

SMITHFIELD FOODS INC
Form PRER14A
July 26, 2013
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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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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[], 2013

Dear Fellow Shareholder:

On May 28, 2013, Smithfield Foods, Inc. (Smithfield) entered into a definitive merger agreement to be acquired by Shuanghui International Holdings Limited (Parent). Subject to the terms and conditions of the merger agreement, a wholly owned subsidiary of Parent will be merged with and into Smithfield and Smithfield will survive the merger as a wholly owned subsidiary of Parent.

If the merger is completed, our shareholders will have the right to receive \$34.00 in cash, without interest and less any applicable withholding taxes, for each share of common stock, par value \$0.50 per share, of Smithfield (Smithfield common stock) that they own immediately prior to the effective time of the merger, which represents a premium of approximately 31% to the \$25.97 per share closing price of Smithfield common stock on the New York Stock Exchange on May 28, 2013, the last trading day prior to the public announcement of the proposed merger.

You are cordially invited to attend a special meeting of our shareholders to be held in connection with the proposed merger on [], [], 2013 at [], Eastern Time. At the special meeting, shareholders will be asked to vote on a proposal to approve the merger agreement, the related plan of merger and the merger. The affirmative vote of a majority of the shares of Smithfield common stock outstanding at the close of business on [], 2013 is required to approve the merger agreement, the related plan of merger and the merger.

The merger cannot be completed unless Smithfield shareholders approve the merger agreement, the related plan of merger and the merger. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the special meeting in person, please vote or otherwise submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the special meeting. The failure to vote on the proposal to approve the merger agreement, the related plan of merger and the merger will have the same effect as a vote AGAINST this proposal.**

The Smithfield board of directors has unanimously adopted and approved the merger agreement, the related plan of merger and the merger. **The Smithfield board of directors unanimously recommends that Smithfield shareholders vote FOR the proposal to approve the merger agreement, the related plan of merger and the merger.**

At the special meeting, shareholders will also be asked to vote on (i) a proposal to approve, on a non-binding, advisory basis, certain compensation that will or may be paid to Smithfield's named executive officers by Smithfield based on or otherwise relating to the merger, as required by the rules adopted by the Securities and Exchange Commission and (ii) a proposal to approve an adjournment of the special meeting, if necessary or appropriate, to solicit additional votes for the approval of the proposal to approve the merger agreement, the related plan of merger and the merger. **The Smithfield board of directors unanimously recommends that Smithfield shareholders vote FOR each of the foregoing proposals.**

The obligations of Smithfield and Parent to complete the merger are subject to the satisfaction or waiver of certain conditions. The accompanying proxy statement contains detailed information about Smithfield, the special meeting, the merger agreement, the related plan of merger and the merger.

Thank you for your confidence in Smithfield.

Sincerely,

C. Larry Pope

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the merger, passed upon the merits of the merger agreement, the related plan of merger or the merger or determined if the accompanying proxy statement is accurate or complete. Any representation to the contrary is a criminal offense.

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The accompanying proxy statement is dated [], 2013 and, together with the enclosed form of proxy, is first being mailed to Smithfield shareholders on or about [], 2013.

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Smithfield Foods, Inc.

200 Commerce Street

Smithfield, Virginia 23430

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

DATE & TIME

[], [], 2013 at [], Eastern Time

PLACE

[]

ITEMS OF BUSINESS

To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of May 28, 2013 (the merger agreement), among Smithfield Foods, Inc. (Smithfield), Shuanghui International Holdings Limited (Parent), and Sun Merger Sub, Inc. (Merger Sub), the related plan of merger and the merger (the merger proposal);

To consider and vote on a proposal to approve, on a non-binding, advisory basis, certain compensation that will or may be paid by Smithfield to its named executive officers that is based on or otherwise relates to the merger (the named executive officer merger-related compensation proposal);

To consider and vote on a proposal to approve an adjournment of the special meeting of shareholders of Smithfield (the special meeting), if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the merger proposal (the adjournment proposal); and

To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

RECORD DATE

Only shareholders of record at the close of business on [], 2013 (the record date) are entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement of the special meeting.

VOTING BY PROXY

The Smithfield board of directors (the Smithfield Board) is soliciting your proxy to assure that a quorum is present and that your shares are represented and voted at the special meeting. For information on submitting your proxy over the internet, by telephone or by mailing back the traditional proxy card (no extra postage is needed for the provided envelope if mailed in the U.S.), please see the attached proxy statement and enclosed proxy card. If you later decide to vote in person at the special meeting, information on revoking your proxy prior to the special meeting is also provided.

RECOMMENDATIONS

The Smithfield Board unanimously recommends that you vote:

FOR the merger proposal;

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FOR the named executive officer merger-related compensation proposal; and

FOR the adjournment proposal.

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE VOTE OVER THE INTERNET OR BY TELEPHONE PURSUANT TO THE INSTRUCTIONS CONTAINED IN THESE MATERIALS OR COMPLETE, DATE, SIGN AND RETURN A PROXY CARD AS PROMPTLY AS POSSIBLE. IF YOU RECEIVE MORE THAN ONE PROXY BECAUSE YOU OWN SHARES REGISTERED IN DIFFERENT NAMES OR ADDRESSES, EACH PROXY SHOULD BE VOTED. IF YOU DO NOT SUBMIT YOUR PROXY, INSTRUCT YOUR BROKER HOW TO VOTE YOUR SHARES OR VOTE IN PERSON AT THE SPECIAL MEETING ON THE MERGER PROPOSAL, IT WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THIS PROPOSAL.

Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement.

Please note that we intend to limit attendance at the special meeting to Smithfield shareholders as of the record date (or their authorized representatives), as well as invited guests. Each shareholder will be permitted to bring one guest. If your shares are held by a broker, bank or other nominee and you wish to vote in person at the special meeting, you must bring to the special meeting a proxy from the broker, bank or other nominee that holds your shares authorizing you to vote in person at the special meeting. Please also bring to the special meeting your account statement evidencing your beneficial ownership of Smithfield common stock as of the record date. All shareholders should also bring photo identification.

The proxy statement of which this notice forms a part provides a detailed description of the merger agreement, the related plan of merger and the merger. We urge you to read the proxy statement, including any documents incorporated by reference, and its annexes carefully and in their entirety. If you have any questions concerning the merger or the proxy statement, would like additional copies of the proxy statement or need help voting your shares of Smithfield common stock, please contact Smithfield's proxy solicitor, Okapi Partners LLC, 437 Madison Avenue, 28th Floor, New York, NY 10022, Toll free: 1-877-79OKAPI (1-877-796-5274).

By Order of the Board of Directors,

Michael H. Cole

Secretary

Smithfield, Virginia

[], 2013

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SUMMARY TERM SHEET

This summary highlights information contained elsewhere in this proxy statement and may not contain all the information that is important to you with respect to the merger and the other matters being considered at the special meeting of Smithfield shareholders. We urge you to read carefully the remainder of this proxy statement, including the attached annexes, and the other documents to which we have referred you. For additional information on Smithfield included in documents incorporated by reference into this proxy statement, see the section entitled "Where You Can Find More Information" beginning on page []. We have included page references in this summary to direct you to a more complete description of the topics presented below.

All references to Smithfield, we, us, or our in this proxy statement refer to Smithfield Foods, Inc., a Virginia corporation; all references to Parent refer to Shuanghui International Holdings Limited, a corporation formed under the laws of the Cayman Islands; all references to Merger Sub refer to Sun Merger Sub, Inc., a Virginia corporation and a wholly owned subsidiary of Parent formed for the sole purpose of effecting the merger; all references to Smithfield common stock refer to the common stock, par value \$0.50 per share, of Smithfield; all references to the Smithfield Board refer to the board of directors of Smithfield; all references to the merger refer to the merger of Merger Sub with and into Smithfield with Smithfield surviving as a wholly owned subsidiary of Parent; unless otherwise indicated or as the context otherwise requires, all references to the merger agreement refer to the Agreement and Plan of Merger, dated as of May 28, 2013, and as may be further amended from time to time, by and among Smithfield, Parent and Merger Sub, a copy of which is included as Annex A to this proxy statement; and all references to the plan of merger refer to the plan of merger to be filed with the office of the State Corporation Commission of the Commonwealth of Virginia (along with the articles of merger) to effect the merger, a copy of which is attached as Annex B to this proxy statement. Smithfield, following the completion of the merger, is sometimes referred to in this proxy statement as the surviving corporation.

The Companies

Smithfield (see page [])

Smithfield, together with its subsidiaries, is the largest pork processor and hog producer in the world. We produce and market a wide variety of fresh meat and packaged meats products both domestically and internationally. We currently conduct our operations through four reportable segments: Pork, Hog Production, International and Corporate, each of which is comprised of a number of subsidiaries, joint ventures and other investments.

Shares of Smithfield common stock are listed with, and trade on, the New York Stock Exchange (NYSE) under the symbol SFD. Our corporate website address is www.smithfieldfoods.com. The information provided on the Smithfield website is not part of this proxy statement and is not incorporated in this proxy statement by reference hereby or by any other reference to Smithfield's website provided in this proxy statement.

Parent (see page [])

Parent operates in the food processing industry through its various subsidiaries. Parent's core businesses include: animal feed, hog production, livestock slaughtering, pork processing, sale of meat products (frozen and chilled meat, retorted meat products and pasteurized meat products), packaging, logistics, flavoring products, natural casings, and marsh gas power generation.

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Merger Sub (see page [])

Merger Sub was formed in May 2013 solely for the purpose of completing the merger with Smithfield. Merger Sub has not carried out any activities to date, except for activities incidental to its incorporation and activities undertaken in connection with the transactions contemplated by the merger agreement, including the merger and matters related to the financing of the merger consideration.

The Special Meeting

Date, Time and Place (see page [])

The special meeting of Smithfield shareholders (the special meeting) is scheduled to be held at [] on [], [], 2013 at [], Eastern Time.

Purpose of the Meeting (see page [])

The special meeting is being held in order to consider and vote on the following proposals:

to approve the merger agreement, the related plan of merger and the merger (the merger proposal);

to approve, on a non-binding, advisory basis, certain compensation that will or may be paid by Smithfield to its named executive officers that is based on or otherwise relates to the merger (the named executive officer merger-related compensation proposal);

to approve the adjournment of the special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the merger proposal (the adjournment proposal); and

to transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Smithfield shareholders must vote to approve the merger proposal as a condition for the merger to occur. If the Smithfield shareholders fail to approve the merger proposal, the merger will not occur.

Record Date; Shareholders Entitled to Vote (see page [])

Only holders of Smithfield common stock at the close of business on [], 2013, the record date for the special meeting (the record date), will be entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. At the close of business on the record date, [] shares of Smithfield common stock were issued and outstanding.

Holders of Smithfield common stock are entitled to one vote for each share of Smithfield common stock they own at the close of business on the record date.

Quorum (see page [])

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of Smithfield common stock outstanding on the record date will constitute a quorum. There must be a quorum for business to be conducted at the special meeting. However, even if a quorum does not exist, a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote may adjourn the meeting to another place, date or time. Failure of a quorum to be represented at the special meeting will necessitate an adjournment or postponement of the special meeting and will subject Smithfield to additional expense.

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Required Vote (see page [])

The approval of the merger proposal requires the affirmative vote of at least a majority of the shares of Smithfield common stock outstanding at the close of business on the record date.

Approval of the named executive officer merger-related compensation proposal (on an advisory basis) and the adjournment proposal requires the affirmative vote of a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote thereon.

Voting at the Special Meeting (see page [])

If your shares are registered directly in your name with our transfer agent, you are considered a shareholder of record and you may vote your shares in person at the special meeting or by mail, over the internet or by telephone. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Although Smithfield offers four different voting methods, Smithfield encourages you to vote over the internet or by telephone, as Smithfield believes they are convenient, cost-effective and reliable voting methods. If you choose to vote your shares over the internet or by telephone, there is no need for you to mail back your proxy card.

If your shares are held by your broker, bank or other nominee, you are considered the beneficial owner of shares held in street name and you will receive a form from your broker, bank or other nominee seeking instruction from you as to how your shares should be voted. If you are a beneficial owner and you wish to vote in person at the special meeting, you must bring to the special meeting a proxy from the broker, bank or other nominee that holds your shares authorizing you to vote in person at the special meeting.

Shareholders who are entitled to vote at the special meeting, as well as invited guests, may attend the special meeting. Each shareholder will be permitted to bring one guest. Beneficial owners should bring a copy of an account statement reflecting their ownership of Smithfield common stock as of the record date. All shareholders should bring photo identification.

Smithfield recommends that you vote as soon as possible, even if you are planning to attend the special meeting, so that the vote count will not be delayed.

Solicitation of Proxies (see page [])

The Smithfield Board is soliciting your proxy, and Smithfield will bear the cost of soliciting proxies. Okapi Partners LLC has been retained to assist with the solicitation of proxies. Okapi Partners LLC will be paid approximately \$30,000 and will be reimbursed for its reasonable out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, banks and other nominees to the beneficial owners of shares of Smithfield common stock, in which case these parties will be reimbursed for their reasonable out-of-pocket expenses. Proxies may also be solicited in person or by telephone, facsimile, electronic mail, or other electronic medium by Okapi Partners LLC or, without additional compensation by certain of Smithfield's directors, officers and employees.

Adjournment (see page [])

In addition to the merger proposal and the named executive officer merger-related compensation proposal, Smithfield shareholders are also being asked to approve the adjournment proposal, which will give the Smithfield Board authority to, as permitted under the terms of the merger agreement, adjourn the special meeting for the purpose of soliciting additional votes in favor of the merger proposal if there are not sufficient votes at the time of the special meeting to approve the merger proposal. If the adjournment proposal is approved, the special

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meeting could be adjourned by the Smithfield Board as permitted under the terms of the merger agreement. In addition, the Smithfield Board, as permitted under the terms of the merger agreement, could postpone the meeting before it commences, whether for the purpose of soliciting additional votes or for other reasons. If the special meeting is adjourned for the purpose of soliciting additional votes, shareholders who have already submitted their proxies will be able to revoke them at any time prior to their use.

The Merger

Structure of the Merger (see page [])

If the merger is completed, then at the effective time of the merger (the effective time), Merger Sub will merge with and into Smithfield, the separate corporate existence of Merger Sub will cease and Smithfield will survive the merger as a wholly owned subsidiary of Parent.

Merger Consideration (see page [])

Upon the terms and subject to the conditions of the merger agreement, at the effective time, Smithfield shareholders will have the right to receive \$34.00 in cash, without interest and less any applicable withholding taxes, for each share of Smithfield common stock that they own immediately prior to the effective time.

Treatment of Smithfield Equity Awards (see page [])

The merger agreement provides that outstanding equity-based awards under Smithfield's equity plans will be treated as set forth below.

Stock Options. Each option to purchase shares of Smithfield common stock, whether vested or unvested, that is outstanding and unexercised as of the effective time will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the number of shares of Smithfield common stock subject to such option and (ii) the excess, if any, of \$34.00 over the exercise price of the option.

PSUs. Each Smithfield performance stock unit (each a PSU), whether vested or unvested, that is outstanding immediately prior to the effective time, will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such PSU award and (ii) \$34.00. For purposes of unvested PSU awards outstanding as of the date of the merger agreement, any performance-based vesting condition will be treated as having been attained at the maximum level, and awards that are subject to such performance-based vesting condition will be deemed to be fully vested as of immediately prior to the effective time. For purposes of unvested PSU awards granted between the date of the merger agreement and the effective time, any performance-based vesting condition will be treated as having been attained at the target level, and awards that are subject to such performance-based vesting condition will be deemed to be fully vested as of immediately prior to the effective time.

Deferred Units and Deferred Stock Accounts. Each deferred unit relating to Smithfield common stock (each a deferred unit), all of which are currently vested, that is outstanding immediately prior to the effective time, will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such deferred unit and (ii) \$34.00.

Each right to receive a share of Smithfield common stock pursuant to any Smithfield stock deferral plan will, as of the effective time, become the right to receive an amount in cash, without interest and less any applicable withholding taxes, equal to \$34.00, payable at the time such stock otherwise would be delivered to the holder of such deferred stock account.

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Recommendation of the Smithfield Board of Directors (see page [])

The Smithfield Board unanimously adopted and approved the merger agreement, the related plan of merger and the merger. Certain factors considered by the Smithfield Board in reaching its decision to adopt and approve the merger agreement, the related plan of merger and the merger can be found in the section entitled "The Merger Proposal Recommendation of the Smithfield Board and Reasons for the Merger" beginning on page []. **The Smithfield Board unanimously recommends that the Smithfield shareholders vote:**

FOR the merger proposal;

FOR the named executive officer merger-related compensation proposal; and

FOR the adjournment proposal.

Opinion of Smithfield's Financial Advisor (see page [])

In connection with the merger, Smithfield's financial advisor, Barclays Capital Inc. ("Barclays"), delivered a written opinion, dated May 28, 2013, to the Smithfield Board to the effect that, based upon and subject to the qualifications, limitations and assumptions stated therein and as of the date of the opinion, from a financial point of view, the merger consideration being offered to the Smithfield shareholders in the merger was (as of such date) fair to such shareholders.

The full text of the written opinion, which describes the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached to this proxy statement as Annex C and is incorporated herein by reference. You should read the opinion carefully in its entirety. Barclays' opinion was provided to the Smithfield Board in connection with its evaluation of the merger consideration provided for in the merger agreement from a financial point of view. Barclays' opinion does not address any other aspects or implications of the merger and does not constitute a recommendation to any holder of shares of Smithfield common stock as to how such holder should vote or act with respect to the merger agreement or any other matter.

Interests of Smithfield Directors and Executive Officers in the Merger (see page [])

In considering the recommendation of the Smithfield Board that you vote **FOR** the merger proposal, you should be aware that, aside from their interests as Smithfield shareholders, Smithfield's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of other Smithfield shareholders generally.

With regard to our directors serving on the Smithfield Board (other than Mr. C. Larry Pope, whose interests are as an executive officer), these interests relate to the impact of the transaction on the directors' outstanding equity awards (which consist solely of deferred units) and the provision of indemnification and insurance arrangements pursuant to the merger agreement and Smithfield's articles of incorporation and bylaws, which reflect that such directors may be subject to claims arising from their service on the Smithfield Board.

With regard to our executive officers, these interests relate to the possible receipt of the following types of payments and benefits that may be triggered by or otherwise relate to the merger and coverage under indemnification and insurance arrangements:

cash payment of retention bonuses contingent on continued employment after the merger, in the maximum aggregate amount of \$21,000,000 for Messrs. Pope, Manly, Richter, Thamodaran and Treacy, and cash payment of retention bonuses to Messrs. Sebring, Luter, IV, Brown and Schellpeper (see footnote (1) under "Potential Merger-Related Payments to Named Executive Officers Table" on page [] for more details on retention bonuses for Messrs. Sebring and Luter, IV, and footnote (2) under "Potential Merger-Related Payments to Other Executive Officers Table" on page [] for more details on retention bonuses for Messrs. Brown and Schellpeper);

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accelerated vesting of executive officer equity awards, in the maximum aggregate amount of \$41,993,196 for all executive officers;

possible cash payments under the change in control executive severance plan, in the maximum aggregate amount of \$72,200,054 for all executive officers;

payment of previously accrued benefits under a supplemental pension plan; and

the provision of indemnification and insurance arrangements pursuant to the merger agreement and Smithfield's articles of incorporation and bylaws.

As discussed in The Merger Proposal Interests of Smithfield Directors and Executive Officers in the Merger beginning on page [], the aggregate amount of compensation that our executive officers may potentially receive in connection with the proposed merger is \$136,193,190. Our directors will not receive any compensation in connection with the proposed merger in their capacity as directors. The foregoing list does not include any compensation that our executive officers and directors will receive with respect to equity awards or other benefits that they have already fully earned and in which they are already fully vested without regard to the occurrence of the merger.

Financing of the Merger (see page [])

Parent and Merger Sub have obtained binding financing commitments for the transactions contemplated by the merger agreement, the aggregate proceeds of which, together with cash on hand at Smithfield and Parent, will be used to consummate the merger and the other transactions contemplated by the merger agreement, including the payment of the per share merger consideration and all related fees and expenses, to refinance certain existing indebtedness of Smithfield, and to pay any other amounts required to be paid in connection with the consummation of the transactions contemplated by the merger agreement. The consummation of the merger is not subject to any financing conditions (although funding of the financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided).

Regulatory Clearances and Approvals Required for the Merger (see page [])

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), we could not complete the merger until we gave notification and furnished information to the Federal Trade Commission and the Antitrust Division of the Department of Justice, and until the applicable waiting period expired or was terminated. On June 11, 2013, Smithfield and Parent each filed a premerger notification and report form under the HSR Act, and the applicable waiting period expired on July 11, 2013 at 11:59 p.m., New York City time.

The merger agreement provides for Smithfield and Parent to file a joint voluntary notice with the Committee on Foreign Investment in the United States (CFIUS), pursuant to the Defense Protection Act of 1950, as amended. Under the terms of the merger agreement, consummation of the merger is subject to the condition that, if review by CFIUS has concluded, the President of the United States has not taken action to block or prevent the merger and no requirements or conditions to mitigate any national security concerns have been imposed that would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Smithfield. On June 18, 2013, the parties timely filed a joint voluntary notice with CFIUS, which was accepted for review by CFIUS on June 24, 2013. CFIUS has informed the parties that it will conduct a second-phase, 45-day review of the merger that is to be completed no later than September 6, 2013.

Pursuant to conditions to the consummation of the merger set forth in the merger agreement, the parties have obtained merger control approvals in Mexico and Poland and are seeking governmental antitrust or merger control approvals in Russia and Ukraine. There can be no assurance that any other approvals, if required, will be obtained.

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While we have no reason to believe it will not be possible to obtain regulatory approvals in a timely manner or without the imposition of burdensome conditions, there is no certainty that these approvals will be obtained within the period of time contemplated by the merger agreement or that any such approvals would not be conditioned upon actions that would be materially adverse to Smithfield or Parent, or that a CFIUS or other regulatory challenge to the merger will not be made.

