

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan JOHN MORRELL & CO SALARIED EMPLOYEES PENSION PLAN	1b Three-digit plan number (PN) ▶ 011
	1c Effective date of plan 01/01/1957
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SMITHFIELD FOODS, INC. P.O. BOX 9004 SMITHFIELD, VA 23431-9002	2b Employer Identification Number (EIN) 52-0845861 2c Sponsor's telephone number 757-365-1992 2d Business code (see instructions) 311610

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2010	JOEL CARR
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SMITHFIELD FOODS, INC. P.O. BOX 9004 SMITHFIELD, VA 23431-9002	3b Administrator's EIN 52-0845861 3c Administrator's telephone number 757-365-1992
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	4017
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	164

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1B 1G 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☐ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>JOHN MORRELL & CO SALARIED EMPLOYEES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>011</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>SMITHFIELD FOODS, INC.</u>	D Employer Identification Number (EIN) <u>52-0845861</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>80993659</u>
b	Actuarial value 2b <u>89093025</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>1389</u> <u>64831148</u>
b	For terminated vested participants 3b <u>997</u> <u>16573948</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>3245180</u>
(2)	Vested benefits 3c(2) <u>25346515</u>
(3)	Total active 3c(3) <u>1631</u> <u>28591695</u>
d	Total 3d <u>4017</u> <u>109996791</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.21</u> %
6	Target normal cost 6 <u>3254159</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>09/20/2010</u>
Signature of actuary	Date
<u>WILLIAM SCOTT JARBOE</u>	<u>08-05783</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>202-331-5200</u>
Firm name	Telephone number (including area code)
<u>1255 23RD STREET, NW, SUITE 500</u> <u>WASHINGTON, DC 20037-1198</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8).....	0	0
10 Interest on item 9 using prior year's actual return of <u>-30.27</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		1800730
b Interest on (a) using prior year's effective rate of <u>6.08</u> %		109484
c Total available at beginning of current plan year to add to prefunding balance		1910214
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III Funding percentages		
14 Funding target attainment percentage.....	14	80.99 %
15 Adjusted funding target attainment percentage.....	15	80.99 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	88.55 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/14/2009	1681758				
07/15/2009	1681758				
10/15/2009	1530000				
12/23/2009	1681758				
01/08/2010	3126459				
			Totals ►	18(b)	9701733
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	9137096
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 60
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	3254159
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	20903766	3982157
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	7236316
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	7236316
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	9137096
38 Interest-adjusted excess contributions for current year (see instructions).....	38	1900780
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>JOHN MORRELL & CO SALARIED EMPLOYEES PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>011</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SMITHFIELD FOODS, INC.</u>	D Employer Identification Number (EIN) <u>52-0845861</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2217831	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	0	0
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	78780842	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	80998673	0

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	80998673	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	9701733	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		9701733

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	0	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		17612400
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		0
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		27314133

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	8085687	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		8085687
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		8085687

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		19228446
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		100227119

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GOODMAN & COMPANY, L.L.P.

(2) EIN: 54-0640067

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		3500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
SMITHFIELD FOODS SALARIED PENSION PLAN	52-0845861	001

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>JOHN MORRELL & CO SALARIED EMPLOYEES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>011</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SMITHFIELD FOODS, INC.</u>	D Employer Identification Number (EIN) <u>52-0845861</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-3795042</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>1</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☒ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Financial Statements
December 31, 2009 and 2008

John Morrell & Co. Salaried
Employees Pension Plan



Certified Public Accountants
Specialized Services
Business Solutions

John Morrell & Co. Salaried Employees Pension Plan

Index

	Page
<i>Report of Independent Auditors</i>	1
<i>Financial Statements</i>	
<i>Statements of Net Assets Available for Benefits as of December 31, 2009 and 2008</i>	2
<i>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2009 and 2008</i>	3
<i>Statement of Accumulated Plan Benefits as of December 31, 2008</i>	4
<i>Statement of Changes in Accumulated Plan Benefits for the Year Ended December 31, 2008</i>	5
<i>Notes to Financial Statements</i>	6 - 15



Certified Public Accountants
Financial Planning
Specialized Services

Report of Independent Auditors

Plan Administrator
John Morrell & Co. Salaried Employees Pension Plan

We were engaged to audit the accompanying statements of net assets available for benefits of *John Morrell & Co. Salaried Employees Pension Plan* as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended, and the statement of accumulated plan benefits as of December 31, 2008, and the related statement of changes in accumulated plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3 and 5, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that Wells Fargo Bank, N.A. holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of December 31, 2009 and 2008, and for the year then ended, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Goodman & Company L.L.P.

