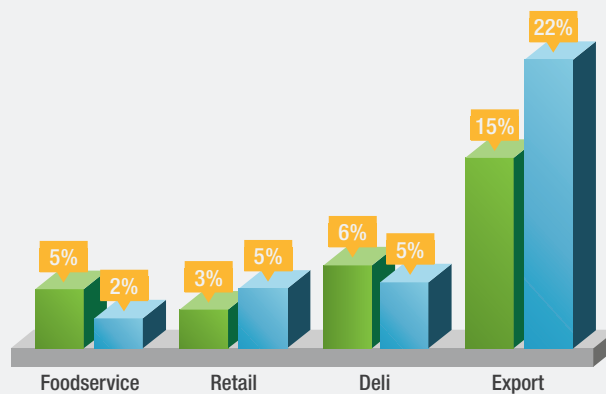


Operating Profit (in millions)

■ Fresh Pork ■ Packaged Meats ● Pork Segment

Figures for fiscal 2008, 2009, and 2010 reflect adjusted operating profit. See Non-GAAP reconciliation table on page 42.

Packaged meats sales and volume grew across all trade channels...



■ Sales Volume (% change vs. fiscal 2012)

■ Sales in \$ (% change vs. fiscal 2012)

2013 Financial Performance

For fiscal 2013, sales were \$13.2 billion, up 1 percent from the prior year, with net income at \$183.8 million. We witnessed the continued strong performance of our Pork segment, which logged its second-best year in company history. Moreover, we further transformed ourselves into a consumer packaged meats company as we continued to boost market share and increase distribution for our core brands and key products. Despite these positives, the year proved challenging for our hog production unit as a result of high grain prices from the 2012 summer drought and export market disruptions.

A Leading Global Pork Enterprise

As part of our efforts to drive shareholder value, we recently merged with Shuanghui International Holdings Limited to create a

leading global pork enterprise. Under the terms of the agreement, Smithfield shareholders received \$34 per share in cash for each share of Smithfield common stock that they owned. That's a premium of approximately 31 percent over Smithfield's closing stock price on May 28, 2013, the last trading day prior to the announcement.

We are now part of an enterprise that shares our belief in global opportunities and our commitment to the highest standards of product safety and quality. This strategic combination provides enormous benefits for our company and for American farmers and U.S. agriculture. This transaction is about exporting high-quality meat products from the United States to China to meet growing global demand for pork, while continuing to serve markets in the United States and worldwide and increasing global food safety standards.

...and in eight of the company's 12 core brands.



Together, we are stronger and have even more resources to meet the rapidly growing demand for high-quality pork. We are the same old Smithfield—but better. The transaction ensures the continued execution of our strategic priorities while maintaining our brand excellence, our community involvement, and our commitment to environmental stewardship and animal welfare. As part of Shuanghui's international platform, our best practices in large-scale farming, food safety, environmental stewardship, and animal welfare will set the global industry standard.

By becoming a wholly owned subsidiary of Shuanghui, Smithfield now has access to new channels to market and a strong distribution network in China. We expect to help meet the growing demand for pork in China by exporting high-quality meat products from the U.S., while continuing to serve markets in the U.S. and around the world.

Shuanghui has pledged to continue the sustainability programs that have helped us connect with our customers and create value for our organization and the broader communities in which we play a part.

I'm proud of the work that we have done. You can read more about our successes, as well as our challenges, in the pages of this report and in our more extensive Web reporting at smithfieldcommitments.com.

Sincerely,

C. Larry Pope
President and Chief Executive Officer

September 30, 2013

“

We're reaping significant cost savings, reducing risk, and feeling the reputational benefits from the ripple effects of our work.

”



Dear Smithfield Foods Stakeholders:

Here at Smithfield Foods, sustainability is an integral part of our business. A dozen years ago, “sustainability” primarily meant “environmental compliance,” and—admittedly—we had struggles in that area at that time. Today, it’s a far different story at our company.

Our programs have grown and matured far beyond environmental compliance. Now, in addition to the environment, we also focus on animal care, employees, food safety and quality, helping communities, and value creation.

We have pushed hard to thoroughly ingrain sustainability concepts throughout our business, and we are stronger because of it.

Our customers routinely ask us about our sustainability programs and policies, and we have many examples we can proudly share with them—from our



Dennis Treacy discusses
this report's digital content.

WORKING TOWARD A MORE SUSTAINABLE FUTURE

industry-leading work on sow housing and farm auditing to our huge strides in employee safety, from our substantial food donations to our sizable improvements around water and waste management. As a result, we're reaping significant cost savings, reducing risk, and feeling the reputational benefits from the ripple effects of our work.

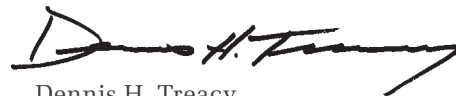
We have always tried to be leaders within our industry. We want to pull further ahead as leaders not just within the meat industry, but also among food and consumer packaged goods companies as a whole. This will become increasingly important as we continue to move from a commodity-based company into a packaged goods business, which requires us to become ever more responsive to our customers and to consumers.

Each year, we look for ways to improve our sustainability performance. We have already reached some of our goals and targets ahead of schedule, and we are

developing even more aggressive ones for the future.

Our merger with Shuanghui International Holdings Limited makes Smithfield part of an enterprise that shares our belief in global opportunities and our commitment to the highest standards of product safety and quality. It will be business as usual—only better—for Smithfield. Shuanghui has expressed great respect for our expertise across our operations. They value our commitments to worker safety, philanthropy, and environmental sustainability. We will continue to build on the work we have already been doing.

Sincerely,



Dennis H. Treacy
Executive Vice President and
Chief Sustainability Officer

September 30, 2013



Key Data Summary

Smithfield believes transparency is central to ensuring accountability. Reporting helps stakeholders understand our performance over time and 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. More data is available online at smithfieldcommitments.com.

ANIMAL CARE	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Market Hog Transportation Accidents ¹	4	14	4	9	6
Antibiotics Used (milligrams per pound) ²	151	123	145	133	Not Available
	CY 2012	CY 2011	CY 2010	CY 2009	CY 2008
Sows in Company-Owned Group Housing Systems (%)	38.3	30.4	6.6	4.8	3.8

EMPLOYEE SAFETY	CY 2012	CY 2011	CY 2010	CY 2009	CY 2008
Total Case Rate	3.42	3.93	4.66	6.17	6.58
Days Away, Restricted, Transferred Rate	2.22	2.80	3.24	4.26	4.40
Days Away from Work Illness and Injury Rate	0.65	0.74	0.82	1.12	1.29
OSHA Notices of Violation	67	74	34	20	40
OSHA Penalties	\$320,800	\$117,449	\$33,323	\$23,725	\$38,787

ENVIRONMENT ³	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Water Use (gallons per cwt) ⁴	76.6	79.5	79.6	77.9	78.6
Energy Use (gigajoules per cwt) ⁵	0.124	0.121	0.129	0.131	0.127
GHG Emissions (metric tons CO ₂ e per cwt)	0.0142	0.0145	0.0151	0.0152	0.0161
Solid Waste to Landfill (pounds per cwt) ⁶	2.14	2.36	2.72	2.74	2.91
	CY 2012	CY 2011	CY 2010	CY 2009	CY 2008
Notices of Violation (NOVs) Farms/NOVs Plants	0/29	0/38	5/58	5/31	6/34
Significant Fines	\$210,400	\$407,779	\$164,184	\$81,726	\$69,616

FOOD SAFETY & QUALITY	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Food Safety Expenditures ⁷	\$8.4 million	\$5.6 million	\$5.0 million	\$4.2 million	\$2.3 million
Recalls ⁸	2	1	0	1	1

HELPING COMMUNITIES	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Smithfield-Luter Foundation Scholarships	\$284,500	\$256,000	\$377,500	\$196,500	\$290,000
Learners to Leaders [®] Contributions	\$344,170	\$355,779	\$288,388	\$369,710	\$319,415
Food Donations (servings) ⁹	8.4 million	6.9 million	8.4 million	11.6 million	16.4 million

¹ In fiscal 2013, these four accidents resulted in the deaths of 66 hogs. Overall for the year, we transported 89,351 truckloads of animals between farms and processing plants. Accident totals for fiscal 2012 have been restated. Due to an internal data collection error, we did not include all accidents for fiscal 2012 in our previous report.

² For this report, we changed the way we report on antibiotics to provide more meaningful data. Accurate totals are not available for fiscal 2009 due to the acquisition of Premium Standard Farms during that time frame. For more details on antibiotics, see page 14 of this report.

³ Data for this and previous reports were adjusted due to improved data collection and reporting as well as the addition of a recently purchased processing facility in Burgaw, North Carolina.

⁴ CWT equals 100 pounds of product.

⁵ For this report, we switched our energy reporting from decatherms to gigajoules to align with more commonly used measurements.

⁶ Total does not include Murphy-Brown. Solid waste is typically hauled away from Murphy-Brown locations for a fixed fee; reliable weights are not available.




⁷ Totals are conservative and do not capture all food safety-related upgrades.

⁸ In addition, in August 2012, our apple supplier issued a separate recall for its produce in a limited number of our Armour Active Packs Cheese Pizza Lunch Kits due to possible listeria contamination.

⁹ Prior to fiscal 2010, we counted any food donation as a charitable contribution. Beginning in fiscal 2010, we began to count only those food donations that went to feed people in need. A serving equals a quarter pound.