Parent has agreed to pay Smithfield a termination fee of \$275,000,000 if the merger agreement is terminated in certain circumstances where the primary cause therefor is a final and non-appealable order relating to antitrust law that is enforced in a U.S. court or the failure to obtain all necessary consents, approvals and the expiration of any applicable waiting periods required under the HSR Act and, unless waived by Parent, the merger control laws of Mexico, Poland, Russia and Ukraine.

Legal Proceedings Regarding the Merger (see page [])

On June 21, 2013, a putative class action was filed in the United States District Court Eastern District of Virginia (*Payne v. Smithfield Foods, et al.*, 1:13-cv-00761-LMB-IDD) against Smithfield, certain of its officers and directors, and Merger Sub. The complaint alleges that the Smithfield officers and directors named in the suit breached their fiduciary duties to Smithfield shareholders in connection with the merger, that Smithfield and Merger Sub aided and abetted in that breach, and that all defendants violated Rule 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Plaintiff seeks an injunction (or, if the merger is consummated, rescission or rescissory damages) and costs and disbursements, including reasonable attorneys' and experts' fees. The lawsuit is in its early stages and no significant developments have occurred. Smithfield believes the lawsuit is without merit and intends to vigorously defend against the complaint's allegations.

Material U.S. Federal Income Tax Consequences of the Merger (see page [])

The exchange of Smithfield common stock for cash in the merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under state and local and other tax laws. You should read the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page []. You are also encouraged to consult your own tax advisors regarding the U.S. federal income tax consequences of the merger to you in your particular circumstances, as well as tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Appraisal Rights (see page [])

In accordance with Section 13.1-730 of the Virginia Stock Corporation Act (VSCA), no appraisal rights will be available to the holders of Smithfield common stock in connection with the merger or the other transactions contemplated by the merger agreement.

Expected Timing of the Merger

We expect to complete the merger in the second half of calendar 2013. However, the merger is subject to various regulatory clearances and approvals and other conditions, and it is possible that factors outside of the control of Smithfield or Parent could result in the merger being completed at a later time, or not at all. There may be a substantial amount of time between the special meeting and the completion of the merger. We expect to complete the merger promptly following the receipt of all required clearances and approvals and the satisfaction or, to the extent permitted, waiver of the other conditions to the consummation of the merger.

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Restrictions on Solicitation of Acquisition Proposals (see page [])

From the date of the merger agreement until the earlier of the effective time and the termination of the merger agreement, Smithfield is required to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation that may be ongoing with respect to an acquisition proposal with any person, other than two parties who submitted acquisition proposals prior to the execution of the merger agreement (the qualified pre-existing bidders). Smithfield is generally not permitted to:

solicit, initiate, or knowingly encourage or facilitate or knowingly take any other action which is intended to lead to the making, submission or announcement by any person (other than a qualified pre-existing bidder) of an acquisition proposal;

enter into, continue or participate in any discussions or negotiations with any person (other than a qualified pre-existing bidder) regarding any acquisition proposal;

furnish to any person (other than Parent and Merger Sub, their designees, or any qualified pre-existing bidder) any non-public information or afford access to the business, properties, assets, books or records of Smithfield to facilitate the making of any acquisition proposal;

approve, endorse or recommend any acquisition proposal or other contract contemplating an acquisition proposal or requiring Smithfield to abandon its obligations under the merger agreement (other than with respect to a qualified pre-existing bidder);

terminate, amend, modify or waive any rights under any standstill or similar agreement between Smithfield and a third party unless the Smithfield Board determines in good faith, after consultation with its outside legal counsel, that failure to do so would be inconsistent with its fiduciary obligations (provided that such termination, amendment, modification or waiver will not be to permit the purchase of any securities of Smithfield by such third party); or

resolve, propose or agree to do any of the foregoing.

However, prior to approval of the merger proposal by Smithfield shareholders at the special meeting, Smithfield may, upon terms and subject to the conditions set forth in the merger agreement, provide information to and engage in discussions or negotiations with a third party if such third party has made a bona fide written acquisition proposal that has not been solicited after the date of the merger agreement (except from a qualified pre-existing bidder to the extent permitted in the merger agreement) and the Smithfield Board determines in good faith, after consultation with its advisors, that such acquisition proposal would reasonably be expected to constitute, result in, or lead to, a superior proposal and that failure to take such action would be inconsistent with the Smithfield Board's fiduciary duties.

Conditions to the Closing of the Merger (see page [])

Each party's obligation to effect the merger is subject to the satisfaction or, to the extent permitted, waiver of various conditions, including the following:

the merger agreement and the related plan of merger are approved by Smithfield's shareholders at the special meeting;

all applicable waiting periods under the HSR Act have expired or been terminated and all applicable waiting periods and consents and approvals required under the merger control laws of Mexico, Poland, Russia and Ukraine have expired or been obtained;

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if review by CFIUS has concluded, the President of the United States has not taken action to block or prevent the consummation of the transactions contemplated by the merger agreement and no requirements or conditions to mitigate any national security concerns have been imposed, other than requirements or conditions that have not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Smithfield;

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no governmental authority has enacted, issued, enforced or entered any order (subject to certain exceptions) that has been enforced in a U.S. court, whether temporary, preliminary or permanent, that makes illegal, enjoins or otherwise prohibits the consummation of the transactions contemplated by the merger agreement;

Smithfield's, Parent's and Merger Sub's respective representations and warranties in the merger agreement must be true and correct as of the date of the merger agreement and as of the closing of the merger in the manner described under The Merger Agreement-Conditions to the Closing of the Merger beginning on page [];

Smithfield, Parent and Merger Sub shall have performed or complied in all material respects with each of their respective obligations under the merger agreement at or prior to the closing of the merger; and

since the date of the merger agreement, no change, effect, event, fact or development has occurred that would reasonably be expected to have a material adverse effect on Smithfield.

Termination of the Merger Agreement (see page [])

Smithfield and Parent can terminate the merger agreement under certain circumstances, including:

by mutual written consent;

if the merger has not occurred prior to November 29, 2013 (the outside date), provided that the right to terminate the merger agreement under this circumstance will not be available to any party whose failure to perform its obligations under the merger agreement has been the primary cause of the failure of the merger to occur on or before such date and such action or failure to perform constitutes a breach in a material respect of the merger agreement;

if a governmental authority has issued a final and non-appealable order that is enforced in a U.S. court of competent jurisdiction having the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the merger, provided that the right to terminate the merger agreement under this circumstance will not be available to any party whose failure to perform its obligations under the merger agreement has been the primary cause of the issuance of such final, non-appealable order, and the party seeking to terminate the merger agreement must have complied with its obligations under the merger agreement to prevent, oppose or remove such order; or

if approval of the merger proposal by the Smithfield shareholders has not been obtained at the special meeting or at any adjournment or postponement thereof at which a vote on the approval of the merger proposal was taken.

Smithfield can terminate the merger agreement:

upon a breach or inaccuracy in any of Parent's or Merger Sub's representations or warranties or the failure by Parent or Merger Sub to perform any of its obligations under the merger agreement, which in any case would result in the failure of any condition to our obligation to close the merger to be satisfied and which breach, inaccuracy or failure is not capable of being cured prior to the outside date, provided that the right to terminate the merger agreement under this circumstance will not be available to Smithfield if Smithfield is then in material breach of any of its covenants or agreements under the merger agreement;

in order to accept a superior proposal and enter into an acquisition agreement providing for such superior proposal immediately following or concurrently with such termination, subject to Smithfield's compliance with the non-solicitation provisions in the merger

agreement and payment of the applicable termination fee; or

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if the mutual conditions to the parties' obligations to consummate the merger and the conditions to the obligations of Parent and Merger Sub to consummate the merger are satisfied (other than those conditions that by their terms are to be satisfied by actions taken at the closing of the merger), the marketing period has ended, Parent has not received the proceeds of the debt financing and/or the lenders have not confirmed that the debt financing will be available at the closing of the merger in a sufficient amount, and Parent failed to consummate the merger by the time set forth in the merger agreement.

Parent can terminate the merger agreement:

upon a breach or inaccuracy in any of Smithfield's representations or warranties or Smithfield's failure to perform any of its obligations under the merger agreement, which in any case would result in the failure of any condition to Parent's obligation to close the merger to be satisfied and which breach, inaccuracy or failure is not capable of being cured prior to the outside date, provided that the right to terminate the merger agreement under this circumstance will not be available if Parent or Merger Sub is then in material breach of any of its covenants or agreements under the merger agreement; or

if (i) the Smithfield Board has made a change in recommendation with respect to the merger, (ii) Smithfield has materially breached or failed to perform in a material respect its obligations under the non-solicitation provisions in the merger agreement or (iii) the Smithfield Board has failed to reaffirm publicly its recommendation that the Smithfield shareholders approve the merger agreement within ten business days after an acquisition proposal is disclosed or announced, provided that Parent will not have the right to terminate the merger agreement under these circumstances if the merger proposal has been approved by the Smithfield shareholders.

Termination Fees and Expenses (see page []) and Escrow for Parent's Termination Fee (see page [])

If the merger agreement is terminated in connection with Smithfield entering into an alternative acquisition agreement in respect of a superior proposal, or making a change of recommendation, or in certain other customary circumstances, the termination fee payable by Smithfield to Parent will be \$175,000,000. Under specified circumstances, if Smithfield had entered into a definitive agreement with a qualified pre-existing bidder with respect to an alternative acquisition proposal on or before June 27, 2013, the amount of the termination fee would instead have been \$75,000,000.

The merger agreement also provides that Parent will be required to pay Smithfield a reverse termination fee of \$275,000,000 (which is not exclusive in the case of a willful breach by Parent) if the merger agreement is terminated under certain circumstances in connection with a willful breach by Parent, termination primarily caused by the failure to obtain required U.S. or foreign antitrust or other regulatory approvals (other than CFIUS), or termination as a result of the failure by Parent to receive the proceeds of the committed debt financing and consummate the merger.

On the date of the merger agreement, Parent caused to be deposited an amount of cash equal to Parent's termination fee with Bank of China, New York Branch, as collateral and security for the payment of Parent's termination fee, which amount will be held in escrow pursuant to an escrow agreement with Bank of China, New York Branch (the escrow agreement).

Directors and Officers Indemnification and Insurance (see page [])

For six years following the effective time, Parent shall cause the surviving corporation to indemnify Smithfield and its subsidiaries' present and former directors and executive officers. In addition, for a period of six years following the effective time, the surviving corporation will maintain in effect provisions in the surviving corporation's organizational documents related to indemnification and advancement of expenses that

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are no less favorable than those set forth in Smithfield's organizational documents as of the date of the merger agreement. The merger agreement also provides that, at or prior to the effective time, Smithfield will purchase a directors' and officers' liability tail insurance policy on the same terms and conditions as the existing directors' and officers' liability (and fiduciary) insurance maintained by Smithfield, in an amount not to exceed 300% of the annual premiums of the current policies maintained by Smithfield.

Delisting and Deregistration of Smithfield Common Stock (see page [])

Upon completion of the merger, Smithfield common stock will be delisted from the NYSE and deregistered under the Exchange Act.

Market Prices of Smithfield Common Stock (see page [])

The merger consideration of \$34.00 per share of Smithfield common stock represented a premium of approximately 31% to the \$25.97 closing price per share of Smithfield common stock on the NYSE on May 28, 2013, the last trading day prior to the public announcement of the proposed merger. The closing price of the Smithfield common stock on the NYSE on [], 2013, the most recent practicable date prior to the filing of this proxy statement, was \$[] per share. You are encouraged to obtain current market prices of Smithfield common stock in connection with voting your shares of Smithfield common stock.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following are brief answers to certain questions that you may have regarding the merger, the special meeting and the proposals being considered at the special meeting. We urge you to carefully read the remainder of this proxy statement because the information in this section does not provide all the information that might be important to you with respect to the merger and the special meeting. Additional important information is also contained in the annexes attached to this proxy statement and the documents referred to or incorporated by reference into this proxy statement.

Q. Why am I receiving these proxy materials?

- A. On May 28, 2013, Smithfield entered into the merger agreement providing for the merger of Merger Sub with and into Smithfield, pursuant to which Smithfield will survive the merger as a wholly owned subsidiary of Parent. You are receiving this proxy statement in connection with the solicitation by the Smithfield Board of proxies of Smithfield shareholders in favor of the merger proposal and the other matters to be voted on at the special meeting.

Q. What is the proposed transaction?

- A. If the merger proposal is approved by Smithfield shareholders and the other conditions to the consummation of the merger contained in the merger agreement are satisfied or waived, Merger Sub will merge with and into Smithfield. Smithfield will be the surviving corporation in the merger and will be privately held as a wholly owned subsidiary of Parent.

Q. What will I receive in the merger?

- A. Under the terms of the merger agreement, if the merger is completed, you will be entitled to receive \$34.00 in cash, without interest and less any applicable withholding taxes, for each share of Smithfield common stock you own. For example, if you own 100 shares of Smithfield common stock, you will be entitled to receive \$3,400 in cash in exchange for your shares, without interest and less any applicable withholding taxes. You will not be entitled to receive shares in the surviving corporation or in Parent.

Q. Where and when is the special meeting, and who may attend?

- A. The special meeting will be held at [] on [], [], 2013 at [], Eastern Time. The meeting room will open at [], Eastern Time, and registration will begin at that time. Shareholders who are entitled to vote, as well as invited guests, may attend the meeting. Each shareholder will be permitted to bring one guest. Beneficial owners of shares held in street name should bring a copy of an account statement reflecting their ownership of Smithfield common stock as of the record date. All shareholders should bring photo identification.

Q. Who can vote at the Special Meeting?

- A. All Smithfield shareholders of record as of the close of business on [], 2013, the record date for the special meeting, are entitled to receive notice of, attend and vote at the special meeting, or any adjournment or postponement thereof. Each share of Smithfield common stock is entitled to one vote on all matters that come before the meeting. At the close of business on the record date, there were [] shares of Smithfield common stock issued and outstanding.

Q. What matters will be voted on at the special meeting?

A. At the special meeting, you will be asked to consider and vote on the following proposals:

the merger proposal;

the named executive officer merger-related compensation proposal;

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the adjournment proposal; and

to transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Q. How does the Smithfield Board recommend that I vote on the proposals?

A. Smithfield's Board unanimously recommends that you vote:

FOR the merger proposal;

FOR the named executive officer merger-related compensation proposal; and

FOR the adjournment proposal.

Q. What vote is required to approve the merger proposal?

A. The merger proposal will be approved if shareholders holding at least a majority of the shares of Smithfield common stock outstanding and entitled to vote at the close of business on the record date vote FOR the proposal.

Q. What vote is required to approve the other proposals?

A. Each of the named executive officer merger-related compensation proposal and the adjournment proposal will be approved if a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote thereon vote FOR each such proposal.

Q. Do you expect the merger to be taxable to Smithfield shareholders?

A. The exchange of Smithfield common stock for cash in the merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under state, local or other tax laws. You should read the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page []. You are also encouraged to consult your own tax advisors regarding the U.S. federal income tax consequences of the merger to you in your particular circumstances, as well as tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Q. What other effects will the merger have on Smithfield?

A. If the merger is completed, Smithfield common stock will be delisted from the NYSE and deregistered under the Exchange Act, and Smithfield will no longer be required to file periodic reports with the Securities and Exchange Commission (the SEC) with respect

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to Smithfield common stock, in each case in accordance with applicable law, rules and regulations. Following the completion of the merger, Smithfield common stock will no longer be publicly traded and you will no longer have any interest in Smithfield's future earnings or growth; each share of Smithfield common stock you hold will represent only the right to receive \$34.00 in cash, without interest and less any applicable withholding taxes.

Q. When is the merger expected to be completed?

- A. The parties to the merger agreement expect to complete the merger in the second half of calendar 2013, although Smithfield cannot assure completion by any particular date, if at all. Because the merger is subject to a number of conditions, including the receipt of shareholder approval of the merger proposal and the receipt of certain regulatory approvals, the exact timing of the merger cannot be determined at this time and we cannot guarantee that the merger will be completed.

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Q. What happens if the merger is not completed?

- A. If the merger proposal is not approved by Smithfield shareholders, or if the merger is not completed for any other reason, Smithfield shareholders will not receive any payment for their shares of Smithfield common stock in connection with the merger. Instead, Smithfield will remain an independent public company and shares of Smithfield common stock will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified circumstances, Smithfield may be required to pay Parent a termination fee of \$175,000,000 or Parent may be required to pay Smithfield a termination fee of \$275,000,000. See the section entitled "The Merger Agreement-Termination Fees and Expenses" beginning on page [] for a discussion of the circumstances under which either party will be required to pay a termination fee.

Q. Why am I being asked to consider and vote on the named executive officer merger-related compensation proposal?

- A. The SEC rules require Smithfield to seek approval on a non-binding, advisory basis with respect to certain payments that will or may be made to Smithfield's named executive officers in connection with the merger. Approval of the named executive officer merger-related compensation proposal is not required to complete the merger.

Q. Who is soliciting my vote?

- A. The Smithfield Board is soliciting your proxy, and Smithfield will bear the cost of soliciting proxies. Okapi Partners LLC has been retained to assist with the solicitation of proxies. Okapi Partners LLC will be paid approximately \$30,000 and will be reimbursed for its reasonable out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, banks or other nominees to beneficial owners of shares of Smithfield common stock, in which case these parties will be reimbursed for their reasonable out-of-pocket expenses. Proxies may also be solicited in person or by telephone, facsimile, electronic mail or other electronic medium by Okapi Partners LLC or, without additional compensation, by certain of Smithfield's directors, officers and employees.

Q. What do I need to do now?

- A. Carefully read and consider the information contained in and incorporated by reference into this proxy statement, including the attached annexes. Whether or not you expect to attend the special meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the special meeting.

Q. How do I vote if my shares are registered directly in my name?

- A. If your shares are registered directly in your name with our transfer agent, you are considered a shareholder of record and there are four methods by which you may vote your shares at the special meeting:

Internet: To vote over the internet, go to <http://www.envisionreports.com/SFD> and follow the steps outlined on the secured website. Please have your proxy card available for reference because you will need the validation details that are located on your proxy card in order to cast your vote over the internet. If you vote over the internet, you do not have to mail in a proxy card.

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Telephone: To vote by telephone, call toll-free 1-800-652-VOTE (8683) within the United States, Canada and Puerto Rico any time on a touchtone phone. Please have your proxy card available for reference because you will need the validation details that are located on your proxy card in order to cast your vote by telephone. If you vote by telephone, you do not have to mail in a proxy card.

Mail: To vote by mail, complete, sign and date a proxy card and return it promptly to the address indicated on the proxy card in the postage paid envelope provided. If you return your signed proxy card to us before the special meeting and do not subsequently revoke your proxy, we will vote your shares as you direct.

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In Person: You may attend the special meeting and vote your shares in person, rather than voting your shares by mail, over the internet or by telephone. You will be given a ballot when you arrive.

Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy. Please choose only one method to cast your vote by proxy. We encourage you to vote over the internet or by telephone, both of which are convenient, cost-effective and reliable alternatives to returning a proxy card by mail.

Q. How do I vote if my shares are held in the name of my broker, bank or other nominee?

- A. If your shares are held by your broker, bank or other nominee, you are considered the beneficial owner of shares held in street name and you will receive a form from your broker, bank or other nominee seeking instruction from you as to how your shares should be voted. If you are a beneficial owner and you wish to vote in person at the special meeting, you must bring to the special meeting a proxy from the broker, bank or other nominee that holds your shares authorizing you to vote in person at the special meeting.

Q. Can I change or revoke my proxy after it has been submitted?

- A. Yes. You can change or revoke your proxy at any time before the final vote at the special meeting. If you are the record holder of your shares, you may change or revoke your proxy by:

voting again over the internet or by telephone prior to [] a.m., Eastern Time, on [], 2013 ;

timely sending a written notice that you are revoking your proxy to our Secretary;

timely delivering a valid, later-dated proxy; or

attending the special meeting and notifying the election officials that you wish to revoke your proxy to vote in person. Simply attending the special meeting will not, by itself, revoke your proxy.

If you are the beneficial owner of shares held in street name, you will have to follow the instructions provided by your broker, bank or other nominee to change or revoke your proxy.

Q. How many shares of Smithfield common stock must be present to constitute a quorum for the meeting?

- A. The presence at the special meeting, in person or by proxy, of a majority of the shares of Smithfield common stock outstanding on the record date will constitute a quorum. There must be a quorum for business to be conducted at the special meeting. However, even if a quorum does not exist, a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote may adjourn the special meeting to another place, date or time. Failure of a quorum to be present at the special meeting will necessitate an adjournment or postponement of the special meeting and will subject Smithfield to additional expense. As of the record date, there were [] shares of Smithfield common stock outstanding. Accordingly, [] shares of Smithfield common stock must be present or represented by proxy at the special meeting to constitute a quorum.