Newport News, Virginia
October 11, 2010

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Norfolk, VA 23510
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John Morrell & Co. Salaried Employees Pension Plan

Statements of Net Assets Available for Benefits

December 31,	2009	2008
Employer contribution receivable	\$ -	\$ 2,217,831
Investment in Smithfield Foods Master Trust - at fair value	-	78,780,842
Net assets available for benefits	\$ -	\$ 80,998,673

The accompanying notes are an integral part of these financial statements.

John Morrell & Co. Salaried Employees Pension Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31,	2009	2008
Net investment income (loss) from Smithfield Foods Master Trust	\$ 17,918,357	\$ (33,974,462)
Employer contributions	9,701,733	8,871,324
Total additions	27,620,090	(25,103,138)
Benefits paid to participants	8,085,687	7,679,024
Administrative expenses	305,957	359,864
Total deductions	8,391,644	8,038,888
Net change	19,228,446	(33,142,026)
Plan transfer	(100,227,119)	-
Net assets available for benefits		
Beginning of year	80,998,673	114,140,699
End of year	\$ -	\$ 80,998,673

The accompanying notes are an integral part of these financial statements.

John Morrell & Co. Salaried Employees Pension Plan

Statement of Accumulated Plan Benefits

December 31, 2008

Actuarial present value of accumulated plan benefits

Vested benefits

Participants currently receiving benefits

\$ 65,251,979

Other participants

41,147,742

106,399,721

Nonvested benefits

3,221,094

Total actuarial present value of accumulated plan benefits

\$ 109,620,815

The accompanying notes are an integral part of these financial statements.

John Morrell & Co. Salaried Employees Pension Plan

Statement of Changes in Accumulated Plan Benefits

Year Ended December 31, 2008

Actuarial present value of accumulated plan benefits at beginning of year	\$ 104,698,035
Increase (decrease) during the year attributable to	
Increase for interest due to decrease in discount period	8,320,489
Benefits accumulated and (gains)/losses	4,079,650
Change in actuarial assumptions	209,887
Benefits paid	(7,679,024)
Other	<u>(8,222)</u>
Actuarial present value of accumulated plan benefits at end of year	<u>\$ 109,620,815</u>

The accompanying notes are an integral part of these financial statements.

John Morrell & Co. Salaried Employees Pension Plan

Notes to Financial Statements

December 31, 2009 and 2008

1. Description of Plan

The following description of the ***John Morrell & Co. Salaried Employees Pension Plan*** (Plan) provides general information only. Participants should refer to the Plan agreement for a more complete description of the Plan provisions.

General

The Plan was created effective January 1, 1957 as a defined benefit plan covering substantially all salaried employees of John Morrell & Co. (Company) who completed one year of service and attained age 21. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Company is a wholly owned subsidiary of Smithfield Foods, Inc. (Smithfield), and Smithfield has assumed the obligations under the Plan.

The Plan invests 100 percent in the Smithfield Foods Master Trust (Master Trust). The Master Trust was created to hold the investment assets of the Plan as well as the investment assets of several other plans (collectively, the Participating Plans) sponsored by Smithfield or one of its subsidiaries.

Effective December 31, 2009, the Plan merged with the Smithfield Foods Salaried Pension Plan. As a result, Plan assets of \$100,227,119 were transferred to the Smithfield Foods Salaried Pension Plan.

Plan Administration

Overall responsibility for administering the Plan rests with Smithfield. The plan administrator has entered into a trust agreement with Wells Fargo Bank, N.A. (trustee) effective March 1, 2007. The plan administrator is responsible for the daily operation of the Plan.

Pension Benefits

Employees with 5 or more years of service are entitled to monthly pension benefits beginning at normal retirement age (65) equal to the greater of (1) 1.8% of final average earnings times years of credited service (up to 25 years), adjusted for Social Security benefits, or (2) \$180 times years of credited service. The Plan permits early retirement at ages 55 - 64 with reduced benefits.

Death and Disability Benefits

The spouse of an active participant who dies with at least five years of service is eligible for a death benefit. The benefit is payable at early retirement as if the participant had survived to retirement and elected the joint and 50% survivor benefit. The Plan does not provide for disability benefits.

2. Summary of Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on an accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein, and the actuarial present value accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates and assumptions.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Smithfield Foods Master Trust

The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses.