Key Commitments

In early 2010, we adopted a new set of goals and sustainability targets for our independent operating companies (IOCs) that exceed all regulatory guidelines or previous achievements. In 2011, we expanded some of these targets, and in 2012 we added a new focus area of value creation. As these targets are still relatively new, we did not expect all facilities and IOCs to attain all of them in the third year. We consider a facilities-based target “achieved” for fiscal 2013 if 100 percent of locations have met the standard. Targets are noted as “on track” if they are less than 100 percent achieved but making appropriate progress. See smithfieldcommitments.com for more details on our programs.

-  Achieved
-  On Track
-  Needs Improvement

ANIMAL CARE

GOAL
Keep our animals safe, comfortable, and healthy

	TARGETS ¹	2012–13 RESULTS ²
	<ul style="list-style-type: none">  Remain 100% Pork Quality Assurance Plus (PQA Plus[®]) compliant at all company-owned and contract farms.³  Maintain PQA Plus certification for all suppliers and move toward site assessments.  Maintain 100% USDA Process Verified Program (PVP) certification for all relevant facilities. (See ams.usda.gov/AMSV1.0/processverified.)  Complete conversion to group housing systems for pregnant sows on company-owned farms by the end of 2017.  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 compliant. ▪ 100% of live animals were delivered by PQA Plus certified suppliers; 98% of supplier locations were site assessed. ▪ All company-owned pig farms are 100% PVP certified, and all plants participate in this program. ▪ Continued progress in sow gestation conversion in fiscal 2013; 38% of sows were in company-owned group housing systems as of December 30, 2012. ▪ 100% of facilities manage animal handling based on American Meat Institute guidelines. ▪ 100% of drivers delivering animals to our plants are TQA certified.

(continued on next page)

¹ Targets are annual unless otherwise noted.

² All 2012–2013 results are for fiscal 2013 unless otherwise noted.

³ PQA Plus compliant means that our farms have been site assessed and that specific employees have been certified according to PQA Plus program guidelines.

Key Commitments

(continued from previous page)

- ✔ Achieved
- ➔ On Track
- ⊖ Needs Improvement

EMPLOYEES

GOALS

Reduce employee injury rates

100% compliance,
100% of the time

TARGETS

- ➔ Meet or beat general manufacturing industry national average for injuries.
- ➔ 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 2015.

2012-13 RESULTS

- 82% of locations beat meat industry averages; 54% of locations beat national average for all industries.¹
- 100% of safety leadership completed 10-hour training.
- 100% of locations held Safety Roundtable meetings.
- 96% of locations had formal employee engagement of at least 25%.

ENVIRONMENT

GOALS

Reduce natural resource demand

Eliminate NOVs at our facilities

100% compliance,
100% of the time

TARGETS

- From fiscal 2008 baseline to 2016 (normalized):**
- ➔ Reduce water use 10%.
 - ➔ Reduce energy use 10%.
 - ➔ Reduce greenhouse gas (GHG) emissions 10%.
 - ➔ Reduce solid waste sent to landfill 10%.
 - ➔ By fiscal 2018, each IOC to establish a zero-waste-to-landfill facility.
 - ✔ Every year, each IOC to complete one new packaging reduction project.
- ⊖ No notices of violation (NOVs) at our facilities.

2012-13 RESULTS

- Since fiscal 2008 (normalized):**
- Water use down 14%.
 - Energy use down 4%.
 - GHG emissions down 14%.
 - Solid waste down 20%.
 - One facility qualified as zero-waste-to-landfill as of May 31, 2013.
 - All IOCs introduced new packaging reduction projects.
- Calendar 2012:**
- 29 NOVs and \$210,400 in fines; zero NOVs at farms.
 - 98% of facilities received zero NOVs.

FOOD SAFETY & QUALITY

GOALS

Deliver safe, high-quality meat products and eliminate recalls

100% compliance,
100% of the time

TARGETS




- ✔ 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.

2012-13 RESULTS

- 100% of relevant facilities are GFSI-certified.
- 100% of IOCs assessed nutritional issues. All packaged product categories include product lines with lower sodium, reduced fat, or less sugar.
- Continued to increase portfolio of lower-sodium products across the company.
- 95% of facilities had no recalls.

¹ National 2012 industry safety data from the Bureau of Labor Statistics had not been released when this report was produced. The comparison of Smithfield performance to 2012 industry averages is calculated on projections based on industry trends from the last five years.


Key Commitments

-  Achieved
-  On Track
-  Needs Improvement

HELPING COMMUNITIES

GOAL







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

TARGETS	2012-13 RESULTS
<ul style="list-style-type: none">  Pork Group IOCs to donate 4 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 Challenge. 	<ul style="list-style-type: none"> ▪ Pork Group IOCs donated 8.4 million servings of food. ▪ 100% of IOCs supported at least two LTL programs. ▪ 100% of facilities met FFA/education target. ▪ 100% of facilities sponsored local community cleanup events. ▪ 98% of facilities participated in World Water Monitoring Challenge.

VALUE CREATION

GOAL

Drive growth and improve shareholder and stakeholder value

TARGETS	2012-13 RESULTS
<ul style="list-style-type: none">  Encourage competitiveness and innovation.  Integrate business into the community.  Mitigate operational impact and risks.  Create access to growing influential consumer segment.  Develop human capital.  Promote sustainable business models. 	<ul style="list-style-type: none"> ▪ Launched more than 100 new branded products, the most in our history. ▪ Packaged meats sales dollars and volume grew across all trade channels and in eight of the company's 12 core brands. ▪ 98% of locations held meetings with stakeholders. ▪ Saved approximately \$15.4 million in operating costs through environmental improvement projects. ▪ Expanded our sponsorships with NASCAR, drawing attention to problems of hunger in America while connecting more consumers with our brands. ▪ Sent 25 high-potential managers through intensive leadership training. ▪ Pork segment delivered second-best year in company history. ▪ Boosted production of lower-input sorghum in North Carolina through work with agricultural community.

Raising healthy animals is a primary aim of our company, and Smithfield has a long history of leadership in this area. Our animal care management program promotes the safety and overall well-being of our animals at every stage of their lives, from gestation to processing. Sound animal care management systems result in healthier animals, benefiting the pigs, our customers and consumers, and our company's overall financial health.

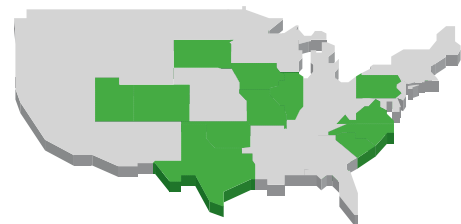
ANIMAL CARE

We constantly look for ways to improve our systems and policies to provide the best possible care for our animals. We focus especially on issues that are important to our customers and to other stakeholders, such as transitioning to group housing systems for pregnant sows on company-owned farms, improving transportation for hogs, responsibly using antibiotics, and developing markets for alternative feed grains. We work with external auditing experts to review and improve our already rigorous auditing program. Murphy-Brown, our hog production subsidiary, created its own animal care management system more than a decade ago in consultation with two of the world's foremost experts in animal behavior and handling.

Murphy-Brown^{LLC}

World's largest producer of pork

460 Company-owned farms in the U.S.



2,040 Contract hog farms in the U.S.

Murphy-Brown LLC is the hog production arm of Smithfield Foods. When we refer to Murphy-Brown in this report, we mean Murphy-Brown LLC and its subsidiaries.

OUR ANIMAL CARE GOAL

- Keep our animals safe, comfortable, and healthy

OUR ANIMAL CARE TARGETS

- Remain 100% Pork Quality Assurance Plus (PQA Plus®) compliant at company-owned and contract farms (meaning that farms have been site assessed and that specific employees have been certified according to PQA Plus program guidelines)
- Maintain PQA Plus certification for all suppliers and move toward site assessments
- Complete conversion to group housing systems for pregnant sows on company-owned farms by end of 2017

Value Creation by the numbers

FISCAL 2013

\$364M
Contract Grower Payments

\$1.4B
U.S. Grain Purchases

\$195M
International Grain Purchases
(See page 29 for grain purchases
of our international companies.)



Watch an informative video to
learn more about hog handling.





“

Overall, the pork industry has improved dramatically over the last decade. Today, the industry is much more willing to share information, and companies such as Smithfield are conducting cutting-edge, on-farm research and telling their peers what they have learned.

