

SMITHFIELD FOODS, INC. GOVERNANCE GUIDELINES

I. Board of Directors

The Board of Directors of Smithfield Foods, Inc. (the "Corporation") are elected by its shareholders to oversee management and to act in the best interest of the Corporation and its shareholders. A majority of the Directors shall be independent within the meaning of the independence standards of the New York Stock Exchange, as determined by the Board of Directors.

II. Philosophy and Functions of the Board

The primary mission of the Board is to represent and protect the interests of the Corporation's shareholders. In so doing, the Board has the responsibility for overseeing the affairs of the Corporation and has certain specified powers and authorities with respect to corporate action provided by the Virginia Stock Corporation Act. The Board's oversight function can and should be exercised through the election and appointment of competent officers. The Board nevertheless remains responsible for oversight and thus has an obligation to keep informed in order to assist management in formulating and developing plans; it also sets necessary criteria and serves as a body to review and advise management on the operations of the Corporation. These duties should be discharged by the full Board, the Board's committees, or the independent members of the Board, as appropriate in the circumstance.

III. Ethical Business Principles

Integrity and ethical behavior are core values of the Corporation. The Board of Directors and its officers and other employees shall reflect such principles in the conduct of business. The Board is responsible to provide the best example of these values and should reinforce their importance at appropriate times.

The Nominating and Governance Committee should periodically review the Corporation's Code of Conduct. The Committee is responsible for evaluating periodically the adequacy of the policies included in the Code of Conduct. The Committee should have the Chief Executive Officer of the Corporation confirm periodically that those policies are fully understood and implemented.

IV. Board Composition and Number

It is the Board's objective that, at all times, its membership be composed of qualified, dedicated, and highly regarded individuals who have experience relevant to the Corporation's operations and who understand the complexities of the Corporation's business environment. The Board should endeavor to maintain a "balanced" membership, with representation of relevant areas of experience, types of expertise, and backgrounds. Under normal circumstances, the size of the Board should be from 8 to 12 members.

While the Corporation does not limit the number of other directorships that a Director can hold, having sufficient time to serve diligently should be an important consideration in the selection of a nominee for the Board.

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 should make a recommendation to the Board of Directors regarding the Director's continued service on the Board.

The Nominating and Governance Committee should review the desirability of the continuing service of each Director every three years.

V. Board Meetings

The Board shall hold an annual meeting immediately following the annual meeting of shareholders and shall meet regularly on other previously determined dates and conduct special meetings on the call of the Chairman of the Board, the Chief Executive Officer, the President, if any, or not less than one-third of the directors then in office.

Directors should endeavor to attend all meetings. Attendance that falls below 75% should be discussed with the Chairman of the Board to determine if excessive time conflicts are likely to continue.

The Board's independent directors shall meet as a group in executive session at least twice a year, without directors who are current or former officers of the Corporation present. These meetings shall be chaired by the Chairman of the Nominating and Governance Committee.

Meeting materials shall be delivered to each director in sufficient time in advance of each regular meeting of the Board to permit a thorough review.

An agenda shall be distributed before each meeting of the Board with the opportunity provided for each director to request additions to the agenda.

VI. Specific Responsibilities of the Board and its Committees

The Board should:

- Approve major corporate decisions and oversee, develop and implement broad policies.
- Periodic review (at least annually) of the Corporation's legal compliance programs and procedures.
- Monitor and assess performance and ask appropriate questions of management to address accountability with established goals.
- Stay well informed regarding the Corporation's businesses, it being acknowledged that management is responsible for providing accurate information to Board members.
- Be a partner with the Chief Executive Officer on strategic issues by advising and consulting.
- Be willing to be proactive in crisis situations.
- Review and approve major capital allocation recommendations of management.
- Oversee financial statements through the Audit Committee.
- Make hiring and firing decisions with regard to the Chief Executive Officer.
- Review and approve compensation of executive officers and other key employees through Compensation Committee.
- Establish proper governance, which includes a periodic review of the Governance Guidelines by the Nominating and Governance Committee, the consideration by such Committee of other corporate governance issues and related matters, and any resulting recommendation by such Committee as to the governance issues that should be addressed by the Board of Directors.
- Recruit effective new members; recruiting efforts should be led by the Nominating and Governance Committee.

The Board may establish committees to assist the Board in overseeing the affairs of the Corporation. Currently the Board has established five standing committees. The Executive Committee may exercise, to the fullest extent permitted by law, all of the powers and authority of the Board in the management of the property, affairs and business of the Corporation. The Audit, Compensation, Pension and Investment, and Nominating and Governance Committees are responsible for defined areas delegated by the Board as specified in the committee charters attached hereto.

VII. Director Compensation and Ownership of Capital Stock

Independent Directors shall receive reasonable compensation in the form of an annual retainer plus a fee for attendance at any Board or committee meeting. The annual retainer and meeting fees shall be recommended by the Nominating and Governance Committee and reviewed and approved annually by the Board of Directors.

Board members are encouraged to own the Corporation's common stock.

VIII. Director Orientation and Continuing Education

The Chairman of the Board shall have responsibility for developing an orientation program for each new Director. Continuing education shall be achieved through management presentations at board and committee meetings from time to time to provide insights into aspects of the Corporation's business and to facilitate direct contact between the Board and management. The Board and committees shall also receive briefings on any new material legal or regulatory requirements affecting the Corporation. In addition, each Director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a Director and the Corporation may, from time to time, offer continuing education programs to assist Directors in maintaining such level of expertise.

IX. Board Contacts and Access

Board members shall have access to the Corporation's management at all times. Directors are expected to consider whether the results of any contact with a member of management other than the Chief Executive Officer should be reported to the Chief Executive Officer. In addition, the Board and its committees shall have available to each of them such other support personnel, including outside auditors, attorneys and consultants as any of them deems necessary to discharge its responsibilities.

The Board believes that management speaks for the Corporation and that the Chairman of the Board speaks for the Board. Dealings with the press and with

investors generally should be the sole province of the Chief Executive Officer and his designees. Directors receiving inquiries from the media, the financial community or other external entities pertaining to the affairs of the Corporation should refer such inquiries to the Corporation's Vice President of Investor Relations and Corporate Communications for handling.

X. Board and Committee Performance Review

The Board of Directors shall conduct an annual review of the performance of the Board and each committee, reflecting on how the Board and each committee could have done a better job, i.e. lessons learned and improvements needed by the group, each committee and, if appropriate, by individual Directors.

XI. CEO Performance Review

The Board shall provide regular communication to the Chief Executive Officer regarding its concerns, suggestions, needs and expectations. The Compensation Committee shall provide an annual review of the Chief Executive Officer's performance.

XII. Succession Planning

There should be an annual report by the Chief Executive Officer to the Compensation Committee on succession planning. There should also be available, on a continuing basis, the Chief Executive Officer's recommendation as to his successor should he be unexpectedly disabled.