Q. What if I abstain from voting on any proposal?

- A. If you attend the special meeting or submit a proxy card, but abstain from voting on any proposal, your shares will still be counted for purposes of determining whether a quorum exists, but will not be voted on any proposal. **As a result, your abstention from voting will have the same effect as a vote AGAINST the merger proposal, the named executive officer merger-related compensation proposal and the adjournment proposal.**
- Q. **Will my shares be voted if I do not sign and return my proxy card or vote by telephone or over the internet or in person at the special meeting?**
- A. If you are a shareholder of record and you do not sign and return your proxy card or vote by telephone, over the internet or in person, your shares will not be voted at the special meeting and will not be counted for

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purposes of determining whether a quorum exists. The failure to return your proxy card or otherwise vote your shares at the special meeting will have no effect on the outcome of the named executive officer merger-related compensation proposal or the adjournment proposal. However, the vote to approve the merger proposal is based on the total number of shares of Smithfield common stock outstanding on the record date, not just the shares that are counted as present in person or by proxy at the special meeting. **As a result, if you fail to return your proxy card or otherwise vote your shares at the special meeting, it will have the same effect as a vote AGAINST the merger proposal.**

You will have the right to receive the merger consideration if the merger proposal is approved and the merger is completed even if your shares are not voted at the special meeting. **However, if your shares are not voted at the special meeting, it will have the same effect as a vote AGAINST the merger proposal.**

Q. What is a broker non-vote?

A. Broker non-votes are shares held in street name by brokers, banks and other nominees that are present or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares how to vote on a particular proposal and such broker, bank or nominee does not have discretionary voting power on such proposal. Because, under NYSE rules, brokers, banks and other nominees holding shares in street name do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement, if a beneficial owner of shares of Smithfield common stock held in street name does not give voting instructions to the broker, bank or other nominee, then those shares will not be counted as present in person or by proxy at the special meeting. As a result, it is expected that there will not be any broker non-votes in connection with any of the three proposals described in this proxy statement. The failure to issue voting instructions to your broker, bank or other nominee will have no effect on the outcome of the named executive officer merger-related compensation proposal or the adjournment proposal. However, the vote to approve the merger proposal is based on the total number of shares of Smithfield common stock outstanding on the record date, not just the shares that are counted as present in person or by proxy at the special meeting. **As a result, if you fail to issue voting instructions to your broker, bank or other nominee, it will have the same effect as a vote AGAINST the merger proposal.**

Q. Will my shares held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A. No. Because any shares you may hold in street name will be deemed to be held by a different shareholder than any shares you hold of record, any shares held in street name will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an individual retirement account must be voted under the rules governing the account.

Q. Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares of Smithfield common stock?

A. No. In accordance with Section 13.1-730 of the VSCA, no appraisal rights will be available to the holders of Smithfield common stock in connection with the merger or the other transactions contemplated by the merger agreement.

Q. What happens if I sell my shares of Smithfield common stock before the completion of the merger?

A. If you transfer your shares of Smithfield common stock, you will have transferred your right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares of Smithfield common stock through the completion of the merger.

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Q. Should I send in my stock certificates or other evidence of ownership now?

- A. No. After the merger is completed, you will receive a letter of transmittal from the paying agent for the merger with detailed written instructions for exchanging your shares of Smithfield common stock for the consideration to be paid to former Smithfield shareholders in connection with the merger. If you are the beneficial owner of shares of Smithfield common stock held in street name, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of such shares. **Do not send in your stock certificates now.**

Q. What does it mean if I get more than one proxy card or voting instruction card?

- A. If your shares are registered differently or are held in more than one account, you will receive more than one proxy card or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies over the internet or by telephone) to ensure that all of your shares are voted.

Q. What is householding and how does it affect me?

- A. The SEC permits companies to send a single set of proxy materials to any household at which two or more shareholders reside, unless contrary instructions have been received, but only if the applicable company provides advance notice and follows certain procedures. In such cases, each shareholder continues to receive a separate notice of meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of common stock held through brokerage firms. If your family has multiple accounts holding common stock, you may have already received a householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies of proxy materials.

Q. When will Smithfield announce the voting results of the special meeting, and where can I find the voting results?

- A. Smithfield intends to announce the preliminary voting results at the special meeting, and will report the final voting results of the special meeting in a Current Report on Form 8-K filed with the SEC. All reports that Smithfield files with the SEC are publicly available when filed.

Q. Who can help answer my other questions?

- A: If you have questions about the merger, require assistance in submitting your proxy or voting your shares, or need additional copies of this proxy statement or the enclosed proxy card, please contact Okapi Partners LLC, which is acting as the proxy solicitation agent for Smithfield in connection with the merger.

Okapi Partners LLC

437 Madison Avenue

28th Floor

New York, NY 10022

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(1-877-796-5274)

If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement and the attached annexes contain 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 occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement,

the failure to receive, on a timely basis or otherwise, approval of the merger proposal by the Smithfield shareholders or the approval of government or regulatory agencies with regard to the merger,

the failure of one or more conditions to the closing of the merger agreement to be satisfied,

the failure of Parent to obtain the necessary financing in connection with the merger agreement,

the amount of the costs, fees, expenses and charges related to the merger agreement or merger,

risks arising from the merger's diversion of management's attention from our ongoing business operations,

risks that our stock price may decline significantly if the merger is not completed,

the ability of Smithfield to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners pending the completion of the merger,

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 our 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,

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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 Smithfield's Annual Report on Form 10-K for the fiscal year ended April 28, 2013.

Readers are cautioned not to place undue reliance on forward-looking statements because actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Any forward-looking statement that we make speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

All subsequent written or oral forward-looking statements concerning the merger or the other transactions contemplated by the merger agreement or other matters addressed in this proxy statement and attributable to Smithfield or any person acting on Smithfield's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section of this proxy statement.

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THE COMPANIES

Smithfield Foods, Inc.

Smithfield Foods, Inc.

200 Commerce Street

Smithfield, Virginia 23430

(757) 365-3000

Smithfield, together with its subsidiaries, began as a pork processing operation called The Smithfield Packing Company, founded in 1936 by Joseph W. Luter and his son, Joseph W. Luter, Jr. Through a series of acquisitions starting in 1981, we have become the largest pork processor and hog producer in the world.

Smithfield produces and markets a wide variety of fresh meat and packaged meats products both domestically and internationally. We operate in a cyclical industry and our results are affected by fluctuations in commodity prices. Additionally, some of the key factors influencing our business are customer preferences and demand for our products; our ability to maintain and grow relationships with customers; the introduction of new and innovative products to the marketplace; accessibility to international markets for our products, including the effects of any trade barriers; and operating efficiencies of our facilities.

Smithfield currently conducts its operations through four reportable segments: Pork, Hog Production, International and Corporate, each of which is comprised of a number of subsidiaries, joint ventures and other investments. The Pork segment consists mainly of our three wholly owned U.S. fresh pork and packaged meats subsidiaries: The Smithfield Packing Company, Inc., Farmland Foods, Inc. and John Morrell Food Group. The Hog Production segment consists of our hog production operations located in the U.S. The International segment is comprised mainly of our meat processing and distribution operations in Poland, Romania and the United Kingdom, our interests in meat processing operations, mainly in Western Europe and Mexico, our hog production operations located in Poland and Romania and our interests in hog production operations in Mexico. The Corporate segment provides management and administrative services to support our other segments.

Shares of Smithfield common stock are listed with, and trade on, the NYSE under the symbol SFD. Our corporate website address is www.smithfieldfoods.com. The information provided on our website is not part of this proxy statement and is not incorporated in this proxy statement by reference hereby or by any other reference to our website provided in this proxy statement.

For additional information about Smithfield included in documents incorporated by reference into this proxy statement, see the section entitled "Where You Can Find More Information" on page [].

Shuanghui International Holdings Limited

Shuanghui International Holdings Limited

7602B-7604A, International Commerce Centre

1 Austin Road West

Kowloon, Hong Kong

+ 852 - 2868 - 2828

Shuanghui International Holdings Limited, which we refer to in this proxy statement as Parent, operates in the food processing industry through its various subsidiaries. Parent's core businesses include: animal feed, hog production, livestock slaughtering, pork processing, sale of meat products (frozen and chilled meat, retorted meat products and pasteurized meat products), packaging, logistics, flavoring products, natural casings and marsh gas power generation. Parent has meat processing operations in 13 provinces across China, operates a self-owned retail chain store with over 300 branches, and works with an extensive network of distributors, retailers and sales partners.

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Parent's website is www.shuanghui-international.com. The information provided on Parent's website is not part of this proxy statement and is not incorporated in this proxy statement by reference hereby or by any other reference to Parent's website provided in this proxy statement.

Sun Merger Sub, Inc.

Sun Merger Sub, Inc., which we refer to in this proxy statement as Merger Sub, was formed in May 2013 solely for the purpose of completing the merger with Smithfield. Merger Sub has not carried out any activities to date, except for activities incidental to its incorporation and activities undertaken in connection with the transactions contemplated by the merger agreement, including the merger and matters related to the financing of the merger consideration. Upon consummation of the merger, Merger Sub will merge with and into Smithfield, the separate corporate existence of Merger Sub will cease and Smithfield will continue as the surviving corporation and a wholly owned subsidiary of Parent.

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THE SPECIAL MEETING

This proxy statement is being provided to the Smithfield shareholders as part of a solicitation by the Smithfield Board of proxies for use at the special meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement of the special meeting.

Date, Time and Place

The special meeting is scheduled to be held at [] on [], [], 2013 at [], Eastern Time.

Purpose of the Special Meeting

At the special meeting, Smithfield shareholders will be asked to consider and vote on the following proposals:

the merger proposal, which is further described in the sections entitled "The Merger Proposal" and "The Merger Agreement," beginning on pages [] and [], respectively;

the named executive officer merger-related compensation proposal, which is further described in the sections entitled "The Merger Proposal," "Interests of Smithfield's Directors and Executive Officers in the Merger" and "Advisory Vote on Named Executive Officer Merger-Related Compensation Proposal" beginning on pages [] and [], respectively;

the adjournment proposal; and

to transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Smithfield shareholders must approve the merger proposal as a condition to the completion of the merger. If the Smithfield shareholders fail to approve the merger proposal, the merger will not occur. The vote on the named executive officer merger-related compensation proposal is a vote separate and apart from the vote to approve the merger proposal. Accordingly, a shareholder may vote to approve the merger proposal and vote not to approve the named executive officer merger-related compensation proposal, and vice versa. Because the vote on the named executive officer merger-related compensation proposal is only advisory in nature, it will not be binding on Smithfield, Parent or the surviving corporation. Accordingly, because Smithfield is contractually obligated to pay such merger-related compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the merger proposal is approved, regardless of the outcome of the advisory vote.

Other than the matters described above, Smithfield does not expect a vote to be taken on any other matters at the special meeting or any adjournment or postponement thereof. However, if any other matters are properly presented at the special meeting or any adjournment or postponement thereof for consideration, the holders of the proxies will have discretion to vote on such matters in accordance with their best judgment.

Recommendation of the Smithfield Board of Directors

The Smithfield Board unanimously adopted and approved the merger agreement, the related plan of merger and the merger. Certain factors considered by the Smithfield Board in reaching its decision to adopt and approve the merger agreement, the related plan of merger and the merger can be found in the section entitled "The Merger Proposal," "Recommendation of the Smithfield Board and Reasons for the Merger" beginning on page [].

The Smithfield Board unanimously recommends that the Smithfield shareholders vote FOR the merger proposal, FOR the named executive officer merger-related compensation proposal and FOR the adjournment proposal.

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Record Date; Shareholders Entitled to Vote

Only holders of Smithfield common stock at the close of business on [], 2013, the record date for the special meeting, will be entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. At the close of business on the record date, [] shares of Smithfield common stock were issued and outstanding.

Holders of Smithfield common stock are entitled to one vote for each share of Smithfield common stock they own at the close of business on the record date.

Quorum

The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of Smithfield common stock outstanding on the record date will constitute a quorum. There must be a quorum for business to be conducted at the special meeting. However, even if a quorum does not exist, a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote may adjourn the meeting to another place, date or time. Failure of a quorum to be represented at the special meeting will necessitate an adjournment or postponement of the special meeting and will subject Smithfield to additional expense.

Once a share is represented in person or by proxy at the special meeting, it will be counted for purposes of determining whether a quorum exists at the special meeting and any adjournment or postponement of the special meeting. However, if a new record date is set for the adjourned or postponed special meeting, a new quorum will have to be established. If you submit a properly executed proxy card, even if you abstain from voting, your shares will be counted for purposes of determining whether a quorum exists at the special meeting.

Required Vote

The approval of the merger proposal requires the affirmative vote of a majority of the shares of Smithfield common stock outstanding at the close of business on the record date.

Approval of each of the named executive officer merger-related compensation proposal and the adjournment proposal requires the affirmative vote of a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote thereon.

Abstentions and Broker Non-Votes

An abstention occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting. At the special meeting, abstentions will be counted for purposes of determining whether a quorum exists. **Abstaining from voting will have the same effect as a vote AGAINST the merger proposal, the named executive officer merger-related compensation proposal and the adjournment proposal.**

If no instruction as to how to vote is given (including no instruction to abstain from voting) in an executed, duly returned and not revoked proxy, the proxy will be voted FOR (i) approval of the merger proposal, (ii) approval of the named executive officer merger-related compensation proposal, and (iii) approval of the adjournment proposal.

Broker non-votes are shares held in street name by brokers, banks and other nominees that are present or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares how to vote on a particular proposal and such broker, bank or nominee does not have discretionary voting power on such proposal. Because, under NYSE rules, brokers, banks and other nominees holding shares in street name do not have discretionary voting authority with respect to

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any of the three proposals described in this proxy statement, if a beneficial owner of shares of Smithfield common stock held in street name does not give voting instructions to the broker, bank or other nominee, then those shares will not be counted as present in person or by proxy at the special meeting. As a result, it is expected that there will not be any broker non-votes in connection with any of the three proposals described in this proxy statement.

Failure to Vote

If you are a shareholder of record and you do not sign and return your proxy card or vote over the internet, by telephone or in person at the special meeting, your shares will not be voted at the special meeting, will not be counted as present in person or by proxy at the special meeting and will not be counted for purposes of determining whether a quorum exists.

As discussed above, under NYSE rules, brokers and other record holders do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement. Accordingly, if you are the beneficial owner of shares held in street name and you do not issue voting instructions to your broker, bank or other nominee, your shares will not be voted at the special meeting and will not be counted as present in person or by proxy at the special meeting or counted for purposes of determining whether a quorum exists.

A failure to vote will have no effect on the outcome of the named executive officer merger-related compensation proposal or the adjournment proposal. However, the vote to approve the merger proposal is based on the total number of shares of Smithfield common stock outstanding on the record date, not just the shares that are counted as present in person or by proxy at the special meeting. **As a result, if you fail to vote your shares, it will have the same effect as a vote AGAINST the merger proposal.**

Voting by Smithfield's Directors and Executive Officers

At the close of business on the record date, directors and executive officers of Smithfield and their affiliates were entitled to vote 2,602,525 shares of Smithfield common stock, or approximately 1.9% of the shares of Smithfield common stock issued and outstanding on that date. Smithfield's directors and executive officers have informed us that they intend to vote their shares in favor of the merger proposal and the other proposals to be considered at the special meeting so long as the recommendation of the Smithfield Board with respect to these proposals has not changed, although none of Smithfield's directors and executive officers is obligated to do so.

Voting at the Special Meeting

If your shares are registered directly in your name with our transfer agent, you are considered a shareholder of record and there are four methods by which you may vote your shares at the special meeting. You may attend the special meeting and vote your shares in person, rather than signing and returning your proxy card, or you may vote your shares by authorizing the persons named as proxies on the proxy card to vote your shares at the special meeting by returning the proxy card by mail, through the internet, or by telephone. **Although Smithfield offers four different voting methods, Smithfield encourages you to vote over the internet or by telephone, as Smithfield believes they are the most convenient, cost-effective and reliable voting methods.** If you choose to vote your shares over the internet or by telephone, there is no need for you to mail back your proxy card. We also recommend that you vote as soon as possible, even if you are planning to attend the special meeting, so that the vote count will not be delayed.

To Vote in Person: If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting.

To Vote Over the Internet: To vote over the internet, go to <http://www.envisionreports.com/SFD> and follow the steps outlined on the secured website. Please have your proxy card available for reference because you will need the validation details that are located on your proxy card in order to cast your vote. If you vote over the internet, you do not have to mail in a proxy card.

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To Vote by Telephone: To vote by telephone, call toll-free 1-800-652-VOTE (8683) within the United States, Canada and Puerto Rico at any time on a touchtone phone. Please have your proxy card available for reference because you will need the validation details that are located on your proxy card in order to cast your vote. If you vote by telephone, you do not have to mail in a proxy card.

To Vote by Mail: To vote by mail, complete, sign and date the proxy card and return it promptly to the address indicated on the proxy card in the postage paid enveloped provided. If you sign and return your proxy card without indicating how you want your shares of Smithfield common stock to be voted with regard to a particular proposal, your shares of Smithfield common stock will be voted in favor of such proposal. If you return your proxy card without a signature, your shares will not be counted as present at the special meeting and cannot be voted.

If your shares are held by your broker, bank or other nominee, you are considered the beneficial owner of shares held in street name and you will receive a form from your broker, bank or other nominee seeking instruction from you as to how your shares should be voted. If you are a beneficial owner and you wish to vote in person at the special meeting, you must bring to the special meeting a proxy from the broker, bank or other nominee that holds your shares authorizing you to vote in person at the special meeting.

Shareholders who are entitled to vote at the special meeting, as well as invited guests, may attend the special meeting. Each shareholder will be permitted to bring one guest. Beneficial owners should bring a copy of an account statement reflecting their ownership of Smithfield common stock as of the record date. All shareholders should bring photo identification.

Revocation of Proxies

You can change or revoke your proxy at any time before the final vote at the special meeting. If you are the record holder of your shares, you may revoke your proxy by:

voting again over the internet or by telephone prior to [] a.m., Eastern Time, on [], 2013;

timely sending a written notice that you are revoking your proxy to our Secretary;

timely delivering a valid, later-dated proxy; or

attending the special meeting and notifying the election officials that you wish to revoke your proxy to vote in person. Simply attending the special meeting will not, by itself, revoke your proxy.

If you are the beneficial owner of shares held in street name, you should contact your broker, bank or other nominee with questions about how to change or revoke your voting instructions.

Solicitation of Proxies

The Smithfield Board is soliciting your proxy, and Smithfield will bear the cost of soliciting proxies. Okapi Partners LLC has been retained to assist with the solicitation of proxies. Okapi Partners LLC will be paid approximately \$30,000 and will be reimbursed for its reasonable out-of-pocket expenses for these and other advisory services in connection with the special meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, banks and other nominees to the beneficial owners of shares of Smithfield common stock, in which case these parties will be reimbursed for their reasonable out-of-pocket expenses. Proxies may also be solicited in person or by telephone, facsimile, electronic mail, or other electronic medium by Okapi Partners LLC or, without additional compensation by certain of Smithfield's directors, officers and employees.

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Adjournment

In addition to the merger proposal and the named executive officer merger-related compensation proposal, Smithfield shareholders are also being asked to approve the adjournment proposal, which will give the Smithfield Board authority to, as permitted under the terms of the merger agreement, adjourn the special meeting for the purpose of soliciting additional votes in favor of the merger proposal if there are not sufficient votes at the time of the special meeting to approve the merger proposal. If a quorum does not exist, the holders of a majority of the shares of Smithfield common stock present or represented by proxy at the special meeting and entitled to vote may adjourn the special meeting to another place, date or time. If the adjournment proposal is approved, the special meeting could be adjourned by the Smithfield Board as permitted under the terms of the merger agreement. In addition, the Smithfield Board, as permitted under the terms of the merger agreement, could postpone the meeting before it commences, whether for the purpose of soliciting additional votes or for other reasons. If the special meeting is adjourned or postponed for the purpose of soliciting additional votes, shareholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you return a proxy and do not indicate how you wish to vote on the adjournment proposal, your shares will be voted in favor of the adjournment proposal.

The Smithfield Board unanimously recommends a vote FOR the adjournment proposal.

Other Information

You should not return your stock certificate or send documents representing Smithfield common stock with the proxy card. If the merger is completed, the paying agent for the merger will send you a letter of transmittal and instructions for exchanging your shares of Smithfield common stock for the consideration to be paid to the former Smithfield shareholders in connection with the merger.

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THE MERGER PROPOSAL

(PROPOSAL 1)

The discussion of the merger in this proxy statement is qualified in its entirety by reference to the merger agreement and related plan of merger, copies of which are attached to this proxy statement as Annex A and Annex B, respectively, and hereby incorporated by reference into this proxy statement.

Structure of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with the VSCA, at the effective time, Merger Sub will merge with and into Smithfield, the separate corporate existence of Merger Sub will cease and Smithfield will survive the merger as a wholly owned subsidiary of Parent.

What Shareholders Will Receive in the Merger

At the effective time, each outstanding share of Smithfield common stock (other than Smithfield common stock held by us or our wholly owned subsidiaries, or by Parent or Merger Sub) will be automatically converted into the right to receive \$34.00 in cash, without interest and less any applicable withholding taxes. After the merger is completed, holders of Smithfield common stock will have only the right to receive a cash payment in respect of their shares of Smithfield common stock, and will no longer have any rights as holders of Smithfield common stock, including voting or other rights. Shares of Smithfield common stock held by us or our wholly owned subsidiaries or by Parent or Merger Sub will be canceled at the effective time.

Treatment of Smithfield Equity Awards

Each option to purchase shares of Smithfield common stock, whether vested or unvested, that is outstanding and unexercised as of the effective time will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the number of shares of Smithfield common stock subject to such option and (ii) the excess, if any, of \$34.00 over the exercise price of the option.

Each PSU, whether vested or unvested, that is outstanding immediately prior to the effective time, will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such PSU award and (ii) \$34.00. For purposes of unvested PSU awards outstanding as of the date of the merger agreement, any performance-based vesting condition will be treated as having been attained at the maximum level, and awards that are subject to such performance-based vesting condition will be deemed to be fully vested as of immediately prior to the effective time. For purposes of unvested PSU awards granted between the date of the merger agreement and the effective time, any performance-based vesting condition will be treated as having been attained at the target level, and awards that are subject to such performance-based vesting condition will be deemed to be fully vested as of immediately prior to the effective time.

Each deferred unit, all of which are currently vested, that is outstanding immediately prior to the effective time, will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such deferred unit and (ii) \$34.00.

Each right to receive a share of Smithfield common stock pursuant to any Smithfield stock deferral plan will, as of the effective time, become the right to receive an amount in cash, without interest and less any applicable withholding taxes, equal to \$34.00, payable at the time such stock otherwise would be delivered to the holder of such deferred stock account.

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Effects on Smithfield if the Merger Is Not Completed

If the merger proposal is not approved by Smithfield shareholders or if the merger is not completed for any other reason, Smithfield shareholders will not receive any payment for their shares in connection with the merger. Instead, Smithfield will remain an independent public company and shares of Smithfield common stock will continue to be listed and traded on the NYSE. In addition, if the merger is not completed, Smithfield expects that management will operate Smithfield's business in a manner similar to that in which it is being operated today and that Smithfield shareholders will continue to be subject to the same risks and opportunities to which they are currently subject, including, without limitation, risks related to the highly competitive industry in which Smithfield operates and adverse economic conditions.