Anna Johnson
Associate Professor, Animal Behavior and Welfare
Iowa State University

”



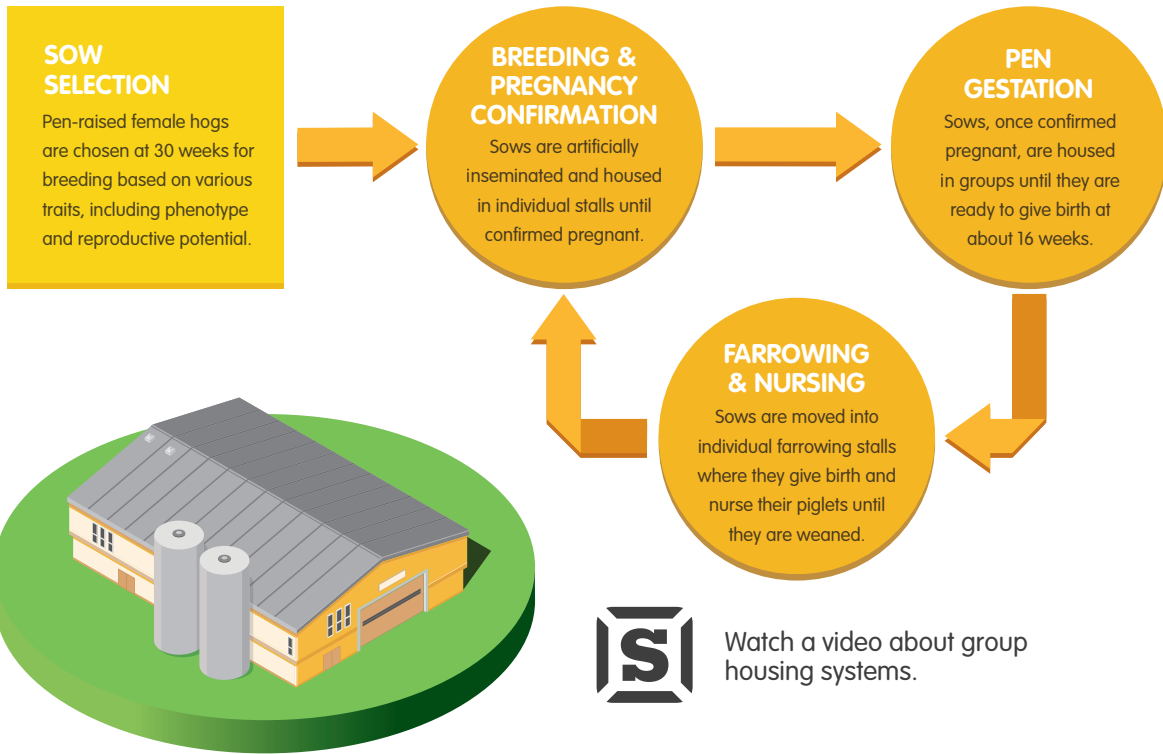
Antibiotics Reporting

Smithfield Foods began reporting antibiotics usage in 2007. Today, we remain the only major U.S. hog producer to provide this information. For fiscal 2013, we refined our metrics to provide a more meaningful, accurate measurement. Prior data were based on quantities of only feed-grade antibiotic products purchased each year. These products, which are bought premixed, contain active ingredients (the antibiotic itself) and inactive ingredients (such as roughage and minerals), both of which vary widely depending on the manufacturer. Our new metric is based on the total active ingredient given to the pigs through feed as well as via water and injections. For fiscal 2013, the total was 151 milligrams per pound.

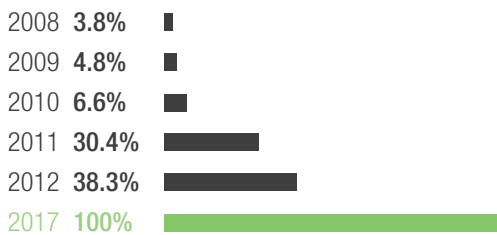
Farm Audits

We have trained internal auditors who conduct annual animal care audits on all 460 company-owned farms across the United States. External auditors, meanwhile, conduct random, unannounced visits at our farms. The purpose of the third-party audits is to verify that our animal care auditing program is working as designed and that our farms are compliant with our Animal Care Policy. All 2,040 contract farms agree to comply with our Animal Care Policy and are reviewed for compliance.

GROUP HOUSING SYSTEMS FOR PREGNANT SOWS



Sows in Company-Owned Group Housing Systems GOAL: 100% BY 2017



All values reported by calendar year.

We are on track to meet our goal of converting to group housing systems for pregnant sows at all company-owned sow farms in the United States by 2017, a process we began in 2007 in response to customer concerns. In 2013, we announced that company-owned farms worldwide would be converted to group housing systems by 2022.

FEATURE STORY: Creating Value Through More Sustainable Feed Crops



WHAT'S ONLINE

- Managing Animal Care
- Contract Growers
- Animal Care Policies
- Animal Care—European Operations

smithfieldcommitments.com/animal-care

BENEFITING FROM VERTICAL INTEGRATION

Leading Brands, Safe Food, and Satisfied Customers

HOG PRODUCTION

Our Murphy-Brown subsidiary produces approximately 16 million hogs annually on its U.S. company-owned and contract farms. Company-owned farms are:

- 100% Pork Quality Assurance Plus® compliant
- 100% U.S. Dept. of Agriculture (USDA) Process Verified Program (PVP) certified
- 100% Trucker Quality Assurance compliant



WORLD'S LARGEST HOG PRODUCER

FRESH PORK

Smithfield's eight U.S. fresh pork processing plants receive approximately 53% of their hogs from Murphy-Brown and produce more than 3.8 billion pounds of fresh pork annually. Plants are:

- 100% USDA PVP certified
- 100% Global Food Safety Initiative (GFSI) certified



WORLD'S LARGEST PORK PROCESSOR

Murphy-Brown's hog production operations assure the supply of consistent, high-quality, and traceable raw material to our Pork segment. Vertical integration has enabled us to lead the industry in sow group housing conversion and production of ractopamine-free pork, which is important for export markets.

As the largest hog producer in the world, Smithfield is uniquely positioned to deliver differentiated products to meet customer specifications—both domestically and abroad. From the hogs produced on company-owned and contract farms to the fresh pork and packaged meats we sell under 12 core brands, Smithfield manages every aspect of the pork production process. Vertical integration is a key point of difference and a unique selling proposition for our products and brands, allowing us to drive changes through the supply chain.

PACKAGED MEATS

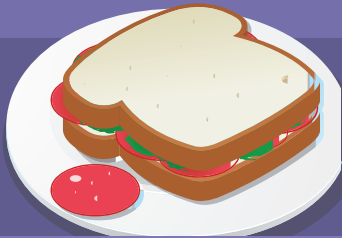
Approximately 30% of the fresh meat processed by Smithfield facilities goes toward the 2.8 billion pounds of packaged meats we produce annually. Our packaged meats plants have achieved 100% GFSI certification.



TOP U.S. PRODUCER OF PACKAGED PORK

CUSTOMERS & CONSUMERS

We count leading retailers, restaurants, and foodservice providers among our customers, and we provide them with widely respected brands, innovative products, and time-saving solutions.



MORE THAN \$13 BILLION IN ANNUAL SALES

Smithfield has leading market shares across our packaged meats business. Access to the entire supply chain allows us to satisfy customer demands and adapt to changing consumer needs. We hold the following positions:

- #1 supplier to retail
- #1 supplier to foodservice
- #2 supplier to deli

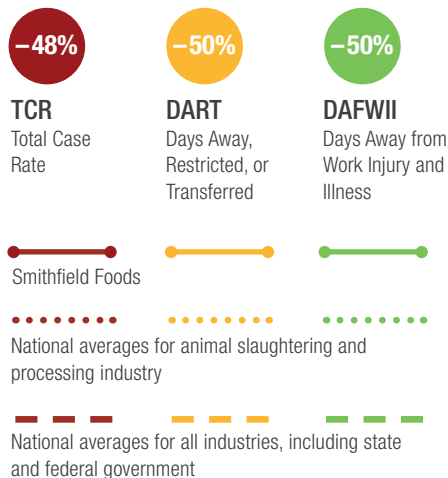


Our roughly 47,000 employees around the globe are a fundamental reason for our success, and we work hard to create a fair, ethical, and rewarding work environment. We offer jobs with competitive wages and comprehensive benefits packages, and we encourage our employees to learn and grow within Smithfield Foods.

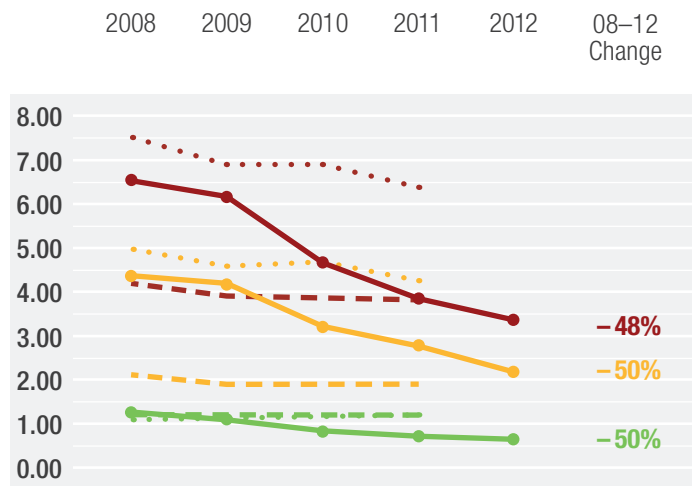
EMPLOYEES

Health & Safety

We are particularly proud of the significant improvements we have made in worker safety. Since 2008, company-wide injury rates have dropped by 50 percent.



TCR, DART, and DAFWII Rates Compared with National Averages



All values are reported by calendar year and are calculated per 100 employees. We track trends throughout our fiscal year but report the OSHA rates by calendar year. National averages for meat industry and all industries are based on 2011 data from the U.S. Department of Labor's Bureau of Labor Statistics. Data for 2012 were not yet available when this report was produced.

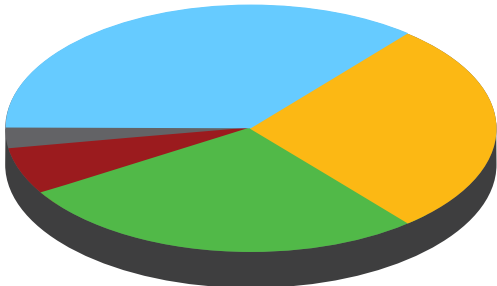
OUR HEALTH & SAFETY GOALS

- Reduce employee injury rates
- 100% compliance, 100% of the time

OUR HEALTH & SAFETY TARGETS

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

2012 Demographic Breakdown for All Smithfield Foods Operations



- 36.0% White
- 28.0% African-American
- 27.5% Hispanic
- 6.1% Asian
- 2.4% Other



Value Creation by the numbers

FISCAL 2013

\$1.7B

Total salaries and wages
(including bonuses and stock options)

\$355M

Total benefits (including pension)

\$2B

Total compensation expense
(excluding payroll taxes)

Learn more about our
Smithfield Leadership
Institute Program.