Net investment income (loss) from the Master Trust includes the Plan's share of interest, dividends, and net realized and unrealized appreciation (depreciation) of the fair value of the Master Trust's investments. Although the investment assets of the Participating Plans are commingled in the Master Trust, the trustee maintains supporting records for the purpose of allocating the net investment income (loss) of the Master Trust to the Participating Plans. All interest, dividends, and net appreciation (depreciation) of the Master Trust are allocated in accordance with the Master Trust's investment asset pools, except certain insurance contracts that are segregated and allocated to only two of the Participating Plans.

Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Participant benefits are based on a set dollar amount multiplied by years of benefit service, as defined in the Plan document.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, Mercer Human Resource Consulting, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation as of December 31, 2008 were (a) life expectancy of participants (the 2009 Pension Protection Act (PPA) separate static annuitant and nonannuitant mortality tables were used for healthy participants, and Revenue Ruling 96-7 tables for disabled participants was used for disabled participants), (b) retirement age assumptions (the assumed average retirement age was 65 or immediately, if older), and (c) investment return. The 2008 valuation included assumed average rates of return of 8.25%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Subsequent Events

The plan has evaluated subsequent events through October 11, 2010, the date the financial statements were available to be issued.

3. Information Certified by the Trustee

The plan administrator has elected the alternative method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Wells Fargo Bank, N.A., the trustee of the Plan, as complete and accurate, except for comparing such information certified by the trustee to information included in the Plan's financial statements. The Plan's financial information which was certified by Wells Fargo Bank, N.A. includes plan investments as of December 31, 2009 and 2008 of \$-0- and \$78,780,842, respectively, and investment income (loss) for 2009 and 2008 of \$17,918,357 and (\$33,974,462), respectively.

4. Funding Policy

The Company's funding policy is to make annual contributions to the Plan in amounts such that all employees' benefits will be fully provided for by the time they retire. The Plan met the minimum funding requirements ERISA for 2009 and 2008.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

5. Interest in Master Trust

The Plan invests all plan assets in the Master Trust. The Master Trust was created to hold the investment assets of the Plan as well as the investment assets of several other plans (collectively, the Participating Plans) sponsored by Smithfield or one of its subsidiaries. The assets of the Master Trust are held by Wells Fargo Bank, N.A. for the year ending December 31, 2009 and 2008. The Plan's interest in the net assets of the Master Trust was approximately 0% and 13.1% at December 31, 2009 and 2008, respectively.

The following table presents the fair value of investments for the Master Trust.

	December 31,	
	2009	2008
Investments at fair value		
Common stock	\$ 280,771,623	\$ 218,421,037
U.S. government and agencies	65,399,740	88,879,088
Mutual funds	196,978,491	129,931,231
Certificates of deposit	-	605,303
Common/collective trusts	33,752,743	27,475,871
Corporate debt	103,314,550	78,407,467
Money market funds	16,707,367	34,168,791
Limited partnership	27,825,724	24,053,092
Insurance contracts	1,780,172	2,453,182
Preferred stock	173,333	767,564
	726,703,743	605,162,626
Cash	15,326	261,127
Net payables - unsettled trades	(5,550,719)	(4,074,890)
	<u>\$ 721,168,350</u>	<u>\$ 601,348,863</u>

Investment income (loss) for the Master Trust is as follows:

	Years Ended December 31,	
	2009	2008
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments		
Common stock	\$ 60,886,924	\$ (172,018,872)
U.S. government and agencies	(2,283,501)	1,704,317
Mutual funds	29,269,704	(75,626,986)
Common/collective trusts	6,598,046	(6,625,527)
Corporate debt	26,678,819	(19,283,181)
Limited partnership	(4,726,438)	(2,718,017)
Preferred stock	268,114	(1,286,948)
Certificates of deposit	-	(51,856)
	116,691,668	(275,907,070)
Interest	8,832,574	11,773,909
Dividends	8,632,344	8,263,669
Other	549,768	911,794
	<u>\$ 134,706,354</u>	<u>\$ 20,949,372</u>

6. Fair Value Measurements

Financial Accounting Standards Board Statement (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets or liabilities in inactive markets; • Inputs other than quoted prices that are observable for the asset or liability; • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Because of the nature of the Plan's ownership interest in the Master Trust, fair value disclosures regarding the Master Trust is provided.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Common and preferred stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Master Trust at year end.

Certificates of deposit: Valued at fair value using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads and volatility.

Corporate bonds: Valued at fair value using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads.

Money market funds: Valued at quoted market price for similar assets and other observable inputs such as interest rate offered on similar investments.

Limited partnerships: Valued based on the closing market price reported on the active market on which the underlying investments are traded and current appraisals.