Furthermore, if the merger is not completed, and depending on the circumstances that would have caused the merger not to be completed, it is likely that the price of Smithfield's common stock will decline significantly. If that were to occur, it is uncertain when, if ever, the price of Smithfield's common stock would return to the price at which it trades as of the date of this proxy statement.

Accordingly, if the merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of Smithfield's common stock. If the merger is not completed, the Smithfield Board will continue to evaluate and review Smithfield's business operations, properties, dividend policy and capitalization, among other things, make such changes as are deemed appropriate and continue to seek to identify strategic alternatives to enhance shareholder value. If the merger proposal is not approved by Smithfield shareholders or if the merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to Smithfield will be offered or that Smithfield's business, prospects or results of operation will not be adversely impacted.

Further, if the merger agreement is terminated under specified circumstances, Smithfield may be required to pay Parent a termination fee of \$175,000,000 or Parent may be required to pay Smithfield a termination fee of \$275,000,000. See the section entitled "The Merger Agreement - Termination Fees and Expenses" beginning on page [] for a discussion of the circumstances under which either party will be required to pay a termination fee.

Background of the Merger

From time to time, Smithfield and the Smithfield Board, together with their legal and financial advisors, review and evaluate strategic opportunities and alternatives with a view to enhancing shareholder value. Such opportunities and alternatives include remaining as a stand-alone entity, changes to Smithfield's dividend policy and its policy regarding Smithfield repurchasing shares of its common stock, potential domestic or international large transformational acquisitions, potential domestic or international smaller strategic acquisitions of one or more other companies, business segments or other value-added assets in the sectors in which Smithfield operates, investments in domestic or international joint ventures, dispositions of one or more of our business segments and a potential sale of Smithfield.

One such opportunity that had been contemplated and evaluated from time to time since 2012 was a potential restructuring or other break-up of Smithfield, including by means of a carve-out or spin-off of the hog production segment and other assets. In connection with such evaluation, Smithfield and the Smithfield Board concluded that such restructuring alternatives were not in the best interests of Smithfield and its shareholders because, among other things, Smithfield's hog production segment created efficiencies and synergies and provided a competitive advantage to Smithfield through vertical integration, such restructuring alternatives raised substantial management and operational issues, and did not appear to be feasible at the time due to the underperformance of the hog production business.

Another such opportunity that had been contemplated and evaluated since January 2013 was a potentially significant acquisition of a large business in the packaged meats sector. In connection with such evaluation, the Smithfield Board retained Barclays to assist it in such evaluation. Smithfield has had a longstanding relationship

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with Barclays and retained Barclays in connection with this potential acquisition based on Barclays' reputation and experience as an investment banking firm generally and its knowledge of the packaged meats sector in particular. On an ongoing basis, Smithfield also evaluated selected opportunities with respect to other smaller targets for potential acquisitions.

Smithfield had retained a different financial advisor since 2011 to advise it with respect to shareholder activism matters. The engagement letter with such financial advisor in connection with such retention also provided that such financial advisor would advise Smithfield in connection with a potential sale of Smithfield.

On March 7, 2013, Smithfield announced its third quarter earnings, and the Smithfield common stock closed at \$24.68 per share, a 10.7% gain from the previous day.

After the close of trading of Smithfield's common stock on the NYSE on March 7, 2013, Continental Grain Company, then a major shareholder of Smithfield, made public a letter to the Smithfield Board that, among other things, suggested that Smithfield should be split into three separate parts: a hog production business, a U.S. processing and packaged meats business and an international business. On March 8, 2013, the day after the public disclosure of the letter from Continental Grain Company, the Smithfield common stock closed at \$25.79 per share, a 4.5% gain from the previous day.

In the following days and weeks, in light of the publicity related to the letter from Continental Grain Company, various research analysts and other commentators speculated as to whether Smithfield would undertake any potential dispositions or spin-offs of its business segments or engage in mergers or acquisitions involving Smithfield.

As discussed above, the Smithfield Board had previously considered aspects of the major suggestions made by Continental Grain Company in one form or another pursuant to its ongoing review of strategic opportunities. Following receipt of the letter from Continental Grain Company, the Smithfield Board considered such suggestions again and, after review and deliberation, determined that at the present time it was not in the best interests of the Smithfield shareholders to pursue a restructuring or other break-up of Smithfield.

Parent has been a customer of Smithfield for more than ten years. From time to time since early 2006, representatives of Parent and representatives of Smithfield have had high-level preliminary discussions about potential mutually beneficial business transactions, including joint ventures, reciprocal equity investments pursuant to which each of Parent and Smithfield would acquire shares of the other company, and various forms of more comprehensive commercial cooperation beyond the existing customer relationship. None of these discussions resulted in a potential transaction or arrangement that was sufficiently commercially attractive to the parties such that it matured to the point of being approved by the Smithfield Board.

On March 21, 2013, a representative of Morgan Stanley, Parent's financial advisor, called Mr. C. Larry Pope, Smithfield's Chief Executive Officer, and told him that Parent was prepared to send Smithfield a written non-binding proposal to acquire all of the outstanding shares of Smithfield common stock for \$30.00 per share in cash.

Later on March 21, 2013, the Smithfield Board held a telephonic meeting at which representatives of Simpson Thacher, special legal counsel to the Smithfield Board, were present and at which Mr. Pope briefed the Smithfield Board regarding his call with Morgan Stanley. After discussion, the consensus of the Smithfield Board was that Parent's proposal of \$30.00 per share was not at a level that the Smithfield Board would be interested in pursuing, but that management should determine if an opportunity for a sale of Smithfield at a significantly higher price would be available. On or about this date, Smithfield became aware that the financial advisor that had been retained with regard to shareholder activism issues, through one of its affiliates, had a relationship with Parent. Due to this relationship with Parent, Smithfield concluded (with the concurrence of such financial advisor) that it would not be appropriate for such financial advisor to advise Smithfield in respect of Parent's proposal or any alternative proposal. Such financial advisor remained engaged with respect to matters

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solely related to the Continental Grain letter and similar shareholder activism. No information was shared by Smithfield with such financial advisor about Parent's proposal, ongoing developments relating thereto or other alternatives after the time Smithfield reached this conclusion. Smithfield decided to retain Barclays as its financial advisor in connection with Parent's proposal and alternative sale transactions.

On March 22 and March 23, 2013, Mr. Pope spoke several times by telephone with a representative of Morgan Stanley and conveyed that Smithfield was not for sale and that if it were to be for sale, the price offered by Parent substantially undervalued Smithfield.

On March 24, 2013, Parent delivered a non-binding written proposal to Smithfield in which Parent proposed acquiring all outstanding shares of Smithfield common stock at a price of \$33.00 per share in cash. Parent's offer represented a premium of 25.86% to \$26.22, the closing price of Smithfield common stock on March 22, 2013, the last trading day before such date, and a premium of 33.71% to \$24.68, the closing price of Smithfield common stock on March 7, 2013, before the letter from Continental Grain Company was made public. In connection with the offer, Morgan Stanley communicated to Smithfield that Parent was very focused on making sure Smithfield's existing management team remain in place after the transaction closed.

On or about this time, representatives of Morgan Stanley requested that Mr. Pope and Mr. Joseph W. Luter III, the Chairman of the Smithfield Board, travel to Hong Kong to meet with Parent's chairman to discuss the potential sale of Smithfield at the \$33.00 per share price. Mr. Pope responded that it was premature to schedule a trip at that time.

On March 25, 2013, Smithfield submitted an offer in connection with the potential packaged meats acquisition, which was formally rejected by the target on April 10, 2013.

Company A is a non-U.S. public company. In 2010, representatives of Company A and representatives of Smithfield engaged in discussions regarding a potential combination of Company A's U.S. operations with Smithfield's by way of a transaction in which Smithfield would acquire the U.S. assets of Company A in exchange for issuing Smithfield stock to Company A, a transaction that would provide no consideration to Smithfield shareholders directly and leave Smithfield as a public company controlled by Company A. These discussions were subsequently discontinued. A representative of Company A contacted Mr. Pope to request a meeting and then met with Mr. Pope on March 29, 2013, at which meeting he told Mr. Pope that he had seen the Continental Grain letter and would potentially be interested in reviving discussions regarding the previously discussed transaction. Mr. Pope indicated that a transaction of that type would not be attractive to Smithfield's shareholders, but that if Company A had interest in communicating with the Smithfield Board about a proposal involving a consideration composed of all or substantially all cash depending on the price and other terms, such a proposal might be timely and possibly well received.

On April 1, 2013, the Smithfield Board held a telephonic meeting at which representatives of Simpson Thacher and Barclays were present. The Smithfield Board discussed the fact that preliminary indications suggested that Smithfield's fiscal fourth quarter earnings would be lower than anticipated, driven in large part by the poor performance of Smithfield's hog production business. The Smithfield Board also discussed the March 24 non-binding written offer it had received from Parent proposing to acquire Smithfield for \$33.00 per share in cash. Barclays discussed with the Smithfield Board a preliminary financial analysis similar to the one described under "Opinion of Smithfield's Financial Advisor" based on the sales, earnings per share (EPS) and earnings before interest, taxes, depreciation and amortization (EBITDA) projections prepared by Smithfield's management. In addition, at the direction of the Smithfield Board, Barclays also discussed certain sensitivity analyses, including the Sensitivity Analyses discussed under "Certain Financial Projections," based on the Smithfield Board's and management's recognition that Smithfield would have difficulty achieving the management projections in the short term and the Smithfield Board's concern that Smithfield's business itself is inherently volatile. Barclays discussed these sensitivity analyses with the management of Smithfield and the Smithfield Board agreed with the appropriateness of using such particular sensitivity analyses as part of the

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performance of Barclays' analysis. Although the Smithfield Board determined that any transaction with Parent would need to be at a higher price per share and that Smithfield would need to receive appropriate protections in respect of the financing, regulatory and enforcement risks posed by a transaction with Parent, given the substantial premium already represented by Parent's \$33.00 per share offer, the Smithfield Board authorized Barclays and management to continue discussions with Parent to see if a deal could be reached. The Smithfield Board also expressed some concern that Smithfield's expected fourth quarter results may have a negative impact on Parent's willingness to increase its offer.

From April 1 through April 3, 2013, representatives of Smithfield held one-on-one meetings with several of Smithfield's largest investors in which they discussed Smithfield's views on its strategic position, in part to discuss and respond to the Continental Grain letter. In these meetings and in an investor presentation that was publicly filed and made publicly available, Smithfield's representatives expressed the view that separating Smithfield into multiple companies was not the appropriate strategic alternative for Smithfield to undertake and was not in the best interests of the Smithfield shareholders.

On April 4, 2013, representatives of Barclays communicated to representatives of Morgan Stanley that Parent's proposed price of \$33.00 per share would not be sufficient, and Barclays offered to arrange a meeting between Parent and Smithfield to discuss the reasons why Smithfield's value justified a higher offer price by Parent.

On April 8, 2013, the Smithfield Board held a telephonic meeting to discuss the status of the discussions with Parent. Simpson Thacher and Barclays were in attendance on the call. The Smithfield Board authorized Simpson Thacher to send a draft confidentiality agreement to Parent which, when executed, would enable Parent to receive non-public information about Smithfield. In an effort to control the process of any proposed transaction, the draft confidentiality agreement contained a standstill and no-hire provision in favor of Smithfield. The draft confidentiality agreement was sent to Parent on April 10, 2013.

On April 11, 2013, Smithfield received a letter from Company B, a non-U.S. public company, which included a notice of termination of a confidentiality agreement between an affiliate of Company B and Smithfield that had previously been entered into in connection with certain preliminary discussions between the companies with respect to a potential joint venture. In the letter, Company B indicated that it was interested in acquiring a significant minority stake in Smithfield.

On April 16, 2013, a representative of Company B's financial advisor met with a representative of Smithfield to discuss Company B's April 11th letter. At that meeting, the representative of Company B's financial advisor indicated, among other things, that while Company B's current intention was to increase its economic stake in Smithfield to an equity ownership percentage of no higher than 9.9%, if Smithfield were to be involved in a transformative acquisition or management-led leveraged buy-out, Company B would be interested in participating in any such transaction.

After negotiations among the advisors of Smithfield and Parent, the parties executed a confidentiality agreement on April 17, 2013. The confidentiality agreement substantially retained the standstill and no-hire provisions originally proposed by Smithfield. Later that day, representatives of Smithfield, Parent, Barclays and Morgan Stanley held a financial due diligence meeting to discuss certain aspects of Smithfield's business. Among other topics, the parties discussed the developing weakness in Smithfield's expected fourth quarter financial results.

On the evening of April 17, 2013, Mr. Pope spoke to representatives of Morgan Stanley. During the conversation, Mr. Pope indicated that he would be supportive of, and would recommend that the Smithfield Board support, a proposal from Parent to acquire Smithfield at a price of between \$35.00 and \$36.00 per share.

On April 19, 2013, Parent sent a revised non-binding written proposal to Smithfield increasing the price per share Parent was willing to pay to \$33.50 per share in cash. Contemporaneously with the delivery of this written proposal, representatives of Parent's advisors communicated to representatives of Smithfield's advisors that,

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while Parent had decided to increase its price by \$0.50, the impact of the expected fourth quarter financial results was negatively viewed by Parent. In particular, Parent's advisors noted that a transaction at this price would be more challenging from a financing perspective and that the expected weakness in Smithfield's fourth quarter results had significantly limited Parent's willingness to increase its proposed price and, in fact, that Parent even considered reducing the original proposed price of \$33.00 per share in cash.

On April 21, 2013, Smithfield held a board meeting in Williamsburg, Virginia at which representatives of Barclays and Simpson Thacher were present. Barclays and the Smithfield Board discussed Smithfield's historical performance, and, at the direction of the Smithfield Board, Barclays discussed with the Smithfield Board Barclays' preliminary financial analysis of several potential strategic alternatives for Smithfield, including the current proposal from Parent. In addition to continuing the operation of the business consistent with the status quo or selling Smithfield to a strategic buyer for cash, the Smithfield Board reviewed certain strategic alternatives, including the following:

a spin-off of Smithfield's hog production assets and a portion of its fresh pork business (Freshco), leaving a portion of the fresh pork business and the packaged meats and international businesses in a new Smithfield (New Smithfield);

a variation of the spin-off alternative in which New Smithfield would be turned into a public company via an initial public offering;

the acquisition of a large business in the packaged meats sector with which Smithfield had already had preliminary discussions; and

the sale of Smithfield to a private equity firm for cash.

The ranges of values implied by the preliminary analyses of the strategic alternatives performed by Barclays produced, in some cases, values in excess of \$33.50, the amount of Parent's current proposal. After discussion of the various strategic alternatives, the Smithfield Board reaffirmed its view that the spin-off and carve-out alternatives raised substantial management and operational issues that had previously led the Smithfield Board to determine that such alternatives were not in the best interests of Smithfield and its shareholders. In addition, any such transactions did not appear to be currently feasible due to the underperformance of the hog production business and the uncertainty as to the market receptivity to the New Smithfield. The Smithfield Board considered the acquisition of the packaged meats business to be potentially attractive, but was concerned about whether it would be possible to make the acquisition on terms that were financially favorable to Smithfield (in light of the fact that Smithfield's proposal had been rejected) and whether it would be possible to achieve the synergies necessary to make such acquisition financially successful. Barclays had also undertaken an analysis of a potential sale to a private equity firm. After discussion with Barclays, the Smithfield Board concluded that the sale of Smithfield to a private equity firm would be difficult due to several factors, including (i) the volatility of the hog production business, which would limit the total amount of debt financing leverage that could likely be used in an acquisition of Smithfield, (ii) the large equity investment that would be needed for such a transaction, and (iii) the capital and debt restructuring constraints that would be faced by a private equity buyer given that Smithfield's current capital structure would have required such a buyer to incur significant breakage costs upon refinancing Smithfield's existing debt facilities to put into place a traditional leveraged acquisition financing structure.

During the course of the April 21st meeting, representatives of Smithfield management informed the Smithfield Board and Barclays that, in light of Smithfield's expected performance in the fourth fiscal quarter, it would be appropriate to discount the EBITDA margin assumptions contained in the management projections for purposes of evaluating Barclays' analysis by at least 100 basis points.

The Smithfield Board also discussed at the April 21st meeting the expressions of potential interest received from Company A and Company B.

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While the Smithfield Board found the price proposed by Parent to be potentially worthy of pursuing, it was concerned about the risk that a deal with Parent, if executed, might not be completed as a result of the risks of cross-jurisdictional enforcement issues arising from Parent's status as a foreign entity with a majority of assets located in China that may not be subject to the jurisdiction of U.S. courts, of failing to obtain a required regulatory approval or of the failure of Parent to obtain the financing that it required. Following discussion and deliberation, the Smithfield Board directed Smithfield's management team and legal and financial advisors to focus on negotiating contractual and other protections to mitigate such risks while continuing to push Parent to improve its offer. The Smithfield Board also instructed Smithfield's management team and financial and legal advisors to explore whether the expressions of interest from Company A and Company B could be developed into more fully formed proposals.

Over the course of April 23 and April 24, 2013, representatives of Company B's financial advisor participated in phone calls and meetings with Mr. Pope and other representatives of Smithfield and Barclays. Among other matters discussed, Mr. Pope and other representatives of Smithfield communicated to representatives of Company B's financial advisors that a management led leveraged buy-out was not a transaction that was being contemplated. However, if Company B had an interest in making an all cash proposal to acquire Smithfield then, depending on the price and other terms, such a proposal might be timely and possibly well-received by Smithfield. A series of phone calls between representatives of Smithfield and Barclays and representatives of Company B about a potential transaction continued through May 1, 2013. Also on that date, representatives of Company B's financial advisors met with representatives of Smithfield and Barclays in New York and were provided certain publicly available information about Smithfield. At this point, Smithfield did not provide any confidential information regarding its operations as Company B had not yet entered into a confidentiality agreement with Smithfield.

On April 24, 2013, representatives of Barclays spoke to representatives of Morgan Stanley, and representatives of Simpson Thacher spoke to representatives of Paul Hastings, about Smithfield's perspective on certain issues relating to deal certainty in the event that Smithfield agreed to a transaction with Parent. Among the issues which Smithfield's representatives noted were important was the expectation that a reverse termination fee would be payable by Parent in the event that Parent failed to obtain financing or a required regulatory approval (including CFIUS approval) or upon a willful breach of the transaction agreement by Parent. In addition, Smithfield's representatives insisted that the amount of any reverse termination fee be placed in escrow, or a similar device be employed, to ensure its collectability. At the direction of Smithfield, Barclays requested that Morgan Stanley discuss with Parent whether Parent may be able to increase its offer. Moreover, Barclays indicated to Morgan Stanley that Parent and its advisors should work toward announcing a deal shortly after the Memorial Day holiday, assuming the parties could agree to mutually acceptable terms.

On April 26, 2013, Company A sent a non-binding written proposal to Smithfield in which it proposed to acquire Smithfield for \$30.00 per share in cash. On April 28, 2013, Mr. Pope spoke by telephone with a representative of Company A and indicated that the value represented by Company A's proposal was too low for Smithfield to meaningfully engage in discussions with Company A.

Between April 24th and April 30th, there were a series of communications between advisors of Smithfield and Parent regarding issues centered around deal certainty. During the course of such discussions, Smithfield's advisors told Parent's advisors that reaching agreement with respect to these key points was a precondition to receiving access to certain non-public information regarding Smithfield. A representative of Paul Hastings contacted a representative of Simpson Thacher on May 1, 2013 to discuss the deal certainty issues raised by Smithfield's advisors. The Paul Hastings representative informed the Simpson Thacher representative that under no circumstances would Parent be willing to pay a reverse termination fee in respect of any failure to obtain CFIUS approval; however, Parent would agree to pay a reverse termination fee in an amount to be mutually agreed between the parties in the event Parent willfully breached the merger agreement or Parent was unable to obtain financing or a required regulatory approval. The Paul Hastings representative indicated that Parent would likely be willing to agree to a strong contractual covenant to take actions required to obtain regulatory approvals.

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(including CFIUS). Shortly thereafter, Parent and its representatives were given access to an online data room which had been prepared by Smithfield (we refer to this on-line data room in this proxy statement as the data room).

The Smithfield Board held a telephonic meeting on May 3, 2013 at which representatives of Barclays, Simpson Thacher and McGuireWoods, Smithfield's Virginia counsel, were present and at which Smithfield's management team and advisors gave the Smithfield Board an update on developments since the April 21st meeting.

On May 3, 2013, Company A sent a revised non-binding written proposal to Smithfield in which it increased its offer to \$33.50 per share in cash.

On May 8, 2013, Mr. Pope and Mr. Michael Cole, Smithfield's Chief Legal Officer, met with representatives of Parent, including its Chairman, in Hong Kong. In these meetings the Parent's Chairman expressed a strong desire to complete a transaction. In this meeting, Parent's Chairman again reiterated the importance to Parent that Smithfield's management team remain in place after the transaction and wanted assurances that a proper retention program would be established in connection with the transaction.

On May 8, 2013, Company B submitted a non-binding written proposal pursuant to which it proposed to acquire all of the outstanding shares of Smithfield common stock for a purchase price of between \$31.00 and \$35.00 per share in cash. Shortly after Smithfield received this letter, representatives of Smithfield's financial advisors communicated at the direction of Smithfield to representatives of Company B's financial advisors that the breadth of the value range in Company B's revised proposal made the proposal difficult to evaluate.

On May 10, 2013, representatives of Company A met with Mr. Pope and representatives of Barclays to discuss Company A's interest in acquiring Smithfield. At the meeting, Company A reiterated its unwillingness to enter into a confidentiality agreement or perform due diligence on non-public information.

On May 12, 2013, representatives of Company B and their financial advisors met with Mr. Pope, Mr. Cole and representatives of Barclays to express Company B's interest in pursuing a transaction with Smithfield.

On May 13, 2013, Company B executed a confidentiality agreement with Smithfield. Shortly thereafter, Company B and its representatives were given access to the data room.