WHAT'S ONLINE

- Employee Relations
- Diversity
- Employee Wellness
- Health & Safety

smithfieldcommitments.com/employees

Sound environmental stewardship creates value for our company, our shareholders, and our communities. By increasing resource efficiency, we minimize our environmental impacts, save operating costs, and improve our economic performance. By complying with—and surpassing—regulations, we can enhance our reputation and relationships with our stakeholders.

ENVIRONMENT

Pushing Toward Improvements

Over the last decade, we have improved our environmental management systems, enabling us to use all resources—including water, energy, and land—more responsibly. The investments we have made in new systems and programs are paying off, and we’re using these successes to foster greater improvements for the future. We are also exploring creative ways to turn our operational byproducts (such as hog manure, solid waste, and bacon grease) and underutilized resources (such as land not used for hog raising or crop production) into valuable assets.

Compared with five decades ago, modern pork production can produce 1,000 pounds of pork with the following:



35%

smaller carbon footprint,

41%

less water, and



78%

less acreage for feed.

Source: Garth Boyd and Roger Cady, *A 50-Year Comparison of the Carbon Footprint of the U.S. Swine Herd: 1959–2009* (Des Moines, IA: National Pork Board, May 2012).

OUR ENVIRONMENTAL GOALS

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

OUR ENVIRONMENTAL TARGETS

- Water, Energy, Greenhouse Gas (GHG) Emissions, and Solid Waste to Landfill: 10% reductions for each over fiscal 2008 (normalized) by fiscal 2016
- Packaging: One new packaging reduction project per year per independent operating company (IOC)
- Zero Waste: One zero-waste-to-landfill facility for each IOC by fiscal 2018
- Compliance: No NOVs at our facilities

Value Creation by the numbers

SMITHFIELD'S ENVIRONMENTAL
EXCELLENCE AWARDS PROGRAM

\$374M

Cumulative savings between 2004 and 2013 through various environmental projects

\$15.4M

Amount saved in fiscal 2013

FISCAL 2013

\$14M

Combined cardboard and bacon grease sales, and biogas project cost avoidance

\$660,600

Savings attributed to composting efforts

Cardboard sales estimated using average per-ton income. Bacon grease sales are from bacon facilities only. Biogas figure based on actual cost of natural gas not purchased.

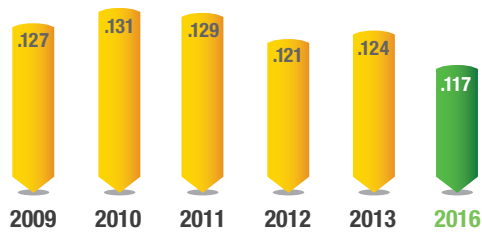


Learn more about converting
manure to energy.



Energy Use (gigajoules/cwt)

GOAL: 0.117 BY 2016

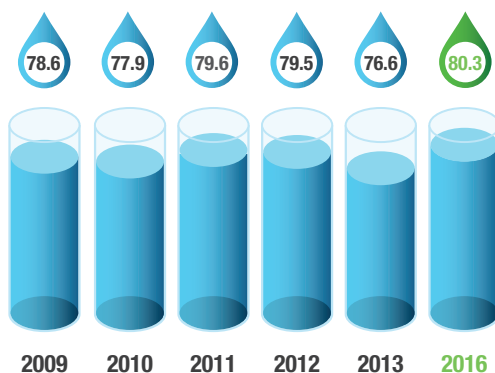


Meeting our energy target has lagged behind progress toward other targets.

Consistently low energy prices—especially for natural gas—create a lower return on investment relative to other resource and cost reduction opportunities. Also, we are producing more resource-intensive, fully cooked products, which minimize energy use at the consumer end. Nevertheless, we reduced normalized energy use by 4 percent between 2008 and 2013.

Water Use (gallons/cwt)

GOAL: 80.3 BY 2016

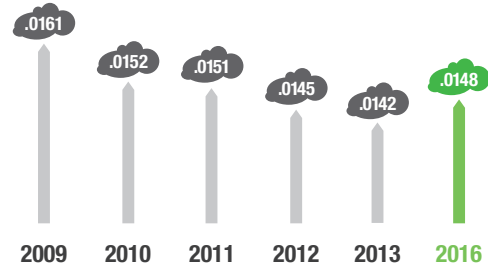


Since our baseline year of 2008, we have reduced water used per 100 pounds of product at our farms and processing plants by 14 percent; overall water use has also fallen by 11 percent. While we have already met our target, we continue to push ourselves toward further improvement.

For the four charts on this page, all values are reported by fiscal year. Each of our targets is based on a 2008 baseline. CWT equals 100 pounds of product. We have switched our energy reporting from decatherms to gigajoules to align with more commonly used measurements. Data for this and previous reports were adjusted due to improved data collection and reporting as well as the addition of a recently purchased processing facility in Burgaw, North Carolina.

Direct and Indirect GHG Emissions (metric tons CO₂e/cwt)

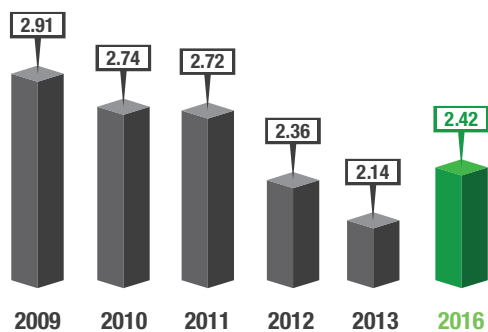
GOAL: 0.0148 BY 2016



Company processing facilities emitted 1.2 million metric tons of GHGs in fiscal 2013, down 9 percent from the 2008 baseline. Normalized GHG emissions were 14 percent below 2008, due partly to a shift toward natural gas use at our facilities. We have already met our 2016 target but continue to look for ways to improve our emissions management practices.

Solid Waste to Landfill (pounds/cwt)

GOAL: 2.42 BY 2016



We have made progress in our solid waste reduction and recycling efforts by focusing on eliminating packaging waste, such as cardboard and plastics. In 2013, our facilities sent 15 percent less solid waste to landfills than in 2008 despite increased production levels. We have reduced solid waste landfill disposal per 100 pounds of product by 20 percent.

Notices of Violation (NOVs) and Fines at Wholly Owned Farms and Plants

2008	40	<p>NOVs</p> <p>2008–2012 Change</p>
2009	36	
2010	63	
2011	38	
2012	29	

2008	\$ 69,616	<p>Fines</p> <p>2008–2012 Change</p>
2009	\$ 81,726	
2010	\$ 164,184	
2011	\$ 407,779	
2012	\$ 210,400	

All values reported by calendar year. Total NOVs and fines are for all domestic operations, including Murphy-Brown, which we reported separately in previous reports. The majority of the 2012 NOVs can be attributed to a single facility that had issues related to its wastewater pretreatment systems. We are taking all necessary corrective actions to resolve the concerns, which involves coordination with multiple stakeholders including the local municipality and state agencies.

For the second year in a row, not one of our 460 company-owned farms received a notice of violation (NOV) and our overall company-wide number of NOVs dropped by 24 percent since 2011.



In May 2013, the Armour-Eckrich facility in Peru, Indiana, became the first Smithfield location to achieve our zero-waste-to-landfill target.

The plant recycles about 98 percent of its wastes; the rest gets sent to a facility that converts waste to energy. Several Smithfield plants are on track toward reaching zero-waste-to-landfill status by the end of fiscal 2014.

WHAT'S ONLINE

- Management Approach
- Performance Data
- Alternative Energy Projects
- Zero Waste to Landfill

smithfieldcommitments.com/environment

Smithfield Foods produces safe, high-quality, and nourishing food using industry-leading systems and up-to-date, science-based procedures. Our vertically integrated business model helps to support the safety and quality of our products from our farms through our processing plants. All pertinent employees undergo rigorous training in food safety and quality policies and procedures.

FOOD SAFETY & QUALITY

Product Development

We produce affordable products that are a significant source of protein, offering consumers a wide range of choices, including some products that have reduced fat, sugar, or salt. We work with our customers (from supermarkets to public school systems to restaurant chains) to develop foods that meet their particular preferences and needs. Our state-of-the-art innovation center and pilot plant focuses on new product development to add value to our core brands.

Watch a video about fresh pork production and our leading traceability program.



OUR FOOD SAFETY & QUALITY GOALS

- Deliver safe, high-quality meat products and eliminate recalls
- 100% compliance, 100% of the time

OUR FOOD SAFETY & QUALITY TARGETS

- Obtain 100% Global Food Safety Initiative (GFSI) certification for all relevant facilities (those producing meat for human consumption)
- Assure wide variety for different diets and needs and include products designed to address health and wellness in accordance with accepted standards

We have been standardizing vendor requirements for our ingredient and packing suppliers. Virtually all of them are compliant with our food safety sourcing policy.

Sodium

Sodium is a life-essential nutrient and important for food preservation and food safety. Salt is a key ingredient in many of our products and helps us meet customer and consumer demands for quality, authenticity, flavor, and convenience. Curing meats with salt, for example, blocks the growth of bacteria and prevents spoilage. Smithfield's sodium policy, which is based on our commitment to producing wholesome foods for our customers, is consistent with the view that a healthy lifestyle is based on a range of factors, including dietary patterns and exercise.