Insurance contracts: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

US government and government agency obligations: Valued using quoted market prices. If quoted market prices are not available for the specific security, then fair prices are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Common/collective trusts: Valued at the fair value of the collective trust's underlying investments based on the information reported by Wells Fargo at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Master Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2009 and 2008:

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ -	\$ 20,341,735	\$ -	\$ 20,341,735
Equity securities:				
Preferred stock	-	173,334	-	173,334
U.S. common stock:				
Health care	34,976,937	-	-	34,976,937
Utilities	3,389,838	-	-	3,389,838
Financials	33,227,140	-	-	33,227,140
Consumer staples	68,525,534	-	-	68,525,534
Consumer discretionary	28,712,174	-	-	28,712,174
Materials	9,848,809	-	-	9,848,809
Energy	22,994,388	-	-	22,994,388
Information technology	36,160,940	-	-	36,160,940
Industrials	21,795,911	-	-	21,795,911
Telecommunications	1,482,240	-	-	1,482,240
Total U.S. common stock	261,113,911	-	-	261,113,911
International common stock	19,657,712	-	-	19,657,712
Mutual funds				
International	36,201,102	36,311,075	-	72,512,177
Domestic large cap	-	49,742,193	-	49,742,193
Total mutual funds	36,201,102	86,053,268	-	122,254,370
Common/Collective trust - international	-	33,752,744	-	33,752,744
Fixed income:				
Mutual funds	69,864,121	7,881,919	-	77,746,040
Asset-backed securities	-	60,855,364	-	60,855,364
Corporate debt securities	-	61,903,877	-	61,903,877
Government debt securities	39,298,760	-	-	39,298,760
Total fixed income	109,162,881	130,641,160	-	239,804,041
Limited partnerships	-	-	27,825,724	27,825,724
Insurance contracts	-	-	1,780,172	1,780,172
Total assets at fair value	\$ 426,135,606	\$ 270,962,242	\$ 29,605,896	\$ 726,703,743

Assets at Fair Value as of December 31, 2008				
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ -	\$ 34,774,094	\$ -	\$ 34,774,094
Equity securities:				
Preferred stock	-	767,564	-	767,564
U.S. common stock:				
Health care	27,010,811	-	-	27,010,811
Utilities	3,555,461	-	-	3,555,461
Financials	27,700,781	-	-	27,700,781
Consumer staples	64,487,053	-	-	64,487,053
Consumer discretionary	19,261,215	-	-	19,261,215
Materials	7,181,878	-	-	7,181,878
Energy	15,727,416	-	-	15,727,416
Information technology	17,563,837	-	-	17,563,837
Industrials	16,170,517	-	-	16,170,517
Telecommunications	1,869,867	-	-	1,869,867
Total mutual funds	200,528,836	-	-	200,528,836
International common stock	17,892,201	-	-	17,892,201
Mutual funds				
International	27,090,640	24,624,794	-	51,715,434
Domestic large cap	-	39,186,804	-	39,186,804
	27,090,640	63,811,598	-	90,902,238
Common/Collective trust - international	-	27,475,871	-	27,475,871
Fixed income:				
Mutual funds	31,702,713	7,326,280	-	39,028,993
Asset-backed securities	-	105,046,928	-	105,046,928
Corporate debt securities	-	38,508,662	-	38,508,662
Government debt securities	15,504,748	8,226,217	-	23,730,965
	47,207,461	159,108,087	-	206,315,548
Limited partnerships	-	-	24,053,092	24,053,092
Insurance contracts	-	-	2,453,182	2,453,182
Total assets at fair value	\$ 292,719,138	\$ 285,937,214	\$ 26,506,274	\$ 605,162,626

Master Trust assets above do not include net payables for unsettled trades as well as cash disclosed in Note 5.

Level 3 Gains and Losses

The tables below set forth a summary of changes in fair value of the Master Trust's level 3 assets for the years ended December 31, 2009 and 2008.

	December 31, 2009	
	Insurance contracts	Limited partnerships
Balance - beginning of year	\$ 2,453,182	\$ 24,053,092
Realized gains (losses)	-	322,269
Unrealized losses	-	(5,048,707)
Purchases, sales and settlements (net)	(673,010)	8,499,070
Balance - end of year	\$ 1,780,172	\$ 27,825,724

	December 31, 2008	
	Insurance contracts	Limited partnerships
Balance - beginning of year	\$ 3,739,569	\$ 22,559,780
Realized gains (losses)	-	456,411
Unrealized losses	-	(8,980,281)
Purchases, sales and settlements (net)	(1,286,387)	10,017,182
Balance - end of year	\$ 2,453,182	\$ 24,053,092

7. Plan Termination

In the event the Plan is terminated, the net assets of the Plan will be allocated for payment of plan benefits to the participants in order of priority determined in accordance with ERISA, applicable regulations thereunder, and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

8. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated October 23, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable sections of the IRC.