Also on May 13, 2013, representatives of Paul Hastings delivered to representatives of Simpson Thacher a draft merger agreement providing for the acquisition of Smithfield by Parent, which contemplated, among other things, that only a subsidiary of Parent would enter into the agreement and Parent itself would not be a party, contained a condition for the benefit of Parent that Smithfield would have a target amount of cash on its balance sheet at the closing of the merger and a highly restrictive non-solicitation provision, did not permit the Smithfield Board to change its recommendation in response to an intervening event, and provided for reciprocal termination fees for Parent and Smithfield in the amount of \$100,000,000 and an obligation by Smithfield to reimburse Parent for up to \$10,000,000 of expenses in certain circumstances.

From May 13, 2013 through May 15, 2013, representatives of Parent, Morgan Stanley and Paul Hastings participated in management presentations and were provided with due diligence information at meetings in Simpson Thacher's New York offices.

On May 16, 2013, representatives of Company B and its financial advisors and legal counsel participated in management presentations and were provided with due diligence information at meetings in Simpson Thacher's New York offices.

Also on May 16, 2013, representatives of Parent conducted site visits at various operating locations of Smithfield in connection with Parent's due diligence of Smithfield.

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On May 17, 2013, representatives of Company B conducted site visits at various operating locations of Smithfield in connection with Company B's due diligence of Smithfield.

On May 18, 2013, representatives of Simpson Thacher and Paul Hastings discussed certain of the key issues reflected in the draft merger agreement that Paul Hastings had delivered on May 13, 2013.

On May 21, 2013, Company B delivered a revised non-binding written proposal to Smithfield, in which Company B offered \$34.00 per share in cash. A representative of Simpson Thacher delivered a draft merger agreement to Company B's legal counsel later that day.

Also on that day, at the direction of Smithfield, representatives of Barclays informed representatives of Morgan Stanley on behalf of Parent that other bidders had approached Smithfield after Parent's initial approach and that, notwithstanding the prior aspiration potentially to announce a transaction with Parent shortly after the Memorial Day holiday, the recently expressed interest of one of the other parties at a level in excess of Parent's proposal had led Smithfield to conclude that it was appropriate to request that all three interested parties submit their best price (together with a proposed contract and executed financing commitments) no later than May 31, 2013. On that date, the Smithfield Board would evaluate all offers and proceed with negotiations with the party whose offer, taking into account the offer price and other terms of the transaction, would be most favorable to the Smithfield shareholders. Despite the fact that Smithfield provided the other bidders with a draft merger agreement for their comment, Simpson Thacher informed Paul Hastings that Smithfield would provide comments to the draft merger agreement delivered by Parent to Smithfield on May 13th.

On May 22, 2013, the Smithfield Board held a telephonic meeting. During the meeting, representatives of Smithfield management, Barclays and Simpson Thacher updated the Smithfield Board on the status of negotiations with Parent and Company B. Such representatives also advised the Smithfield Board that Company A had still not executed a confidentiality agreement, but appeared to remain interested in pursuing a transaction. In this regard, earlier that day, Company A had delivered financing commitment letters in support of its offer to Smithfield. It was noted that Company A's presence as a competitor in the United States would pose potential antitrust issues that, while likely manageable, would have timing implications and would require negotiation with Company A as to how such issues could be resolved in the face of any potential challenge by U.S. antitrust authorities. In order to facilitate such a discussion, as well as to otherwise facilitate Company A's ability to move quickly if it chose to do so, a representative of Simpson Thacher sent a draft merger agreement to Company A's legal counsel the same day for comment.

Also on May 22, 2013, representatives of Company B's financial advisors reached out to Barclays to communicate that for internal reasons, Company B would not be able to execute or announce any potential transaction earlier than June 13, 2013.

On May 23, 2013 representatives of Company A's legal counsel delivered to Simpson Thacher a markup of the draft merger agreement that had been provided to Company A. As to the important issue of the allocation of antitrust risk, however, Company A's markup of the merger agreement did not make a substantive proposal; rather the markup simply made reference to the desirability of arranging a discussion between respective antitrust counsel.

In the early morning hours of May 24, 2013, representatives of Simpson Thacher delivered to Paul Hastings a markup of Parent's draft merger agreement that had been delivered on May 13, 2013. Late that same night, Paul Hastings communicated by e-mail a proposal by Parent to acquire Smithfield for \$33.50 per share in cash. The e-mail also included a markup of the draft merger agreement that Paul Hastings had received that morning and fully executed binding commitment letters from Morgan Stanley Senior Funding and Bank of China with respect to providing financing to support Parent's offer. Paul Hastings' e-mail made it clear that if the parties did not reach agreement and sign the merger agreement by 6:00 pm Eastern Time on May 28, 2013, Parent's offer would be withdrawn. Representatives of Morgan Stanley also contacted Mr. Pope and Barclays that evening and

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delivered the same message. As a means to facilitate an expeditious process, Parent agreed to a substantial number of open issues that were important to Smithfield in the merger agreement draft. Significantly, as a means of acknowledging that Smithfield was engaged in a process with other bidders that Parent was intending to cut short, Parent also agreed that Smithfield would be permitted to continue to negotiate and solicit further acquisition proposals from such existing bidders. The merger agreement provided that, if Smithfield were to terminate the merger agreement with Parent in order to pursue a transaction with one of the existing bidders within 30 days of signing the merger agreement with Parent, the termination fee payable by Smithfield in such case would be \$75,000,000, a level that was significantly lower than a typical company-side break-up fee. Parent's mark-up also provided for a termination fee of \$150,000,000 to be payable by Smithfield in connection with any other potential transactions (or with any transaction with existing parties that occurred later than 30 days after signing the Parent merger agreement) and a reverse termination fee payable by Parent in specified circumstances equal to \$225,000,000. Consistent with its prior position in this regard, Parent insisted that a failure to receive CFIUS approval would not give rise to the obligation to pay a reverse termination fee. However, at the insistence of Smithfield, Parent agreed to a strong covenant to take actions required to obtain such clearance. In addition, Parent agreed that the full amount of the reverse termination fee would be placed in escrow in the New York branch of the Bank of China during the pendency of the transaction. Parent also specified that it was a condition of its willingness to complete the transaction that Mr. Pope and his six direct reports agree to waive the ability to terminate their employment following the change of control and obtain certain payments merely because Smithfield would no longer be a public company.

On May 25, 2013, Smithfield's management and advisors discussed the latest Parent proposal in detail and concluded that Parent's stated intention to abandon the process after May 28th if the parties had not executed a merger agreement by such time was genuine. In addition, Smithfield was of the view that given the deliberate fashion in which Company B had been approaching the process and its stated intention to execute and announce a transaction no earlier than June 13th, it would not be possible to come to terms with Company B with respect to a definitive agreement in advance of Parent's deadline. At the request of Smithfield, representatives of Barclays contacted representatives of Company B's financial advisors to determine whether Company B would be able to significantly accelerate the process to meet Parent's deadline and were informed that this would not be possible.

Given that Company A still had not entered into a confidentiality agreement or performed due diligence on non-public information and had not yet made a concrete proposal as to the allocation of antitrust risk, Smithfield was similarly of the view that Company A would not be able to reach an agreement in advance of the Parent deadline. While Parent's negotiation tactic was aggressive, Smithfield concluded that if it were possible to extract some further concessions from Parent, it would likely be in Smithfield's interest to agree to the basic terms of Parent's proposal as a result of the favorable progress made in the revised merger agreement regarding the reduced termination fee relating to proposals from the existing bidders, thereby creating a floor value for Smithfield's shareholders at an attractive price. It was Smithfield's view that the 30-day window in which the \$75,000,000 termination fee would be payable gave Company A and Company B ample opportunity (at a cost that equated to approximately \$0.50 per share) to submit superior proposals if they intended to do so.

Smithfield made a counter-proposal to Parent requesting that the per share price be raised to \$34.50, that the reverse termination fee be increased to \$300,000,000, that the special termination fee remain at \$75,000,000 and conceding that the regular termination fee be increased by the same amount as the reverse termination fee, to \$175,000,000. In response to this counter-proposal, the management of Smithfield and Parent agreed in principle, subject to obtaining approval of the Smithfield Board, on a price of \$34.00 per share with a reverse termination fee of \$275,000,000, a regular termination fee of \$175,000,000 and a special termination fee of \$75,000,000. Mr. Pope communicated to representatives of Parent that he would recommend that Smithfield's Compensation Committee approve the retention bonus contingent on continued employment with the surviving corporation after the merger described under "Interests of Smithfield Directors and Executive Officers in the Merger" as a means to partially compensate the executives whose rights to change of control payments would be modified pursuant to Parent's request and as a means of providing a broadly-based retention plan in order to facilitate a smooth transition to Parent ownership.

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In the early morning hours of May 26, 2013, Simpson Thacher delivered a draft of the merger agreement to Paul Hastings reflecting the revised terms. Later that day, the Smithfield Board held a telephonic meeting at which the Smithfield Board was given an update on the Parent proposal and Smithfield's response. After discussion, the Smithfield Board agreed that the proposed approach was sound and directed Smithfield's management and advisors to work to complete the merger agreement and other documentation related to the proposed transaction. The Smithfield Board scheduled a meeting for May 28, 2013 at 1:00 p.m. Eastern Time to formally consider Parent's proposal and the final terms of the merger agreement and merger.

On May 27 and May 28, 2013, representatives of Smithfield, Parent and their respective advisors and counsel worked to complete the merger agreement and other documentation required for the merger as well as to finalize a communication strategy related to the transaction.

On May 28, 2013, the Smithfield Board held a meeting at Simpson Thacher's New York office at which members of Smithfield's management and representatives of Barclays, Simpson Thacher and McGuireWoods were present. At that meeting, a representative of McGuireWoods reviewed the fiduciary duties of the Smithfield Board in connection with the Smithfield Board's consideration of a potential transaction with Parent. Representatives of Simpson Thacher reviewed for the Smithfield Board the final material terms of the proposed merger agreement. Representatives of Barclays reviewed the financial analysis of the proposed transaction with Parent. After responding to questions, Barclays delivered to the Smithfield Board an oral opinion, which was subsequently confirmed by delivery of a written opinion, to the effect that, based upon and subject to the qualifications, limitations and assumptions stated therein and as of the date of the opinion, from a financial point of view, the merger consideration being offered to the Smithfield shareholders in the merger was fair to such shareholders. The full text of the written opinion of Barclays is attached to this proxy statement as Annex C and is incorporated by reference in this proxy statement in its entirety. See also [Opinion of Smithfield's Financial Advisor](#).

The Smithfield Board discussed with representatives of Smithfield's management, Barclays, Simpson Thacher and McGuireWoods the strategic, business and legal considerations relating to the proposed merger, the risks and benefits of the transaction compared to other alternatives available to Smithfield and the terms of the merger agreement, as well as the resolutions to be adopted by the Smithfield Board in connection with the proposed transaction with Parent. Following the presentations and discussion, the Smithfield Board unanimously adopted and approved the merger agreement, the related plan of merger and the merger with Parent, and resolved to unanimously recommend that Smithfield shareholders vote to approve the merger agreement, the related plan of merger and the merger with Parent.

Prior to, but in connection with, the Smithfield Board's approval of the merger, the Smithfield Board and the Compensation Committee of the Smithfield Board approved the Retention Bonus Program, the amendment to the Executive Severance Plan and all other financial interests and compensation arrangements of Smithfield's directors and executive officers in or relating to the merger, including those matters discussed above under [Interests of Smithfield Directors and Executive Officers in the Merger](#).

Following the meeting of the Smithfield Board on May 28, 2013, after the close of trading of Smithfield's common stock on the NYSE, the parties executed the merger agreement and the other documentation related to the proposed transaction and Parent placed the full amount of the \$275,000,000 reverse termination fee into escrow with the New York Branch of the Bank of China.

On May 29, 2013, prior to the opening of trading of Smithfield's common stock on the NYSE, the parties issued a joint press release announcing the transaction.

Later that day on May 29, 2013, representatives of Simpson Thacher delivered a copy of the final merger agreement to Company A's counsel.

On May 31, 2013, a representative of Barclays and a representative of Company B's financial advisors discussed the possibility of an alternative acquisition proposal from Company B.

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On June 1, 2013, representatives of Simpson Thacher delivered a draft confidentiality agreement to Company A's counsel. Over the course of the following days, representatives of Simpson Thacher and representatives of Company A's counsel negotiated the terms of a potential confidentiality agreement between Smithfield and Company A, but no such confidentiality agreement was executed and Company A did not deliver an alternative acquisition proposal to Smithfield.

On June 3, 2013, Continental Grain Company filed an amendment to its Schedule 13D/A announcing that it had elected to exit its interest in Smithfield as of May 31, 2013 and that it no longer intended to nominate candidates for election at the 2013 annual meeting of the Smithfield shareholders.

On June 6, 2013, Smithfield communicated to Company B that the Smithfield Board would seriously consider a superior offer from Company B.

On June 10, 2013, the chief executive officer of Company B delivered a letter to Mr. Pope stating that it no longer intended to pursue a potential acquisition of Smithfield.

On June 17, 2013, Starboard Value LP (together with its affiliates, Starboard) made public a letter to the Smithfield Board in a statement on Schedule 13D that, among other things, disclosed Starboard's ownership of securities representing beneficial ownership of approximately 5.7% of Smithfield, suggested that a piece-by-piece sale of Smithfield's businesses could result in greater value to the Smithfield shareholders than the merger, and informed the Smithfield Board of Starboard's intention to explore the possibility of a piece-by-piece sale of Smithfield's operating divisions to interested third parties.

On July 12, 2013, Starboard filed an amendment to its statement on Schedule 13D, disclosing that it had recently engaged Moelis & Company and BDA Advisors Inc. as financial advisors to assist Starboard in identifying and connecting any strategic or financial buyers for Smithfield's individual business units to determine if it would be possible to structure a sum-of-the-parts transaction that could deliver greater value for the Smithfield shareholders than the merger in the hopes that Starboard's efforts would lead to the submission of a superior proposal under the terms of the merger agreement. As of the date of this proxy statement, Smithfield has not received such an alternative acquisition proposal from Starboard or any other potential buyer.

Recommendation of the Smithfield Board and Reasons for the Merger

The Smithfield Board recommends that you vote **FOR the merger proposal.**

At a meeting of the Smithfield Board held on May 28, 2013, the Smithfield Board unanimously adopted and approved the merger agreement, the related plan of merger and the merger.

When you consider the Smithfield Board's recommendation, you should be aware that Smithfield's directors may have interests in the merger that may be different from, or in addition to, the interests of Smithfield shareholders generally. These interests are described in *Interests of Smithfield Directors and Executive Officers in the Merger*.

In the course of reaching its decision, the Smithfield Board consulted with our senior management, financial and legal advisors, reviewed a significant amount of information and considered a number of factors, including, among others, the following:

Merger consideration. The Smithfield Board considered the \$34.00 per share in cash to be paid as merger consideration in relation to (i) the market prices of Smithfield common stock prior to the Smithfield Board's approval of the merger agreement and (ii) the Smithfield Board's estimate of the current and future value of Smithfield as an independent entity.

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Premium to the trading price of Smithfield common stock. The Smithfield Board considered the fact that the \$34.00 per share in cash to be paid as merger consideration represents a premium of approximately (i) 31.2% to the closing price of \$25.91 on May 24, 2013, the last trading day prior to the Smithfield Board's approval of the merger, (ii) 37.8% to the closing price of \$24.68 on March 7, 2013, the day prior to the filing by Continental Grain of a Schedule 13D, (iii) 31.5% to \$25.86, the average price for the 30 day period ending May 24, 2013 and (iv) 33.7% to \$25.43, the average price for the 90 day period ending May 24, 2013.

Negotiations with Parent. The Smithfield Board considered the benefits that we and our advisors were able to obtain during our extensive negotiations with Parent, including a significant increase in Parent's offer price per share from the beginning of the process to the end of the negotiations. The Smithfield Board concluded that we had obtained the highest price per share that Parent was willing to agree to pay, considering the extensive negotiations between the parties.

Cash consideration. The Smithfield Board considered the fact that the merger consideration would be paid solely in cash, which, compared to non-cash consideration, provides certainty and immediate liquidity and value to our shareholders.

Fairness opinion. The Smithfield Board considered the financial analyses presented by Barclays, as well as the opinion of Barclays, dated May 28, 2013, to the Smithfield Board to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in such opinion, the \$34.00 cash per share merger consideration to be paid to holders of Smithfield common stock in the proposed merger was fair, from a financial point of view, to such shareholders. The Barclays opinion is more fully described in the subsection entitled "Opinion of Smithfield's Financial Advisor" and the full text of the opinion is attached to this proxy statement as Annex C.

Smithfield's current condition. The Smithfield Board considered information with respect to our financial condition, results of operations, business, competitive position and business strategy, on both a historical and prospective basis, as well as current industry, economic and market conditions and trends.

Smithfield's future prospects. The Smithfield Board considered Smithfield's future prospects if we were to remain independent, including the competitive landscape and the business, financial and execution risks, our relationships with customers and suppliers and increasing competition, and the risks associated with continued independence discussed below.

Risks associated with continued independence. While the Smithfield Board remained supportive of our strategic plan and optimistic about our prospects on a standalone basis, it also considered the risks associated with going forward as an independent company, including the potential market and execution risks associated with the strategic plan, which risks are in part reflected in the sensitivity analyses relating to the plan. The Smithfield Board also considered the risk that, if we did not enter into the merger agreement with Parent, the price that might be received by Smithfield's shareholders selling shares in the open market, both in the short term and the long term, could be less than the merger consideration, particularly in light of the possible adverse effect of the disappointing results of Smithfield's fourth fiscal quarter on the market price of Smithfield common stock. The Smithfield Board concluded that the merger consideration enabled Smithfield's shareholders to realize a substantial portion of Smithfield's potential future value without the market or execution risks associated with continued independence.

Strategic alternatives. The Smithfield Board considered the risks and uncertainties facing Smithfield's shareholders associated with possible strategic alternatives to the merger (including potential alternative acquisition proposals, separation scenarios involving dispositions of business segments and the possibility of remaining independent), and the timing and likelihood of accomplishing such alternatives.

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Economic conditions. The Smithfield Board considered the current state of the economy, debt financing markets and general uncertainty surrounding forecasted economic conditions both in the near term and the long term, generally and within our industry.

Merger agreement. The Smithfield Board considered the terms of the merger agreement, including:

the representations, warranties and covenants of the parties, the conditions to the parties' obligations to complete the merger and their ability to terminate the merger agreement;

Parent's undertakings in furtherance of obtaining required regulatory approvals and the fact that the consummation of the merger agreement is conditioned on obtaining foreign regulatory approvals only in Mexico, Poland, Russia and Ukraine;

the obligation of Parent under certain circumstances to pay us a termination fee of \$275,000,000, including in connection with any willful breach by Parent (including a failure to consummate the merger if the relevant conditions are satisfied), a failure to obtain certain regulatory approvals or a failure by Parent to receive the proceeds of the committed debt financing and consummate the merger;

the fact that Parent agreed to place the Parent termination fee in escrow prior to the execution of the merger agreement;

the right of Smithfield and the Smithfield Board to respond to a competing proposal from any bidder, subject to certain restrictions and the requirement that we pay Parent the applicable termination fee if we terminate the merger agreement to accept a superior proposal;

the belief of the Smithfield Board that, although the termination fee provisions might have the effect of discouraging competing third-party proposals or reducing the price of such proposals, such provisions are customary for transactions of this size and type, and its belief that the \$175,000,000 termination fee, representing approximately 3.7% of the equity value of the transaction, was reasonable in the context of comparable transactions, particularly given the discussions with certain other bidders that we held in advance of the execution of the merger agreement and the related limited go-shop provision described below;

the limited go-shop provision pursuant to which we would have the opportunity to actively seek a higher offer from two qualified pre-existing bidders who had previously made acquisition proposals, as well as the 30-day period during which a lower termination fee of \$75,000,000 would apply in connection with such bidders, which represents approximately 1.6% of the equity value of the transaction; and

the Smithfield Board's right to change its recommendation, subject to certain restrictions, in connection with an intervening event or a superior proposal.

Parent's reputation. The Smithfield Board considered the business reputation and capabilities of Parent and its management.

Parent's resources. The Smithfield Board concluded that Parent had the resources needed to complete the merger.

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Financing. The Smithfield Board considered the terms of the debt financing commitments provided to Parent and Merger Sub in connection with the merger and the financial capabilities and reputation of the financing sources, including the fact that approximately \$3.9 billion of financing was committed by Morgan Stanley Senior Funding, Inc. prior to the execution of the merger agreement.

Likelihood of consummation. The Smithfield Board considered the likelihood that the merger would be completed, in light of, among other things, the conditions to the merger and the absence of a financing condition, the relative likelihood of obtaining required regulatory approvals, Parent's representation that it will have sufficient financial resources to pay the merger consideration and consummate the merger, and the remedies available to us under the merger agreement in the event of various breaches by Parent.

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Possibility of more favorable bid. The Smithfield Board considered our assessment as to the possibility that a third party with the financial means would agree to a transaction at a higher price than Parent on substantially similar or more favorable terms, as more fully described in Background of the Merger.

Shareholders' ability to reject the merger. The Smithfield Board considered the fact that the merger is subject to approval by Smithfield's shareholders, who would be free to reject the merger.

Certain of the financial analyses presented by Barclays to the Smithfield Board were based upon financial projections and related sensitivity analyses prepared by our management based on various assumptions about the future performance of our business. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections.

In the course of reaching its decision, the Smithfield Board also considered a number of potentially negative factors including, among others, the following:

Participation in future gains. The Smithfield Board considered the fact that we will no longer exist as an independent public company and Smithfield's shareholders will forgo any future increase in Smithfield's value that might result from our earnings or possible growth as an independent company. The Smithfield Board was optimistic about our prospects on a standalone basis and our strategic plan, as supplemented by the related sensitivity analyses, but concluded that the premium reflected in the merger consideration constituted fair compensation for the loss of the potential shareholder benefits that could be realized by our strategic plan and related sensitivity analyses on a risk-adjusted basis.