100%

Percent of relevant Smithfield facilities certified to the Global Food Safety Initiative

\$8.4M

Amount spent in fiscal 2013 on food safety and quality projects



100+

Our independent operating companies sell more than 100 different reduced-sodium products.

WHAT'S ONLINE

Food Safety Systems

Product Quality

Nutrition

Sodium Policy

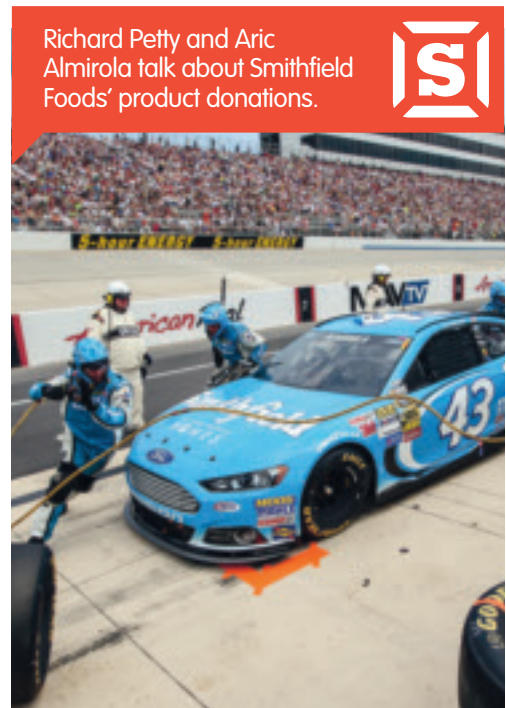
[smithfieldcommitments.com/
food-safety-quality](http://smithfieldcommitments.com/food-safety-quality)

Smithfield Foods plays a big role in the communities where we work, and we take seriously our responsibility to help support and strengthen those communities. We concentrate our efforts on providing food for those in need and supporting education. We also focus on environmental stewardship initiatives, disaster relief efforts, assistance for first responders and military families, and health and wellness initiatives.

HELPING COMMUNITIES

Working with NASCAR to Fight Hunger

Our multiyear partnership with Richard Petty Motorsports and NASCAR fights hunger while expanding our consumer reach. At 25 Sprint Cup Series races in 2013, we are the primary sponsor of the legendary No. 43 Ford, driven by Aric Almirola. At many of the events, we make a donation to a local food bank and show NASCAR fans how they can support hunger relief. The No. 43 Ford sometimes features Smithfield's "Helping Hungry Homes" logo on its hood, raising awareness of our mission, and our brands, for television viewers worldwide. We also partner with retailers to make food bank donations.



OUR COMMUNITY GOAL

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

OUR COMMUNITY TARGETS

- Provide 4 million servings of food per year for those in need
- Each Pork Group IOC to support two Learners to Leaders® programs
- Each facility to support two National FFA Organization (formerly Future Farmers of America) or equivalent education events
- Each facility to participate in at least one cleanup day

Learners to Leaders®

Learners to Leaders is a national educational alliance funded by the Smithfield-Luter Foundation and our subsidiary companies. In Denison, Iowa, the program inspires diverse students to pursue higher education. In 2012, the first class of participating students graduated from high school and headed off to college.

Watch a video about our Learners to Leaders partnership in Denison, Iowa.



Value Creation by the numbers

FISCAL 2013

\$5.6M

Cash donations

8.4M

Food donations (servings)

\$628,670

Education donations

“Smithfield serves as a wonderful example for the larger corporate community of how companies can make a difference in the lives of people in need every single day.”

Kay Carter
Executive Director
Second Harvest Food Bank of Metrolina (North Carolina)



1M servings

Fresh protein we donated to areas devastated by Hurricane Sandy in 2012

96K servings

Fresh protein we donated to tornado victims in Moore, Oklahoma, in 2013

WHAT'S ONLINE

Hunger Relief
Disaster Relief
Education

[smithfieldcommitments.com/
helping-communities](http://smithfieldcommitments.com/helping-communities)

Smithfield Foods wholly owns four subsidiaries in Poland and Romania and two food distributors in the United Kingdom and Romania. Agri Plus—a major Polish hog producer—provides most of its hogs to our Polish meat processor, Animex. In Romania, Smithfield Prod processes hogs raised by Smithfield Ferme.

INTERNATIONAL OPERATIONS

All company-owned European farms comply with European Union farming regulations, including guidelines for housing pregnant sows.



We recently implemented our U.S. safety management program at all Polish and Romanian operations.



Since 2008, our European facilities have reduced water use by

21%



Our European operations donated

800,000

servings of food in fiscal 2013.

Our international operations¹ follow the same systems for animal care, employee health and safety, environmental management, and food safety that are used throughout our family of companies. In Europe, we further implemented our sustainability goals and targets during fiscal 2013. We employ thousands of citizens and contribute to the agricultural economies in Poland and Romania. For example, our European hog farms purchase local grains to feed their pigs, reducing transportation costs and benefiting farmers in the region.

¹ "International operations" refer to wholly owned Polish and Romanian operations. This section does not include discussion of the operations of Shuanghui International, which merged with Smithfield Foods in September 2013.

Animex earned a first-place "Water Champion Award" for its work with hundreds of students participating in the 2012 World Water Day.

Antibiotics Reporting

Our international operations use antibiotics judiciously when pigs are sick or injured or when they are vulnerable or exposed to illness. The European Union bans the feeding of all antibiotics and related drugs to livestock for growth promotion purposes. Our Polish and Romanian farms follow these strict guidelines and comply with all antibiotic withdrawal timelines.

Value Creation by the numbers

FISCAL 2013

ROMANIA

POLAND

Number of local grain suppliers

100+

2,400+

Local grain spending

\$89M

\$133M

Annual crop purchases (tons)

312,000

491,000

Percent of crops purchased locally

100%

100%



2.4M

Number of market hogs raised by international operations in fiscal 2013



864M

Pounds of fresh pork and packaged meat products produced by our European food processors in fiscal 2013

WHAT'S ONLINE

Animal Care

Employees

Environment

Food Safety & Quality

Helping Communities

[smithfieldcommitments.com/
international-operations](http://smithfieldcommitments.com/international-operations)

Good corporate governance, sound management systems, and transparent reporting enable us to build trust and demonstrate our progress. Our systems for ethical conduct, the way we engage with stakeholders, our approach to public policy, and our management of supply chain issues are all important elements of our sustainability strategy.¹

GOVERNANCE & MANAGEMENT

Conducting Our Business Ethically

Ethical and lawful conduct is an essential part of our company's culture, and we are committed to conducting our business with the highest standards. Smithfield maintains a Code of Conduct and Business Ethics for all employees, officers, and directors, and our board's Nominating and Governance Committee reviews it periodically. Our Supplier Code of Conduct, meanwhile, helps ensure that our suppliers continue to meet or exceed our high expectations. That code is incorporated into all new and renewed contracts with our largest suppliers.

¹ This section reflects our sustainability governance prior to our merger with Shuanghui International Holdings Limited, which was finalized in September 2013. Future reports will explain the new governance procedures.

We continue to advance our sustainability strategy, tying it more closely to our overall business strategy. We have also advanced how we manage sustainability across our company. While our sustainability program initially focused on our U.S. operations, we have been phasing in our program in our European operations.

Enterprise Risk Management

Risk management is an important concept for Smithfield Foods and a key element of our business and sustainability strategy. By identifying and efficiently addressing risks and opportunities, we believe we can achieve our key business objectives while gaining a strategic competitive advantage. The following principles guide our enterprise risk management (ERM) program:

- Leveraging Smithfield's knowledge base and unique strengths
- Leveraging the existing risk management activities and embedding ERM into the business
- Viewing risks as opportunities to create value
- Promoting alignment, accountability, and transparency

Materiality Analysis

Our most recent materiality analysis, conducted in 2012, helps us better understand key sustainability issues for our company and our stakeholders. The analysis helps us focus our sustainability strategy and our reporting. The following issues were ranked as the most important for Smithfield and for those outside our company:

- Economic impact on local communities
- Humane treatment of animals
- Food safety and security



View the full materiality matrix.

Sustainability Governance

Overall responsibility for sustainability governance rests with the board of directors' Sustainability, Community, and Public Affairs Committee. We also have a corporate-level Sustainability Committee chaired by our chief sustainability officer.



WHAT'S ONLINE

Corporate Governance
Stakeholder Engagement
Public Policy

[smithfieldcommitments.com/
governance-management](http://smithfieldcommitments.com/governance-management)

Value Creation & Risk Management

Our sustainability programs have created substantial value for Smithfield. These programs not only reflect our core values; they also help improve our company's performance.

This table illustrates some of the ways in which our sustainability programs create value for a wide range of stakeholders while simultaneously improving Smithfield's own financial performance. We use the term "value creation" broadly and think of it in ways that go beyond just our own company's value. Details of our sustainability programs are available at smithfieldcommitments.com.