9. Related Party Transactions

The Plan invests in the Master Trust, which is managed by Smithfield. The Master Trust invests in a money market fund managed by the trustee, common stock of the trustee, and Smithfield common stock. Within the Master Trust, there were 579,791 shares of Smithfield common stock allocated to the Plan at December 31, 2009 and 2008 with a fair value of \$8,807,025 and \$8,157,659, respectively.

The Master Trust pays fees to various parties-in-interest on behalf of the Participating Plans. Fees paid to parties-in-interest for 2009 and 2008 were as follows:

	2009	2008
Investment management	\$ 2,211,725	\$ 2,796,988
Trustee	182,260	143,319
	<u>\$ 2,393,985</u>	<u>\$ 2,940,307</u>

10. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

* * * * *

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan JOHN MORRELL & CO. SALARIED EMPLOYEES PENSION PLAN	B Three-digit plan number (PN) <u>011</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF SMITHFIELD FOODS, INC.	D Employer Identification Number (EIN) 52-0845861
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	80,993,659	
b Actuarial value.....	2b	89,093,025	
3 Funding target/participant count breakdown			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	1,389	64,831,148
b For terminated vested participants.....	3b	997	16,573,948
c For active participants:			
(1) Non-vested benefits.....	3c(1)		3,245,180
(2) Vested benefits.....	3c(2)		25,346,515
(3) Total active.....	3c(3)	1,631	28,591,695
d Total.....	3d	4,017	109,996,791
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	8.21 %	
6 Target normal cost.....	6	3,254,159	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Signature of actuary WILLIAM SCOTT JARBOE Type or print name of actuary MERCER Firm name 1255 23RD STREET, NW, SUITE 500 Address of the firm WASHINGTON DC 20037-1198	<div style="text-align: center;"> <u>9/20/2010</u> Date </div> <div style="text-align: center;"> 08-05783 Most recent enrollment number </div> <div style="text-align: center;"> (202) 331-5200 Telephone number (including area code) </div>
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>30.27</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		1,800,730
b Interest on (a) using prior year's effective rate of <u>6.08</u> %		109,484
c Total available at beginning of current plan year to add to prefunding balance		1,910,214
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	80.99 %
15 Adjusted funding target attainment percentage	15	80.99 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	88.55 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/14/2009	1,681,758				
07/15/2009	1,681,758				
10/15/2009	1,530,000				
12/23/2009	1,681,758				
01/08/2010	3,126,459				
Totals ▶			18(b)	9,701,733	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	9,137,096

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %
			☒ N/A, full yield curve used
b Applicable month (enter code)	21b		2
22 Weighted average retirement age	22		60
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	3,254,159
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	20,903,766	3,982,157
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	7,236,316
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	7,236,316
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (item 19c)	37	9,137,096
38 Interest-adjusted excess contributions for current year (see instructions)	38	1,900,780
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Schedule SB, Line 21b – Explanation of Discount Rate Applicable Month Discrepancy

The full yield curve with an applicable lookback month of November 2008 was used to value funding liabilities as of January 1, 2009.

The applicable month has not been entered here due to restrictions within the EFAST2 system which did not allow for an entry in line 21b if the “N/A, full yield curve used” option was selected in line 21a. Since the applicable month was the second month preceding the month including the valuation date (November 2008), “2” would have been entered in line 21b had the system allowed an entry.

Line 21b was completed on the pdf attachment of the Schedule SB.

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 60.3.

(A) Retirement Age	(B) Theoretical Population	(C) Retirement Rate	(D) Expected Number of Retirements (B) x (C)	(E) Weighted Number of Retirements (A) x (D)
55	1,000.00	0.15	150.00	8,250.00
56	850.00	0.05	42.50	2,380.00
57	807.50	0.05	40.38	2,301.66
58	767.12	0.05	38.36	2,224.88
59	728.76	0.05	36.44	2,149.96
60	692.32	0.30	207.70	12,462.00
61	484.62	0.15	72.69	4,434.09
62	411.93	0.40	164.77	10,215.74
63	247.16	0.20	49.43	3,114.09
64	197.73	0.20	39.55	2,531.20
65	158.18	1.00	158.18	10,281.70
			1,0000	60,345.32
				60.3