Risks associated with announcement and pendency of the merger. The Smithfield Board considered the risk that the announcement and pendency of the merger, including restrictions on the conduct of our business or any solicitation activities pursuant to the limited go-shop provision, may cause substantial harm to relationships with our employees, vendors, customers and partners and may divert management and employee attention away from the day-to-day operation of our business.

Risks associated with a failure to consummate the merger. The Smithfield Board considered the fact that there can be no assurance that all conditions to the parties' obligations to consummate the merger will be satisfied and as a result the possibility that the merger might not be completed. The Smithfield Board noted the fact that, if the merger is not completed, (i) we will have incurred significant risk and transaction and opportunity costs, including the possibility of disruption to our operations, diversion of management and employee attention, employee attrition and a potentially negative effect on our business and customer relationships, (ii) depending on the circumstances that caused the merger not to be completed, it is likely that the price of Smithfield's common stock will decline significantly and (iii) the market's perception of our prospects could be adversely affected.

Regulatory risk. The Smithfield Board considered the risk that necessary regulatory approvals may be delayed, conditioned or denied, including the fact that no termination fee would be payable by Parent if the CFIUS condition were not satisfied and Parent were not then in breach of its obligations under the merger agreement.

Financing risk. The Smithfield Board considered the risk that, while the merger agreement is not by its terms subject to a financing condition, if Parent fails to obtain sufficient financing, the merger may not be consummated and the termination fee payable to us by Parent in such event may not be sufficient to compensate us for potential losses we may incur under such circumstances.

Enforcement risk. The Smithfield Board considered that Parent's status as a foreign entity without substantial assets in the United States would by its nature make enforcement of our rights under the merger agreement against Parent more difficult than against a buyer located in the United States and subject to the jurisdiction of U.S. courts, but the Smithfield Board concluded that this risk was

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mitigated by the fact that Parent agreed to pay us a termination fee of \$275,000,000 if the merger agreement is terminated under certain circumstances, including in connection with any willful breach by Parent (including a failure to consummate the merger if the relevant conditions are satisfied), a failure to obtain certain regulatory approvals or a failure by Parent to receive the proceeds of the committed debt financing and consummate the merger, and that Parent agreed to place the entire amount of such termination fee in escrow in New York City prior to the execution of the merger agreement.

Strategic alternatives. The Smithfield Board considered the possible strategic alternatives to the merger (including potential alternative acquisition proposals, separation scenarios involving dispositions of business segments and the possibility of remaining independent), the potential values and benefits facing Smithfield's shareholders associated with such alternatives, and the timing and likelihood of accomplishing such alternatives.

Restrictions on the operation of our business. The Smithfield Board considered the restrictions on the conduct of our business prior to the completion of the merger, which could delay or prevent us from realizing certain business opportunities or taking certain actions with respect to our operations we would otherwise take absent the pending merger.

Non-solicitation provision. The Smithfield Board considered the fact that the merger agreement precludes us from actively soliciting alternative proposals except pursuant to the limited go-shop provision with respect to certain qualified pre-existing bidders.

Termination fees. The Smithfield Board considered the possibility that the termination fee payable to Parent if the merger agreement is terminated under certain circumstances might have the effect of discouraging alternative acquisition proposals or reducing the price of such proposals.

Tax treatment. The Smithfield Board considered the fact that an all cash transaction would be taxable to Smithfield's shareholders that are U.S. holders for U.S. federal income tax purposes.

Risk factors. The Smithfield Board considered other risks and uncertainties as described above under Cautionary Statement Regarding Forward-Looking Statements.

While the Smithfield Board considered potentially positive and potentially negative factors, the Smithfield Board concluded that, overall, the potentially positive factors outweighed the potentially negative factors. Accordingly, the Smithfield Board unanimously determined that the merger agreement, the related plan of merger and the merger are advisable and fair to, and in the best interests of, Smithfield and its shareholders.

The foregoing discussion is not intended to be an exhaustive list of the information and factors considered by the Smithfield Board in its consideration of the merger, but is merely a summary of the material positive factors and material negative factors considered by the Smithfield Board in that regard. In view of the number and variety of factors and the amount of information considered, the Smithfield Board did not find it practicable to, and did not make specific assessments of, quantify, or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the Smithfield Board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of the Smithfield Board may have given different weights to different factors. Based on the totality of the information presented, the Smithfield Board collectively reached the unanimous decision to adopt and approve the merger agreement, the related plan of merger and the merger in light of the factors described above and other factors that the members of the Smithfield Board felt were appropriate.

This explanation of Smithfield's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the section entitled Cautionary Statement Regarding Forward-Looking Statements.

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Opinion of Smithfield's Financial Advisor

Smithfield engaged Barclays to act as its financial advisor with respect to a possible sale of Smithfield and related advisory services. On May 28, 2013, Barclays rendered its oral opinion, which was subsequently confirmed in writing, to the Smithfield Board, that based upon and subject to the qualifications, limitations and assumptions stated therein and as of the date of the opinion, from a financial point of view, the merger consideration being offered to the Smithfield shareholders in the merger was fair to such shareholders.

The full text of the written opinion, which describes the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached to this proxy statement as Annex C and is incorporated herein by reference. You should read the opinion carefully in its entirety. This summary is qualified in its entirety by reference to the full text of Barclays' opinion.

Barclays' opinion, the issuance of which was approved by Barclays' Fairness Opinion Committee, is addressed to the Smithfield Board, addresses only the fairness, from a financial point of view, of the merger consideration provided for in the merger agreement and does not constitute a recommendation to any holder of shares of Smithfield common stock as to how such holder should vote or act with respect to the merger or any other matter. The terms of the merger were determined through arm's length negotiations between Smithfield and Parent and were unanimously approved by the Smithfield Board. Barclays did not recommend any specific form of consideration to the Smithfield Board or that any specific form of consideration constituted the only appropriate consideration for the merger. Barclays was not requested to address, and its opinion does not in any manner address, Smithfield's underlying business decision to proceed with or effect the merger or the likelihood of consummation of the merger. Barclays' opinion does not address the relative merits of the merger as compared to any other transaction or business strategy in which Smithfield might engage. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or nature of any compensation to any officers, directors or employees of any parties to the merger agreement, or any class of such persons, relative to the merger consideration being offered to the Smithfield shareholders in the merger. No limitations were imposed by the Smithfield Board upon Barclays with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, among other things, Barclays reviewed and analyzed:

the merger agreement and the specific terms of the merger;

publicly available information concerning Smithfield that Barclays believed to be relevant to its analysis, including Smithfield's Quarterly Reports on Form 10-Q for the fiscal quarters ended July 29, 2012, October 28, 2012 and January 27, 2013;

preliminary financial results of Smithfield for the fiscal year ended April 28, 2013;

financial and operating information with respect to the business, operations and prospects of Smithfield furnished to Barclays by Smithfield, including financial projections of Smithfield prepared by management of Smithfield;

the trading history of Smithfield common stock from May 24, 2003 to May 24, 2013 and a comparison of the trading history with those of other companies that Barclays deemed relevant;

a comparison of the historical financial results and present financial condition of Smithfield with those of other companies that Barclays deemed relevant;

a comparison of the financial terms of the merger with the financial terms of certain other transactions that Barclays deemed relevant; and

published estimates of independent research analysts with respect to the future financial performance and price targets of Smithfield.

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In addition, Barclays has had discussions with the management of Smithfield concerning its business, operations, assets, liabilities, financial condition and prospects and has undertaken such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and has not assumed responsibility or liability for any independent verification of such information) and further relied upon the assurances of the management of Smithfield that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of Smithfield, upon the advice of Smithfield, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Smithfield as to the future financial performance of Smithfield and relied on such projections in performing its analysis. In addition, for purposes of its analysis and at the direction of Smithfield, Barclays considered certain sensitivity analyses. Barclays discussed these sensitivity analyses with the management of Smithfield and Smithfield has agreed with the appropriateness of the use of such sensitivity analyses as part of the performance of Barclays' analysis. Barclays assumes no responsibility for and expressed no view as to any such projections or sensitivity analyses or the assumptions or estimates on which they were based.

In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of Smithfield and did not make or obtain any evaluations or appraisals of the assets or liabilities of Smithfield. In addition, Smithfield did not authorize Barclays to solicit, and Barclays did not solicit, any indications of interest from any third party with respect to the purchase of all or a part of Smithfield's business. Barclays' opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, May 28, 2013. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after May 28, 2013.

Barclays assumed the accuracy of the representations and warranties contained in the merger agreement and all agreements related thereto. Barclays also assumed, upon the advice of Smithfield, that all material governmental, regulatory and third-party approvals, consents and releases for the merger would be obtained within the constraints contemplated by the merger agreement and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof, in each case in all respects material to its analysis. Barclays did not express any opinion as to any tax or other consequences that might result from the merger, nor does its opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understands that Smithfield has obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of Smithfield common stock, but rather made its determination as to the fairness, from a financial point of view, to the holders of Smithfield common stock of the merger consideration on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the merger. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

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The following is a summary of the material financial analyses used by Barclays in preparing its opinion for the Smithfield Board. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Smithfield or any other parties to the merger. None of Smithfield, Parent, Merger Sub, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or to reflect the prices at which the businesses could actually be sold.

Historical Trading Analysis

Barclays reviewed the historical trading prices and volumes for Smithfield common stock for the period from May 24, 2003 through May 24, 2013. In addition, Smithfield's financial advisors analyzed the consideration to be paid to holders of Smithfield common stock pursuant to the merger agreement in relation to the historical trading price of Smithfield common stock. This analysis indicated that the \$34.00 per share to be paid to Smithfield shareholders pursuant to the merger agreement represented:

a premium of 31.2% to the closing price of Smithfield common stock of \$25.91 on May 24, 2013;

a premium of 37.8% to the closing price of Smithfield common stock of \$24.68 on March 7, 2013, the closing price of Smithfield common stock prior to the 13D filing by Continental Grain;

a premium of 31.5% to \$25.86, the average share price of Smithfield common stock for the 30 day period ending May 24, 2013;

a premium of 33.7% to \$25.43, the average share price of Smithfield common stock for the 90 day period ending May 24, 2013;

a premium of 26.6% to \$26.85, the highest closing price of Smithfield common stock in the prior 52 weeks, on March 25, 2013;

a premium of 90.8% to \$17.82, the lowest closing price of Smithfield common stock in the prior 52 weeks, on August 7, 2012.

Selected Comparable Company Analysis

In order to assess how the public market values shares of similar publicly traded companies, Barclays reviewed and compared specific financial and operating data relating to Smithfield with selected companies in the meat/protein industry. The selected comparable companies were Hormel Foods Corp, Hillshire Brands Company and Maple Leaf Foods Inc., which are packaged meats companies, and Sanderson Farms, Inc., JBS S.A. and Tyson Foods, Inc., which are protein companies.

Although none of the selected companies is entirely comparable to Smithfield, the companies included were chosen based on the professional experience and judgment of Barclays because they are publicly traded companies that, for the purposes of analysis, may be considered to have operations that are similar to certain operations of Smithfield. Barclays believed that, of the companies reviewed, Tyson Foods, Inc. was the most similar to Smithfield.

The multiples for the selected companies contained in the analysis set forth below and for Smithfield were calculated based on Institutional Brokers' Estimate System consensus estimates for May 24, 2013.

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In its analysis, Barclays derived and compared for Smithfield and the selected companies:

closing price per share, as of May 24, 2013, as a multiple of estimated earnings per share for the calendar year ending December 31, 2013 (2013E P/E);

average of the closing prices per share during the three years ended May 24, 2013 as a multiple of corresponding projected twelve-month earnings per share (3-Yr Avg Proj P/E¹);

enterprise value (which is defined as equity market capitalization plus total debt, less total cash and cash equivalents) as a multiple of estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, for the calendar year ending December 31, 2013 (EV / 2013E EBITDA); and

average enterprise value during the three years ended May 24, 2013 as a multiple of corresponding projected twelve-month EBITDA (3-Yr Avg EV / Proj EBITDA).

The results of this analysis are summarized as follows:

	2013E P/E	3-Yr Avg Proj P/E	EV / 2013E EBITDA	3-Yr Avg EV / Proj EBITDA
Range of the selected companies	11.2x - 20.4x	9.5x - 18.5x	5.8x - 11.8x	4.6x - 8.5x
Range of the selected Protein companies	11.2x - 15.3x	9.5x - 18.5x	5.8x - 7.4x	4.6x - 8.1x
Range of the selected Packaged Meats companies	16.6x - 20.4x	11.3x - 16.2x	8.3x - 11.8x	6.1x - 8.5x
Hormel Foods Corp	20.4x	16.2x	11.8x	8.5x
Hillshire Brands Company (1)	19.6x	N/A	9.5x	N/A
Maple Leaf Foods Inc.	16.6x	11.3x	8.3x	6.1x
Sanderson Farms, Inc.	15.3x	18.5x	7.4x	8.1x
JBS S.A.	11.2x	13.3x	6.8x	7.0x
Tyson Foods, Inc.	11.4x	9.5x	5.8x	4.6x
The Company	10.9x	9.2x	6.9x	5.6x

(1) Hillshire Brands Company began regular way trading on June 29, 2012. Accordingly, three year averages are not available for this issuer. Based on the 2013E P/E and 3-Yr Avg Proj P/E for the selected companies, Barclays selected and applied a 9.0x to 11.0x reference range of 2013E P/E for the selected companies to the Wall Street research-estimated Smithfield earnings per share for the calendar year ending December 31, 2013 of \$2.38, resulting in illustrative per share values for Smithfield common stock ranging from \$21.43 to \$26.19.

Barclays noted that on the basis of the selected comparable company analysis, the merger consideration was above the range of implied values per share calculated.

Selected Precedent Transaction Analysis

Barclays reviewed and compared the purchase prices and financial multiples paid in selected other transactions in the meat/protein industry that Barclays, based on its experience with merger and acquisition transactions, deemed relevant. Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to Smithfield with respect to the mix, margins, end markets and other characteristics of their businesses.

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¹ Each of 3-Yr Avg Proj P/E and 3-Yr Avg EV / Proj EBITDA excludes Hillshire Brands Company, which began regular-way trading on June 29, 2012. Such projected metrics are on a rolling 3-month average basis.

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The following table sets forth the transactions analyzed based on such characteristics and the results of such analysis:

Announcement Date	Target	Acquiror	Transaction Value / LTM EBITDA
5/21/2010	Michael Foods Group	The Goldman Sachs Group, Inc.	7.7x
9/16/2009	Pilgrim's Pride Corp.	JBS SA	8.0x
6/24/2008	Starkist	Dongwon F&B Co., Ltd.	7.8x
5/29/2007	Swift & Co.	JBS S.A.	7.7x
9/18/2006	Premium Standard Farms, Inc.	Smithfield Foods, Inc.	6.0x
7/31/2006	ConAgra Foods, Inc. Branded Meats Business	Smithfield Foods, Inc.	5.8x
6/27/2006	Sara Lee Corp. European Meat Business	Smithfield Foods, Inc.	6.0x
1/1/2001	IBP, Inc.	Tyson Foods, Inc.	7.3x

As part of its analysis of precedent transactions involving companies in the meat/protein industry, Barclays calculated and analyzed, among other things, the ratio of the transaction value to LTM EBITDA, based on such target company's LTM EBITDA for the twelve months prior to the transaction.

All of these calculations were performed based on publicly available financial data. The results of this precedent transaction company analysis are summarized below:

	Transaction Value/LTM EBITDA
Mean	7.0x
Median	7.5x
High	8.0x
Low	5.8x

The reasons for and the circumstances surrounding each of the selected precedent transactions analyzed were diverse and there are inherent differences between the businesses, operations, financial conditions and prospects of Smithfield and the companies included in the precedent transaction analysis. Accordingly, Barclays believed that a purely quantitative precedent transaction analysis would not be particularly meaningful in the context of considering the merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the merger which would affect the acquisition values of the selected target companies and Smithfield.

Based upon these judgments, Barclays selected a range of 7.0x to 8.0x multiples of Transaction Value / LTM EBITDA for Smithfield. Barclays then applied these multiples ranges to Smithfield's estimated EBITDA for the last twelve months ended April 28, 2013 (such period, LTM, or EBITDA for such period, LTM EBITDA), which equaled \$759,000,000, to calculate ranges of implied prices per share of Smithfield. Based on this analysis, Barclays calculated an implied price per share range of \$21.90 to \$27.22. Barclays noted that on the basis of the selected precedent transaction analysis, the merger consideration exceeded the Transaction Value / LTM EBITDA multiples range of implied values per share calculated.

Discounted Cash Flow Analysis

In order to estimate the present value of Smithfield common stock, Barclays performed three separate discounted cash flow analyses of Smithfield based on three separate scenarios: (i) the EBITDA projections of Smithfield's management, (ii) a sensitivity selected by Smithfield's management of 100 basis points discount to the EBITDA margin assumed in the projections of Smithfield's management (Management Sensitivity 1) and (iii) a sensitivity selected by Smithfield's management of 200 basis points discount to the EBITDA margin assumed in the projections of Smithfield's management (Management Sensitivity 2 or, together with Management Sensitivity 1, the Sensitivity Analyses). Barclays discussed the Sensitivity Analyses with the

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management of Smithfield and Smithfield agreed with the appropriateness of the use of such sensitivity analyses as part of the performance of Barclays' analysis. Smithfield's management indicated to Barclays and the Smithfield Board that, particularly in light of Smithfield's performance in the fourth fiscal quarter, it would be appropriate to focus on a discount of at least 100 basis points to the EBITDA margin assumed in the management projections for purposes of evaluating Barclays' analysis.

A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a range of discount rates that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

To calculate the estimated enterprise value of Smithfield using the discounted cash flow method, Barclays added (i) the present value of Smithfield's after-tax unlevered free cash flows for fiscal years 2014 through 2018 to (ii) the terminal value of Smithfield as of December 31, 2018, in each case based on Smithfield's management EBITDA projections and the Sensitivity Analyses. In calculating EBITDA, stock-based compensation was treated as a cash expense. The present value of the after-tax unlevered free cash flows was calculated using a range of discount rates from 7.5% to 8.5% in the case of the EBITDA projections of Smithfield's management, and 8.0% in the cases of the Sensitivity Analyses, each of which were selected based on an analysis of the weighted average cost of capital of Smithfield. The weighted average cost of capital is derived by application of the Capital Asset Pricing Model, which takes into account certain company-specific metrics, including Smithfield's target capital structure, the cost of long-term debt, tax rate and betas for Smithfield and selected companies which exhibited similar business characteristics to Smithfield, as well as certain financial metrics for the United States financial markets generally. The after-tax unlevered free cash flows were calculated by taking the tax-affected earnings before interest and tax expense, then adding depreciation and amortization, subtracting capital expenditures and adjusting for changes in working capital. The residual value of Smithfield at the end of the forecast period, or terminal value, was estimated by selecting a range of exit multiples for the period ending December 31, 2018 of 6.0x to 7.0x, which in the case of the EBITDA projections of Smithfield's management corresponded to implied perpetuity growth rates ranging from (0.3%) to 1.8% and were estimated by Barclays utilizing its professional judgment and experience, taking into account Smithfield's management EBITDA projections and the Sensitivity Analyses and historical trading multiples of Smithfield and industry peers. Barclays then calculated a range of implied prices per share of Smithfield by subtracting estimated net debt as of May 24, 2013 as provided by Smithfield's management from the estimated enterprise value using the discounted cash flow method and dividing such amount by the fully diluted number of shares of Smithfield common stock.

The discounted cash flow analysis based on (a) the management projection case implied an equity value range for Smithfield of \$35.37 to \$42.87 per share; (b) the Management Sensitivity 1 case implied an equity value range for Smithfield of \$30.59 to \$35.50 per share; and (c) the Management Sensitivity 2 case implied an equity value range for Smithfield of \$24.16 to \$29.03 per share. Barclays noted that on the basis of the discounted cash flow analysis, the transaction consideration of \$34.00 per share was: (a) below the range of implied values per share calculated using the management projection case; (b) within the range of implied values per share calculated using the Management Sensitivity 1 case; and (c) above the range of implied values per share calculated using the Management Sensitivity 2 case.

Present Value of Future Stock Price Analysis

Barclays performed an illustrative analysis of the implied present value of the future price per share of Smithfield common stock. For this analysis, Barclays, utilizing its professional judgment and experience, taking into account the earnings projections of Smithfield's management, the Sensitivity Analyses and current and historical trading multiples of Smithfield and those peer companies in the meat/protein industry included in the selected comparable company analysis, selected a next twelve month P/E multiple of 10.0x and derived

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hypothetical future share prices for Smithfield common stock by applying such multiple to (i) the earnings projections of Smithfield's management, (ii) Management Sensitivity 1 and (iii) Management Sensitivity 2, in each case for each fiscal year from 2014 through 2017. Barclays then discounted these future share prices to May 2013 using a discount rate of 9.5%, reflecting an estimate of Smithfield's cost of equity calculated in a manner consistent with the discount rates used in the discounted cash flow analysis. Smithfield's management indicated to Barclays and the Smithfield Board that, particularly in light of Smithfield's performance in the fourth fiscal quarter, it would be appropriate to focus on a discount of at least 100 basis points to the EBITDA margin assumed in the management projections for purposes of evaluating Barclays' analysis.

This analysis based on (a) the earnings management projection case implied an equity value range for Smithfield of \$33.89 to \$38.90 per share; (b) the Management Sensitivity 1 case implied an equity value range for Smithfield of \$27.69 to \$33.12 per share; and (c) the Management Sensitivity 2 case implied an equity value range for Smithfield of \$21.47 to \$27.70 per share. Barclays noted that on the basis of this analysis, the transaction consideration of \$34.00 per share was: (a) within the range of implied values per share calculated using the management projection case; (b) above the range of implied values per share calculated using the Management Sensitivity 1 case; and (c) above the range of implied values per share calculated using the Management Sensitivity 2 case.