- Animal Care
- Environment
- Governance & Management
- International Operations
- Employees
- Food Safety & Quality
- Helping Communities
- Value Creation

ENCOURAGE COMPETITIVENESS AND INNOVATION

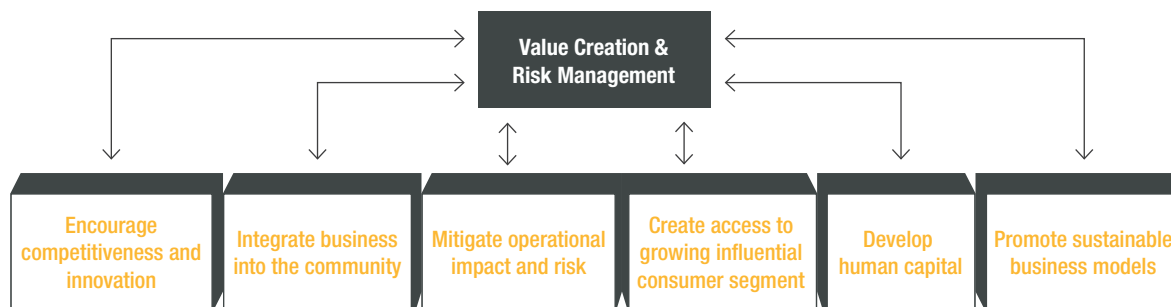
- Since 2004, saved an estimated \$374 million in operating costs through environmental improvement awards projects that cost \$65.9 million to implement.
- Several recent packaging reduction initiatives across our business yielded savings of \$6.4 million.
- Launched more than 100 new branded products in fiscal 2013, the most in our history.

INTEGRATE BUSINESS INTO THE COMMUNITY

- Paid \$182 million in federal and state taxes in fiscal 2013.
- Donated 8.4 million servings of food in the United States and made \$5.6 million in overall cash donations in fiscal 2013.
- 100% of locations held at least one cleanup event in fiscal 2013.
- Donated \$1 million to help build a new community athletic center in our headquarters location of Smithfield, Virginia.
- 98% of locations held at least two meetings with stakeholders in fiscal 2013.

MITIGATE OPERATIONAL IMPACT AND RISK

- Strengthened our reporting practices around risk.
- Received zero notices of violation at 460 company-owned farms.
- Compliant with national standards and guidelines for animal care.
- More than 98% of locations worldwide are ISO 14001 certified.
- 100% of relevant facilities certified to Global Food Safety Initiative.



CREATE ACCESS TO GROWING INFLUENTIAL CONSUMER SEGMENT

- Published second integrated sustainability/annual report.
- Expanded use of social media channels.
- Continued a multiyear, integrated partnership with NASCAR that broadens our consumer reach and supports hunger relief efforts.
- Increased consumer advertising spending by double digits in fiscal 2013.

DEVELOP HUMAN CAPITAL

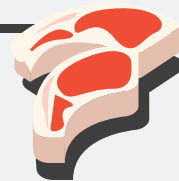
- Further reduced employee injury rate by 13%.
- Sent 25 high-potential Smithfield Foods employees through leadership development training.
- Paid \$2 billion in wages and benefits in fiscal 2013.
- Provided more than \$344,000 in funding for Learners to Leaders program, which aims to close the education gap for underprivileged students in our employees' communities.
- Contributed more than \$822,400 to education programs to benefit our employees and their offspring.
- Provided \$90,000 in scholarships to 127 Polish students.

PROMOTE SUSTAINABLE BUSINESS MODELS

- Each IOC is working toward having at least one facility be zero-waste-to-landfill by 2018.
- Our Code of Conduct and Business Ethics applies to all employees, officers, and directors.
- Our energy/water/waste reduction targets—10% (normalized) reductions by 2016—are driving more sustainable operations.
- We're working with growers in North Carolina to encourage production of sorghum, which requires less water to grow than corn and helps insulate us from commodity price swings.
- Our sustainability strategy, including a comprehensive set of goals and targets, applies to all of our IOCs and encourages the sharing of best practices.
- Responding to customer interest and our target to provide a variety of products to suit different tastes and dietary needs. We had more than 100 reduced-sodium products in the marketplace at the end of fiscal 2013.
- Standardized our vendor requirements, which include food safety, equal employment opportunity, and animal welfare guidelines, for all ingredient and packaging suppliers.
- We continued to convert housing for pregnant sows on company-owned farms in response to customer demand.

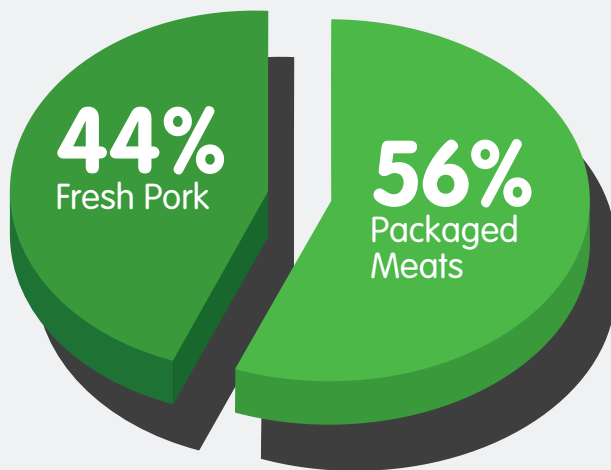
OUR OPERATIONS

Smithfield Foods is a \$13 billion global food company. Our independent operating companies and joint ventures make us the world's largest pork processor and hog producer.



PORK \$11.1 Billion¹

FISCAL 2013 SALES



Smithfield-Farmland

Cook's Hams, Inc.
Cumberland Gap Provision Co.
Smithfield Specialty Foods Group
Stefano Foods, Inc.

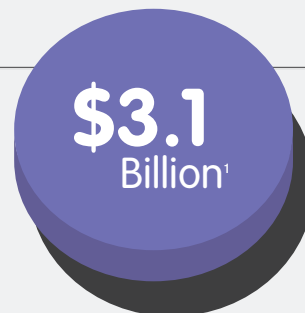
John Morrell Food Group

Armour-Eckrich Meats, LLC
Curly's Foods, Inc.
Patrick Cudahy, Inc.

HOG PRODUCTION

FISCAL 2013 SALES

Murphy-Brown LLC



INTERNATIONAL \$1.5 Billion¹

FISCAL 2013 SALES

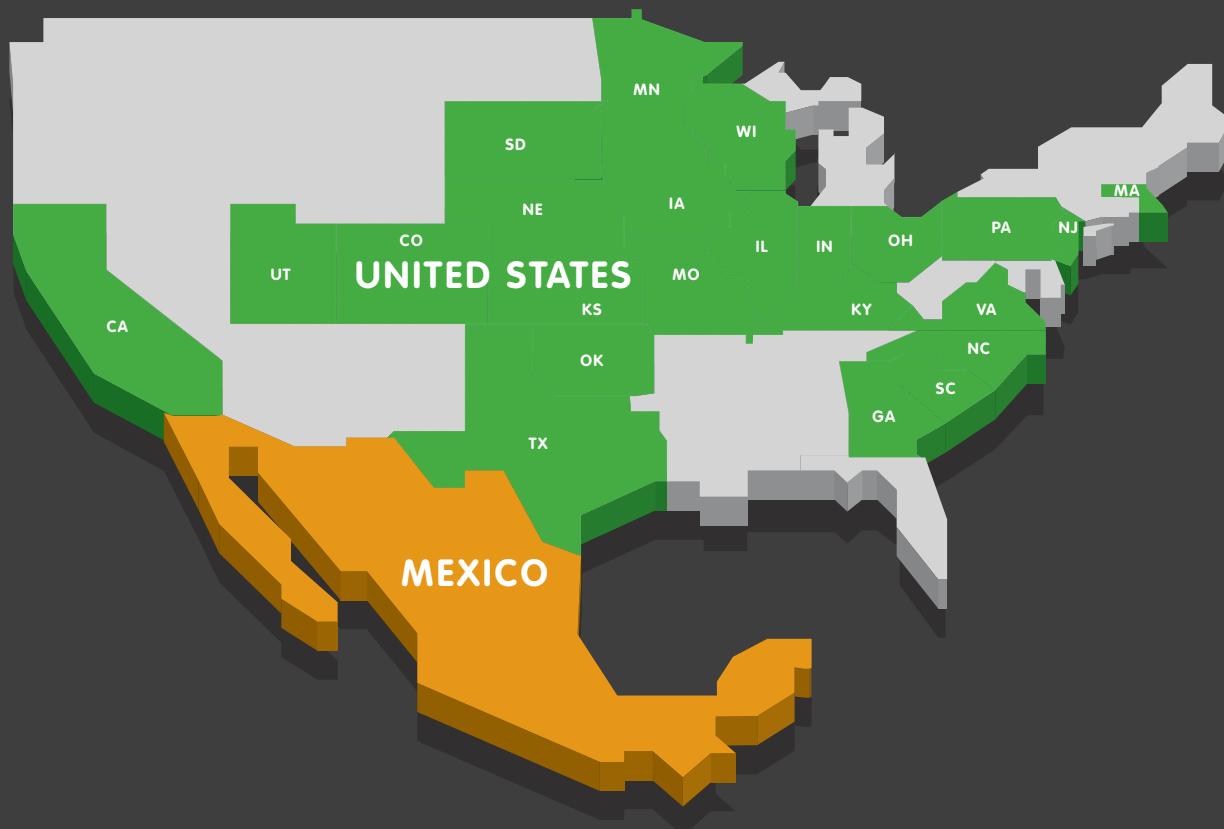
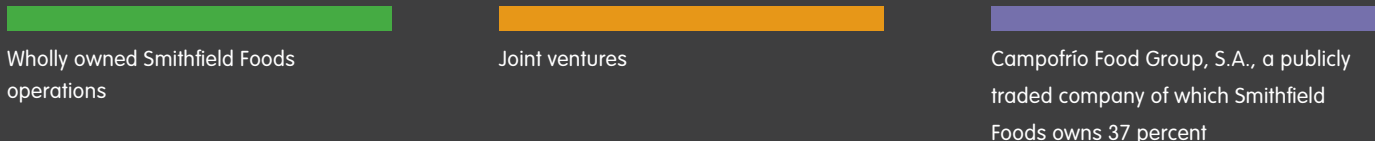


Agri Plus (Poland)
Smithfield Ferme (Romania)
Granjas Carroll de México (Mexico)²
Norson (Mexico)²

Animex s.p. (Poland)
Smithfield Prod (Romania)
Smithfield Foods Ltd. (United Kingdom)
Norson (Mexico)²
Campofrio Food Group, S.A. (Europe)²

¹ Includes intersegment sales.
² Joint venture results not consolidated.