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Discount rate elections	<u>Funding</u>
Mortality elections	
Full Yield Curve with a two month lookback	
▪ Healthy participants	2009 PPA separate static annuitant and nonannuitant mortality tables
▪ Pre-1995 disabilities	Revenue Ruling 96-7 table for participants who became disabled before 1995
▪ Post-1994 disabilities ¹	Revenue Ruling 96-7 table for participants who became disabled after 1994
417(e) lump sums	
▪ Annuity substitution	Not applicable
▪ Generational mortality option	Not applicable
▪ Phase-in option	Not applicable
Non-417(e) lump sums	
▪ Mortality table	Not applicable
▪ Interest rate	Not applicable
Cash balance plans	
▪ Interest accumulation rate	Not applicable
▪ Whipsaw calculations	Not applicable
▪ Annuity conversion	
▫ Mortality table	Not applicable
▫ Interest rate basis	Not applicable
Other economic assumptions	
▪ Salary increases	4%
▪ Flat-dollar benefit increases	Not applicable
▪ Social Security wage base	3.50% per year
▪ Inflation	2.75% per year
▪ Expected investment return	8.25% for 2007 through 2008, capped at the 3rd segment rate of 6.09% for 2007 and 6.43% for 2008
▪ Expenses	Not applicable
▪ Other	Not applicable
Demographic assumptions	
▪ Withdrawal	Client specific table. See table of sample rates.

¹ Used for participants eligible for Social Security disability - all others use the healthy participant mortality assumption.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

- Disability incidence See table of sample rates. Uses 1985 Pension Disability Study Table Class 1 for males and females. 100% of participants becoming disabled are assumed to be eligible for Social Security disability benefits.
- Retirement age Client specific table. See table of sample rates.

Benefit commencement age for

- Future vested deferred 65
- Current vested deferred 65

Spouse assumptions

Male participants**Female participants**

- Percentage married 80% 80%
- Spouse age difference 3 years younger 3 years older

Form of payment**Lump sum****Single life****J&S**

- Active retirements 0% 100% 0%
- Future vested deferred 0% 100% 0%
- Future disabilities 0% 100% 0%
- Future deaths 0% 100% 0%
- Current vested deferred 0% 100% 0%

*Tables of Sample Rates***Table of Withdrawal Rates for employees with less than 5 years of service**

Years of Service	Percentage
0 - 1	40%
1 - 2	30
2 - 3	20
3 - 4	15
4 - 5	10

Table of Withdrawal Rates for employees with more than 5 years of service

Attained Age	Percentage
22	19.0%
32	15.0
42	11.0
52	7.0
62	3.0

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Table of Disability Terminations from Active Status**

Attained Age	Male	Female
22	.032%	.035%
32	.054	.099
42	.147	.250
52	.465	.660
62	1.475	1.188

Table of Retirement Rates

Attained age	Percentage
Under 55	0%
55	15
56	5
57	5
58	5
59	5
60	30
61	15
62	40
63	20
64	20
65	100

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Asset methods

We used financial data submitted by the sponsor as of January 1, 2009 without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

The asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430. A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant methods

We used the participant data supplied by the plan sponsor. We have reviewed the data and have no reason to doubt its substantial accuracy. Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date.
- **Insurance contracts:** The plan does not have any insurance contracts.
- **Disabled participants:** The liabilities for participants on long-term disability have been included with the liabilities for terminated vested participants.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.
- **Estimated benefits:** We estimated benefits for some terminated vested participants since exact termination calculations were not provided to us.

Plan sponsor elections

Mortality

- Static annuitant and non-annuitant tables

Funding interest rate

- Full yield curve as of 11/1/2008

Valuation of lump sums based on IRC Section 417(e) assumptions:

- Not applicable

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Minimum funding method

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **accrued liability** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual normal costs, and the plan's **funding target** is the sum of the accrued liabilities for all participants under the plan.

Maximum deductible contribution method

Calculations of maximum deductible contributions include the excess of the accrued liability computed using the projected unit credit method over the minimum funding target. The objective of the projected unit credit method is to fund each participant's benefits under the plan as they accrue, taking into consideration expected future compensation increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **projected accrued liability** is the present value of benefits based on credited service as of the beginning of the plan year and projected compensation that would be used in the calculation of the benefit on each expected separation date. If multiple decrements are used, the accrued liability for an individual is the sum of the component accrued liabilities associated with the various anticipated separation dates.
- The plan's **projected accrued liability** is the sum of the projected accrued liabilities for all participants under the plan. The excess of the plan's projected accrued liability over the plan's funding target is included in the "cushion amount."