Precedent Premium Paid Analysis

Barclays analyzed the premiums paid in all-cash transactions, announced from January 2011 to May 2013 involving U.S. targets (excluding spin-offs, recapitalizations, self-tenders, repurchases), in which the aggregate consideration paid exceeded \$1 billion, based on publicly available information and databases. Barclays analyzed the premiums based on the consideration paid in the relevant transaction relative to the closing price of the target's common stock one trading day prior to the announcement of the relevant transaction. For the selected transactions, Barclays calculated that the top quartile of transactions had a premium to share price one trading day prior to announcement in excess of 42%, and the bottom quartile of transactions had a premium to share price one trading day prior to announcement of less than 11%. Barclays then applied these reference premiums to the closing price of Smithfield common stock on (i) May 24, 2013, resulting in illustrative per share values for Smithfield common stock ranging from \$28.72 to \$36.80 and (ii) March 7, 2013, resulting in illustrative per share values for Smithfield common stock ranging from \$27.36 to \$35.05. Barclays noted that on the basis of this analysis, the transaction consideration of \$34.00 per share was: (a) within the range based on the closing price on May 24, 2013 and (b) within the range based on the closing price on March 7, 2013.

General

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The Smithfield Board selected Barclays because of its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, as well as substantial experience in transactions comparable to the merger.

Barclays is acting as financial advisor to Smithfield in connection with the merger. As compensation for its services in connection with the merger, Smithfield became obligated to pay Barclays a fee of \$1,000,000 upon announcement of the execution of the merger agreement. In addition, approximately \$31,000,000 is expected to become payable to Barclays on completion of the merger, against which any amounts paid for the fee due upon announcement of the merger will be credited. Also, Smithfield may in its sole discretion choose to pay Barclays at the completion of the merger up to \$5,000,000 in additional compensation based on any factors it chooses to consider. Separately, Smithfield would become obligated to pay Barclays a fee of \$5,000,000 if 12 months following the effective date of a termination of Barclays' engagement letter Barclays had not been paid any of

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the foregoing fees and no agreement had been entered into by Smithfield that is capable of causing such a fee to become payable. In addition, Smithfield has agreed to reimburse Barclays for expenses incurred in connection with the merger and to indemnify Barclays for certain liabilities that may arise out of its engagement by Smithfield and the rendering of Barclays' opinion. Barclays may perform from time to time in the future various investment banking and financial services for Smithfield and expects to receive customary fees for such services. Barclays has performed various investment banking and financial services for Smithfield in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. Specifically, in the past two years, Barclays has performed the following investment banking and financial services: (i) in July 2012 Barclays acted as joint bookrunner and deal manager on Smithfield's \$1.0 billion 6.625% senior unsecured notes due 2022 and a cash tender offer for any and all 7.75% senior unsecured notes due 2013 and 10% senior secured notes due 2014 and (ii) in June 2011 Barclays acted as joint bookrunner on Smithfield's \$925,000,000 ABL revolving credit facility.

Barclays and its affiliates engage in a wide range of businesses including investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of Smithfield or Parent for its own account and for the accounts of Barclays' customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Certain Financial Projections

We do not as a matter of course make public projections as to future performance, earnings or other results due to the inherent unreliability of these matters and because certain variables beyond our control affecting our business, such as the commodity markets, are often volatile and fluctuate on a daily basis. However, we provided certain non-public financial information to Barclays in its capacity as our financial advisor, including projections by management of Smithfield's standalone financial performance for fiscal years 2014 through 2017 (which were extrapolated by Barclays to derive projected unlevered free cash flow for 2018) and related sensitivity analyses. These financial projections included (i) forecasts of revenue, EBITDA, EBIT, earnings per share and unlevered free cash flows, (ii) a sensitivity selected by Smithfield's management of 100 basis points discount to the EBITDA margin assumed in such forecasts (Management Sensitivity 1) and (iii) a sensitivity selected by Smithfield's management of 200 basis points discount to the EBITDA margin assumed in such forecasts (Management Sensitivity 2 and, collectively with Management Sensitivity 1, the Sensitivity Analyses). These financial projections and the related Sensitivity Analyses were in turn used by Barclays in performing the discounted cash flow analysis and present value of implied future stock price analysis described under The Merger Opinion of Smithfield's Financial Advisor on page [] as well as certain analyses relating to strategic alternatives to the merger. Portions of these financial projections were also provided to Parent. A summary of these financial projections and the related Sensitivity Analyses is set forth below.

The financial projections and the related Sensitivity Analyses included in this proxy statement have been prepared by, and are the responsibility of, Smithfield's management. The financial projections and the related Sensitivity Analyses summarized in this section were prepared solely for internal use by us and not with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements, or accounting principles generally accepted in the U.S. (GAAP). The financial projections and related Sensitivity Analyses are forward-looking statements.

Our management believes the forecasts were prepared in good faith and on a reasonable basis based on the best information available to our management at the time of their preparation. The financial projections and the related Sensitivity Analyses, however, are not actual results and should not be relied upon as being indicative of actual future results, and readers of this proxy statement are cautioned not to place undue reliance on this information. Ernst & Young LLP, our outside auditors, have not examined, compiled, or performed any

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procedures with respect to these financial projections or the related Sensitivity Analyses and do not express an opinion or any other form of assurance with respect thereto. The summary of these financial projections and the related Sensitivity Analyses are not being included in this proxy statement to influence a Smithfield shareholder's decision whether to vote in favor of the proposal to approve the merger proposal, but because portions of the financial projections were provided to Parent in connection with Parent's due diligence of Smithfield, and represent an assessment by our management of the future cash flows that were used in Barclays' financial analysis and on which the Smithfield Board relied in making its recommendation to Smithfield's shareholders.

Because these financial projections and related Sensitivity Analyses were developed for Smithfield on a standalone basis without giving effect to the merger, the financial projections and related Sensitivity Analyses do not give effect to the merger or any changes to our operations or strategy that may be implemented after the consummation of the merger, including any potential cost synergies realized as a result of the merger, or to any costs related to or that may arise in connection with the merger.

The inclusion of the financial projections and related Sensitivity Analyses in this proxy statement should not be regarded as an indication that Smithfield, Parent or Barclays or anyone who received the financial projections (or related Sensitivity Analyses) then considered, or now considers, the financial projections (and related Sensitivity Analyses, as applicable) to be material information of Smithfield or a reliable prediction of future events, and the financial projections and the related Sensitivity Analyses should not be relied upon as such. Smithfield views the financial projections and the related Sensitivity Analyses as non-material because of the inherent risks and uncertainties associated with such long-range financial forecasts.

The inclusion of the financial projections and the related Sensitivity Analyses in this proxy statement should not be regarded as an indication that we or any of our affiliates, advisors, representatives, or Parent or any other recipient of this information considered or consider the financial projections and the related Sensitivity Analyses to be predictive of actual future events or future operating results, and the financial projections and the related Sensitivity Analyses should not be relied upon as such. Neither we nor any of our affiliates, advisors, officers, directors or representatives can give any assurance that actual results will not differ from these financial projections. While the financial projections and the related Sensitivity Analyses were prepared in good faith and Smithfield's management believes the assumptions on which the financial forecasts were based were reasonable when made, no assurance can be made regarding events subsequent to the date the projections were made. In addition, a number of assumptions were made in preparing the projections and the related Sensitivity Analyses, including, but not limited to, assumptions of 2.5% average annual volume growth at operating profits averaging approximately \$0.18 per pound with respect to our packaged meats business, stable production at approximately 29 million head annually at an operating profit of \$8 to \$9 per head with respect to our fresh pork business, consistent production of approximately 16 million head annually at an operating profit of \$7 to \$8 per head with respect to our domestic Hog Production business and continued growth in our International segment, primarily from the Campofrio restructuring and Smithfield's Polish subsidiary Animex, with earnings before interest and taxes averaging approximately \$175 million annually. Because the financial projections and the related Sensitivity Analyses cover multiple years, such information by its nature becomes less reliable with each successive year. While presented with numeric specificity, the assumptions upon which the financial projections and the related Sensitivity Analyses were based necessarily involve judgments with respect to, among other things, future economic and competitive conditions, industry performance, regulatory and financial market conditions and future business decisions that are subject to change or may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict accurately and inherently subjective, and many of which are beyond our control. These estimates, assumptions and projections are subject to risks and uncertainties which could cause actual results to differ materially from the projections and the related Sensitivity Analyses. In addition to those risks and uncertainties discussed in this proxy statement, the estimates, assumptions and projections and the related Sensitivity Analyses were also subject to the risks described in our most recent annual report filed with the SEC on Form 10-K, and in this proxy statement under the heading **Cautionary Statement Concerning Forward-Looking Information**.

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Accordingly, actual results likely will differ, and may differ materially, from those contained in the financial projections and the related Sensitivity Analyses and there can be no assurance that the financial projections will be realized or that actual results will not be significantly higher or lower than estimated.

None of Smithfield or any of its affiliates, advisors or representatives undertakes any obligation to update or otherwise revise or reconcile the financial projections and the related Sensitivity Analyses to reflect circumstances existing after the date such financial projections and the related Sensitivity Analyses were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the financial projections and the related Sensitivity Analyses are shown to be in error. We do not intend to make publicly available any update or other revision to the financial projections and the related Sensitivity Analyses, except as required by law. None of Smithfield or any of its affiliates, advisors, officers, directors or representatives has made or makes any representation to any shareholder or other person regarding the ultimate performance of Smithfield compared to the information contained in the financial projections and the related Sensitivity Analyses or that forecasted results will be achieved. Smithfield has made no representation to Parent, in the merger agreement or otherwise, concerning the financial projections or the related Sensitivity Analyses.

Smithfield shareholders are cautioned not to place undue reliance on the financial projections and the related Sensitivity Analyses included in this proxy statement.

Financial Projections

(\$ in millions, except per share data)

	Projected Fiscal Year (1)				
	2013E	2014E	2015E	2016E	2017E
Sales	\$ 13,221	\$ 13,100	\$ 13,425	\$ 13,541	\$ 13,683
EBITDA (2)(3)	759	1,125	1,224	1,265	1,285
<i>% Margin</i>	5.7%	8.6%	9.1%	9.3%	9.4%
EBIT (3)(4)	519	872	967	997	1,015
EPS (5)	1.80	3.39	4.26	4.59	4.89
Tax Rate	20.1%	34.0%	34.0%	34.0%	34.0%
Capital Expenditures	(278)	(350)	(350)	(350)	(350)
Net Working Capital	(313)	11	15	(26)	(27)

(1) Smithfield's fiscal year consists of 52 or 53 weeks and ends on the Sunday nearest April 30.

(2) EBITDA represents earnings before interest, taxes, depreciation and amortization, which we calculate as net sales, minus cost of goods sold, minus total operating expenses, plus depreciation and amortization. In calculating EBITDA, stock-based compensation was treated as a cash expense.

(3) EBITDA and EBIT are non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Smithfield may not be comparable to similarly titled amounts used by other companies.

(4) EBIT represents earnings before interest and taxes, which we calculate as net sales, minus cost of goods sold, minus total operating expenses. In calculating EBIT, stock-based compensation was treated as a cash expense.

(5) Earnings per share projections assume \$250,000,000 annual share repurchases.

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(\$ in millions, except per share data)

	Projected Fiscal Year (1)				
	2013E	2014E	2015E	2016E	2017E
Sales	\$ 13,221	\$ 13,100	\$ 13,425	\$ 13,541	\$ 13,683
EBITDA (2)(3)	759	994	1,090	1,129	1,148
<i>% Margin</i>	5.7%	7.6%	8.1%	8.3%	8.4%
EBIT (3)(4)	519	741	833	861	878
EPS (5)	1.80	2.77	3.63	3.96	4.25
Tax Rate	20.1%	34.0%	34.0%	34.0%	34.0%
Capital Expenditures	(278)	(350)	(350)	(350)	(350)
Net Working Capital	(313)	11	15	(26)	(27)

- (1) Smithfield's fiscal year consists of 52 or 53 weeks and ends on the Sunday nearest April 30.
- (2) EBITDA represents earnings before interest, taxes, depreciation and amortization, which we calculate as net sales, minus cost of goods sold, minus total operating expenses, plus depreciation and amortization. In calculating EBITDA, stock-based compensation was treated as a cash expense.
- (3) EBITDA and EBIT are non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Smithfield may not be comparable to similarly titled amounts used by other companies.
- (4) EBIT represents earnings before interest and taxes, which we calculate as net sales, minus cost of goods sold, minus total operating expenses. In calculating EBIT, stock-based compensation was treated as a cash expense.
- (5) Earnings per share projections assume \$250,000,000 annual share repurchases.

Management Sensitivity 2 (EBITDA Margin discounted by (200) bps)

(\$ in millions, except per share data)

	Projected Fiscal Year (1)				
	2013E	2014E	2015E	2016E	2017E
Sales	\$ 13,221	\$ 13,100	\$ 13,425	\$ 13,541	\$ 13,683
EBITDA (2)(3)	759	863	955	994	1,012
<i>% Margin</i>	5.7%	6.6%	7.1%	7.3%	7.4%
EBIT (3)(4)	519	610	698	726	741
EPS (5)	1.80	2.15	2.99	3.32	3.62
Tax Rate	20.1%	34.0%	34.0%	34.0%	34.0%
Capital Expenditures	(278)	(350)	(350)	(350)	(350)
Net Working Capital	(313)	11	15	(26)	(27)

- (1) Smithfield's fiscal year consists of 52 or 53 weeks and ends on the Sunday nearest April 30.
- (2) EBITDA represents earnings before interest, taxes, depreciation and amortization, which we calculate as net sales, minus cost of goods sold, minus total operating expenses, plus depreciation and amortization. In calculating EBITDA, stock-based compensation was treated as a cash expense.

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- (3) EBITDA and EBIT are non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Smithfield may not be comparable to similarly titled amounts used by other companies.
- (4) EBIT represents earnings before interest and taxes, which we calculate as net sales, minus cost of goods sold, minus total operating expenses. In calculating EBIT, stock-based compensation was treated as a cash expense.
- (5) Earnings per share projections assume \$250,000,000 annual share repurchases.

Unlevered Free Cash Flows (1)(2)

(\$ in millions)

	Projected Fiscal Year (3)				
	2014E	2015E	2016E	2017E	2018E
Management Projections	\$ 489	\$ 560	\$ 550	\$ 563	\$ 573
Management Sensitivity 1 (EBITDA Margin discounted by (100) bps)	403	472	460	473	482
Management Sensitivity 2 (EBITDA Margin discounted by (200) bps)	316	383	371	383	390

- (1) Unlevered free cash flow is calculated as EBITDA, minus taxes, minus capital expenditures, minus the increase in working capital. EBITDA and unlevered free cash flow are non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Smithfield may not be comparable to similarly titled amounts used by other companies.
 - (2) Projections for fiscal year 2018 extrapolated by Barclays based on Smithfield management's projections for fiscal years 2016 through 2017.
 - (3) Smithfield's fiscal year consists of 52 or 53 weeks and ends on the Sunday nearest April 30.
- SMITHFIELD DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS ARE NO LONGER APPROPRIATE.

Interests of Smithfield Directors and Executive Officers in the Merger

In considering the recommendation of the Smithfield Board that you vote to approve the merger proposal, you should be aware that, aside from their interests as Smithfield shareholders, Smithfield's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Smithfield shareholders generally.

With regard to our directors serving on the Smithfield Board (other than Mr. Pope, whose interests are as an executive officer), areas where their interests may differ from those of other Smithfield shareholders relate to the impact of the transaction on the directors' outstanding equity awards and the provision of indemnification and insurance arrangements pursuant to the merger agreement and Smithfield's articles of incorporation and bylaws, which reflect the fact that such directors may be subject to claims arising from their service on the Smithfield Board. The non-employee directors will also receive their annual deferred unit retainer awards for fiscal 2014, in accordance with Smithfield's non-employee director compensation policy. The value of the awards for each of the non-employee directors other than Mr. Luter, III, the Chairman of the Board, will be \$105,000, and the value of each quarterly installment of the award for Mr. Luter, III is \$125,000, in each case as of the grant date.

The differences in interests for our executive officers relate to the potential receipt of the following types of payments and benefits that may be triggered by or otherwise relate to the merger:

cash payment of retention bonuses contingent on continued employment after the merger;

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accelerated vesting of executive officer equity awards;

possible cash payments under the change in control executive severance plan;

payment of previously accrued benefits under a supplemental pension plan; and

the right to continued indemnification and insurance coverage pursuant to the merger agreement.

These interests are described in more detail below, and certain of them are quantified in the tables below.

The total amount of compensation that our executive officers may potentially receive in connection with the merger in their capacities as executive officers is \$136,193,190, as follows:

Type of Compensation	Total Amount
Cash Retention Bonus(1)	\$ 21,000,000
Accelerated Vesting of Equity Awards	\$ 42,993,136
Cash Severance	\$ 72,200,054
Total	\$ 136,193,190

(1) Does not include potential retention bonuses to Messrs. Sebring, Luter IV, Brown and Schellpeper, which will be determined at a later date from an aggregate pool of \$23,952,075 in which approximately 50 executive officers and key employees of Smithfield are eligible to participate, as discussed below under Retention Bonus Program.

Our directors will not receive any compensation in connection with the merger in their capacities as directors. These amounts for our executive officers and directors do not include any payments with respect to shares of Smithfield common stock owned by our executive officers and directors which they are entitled to receive on the same terms as all other Smithfield shareholders in connection with the merger, or with respect to equity awards or other benefits that have already been fully earned by our executive officers and directors and in which they are already fully vested without regard to the occurrence of the merger.

Retention Bonus Program

In connection with the merger negotiations, Parent had requested assurances that a retention program be established for certain of Smithfield's officers and other key employees to aid in the retention of such officers and employees. See Background of the Merger on page []. In response to this request, on May 28, 2013, in connection with the approval of the merger agreement, the Smithfield Board and the Compensation Committee of the Smithfield Board approved a retention bonus program (the Retention Bonus Program) for certain of Smithfield's officers, including Smithfield's executive officers, and other key employees.

As explained below under Executive Severance Plan beginning on page [], the Smithfield Foods, Inc. Change in Control Executive Severance Plan (the Executive Severance Plan) was amended only as it would apply to the merger and only as it would apply to our Chief Executive Officer (the CEO) and the five officers who report directly to the CEO (collectively, the Senior Executives). The amendments to the Executive Severance Plan, the effects of which are to reduce the circumstances under which the CEO and Senior Executives can collect severance payments and benefits following completion of the merger under the Executive Severance Plan, were required by Parent as a condition to entering into the merger agreement. The Retention Bonus Program was similarly established by Smithfield as a result of Parent's requirement that Smithfield ensure, and the amounts of the bonuses payable to the CEO and Senior Executives under the Retention Bonus Program reflect Parent's direction that the amounts of such bonuses be significant enough to ensure, the retention of the CEO, the Senior Executives and other executive officers through and beyond the effective time. In recognition of this amendment to the Executive Severance Plan, the Retention Bonus Program has different payment terms for the CEO and the Senior Executives. Only four of the Senior Executives, Messrs. Manly, Richter, Thamodaran and Treacy, are executive officers of Smithfield. The fifth, Mr. Nowakowski, is a Senior Executive for purposes of the Retention Bonus Program but is not an executive officer of Smithfield. The aggregate amount of the retention bonuses that may be payable to the CEO and Senior Executives, including Mr. Nowakowski, is \$23,900,000.

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The retention bonuses will be paid in installments following the closing of the merger so long as the executive officers remain employed with Smithfield or any affiliate through the relevant payment dates (subject to certain exceptions), as detailed below.

For our CEO and Senior Executives, the retention payments will be paid in four installments. One-quarter of the retention bonus will be paid six months following the closing of the merger and an additional one-quarter will be paid on each of the 1st, 2nd, and 3rd anniversaries of the closing of the merger, each payment of which is contingent upon continued employment with the surviving corporation. The amounts of the retention bonuses were set for our CEO and Senior Executives when the Retention Bonus Program was adopted and are shown for the CEO and Senior Executives who are executive officers of Smithfield below:

Retention Bonuses for CEO and Senior Executives

Executive Officer	Retention Bonus Payment
C. Larry Pope	\$ 8,300,000
Robert W. Manly, IV	\$ 3,800,000
George H. Richter	\$ 4,500,000
Dhamu Thamodaran	\$ 2,400,000
Dennis H. Treacy	\$ 2,000,000
Total	\$ 21,000,000

A total of approximately 50 other executive officers, including Messrs. Sebring, Luter IV, Brown and Schellpeper, and key employees of Smithfield may be entitled to receive retention bonuses in connection with the merger. The aggregate amount that will be made available for the retention bonuses to these other officers and employees will be \$23,952,075. The individual amounts of the retention bonuses for these individuals will be determined at a later date. For such executive officers and key employees of Smithfield and its subsidiaries, including Messrs. Sebring, Luter IV, Brown and Schellpeper, any retention bonus will be paid in three installments. One-third will be paid on each of the 1st, 2nd and 3rd anniversaries of the closing of the merger, each payment of which is contingent on continued employment with the surviving corporation.

A participant in the Retention Bonus Program must be employed by Smithfield or any affiliate on a payment date in order to receive the corresponding retention bonus installment, unless the participant's employment is terminated (i) by Smithfield without cause (as defined in the Executive Severance Plan), (ii) by the participant for good reason after the closing of the merger (good reason is as defined in the Executive Severance Plan, as amended as described below to the extent the participant is our CEO or a Senior Executive), or (iii) due to the participant's death or disability (as defined in the Executive Severance Plan). If the participant's employment is terminated under one of the foregoing circumstances before the merger, full payment of the retention bonus will be made at the closing of the merger. If the participant's employment is terminated under one of the foregoing circumstances after the closing of the merger but prior to any remaining payment date(s), full payment of the remaining bonus will be made at the time of the termination of employment.

Retention bonuses are subject to reduction to avoid any excise taxes imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the Code), but only if such reduction results in a higher after-tax payment to the participant.