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.



UNITED STATES

Smithfield-Farmland
21,800 Employees

Locations: Cumming, GA; Carroll, IA; Denison, IA; Monmouth, IL; Wichita, KS; Grayson, KY; Middlesboro, KY; Kansas City, MO; Milan, MO; Burgaw, NC; Charlotte, NC; Clinton, NC; Kinston, NC; Tar Heel, NC; Wilson, NC; Crete, NE; Lincoln, NE; Arnold, PA; Salt Lake City, UT; Smithfield, VA

John Morrell Food Group
9,950 Employees

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



INTERNATIONAL

Animex (Poland) 7,350 Employees

Locations: Debica, Elk, Grodkow, Ilawa,
Morliny, Opole, Starachowice, Suwalki,
Szczecin, Zamosc

Smithfield Prod (Romania) 900 Employees

Location: Timisoara

International Hog Production 1,700 Employees

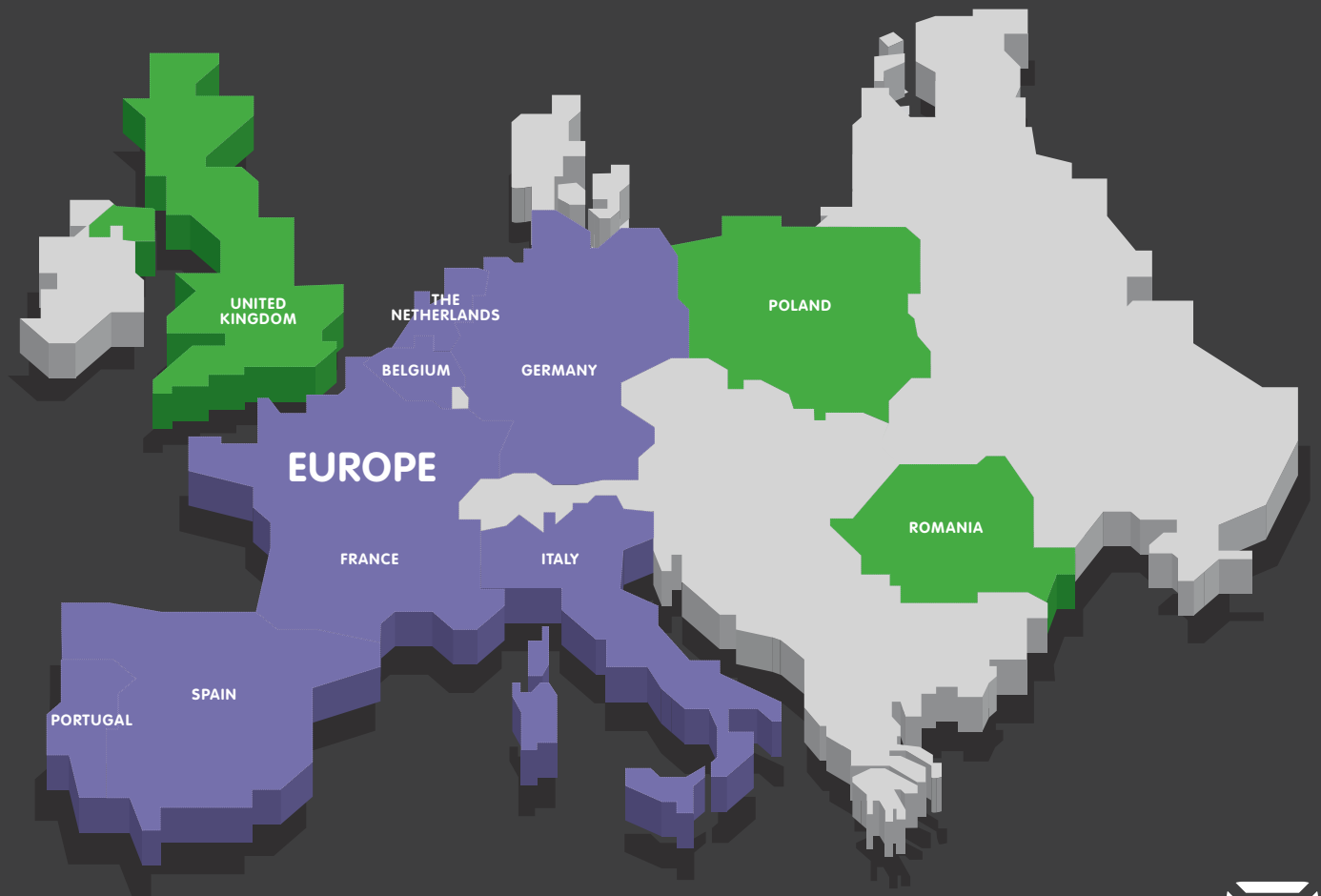
Agri Plus: Poznan, Poland

Smithfield Ferme: Timisoara, Romania

Granjas Carroll de México: Perote, Mexico

Norson: Hermosillo, Mexico

(Employee total is for Poland and Romania and does not include our Mexican joint ventures.)



Murphy-Brown 5,000 Employees

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



Our Companies



Timothy O. Schellepeper
President and
Chief Operating Officer,
Fresh Meat Group

Michael E. Brown
President and
Chief Operating Officer,
Packaged Food Group

smithfield.com
farmlandfoods.com

Smithfield-Farmland was created in 2013 through the combination of The Smithfield Packing Company, Incorporated, and Farmland Foods, Inc. Through its Fresh Meat and Packaged Food groups, Smithfield-Farmland provides a broad selection of products for retail, foodservice, and deli customers. Primary product lines include fresh pork, bacon, cooked hams, lunchmeat, sausages, and hot dogs. In addition to the Smithfield and Farmland brands, its Gwaltney, Cook's, Cumberland Gap, and Esskay products are among the leaders in their respective markets. Smithfield-Farmland has a large and growing international business, exporting products to more than 40 countries across six continents.

CORE BRANDS

Smithfield, Farmland,
Gwaltney, Cook's

SUPPORTING BRANDS

Cumberland Gap, Ember
Farms, Esskay, Stefano Foods



Joseph B. Sebring
President
johnmorrellfoodgroup.com

The John Morrell Food Group traces its roots to the founding of John Morrell & Co. in 1827, making it the oldest continuously operating U.S. meat processor. National and regional brands help drive profitable growth in categories such as ham, smoked sausage, hot dogs, deli meats, bacon, pulled pork, and dry sausage. Sales channels include retail, deli, foodservice, direct store delivery, convenience store, club store, military, and co-manufacturing outlets.

CORE BRANDS

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

SUPPORTING BRANDS

Patrick Cudahy, Krakus,
Premium Pet Health,
American Farms, Active
Packs, Animal Planet



Gregg Schmidt
President
murphybrownllc.com

Murphy-Brown LLC is the world's largest producer of hogs, and the company is committed to producing high-quality products while protecting the environment and preserving family farms. In the United States, Murphy-Brown owns approximately 853,000 sows and produced 16 million market hogs in fiscal 2013. U.S. operations include 460 company-owned farms and contractual business relationships with 2,040 family farms across 12 states.



Jacek Dziełak
President
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 and poultry as well as smoked and cooked hams, sausages, hot dogs, bacon, canned meats, and pâtés. Animex products are available in more than 40 countries at retail and through foodservice channels.

MAJOR BRANDS
Krakus, Morliny, Morlinki,
Berlinki, Mazury, Yano



Dana Brindescu Iovanov
General Manager
smithfield.ro

Smithfield Prod is Romania's largest producer of fresh pork with a market share of approximately 30 percent. Its products are sold primarily to industrial and retail customers under the Comtim brand. Following a six-year ban on Romanian pork exports, in early 2012 Smithfield Prod became the country's first pork processor to receive European Union approval to sell Romanian pork to member countries.

MAJOR BRANDS
Comtim

International Hog Production



agriplus.pl



smithfieldferme.ro



granjascarroll.mx



norson.net

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 4.2 million hogs to market in fiscal 2013. The Mexican operations consist of 50 percent stakes in Granjas Carroll de México and Norson, a vertically integrated hog producer and meat processor. Agri Plus 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.