Schedule SB, Part V — Summary of Plan Provisions

We have used and relied upon the plan documents, including amendments, supplied by the plan sponsor. The plan sponsor is solely responsible for the validity and completeness of this information.

Following is a summary of the major plan provisions used to determine the plan's financial position. It should not be used in determining plan benefits.

Effective date and plan year	Original plan: January 1, 1957 Restated plan: January 1, 2007 Plan year: Calendar year
Most recent amendment	The most recent amendment is Amendment 8, which was effective on September 1, 2008.
Status of the Plan	The plan has ongoing benefit accruals and new employees are eligible to become participant in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None.
Definitions	
▪ Covered employees	Any salaried person who is receiving compensation for personal services rendered in the employment of John Morrell & Company.
▪ Participation	Participants in the plan prior to January 1, 1989 will continue to be participants in the plan. Salaried employees of John Morrell & Company (and any affiliated employer who adopts the plan) become a participant on January 1 or July 1 following completion of one year of service and attainment of age 21.
▪ Employee contributions	There are no employee contributions to the plan. The employer pays the full cost of the plan.
▪ Service considered	Employment from hire date to termination date measured in whole and fractional years. Service is credited for service covered by the John Morrell & Company Hourly Employees Pension Plan. Credited service for Golden Sun Food employees is frozen as of December 29, 1986. Credited service for Roberts & Oake employees is frozen as of April 30, 1991. Both Golden Sun Food and Roberts & Oake employees continue to receive service for vesting and eligibility purposes only. Credited service for employees who participated in the Swift-Eckrich Inc. Pension Plan begins on October 3, 2006.

Schedule SB, Part V — Summary of Plan Provisions

▪ Annual Compensation	Annual compensation for any calendar year is the annual rate of an employee's earnings from the employer as in effect on the first day of that calendar year. Annual compensation shall not include any payments made to the employee under any bonus or management incentive plan of the employer.
▪ Final average earnings	Average of the highest five consecutive calendar years of earnings. Earnings are the annual rates in effect each January 1.
▪ Accrued benefit	<p>A lifetime benefit equal to the greater of (a) and (b), payable the later of age 65 or 5 years of participation.</p> <p>a) 1.8% of Final Average Earnings times years of credited service (up to 25 years) less the Adjusted Social Security Benefit;</p> <p>b) \$180 times years of credited service</p> <p>This benefit is reduced by the benefit payable under the John Morrell & Company Hourly Employees Pension Plan</p>
▪ Adjust Social Security Benefit	<p>The smallest of following:</p> <p>a) One-half of the estimated Social Security Benefit assuming the employee turned age 65 on his termination date;</p> <p>b) One-half of the estimated Social Security Benefit assuming the employee receives the same compensation rate from his termination date until age 65. This benefit is further multiplied by the ratio, not greater than 1, of the service at termination date to 25;</p> <p>c) 72% of the estimated Social Security Benefit assuming the employee receives zero compensation from his termination date until age 65. This benefit is reduced by 1/180 for each month between the ages of 60 and 65 and by 1/360 for each month between the ages of 45 and 60 that the retirement date precedes age 65;</p> <p>d) One-half of the actual Social Security Benefit.</p>
Normal retirement	
▪ Eligibility	A participant who is 65 with at least 5 years of participation in the plan is eligible to receive a normal retirement benefit.
▪ Benefit	The normal retirement benefit is the accrued benefit based on final average earnings and credited service at normal retirement date.