Executive Severance Plan

Smithfield previously established the Executive Severance Plan. On May 28, 2013, the Executive Severance Plan was amended only as it would apply to the merger and only as it would apply to our CEO and Senior Executives. Under the existing terms of the Executive Severance Plan, a participant is entitled to certain payments and other benefits, as detailed below, in the event the participant's employment is terminated by

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Smithfield other than for cause, death or disability or the participant resigns for good reason, in either case during the period of a potential change in control or within two years following a change in control, as such terms are defined in the Executive Severance Plan. The amendment modifies the definition of good reason by eliminating the Senior Executives' right to resign with good reason because they will no longer report to a public company CEO and our CEO's right to resign with good reason because he ceases to be the CEO of a public company. The definition of good reason was further amended to provide that, with respect to our CEO and Senior Executives, the fact that they will no longer hold duties that are specific to their positions at a public company will not constitute good reason.

All current executive officers and certain additional key members of management participate in the Executive Severance Plan. In the event that a participant's employment is terminated by Smithfield other than for cause, death or disability or the participant resigns for good reason, in either case during the period of a potential change in control or within two years following a change in control, the Executive Severance Plan provides the following benefits:

a lump sum cash payment equal to two times the participant's annual base salary;

a lump sum cash payment equal to two times the greater of (i) the participant's trailing three-year average annual cash incentive award (including discretionary performance bonuses) or (ii) 300% (or 100% for non-executives) of the participant's annual base salary;

a lump sum cash payment equal to a prorated portion of the participant's annual cash incentive award for the year of termination based on the greater of (i) the participant's trailing three-year average annual cash incentive award (including discretionary performance bonuses) or (ii) 300% (or 100% for non-executives) of the participant's annual base salary;

full vesting of all of the participant's stock options, restricted stock units, PSUs and other equity-based awards without regard to the attainment of any performance target (unless the award agreement expressly provides otherwise), with payment of any such vested restricted stock units and PSUs being made on the payment dates set forth in the applicable award agreements; and

continuation for 18 months of the participant's Smithfield-paid benefits under group health, dental and life insurance plans. Severance benefits are subject to reduction to avoid any excise taxes imposed by Section 4999 of the Code, but only if such reduction results in a higher after-tax payment to the participant.

All participants who become entitled to receive Executive Severance Plan benefits are required to sign, as a condition to their receipt of such benefits, a release of claims and an agreement providing for, among other things, a one-year non-compete obligation and a two-year obligation not to solicit employees or customers of Smithfield.

In the Executive Severance Plan, as amended, the term "good reason" means:

a material diminution in the duties or responsibilities of the participant or of the person to whom the participant reports;

a material reduction in the participant's annual base salary or annual target bonus opportunity; or

a change in the location of the participant's principal place of employment of more than 50 miles.

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None of the executive officers are currently entitled to benefits under the Executive Severance Plan. The cash amounts that would be payable to our executive officers if the executive officer became entitled to benefits under the Executive Severance Plan in connection with the merger, including both the lump-sum payment and pro-rata bonus, are shown below:

Potential Cash Severance Payments to Executive Officers

Executive Officer	Potential Cash Severance Payments
C. Larry Pope	\$ 19,664,798
Robert W. Manly, IV	\$ 8,871,554
George H. Richter	\$ 10,567,351
Joseph B. Sebring	\$ 6,464,138
Joseph W. Luter, IV	\$ 5,241,341
Michael E. Brown	\$ 6,474,521
Timothy O. Schellpeper	\$ 4,742,104
Dhamu Thamodaran	\$ 5,549,589
Dennis H. Treacy	\$ 4,624,658
Total	\$ 72,200,054

See Quantification of Payments and Benefits Potential Merger-Related Payments to Named Executive Officers Table, beginning on page [], and Quantification of Payments and Benefits Potential Merger-Related Payments to Other Executive Officers Table, beginning on page [], for, for additional information regarding the payments above.

Supplemental Pension Plan

Smithfield maintains a nonqualified supplemental pension plan (the Supplemental Pension Plan). For the executive officers described herein, the Supplemental Pension Plan provides a retirement benefit which is the benefit calculated under the Smithfield Foods Salaried Pension Plan, but without application of compensation and benefit limits under federal tax laws, reduced by the benefit payable from the relevant tax-qualified pension plan covering the participant and subject to additional limits described below.

There is no enhancement to the benefits provided under the Supplemental Pension Plan due to the merger. However, all executive officers and other participants in the Supplemental Pension Plan will be paid out the actuarial present value of their benefits under the Supplemental Pension Plan, commencing at the merger, rather than at a later date. The benefits will be paid in the form that was previously elected by the participant.

Retirement benefits under the Supplemental Pension Plan generally are a function of a participant's average compensation during the five consecutive calendar years during the last ten years of employment in which his or her compensation was the highest (Final Average Earnings) and aggregate years of service with Smithfield. The retirement benefit under the Salaried Pension Plan is a lifetime benefit payable at age 65 equal to the sum of (i) 0.8% of Final Average Earnings and (ii) 0.9% of Final Average Earnings in excess of Covered Compensation (as defined in the Supplemental Pension Plan), with that sum multiplied by qualified years of service with Smithfield.

Total compensation generally includes salary, bonus, non-equity incentive plan payments, stock awards when vested, and taxable perquisites from Smithfield. The Supplemental Pension Plan limits yearly earnings for purposes of calculating accruals to \$5,000,000. Certain payments received due to the merger will be counted as

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compensation under the Supplemental Pension Plan consisting of the retention bonus (if and when paid) and payments for PSUs, except payments for PSUs that were deferred by the participant under the Executive Stock Purchase Plan which were treated as compensation in the year of the deferral. Payments received with respect to the cash out of Smithfield stock options and severance payments will not be counted as compensation for the Supplemental Pension Plan.

Participants make individual elections as to the form of payments and those previously elected forms of benefit will be paid, commencing at the merger. The normal form of benefit for the Supplemental Pension Plan is a single life annuity with monthly payments paid over the life of the participant. The Supplemental Pension Plan also includes other payment options.

Treatment of Executive Officer and Director Common Stock

As is the case for any shareholder, Smithfield's directors and executive officers will receive \$34.00 in cash, without interest and less any applicable withholding taxes, for each share of Smithfield common stock that they own at the effective time. For information regarding beneficial ownership of Smithfield common stock by each of Smithfield's current directors and certain executive officers and all directors and executive officers as a group, see Security Ownership of Certain Beneficial Owners and Management beginning on page [].

Treatment of Executive Officer and Director Equity Awards

As described under The Merger Agreement Treatment of Smithfield Equity Awards beginning on page [], the merger agreement provides that each option to purchase shares of Smithfield common stock, each PSU, each deferred unit and each right to receive shares of Smithfield common stock will be treated as set forth below.

Treatment of Stock Options

At the effective time, each option to purchase shares of Smithfield common stock, whether vested or unvested, that is outstanding and unexercised as of the effective time will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the number of shares subject to such option and (ii) the excess, if any, of \$34.00 over the exercise price of the option. Payments with respect to options to purchase shares of Smithfield common stock canceled under the merger agreement will be made as soon as reasonably practicable following the effective time. Our directors do not have rights to any stock options. Each of our executive officers currently holds unvested stock options and will receive the payments indicated in the Payments for Unvested Equity Awards Table on page [] below with respect to their unvested options upon the effective time.

Treatment of PSUs

Each PSU, whether vested or unvested, that is outstanding immediately prior to the effective time, will be canceled and the holder thereof will be entitled to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such PSU award and (ii) \$34.00. For purposes of unvested PSU awards outstanding as of the date of the merger agreement, any performance-based vesting condition will be treated as having been attained at the maximum level, and awards that are subject to such performance-based vesting condition will be deemed to vest fully. For purposes of unvested PSU awards granted between the date of the merger agreement and the effective time, any performance-based vesting condition will be treated as having been attained at the target level, and awards that are subject to such performance-based vesting condition will be deemed to vest fully. None of our directors hold PSUs. Each of our executive officers currently holds unvested PSUs and will receive the payments indicated in the Payments for Unvested Equity Awards Table on page [] below with respect to their unvested PSUs upon the effective time.

Table of Contents***Treatment of Rights to Receive Common Stock under the Executive Stock Purchase Plan***

Smithfield's Executive Stock Purchase Plan (the "ESPP") allows executive officers and other executives to defer up to twenty-five percent (25%) of their annual cash incentives into rights to receive Smithfield common stock in the future ("Elective ESPP Stock Units"). Smithfield provides a match of an equal number of stock units ("Match ESPP Stock Units"). The Elective ESPP Stock Units are always vested and the Match ESPP Stock Units are vested after three (3) years subject to continued employment. For the Elective ESPP Stock Units, the executive may make an election to receive an accelerated payout upon a change in control, including the merger. The vesting of the Match ESPP Stock Units is not automatically accelerated in the event of a change of control and is not being accelerated pursuant to the merger agreement. However, executive officers who participate in the Executive Severance Plan would receive accelerated vesting of their Match ESPP Stock Units if they experience a qualifying termination of employment under the Executive Severance Plan in connection with the merger. None of our directors participate in the ESPP. Each of our executive officers other than Mr. Pope currently has unvested Match ESPP Stock Units and will receive the payments indicated in the Payments for Unvested Equity Awards Table on page [] below with respect to their unvested Match ESPP Stock Units in the event of a qualifying termination of employment in connection with the merger.

Payments for Unvested Equity Awards Table

The following table sets forth the amounts payable with respect to the unvested Smithfield stock options, PSUs and Match ESPP Stock Units to each of the executive officers as described above:

Payments for Unvested Equity Awards Table

Executive Officer	Aggregate Number of Unvested Stock Options (#)	Aggregate Amount Payable for Unvested Stock Options (\$)	Aggregate Number of Unvested PSUs (#)	Aggregate Amount Payable for Unvested PSUs (\$)	Aggregate Number of Unvested Match ESPP Stock Units (#)	Aggregate Amount Payable for Match ESPP Stock Units (\$)	Total Amount Payable for Unvested Equity Awards (\$)
C. Larry Pope	33,333	401,996	536,400	18,237,600	0	0	18,639,596
Robert W. Manly, IV	16,667	201,004	267,400	9,091,600	25,178	856,052	10,148,656
George H. Richter	13,333	160,796	29,000	986,000	37,455	1,273,470	2,420,266
Joseph B. Sebring	8,333	100,496	13,600	462,400	46,114	1,567,876	2,130,772
Joseph W. Luter, IV	8,333	100,496	14,400	489,600	49,896	1,696,464	2,286,560
Michael E. Brown	8,333	100,496	12,000	408,000	18,727	636,718	1,145,214
Timothy O. Schellpeper	8,333	100,496	13,600	462,400	22,747	773,398	1,336,294
Dhamu Thamodaran	6,667	80,404	41,600	1,414,400	43,270	1,421,180	2,965,984
Dennis H. Treacy	5,000	60,300	40,000	1,360,000	14,691	499,494	1,919,794
Total	108,332	1,306,484	968,000	32,912,000	258,078	8,774,592	42,993,136

See "Quantification of Payments and Benefits - Potential Merger-Related Payments to Named Executive Officers Table," beginning on page [], and

"Quantification of Payments and Benefits - Potential Merger-Related Payments to Other Executive Officers Table," beginning on page [], for additional information regarding the payments to our executive officers with respect to their unvested stock options, PSUs and Match ESPP Stock Units.

Treatment of Director Deferred Units

Each deferred unit, including each right to receive a share of Smithfield common stock under a director's account in Smithfield's 2005 Non-Employee Directors Stock Incentive Plan, all of which are currently vested, that is outstanding immediately prior to the effective time, will be canceled and converted into the right to

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receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (i) the total number of shares of Smithfield common stock subject to such deferred unit, and (ii) \$34.00. As of July 1, 2013, Smithfield's non-employee directors held deferred units in the following amounts: Hon. Carol T. Crawford (42,116), Richard T. Crowder (8,775), Margaret G. Lewis (10,409), Joseph W. Luter, III (79,731), Wendell H. Murphy, Sr. (50,113), David C. Nelson (37,479), Frank Spencer Royal, M.D. (21,986), John T. Schwieters (27,022), and Hon. Paul S. Tribble, Jr. (17,733). The cash amounts received in respect of the Deferred Units will be paid out pursuant to each director's previously made distribution election.

Indemnification and Insurance

For six years following the effective time, Parent shall cause Smithfield, as the surviving corporation, to indemnify our and our subsidiaries present and former directors and executive officers. In addition, for a period of six years following the effective time, the surviving corporation will maintain in effect provisions in the surviving corporation's organizational documents related to indemnification and advancement of expenses that are no less favorable than those set forth in our organizational documents as of the date of the merger agreement. The merger agreement also provides that, at or prior to the effective time, we will purchase a directors' and officers' liability tail insurance policy on the same terms and conditions as the existing directors' and officers' liability (and fiduciary) insurance maintained by us, in an amount not to exceed 300% of the annual premiums of the current policies maintained by us.

No Employment Agreements with Executive Officers

As of the date of this proxy statement, other than the arrangements previously discussed in the section entitled "Interests of Smithfield's Directors and Executive Officers in the Merger," none of our executive officers has entered into any agreement, arrangement or understanding with Smithfield or its subsidiaries or with Parent or their respective affiliates specifically regarding employment with, or the right to participate in the equity of, the surviving corporation or Parent on a going-forward basis following the completion of the merger, and no member of the Smithfield Board has entered into any agreement, arrangement or understanding with Parent or its affiliates regarding the right to participate in the equity of Parent following the completion of the merger.

Under the merger agreement, Parent has agreed to maintain for one year after the effective time for all employees of Smithfield and its subsidiaries who remain in the active employment of the surviving corporation and its subsidiaries, including the executive officers (the "continuing employees"), (other than employees of Smithfield and its subsidiaries whose terms and conditions of employment are governed by a collective bargaining agreement, the terms and conditions of which will be respected by Parent and the surviving corporation) (i) annual rates of base salary, annual cash target bonus opportunities and annual equity-based (or cash-equivalent thereof) award opportunities, that are in each case no less favorable than those provided to such continuing employees immediately prior to the effective time under the applicable Smithfield benefit plans; (ii) severance benefits that are no less favorable than those maintained immediately prior to the effective time and (iii) employee welfare and retirement benefits that, in the aggregate, are substantially comparable to the employee welfare and retirement benefits immediately prior to the closing of the merger.

Quantification of Payments and Benefits

The following tables and related footnotes present information about the amounts of the payments and benefits that each executive officer of Smithfield would receive in connection with the merger, after giving effect to the merger as if it had occurred on [], 2013, the latest practicable date prior to the filing of this proxy statement, and assuming all other conditions to the payments of such amounts were satisfied. Certain payments, such as the payment of cash in respect of unvested stock options and PSUs subject to accelerated vesting, are payable upon the effective time, while other payments, such as the retention bonus, cash severance payments, and the payment of cash in respect of the Match ESPP Stock Units subject to accelerated vesting, are only payable upon the executive officer's qualifying termination of employment in connection with the merger. The

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retention bonuses are also payable if the executive officer remains employed with the surviving corporation for a specified period following the merger, as described below. This information is presented separately for the named executive officers and the other executive officers, in accordance with SEC rules.

Retention Bonus and Other Potential Merger-Related Payments to Named Executive Officers

Messrs. Pope, Manly, Richter, Sebring and Luter, IV, the named executive officers of Smithfield, are entitled to receive certain single trigger compensation from Smithfield as a result of the merger, consisting of accelerated vesting of stock options and PSUs. The named executive officers may also be entitled to additional double-trigger compensation due to termination of employment under certain circumstances in connection with the merger, consisting of a retention bonus (also payable if the executive officer remains employed with the surviving corporation for a certain period following the merger, as described below), cash severance, continuation of benefits, and accelerated vesting of Match ESPP Stock Units. These two types of compensation are referred to as potential merger-related payments. The potential merger-related payments payable by Smithfield to Messrs. Pope, Manly, Richter, Sebring and Luter, IV are subject to a non-binding, advisory vote of the Smithfield shareholders, as described under Advisory Vote on Named Executive Officer Merger-Related Compensation Arrangements Proposal (Proposal 2) on page [].

The following table sets forth the potential merger-related payments payable to Smithfield's named executive officers in connection with the merger. This table does not include the value of benefits which the named executive officers already have a vested right to receive without regard to the occurrence of the merger:

Potential Merger-Related Payments to Named Executive Officers Table

Executive	Cash (1)	Equity (2)	Pension/NQDC (3)	Perquisites/ Benefits (4)	Tax Reimbursements (5)	Other	Total
C. Larry Pope	\$ 27,964,798	\$ 18,639,596	\$	\$ 21,600	\$	\$	\$ 46,625,994
Robert W. Manly, IV	\$ 12,671,554	\$ 10,148,656	\$	\$ 21,600	\$	\$	\$ 22,841,810
George H. Richter	\$ 15,067,351	\$ 2,420,266	\$	\$ 21,600	\$	\$	\$ 17,509,217
Joseph B. Sebring	\$ 6,464,138	\$ 2,130,772	\$	\$ 21,600	\$	\$	\$ 8,616,510
Joseph W. Luter, IV	\$ 5,241,341	\$ 2,286,560	\$	\$ 21,600	\$	\$	\$ 7,549,501

(1) Consists of:

- a. for Messrs. Pope, Manly and Richter, double trigger payments under the Retention Bonus Program in the amount of \$8,300,000 for Mr. Pope, \$3,800,000 for Mr. Manly, and \$4,500,000 for Mr. Richter, which will be paid in four equal installments on the dates which are six months after the closing of the merger and the first, second, and third anniversaries of the closing of the merger, so long as the officer remains employed with Smithfield through the relevant payment dates, provided that if the officer's employment is terminated by Smithfield without cause, by the officer for good reason after the closing of the merger, or due to the officer's death or disability, as each of these terms is defined in the Executive Severance Plan, any remaining installments will be paid in a lump sum on the date of termination, or, if the termination occurs prior to the merger, on the merger date (see Interests of Smithfield's Directors and Executive Officers in the Merger Retention Bonus Program, beginning on page []);
- b. a double trigger cash severance payment in the amount of \$16,654,992 for Mr. Pope, \$7,601,173 for Mr. Manly, \$9,021,957 for Mr. Richter, \$5,545,891 for Mr. Sebring and \$4,366,820 for Mr. Luter, IV, which will be paid in a lump sum if the officer's employment is terminated (other than for cause, death or disability), or he resigns for good reason, during the potential change in control period preceding the merger or within two years following the date of the merger, as such terms are defined in the Executive Severance Plan (see Interests of Smithfield's Directors and Executive Officers in the Merger Executive Severance Plan, beginning on page []); and
- c. a double trigger pro-rata annual cash bonus for Smithfield's 2014 fiscal year (calculated as though the merger closes and the executive's employment terminates on September 30, 2013) in the amount of \$3,009,806 for Mr. Pope, \$1,270,381 for Mr. Manly, \$1,545,394 for Mr. Richter, \$918,247 for Mr. Sebring, and \$874,521 for Mr. Luter, IV, which will be paid in a lump sum if the officer's employment is terminated (other than for cause, death or disability), or he resigns for good reason, during the potential change in control period preceding the merger or within two years following the date of the merger, as such terms are defined in the Executive Severance Plan

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(see Interests of Smithfield's Directors and Executive Officers in the Merger Executive Severance Plan, beginning on page []).

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The amounts of the cash severance payments described in (b) above for Messrs. Sebring and Luter, IV have been determined under a provision of the Executive Severance Plan that reduces the amount of the severance payments if the reduction would increase the net compensation payments received in connection with the merger, after taking into account the application of the excess parachute payment excise tax provisions of Section 4999 of the Code on such payments. Without this reduction, the cash severance payment would have been \$5,880,000 for Mr. Sebring and \$5,600,000 for Mr. Luter, IV. As discussed above in *Interests of Smithfield's Directors and Executive Officers in the Merger Retention Bonus Program*, beginning on page [], Messrs. Sebring and Luter, IV are also entitled to a cash retention bonus in connection with the merger, to be paid in three equal annual installments on the first, second and third anniversaries of the merger date. The amounts of the retention bonuses for these two officers have not been decided and will be established no later than 30 days after the merger from a total pool of \$23,952,075 in which approximately 50 other employees will be eligible to participate.

(2) Consists of:

- a. with respect to Mr. Pope, (i) unvested options to acquire 33,333 shares of Smithfield common stock valued at closing with an exercise price of \$21.94 and an intrinsic value of \$401,996 (based on the merger consideration price of \$34.00 per share), as to which vesting will accelerate at closing (single trigger) and (ii) 536,400 unvested PSUs valued at closing at \$18,237,600, as to which vesting will accelerate at closing (single trigger);
- b. with respect to Mr. Manly, (i) unvested options to acquire 16,667 shares of Smithfield common stock with an exercise price of \$21.94 and an intrinsic value at closing of \$201,004, as to which vesting will accelerate at closing (single trigger), (ii) 267,400 unvested PSUs valued at closing at \$9,091,600, as to which vesting will accelerate at closing (single trigger), and (iii) 25,178 unvested Match ESPP Stock Units valued at closing at \$856,052, as to which vesting would accelerate upon Mr. Manly's qualifying termination of employment on the merger date under the Executive Severance Plan (double trigger);
- c. with respect to Mr. Richter, (i) unvested options to acquire 13,333 shares of Smithfield common stock with an exercise price of \$21.94 and an intrinsic value at closing of \$160,796, as to which vesting will accelerate at closing (single trigger), (ii) 29,000 unvested PSUs valued at closing at \$986,000, as to which vesting will accelerate at closing (single trigger), and (iii) 37,455 unvested Match ESPP Stock Units valued at closing at \$1,273,470, as to which vesting would accelerate upon Mr. Richter's qualifying termination of employment on the merger date under the Executive Severance Plan (double trigger);
- d. with respect to Mr. Sebring, (i) unvested options to acquire 8,333 shares of Smithfield common stock with an exercise price of \$21.94 and an intrinsic value at closing of \$100,496, as to which vesting will accelerate at closing (single trigger); (ii) 13,600 unvested PSUs valued at closing at \$462,400, as to which vesting will accelerate at closing (single trigger); and (iii) 46,114 unvested Match ESPP Stock Units valued at closing at \$1,567,876, as to which vesting would accelerate upon Mr. Sebring's qualifying termination of employment on the merger date under the Executive Severance Plan (double trigger); and
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