10-Year Financial Summary

FISCAL YEARS ENDED

(dollars and shares in millions, except per share data)

2013

2012

2011

2010

Operations

Sales	\$13,221.1	\$13,094.3	\$12,202.7	\$11,202.6
Gross profit	1,319.7	1,549.4	1,714.1	730.1
Selling, general, and administrative expenses	815.4	816.9	789.8	705.9
Operating profit (loss)	519.3	722.6	1,095.0	62.8
Interest expense	168.7	176.7	245.4	266.4
Income (loss) from continuing operations	183.8	361.3	521.0	(101.4)
Net income (loss)	183.8	361.3	521.0	(101.4)

Per Diluted Share

Income (loss) from continuing operations	\$ 1.26	\$ 2.21	\$ 3.12	\$ (.65)
Net income (loss)	1.26	2.21	3.12	(.65)
Book value ¹	21.15	20.72	21.21	17.54
Weighted average shares outstanding	146.4	163.5	167.2	157.1

Financial Position

Working capital	1,805.6	2,162.7	2,110.0	2,128.4
Total assets	7,716.4	7,422.2	7,611.8	7,708.9
Net debt ²	2,194.7	1,640.1	1,747.6	2,556.9
Shareholders' equity	3,097.0	3,387.3	3,545.5	2,755.6

Financial Ratios

Current ratio	2.03	2.90	2.72	2.79
Net debt to total capitalization ³	41.5%	32.6%	33.0%	48.1%

Other Information

Capital expenditures	\$ 278.0	\$ 290.7	\$ 176.8	\$ 174.7
Depreciation expense	235.3	238.6	227.4	236.9
Common shareholders of record	833	895	956	1,010
Number of employees	46,950	46,050	46,350	48,000

¹ Computed using shareholders' equity divided by weighted average shares outstanding.

² Net debt is equal to notes payable and long-term debt and capital lease obligations, including current portion, less cash and cash equivalents.

³ Computed using net debt divided by net debt and shareholders' equity.

2009

2008

2007

2006

2005

2004

\$ 12,487.7	\$ 11,351.2	\$ 9,359.3	\$ 8,828.1	\$ 8,983.6	\$ 6,807.7
624.6	1,148.4	1,060.5	1,040.1	1,173.9	787.9
798.4	813.6	686.0	620.9	595.6	496.1
(223.9)	396.8	422.7	430.7	595.5	290.7
221.8	184.8	133.6	117.6	117.2	109.3
(250.9)	139.2	211.9	206.2	315.8	122.4
(198.4)	128.9	166.8	172.7	296.2	227.1

\$ (1.78)	\$ 1.04	\$ 1.89	\$ 1.84	\$ 2.81	\$ 1.10
(1.41)	.96	1.49	1.54	2.64	2.03
18.51	22.71	20.03	18.11	16.93	14.31
141.1	134.2	111.9	112.0	112.3	111.7

1,497.7	2,215.3	1,795.3	1,597.2	1,773.6	1,346.5
7,200.2	8,867.9	6,968.6	6,177.3	5,773.6	4,828.1
2,786.6	3,826.1	3,035.1	2,468.9	2,189.9	1,712.7
2,612.4	3,048.2	2,240.8	2,028.2	1,901.4	1,598.9

2.16	2.36	2.31	2.21	2.57	2.34
51.6%	55.7%	57.5%	54.9%	53.5%	51.7%

\$ 179.3	\$ 428.8	\$ 453.7	\$ 367.2	\$ 184.4	\$ 119.1
264.0	258.0	201.0	181.8	168.2	147.1
1,074	1,095	1,128	1,196	1,269	1,332
52,400	58,100	53,100	52,500	51,290	46,400

Non-GAAP Measure Reconciliation

The table below is a Non-GAAP measure reconciliation for the Pork segment profitability chart on page 4. Dollar amounts are in millions.

	FY 08	FY 09	FY 10
Operating profit—Pork segment	\$449.4	\$395.2	\$538.7
Impairment and other disposal costs	8.0	88.2	33.9
Adjusted operating profit—Pork segment	\$457.4	\$483.4	\$572.6
Operating profit—Pork segment	\$449.4	\$395.2	\$538.7
Operating profit—Packaged meats	(308.6)	(319.1)	(477.6)
Fresh pork impairment and other disposal costs	—	21.2	17.0
Adjusted operating profit—Fresh pork	\$140.8	\$97.3	\$78.1
Operating profit—Pork segment	\$449.4	\$395.2	\$538.7
Operating profit—Fresh pork	(140.8)	(76.1)	(61.1)
Packaged meats impairment and other disposal costs	8.0	67.0	16.9
Adjusted operating profit—Packaged meats	\$316.6	\$386.1	\$494.5

Corporate Information



Corporate Headquarters

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200 Commerce Street
Smithfield, VA 23430
+1 757 365 3000
smithfieldfoods.com

Independent Registered Public Accounting Firm

Ernst & Young LLP
2100 East Cary Street, Suite 201
Richmond, VA 23223

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

Form 10-K Report

Copies of the company's 10-K Annual Report are available without charge upon written request to the following address:
Corporate Secretary
Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
+1 757 365 3000
ir@smithfieldfoods.com

Investor Relations

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Forward-Looking Information

This integrated report contains “forward-looking” statements within the meaning of the federal securities laws. The forward-looking statements include statements concerning our outlook for the future, as well as other statements of beliefs, future plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. Our forward-looking information and statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements. These risks and uncertainties include, but are not limited to, the availability and prices of live hogs, feed ingredients (including corn), raw materials, fuel and supplies; food safety; livestock disease; live hog production costs; product pricing; the competitive environment and related market conditions; risks associated with the Company's indebtedness, including cost increases due to rising interest rates or changes in debt ratings or outlook; hedging risk; adverse weather conditions; operating efficiencies; changes in foreign currency exchange rates; access to capital; the cost of compliance with and changes to regulations and laws, including changes in accounting standards, tax laws, environmental laws, agricultural laws and occupational, health and safety laws; adverse results from litigation; actions of

domestic and foreign governments; labor relations issues; credit exposure to large customers; the ability to realize the anticipated strategic benefits from the merger with Shuanghui International Holdings Limited, the ability to make effective acquisitions and successfully integrate newly acquired businesses into existing operations, and other risks and uncertainties described under Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended April 28, 2013.

Corporate Officers

C. Larry Pope
President and
Chief Executive Officer

George H. Richter
President and Chief
Operating Officer,
Pork Group

Dariusz Nowakowski
President, Smithfield
Europe

Joseph W. Luter, IV
Executive Vice President

Robert W. Manly, IV
Executive Vice President,
Chief Financial Officer, and
Chief Operating Officer,
Murphy-Brown

Dhamu Thamodaran
Executive Vice President
and Chief Commodity
Hedging Officer

Dennis H. Treacy
Executive Vice President and
Chief Sustainability Officer

Kenneth M. Sullivan
Senior Vice President
of Finance and
Chief Accounting Officer

Michael H. Cole
Vice President,
Chief Legal Officer
and Secretary

Jeffrey A. Deel
Vice President and
Corporate Controller

Timothy P. Dykstra
Vice President and
Corporate Treasurer

Bart Ellis
Vice President,
Operations Analysis

Michael D. Flemming
Vice President and
Corporate General Counsel

Craig R. Harlow
Vice President,
Internal Audit

Keira L. Lombardo
Vice President, Investor
Relations and Corporate
Communications

Parul Stevens
Vice President,
Risk Management

Henry L. Morris
Senior Corporate Vice
President, Operations and
Engineering

Vernon T. Turner
Vice President,
Corporate Tax

Mansour T. Zadeh
Vice President and Global
Chief Information Officer

Third-Party Recognition 2012/2013

We are proud to have been recognized by a number of leading organizations and publications in 2012 and 2013 for our progress and programs. The following is a list of selected awards and recognitions.

FTSE4Good Index member company

Ranked second among all food production companies on the *Fortune* 2012 list of the “World’s Most Admired Companies”

Walmart Sustainability Award (transportation load optimization project)

Advanced in the *Newsweek* 2012 “green rankings”

Received 39 environmental and 36 worker safety awards from the American Meat Institute

Claremont McKenna College “A+” ranking for sustainability reporting (2011 ratings)¹

Virginia Governor’s Environmental Excellence Award

Keep America Beautiful Foundation’s Distinguished Service Citation National Award (for outstanding waste reduction/recycling efforts at the Martin City plant in Missouri)

World Water Monitoring Challenge Water Champion Awards (Animex)

¹ Claremont McKenna issues its rankings on a two-year cycle.

Integrated Reporting Index

Integrated reporting is an emerging practice that combines financial and sustainability reporting into a single strategic document intended to be of interest to investors and other stakeholders. This is Smithfield Foods' second integrated report. As we worked to prepare this report, the International Integrated Reporting Council (IIRC) was continuing to develop a framework. Below is a high-level mapping of this report to the primary content elements that the IIRC recommends. More detailed information on these elements can be found online at smithfieldcommitments.com.

IIRC Content Element	Report Sections Addressing	Pages
Business Model	Vertical Integration Graphic	16–17
	Our Operations	34
Organizational Overview and External Environment	Vertical Integration Graphic	16–17
	Our Operations	34
Opportunities and Risks	Executive Letters	3–7
	Governance & Management	30–31
	Value Creation & Risk Management Graphic	32–33
Strategy and Resource Allocation	Key Commitments Table	9–11
	Value Creation & Risk Management Graphic	32–33
Governance	Governance & Management	30–31
Performance	Key Data Summary	8
	Key Commitments Table	9–11
	Core Reporting Areas	12–15, 18–29
Future Outlook	Executive Letters	3–7

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.

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 youtube.com/SmithfieldFoods

Credits

Designed and produced by RKC!
(Robinson Kurtin Communications! Inc)

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Executive photography and videos by
Daniel Marracino and Sean O'Hara

Additional photography by Timothy Llewellyn
(pages 19, 21, 23, 24, and 27) and Brad
Schloss (page 26)

This report is printed on Neenah Paper Classic Crest Recycled 100 Bright White stock. This paper contains 100 percent post-consumer recycled fiber and was made using 100 percent renewable electricity. We achieved the following by printing on this stock instead of virgin paper:

	Trees saved	137
	Water saved	62,257 gallons
	Solid waste not produced	3,780 pounds
	Energy saved	43 million BTUs
	Carbon emissions not generated	12,927 pounds



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