Schedule SB, Part V — Summary of Plan Provisions

Early retirement	
▪ Eligibility	A participant who is 55 with at least 10 years of service, or age 45 with Rule of 65 if involuntary terminated is eligible to receive an early retirement benefit.
▪ Benefit	The early retirement benefit is the accrued benefit based on final average earnings and credited service at early retirement date. The accrued benefit is reduced by 0.5% for each month which the benefit commencement date precedes age 60.
Late retirement	
▪ Eligibility	If a participant works past his normal retirement date, the normal retirement benefit will be deferred to the participant's actual retirement date.
▪ Benefit	Benefit calculated as the greater of: <ul style="list-style-type: none"> • Service and salary to the participant's normal retirement date actuarially increased to the actual retirement date or; • Service and salary to actual retirement date.
Deferred vested	
▪ Eligibility	A participant who terminates employment with at least 5 years of vesting service is eligible for a deferred vested benefit.
▪ Benefit	The deferred vested benefit is the accrued benefit based on final average earnings and credited service at date of termination. Payments commence at age 65. A participant may elect to have payments commence at any time between age 55 and 65. If payments commence prior to 65, the monthly benefit is reduced by $\frac{1}{2}\%$ for each month the benefit commencement date precedes the earlier of age 65.
Pre-retirement death (active)	
▪ Eligibility	The spouse of an active participant who dies after completing 5 years of service is eligible to receive a death benefit.
▪ Benefit	The benefit is payable immediately as if the participant had survived to retirement and elected the joint and 50% survivor benefit. If the spouse dies with a dependent child (of the employee), that child will receive 85% of the spouse's benefit until his 18th birthday.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death (terminated vested)	
▪ Eligibility	The spouse of a participant who dies after termination of employment but before his actual retirement date and who elected survivor coverage is eligible for a death benefit.
▪ Benefit	The spouse shall receive a joint and 50% survivor benefit reduced for early commencement and for months which the coverage is in effect.
Form of benefits	
▪ Automatic form for unmarried participants	Benefits are normally payable for the participant's lifetime as a single life annuity.
▪ Automatic form for married participants	A married participant who has not elected otherwise is presumed to have elected an actuarially adjusted joint and survivor pension of equivalent value with 50% of the adjusted pension continued following his death to his surviving spouse.
▪ Optional forms	<ul style="list-style-type: none"> ▪ A participant may elect to receive a reduced benefit during his lifetime with: <ul style="list-style-type: none"> - 100%, 75%, or 50% of the reduced amount continuing after his death for the remaining lifetime of his surviving beneficiary, or - single life annuity with 120 monthly payments guaranteed. <p>In no event may a married participant elect a benefit form other than a qualified joint and survivor form of benefit with payments continuing to the participant's spouse after the participant's death unless the spouse of the participant approves the election in writing and such approval is notarized.</p> <p>Involuntary cashout Benefits with a present value of not more than \$1,000 will be paid as a lump sum. Participants with a present value between \$1,000 and \$5,000 may elect to receive a lump sum.</p>
▪ Actuarial Equivalence	<p>For late retirement increase:</p> <ul style="list-style-type: none"> • Mortality Table- UP1984 • Interest Rate – 7.00% <p>For optional form conversion:</p> <ul style="list-style-type: none"> • Mortality Table – GAR 1994 projected to 2002 weighted 50% males/50% females • Interest Rate – 5.25%

Schedule SB, Part V — Summary of Plan Provisions

Miscellaneous	
▪ Maximum compensation	Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2009, the limit is \$245,000.
▪ Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2009, the limit is \$195,000.
▪ Funding Medium	Trust
▪ Administration	Smithfield Foods, Inc.
▪ Benefits not included in valuation	To the best of our knowledge, no benefits have been excluded from this valuation.
▪ Changes since the prior valuation	Actuarial equivalence for optional forms was updated to use GATT2003 mortality and 5.25% interest. Actuarial equivalence for late retirement increases was updated to use UP-84 mortality and 7.00% interest. A 75% Joint & Survivor annuity was added to the optional forms of payment. There have been no other changes in plan provisions since the prior year's valuation except for the automatic indexing of the IRS benefit and compensation limits.

Benefits included or excluded

Unless noted below, all benefits provided by the plan are included in this valuation.

- **Plan amendments:** Amendments adopted after the valuation date or effective after the current plan year are excluded from the valuation.
- **Scheduled benefit increases:** Scheduled benefit increases effective after the end of the current plan year are excluded from minimum funding requirements.
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½. This valuation includes increases for current participants over age 70.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Shutdown benefits:** We are not aware of any corporate actions that would create shutdown benefits; therefore, they are excluded.

Schedule SB, Part V — Summary of Plan Provisions

- **IRC Section 415(b):** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **Benefit restrictions:** Benefit restrictions (if applicable) are ignored in this valuation.

Schedule SB, Line 25 — Change in Method

The asset method was changed from a monthly average of the market value of assets over the prior 4 months to an average of the adjusted market value over the last 24 months preceding the valuation date.

Smithfield elected to change the methodology used to determine the effective interest rate from the spot segment rates with no lookback effective January 1, 2008 to the full yield curve with a two month lookback and no phase-in effective January 1, 2009.

Schedule SB, Line 26 — Schedule of Active Participant Data

	Years of credited service									
Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up
< 25	31 32,267	20 33,712								
25-29	22 43,466	79 45,718	12	1						
30-34	20 49,865	66 51,670	44 61,201	13						
35-39	24 68,080	78 70,887	47 60,353	31 51,799	14					
40-44	32 64,527	104 72,718	55 61,095	53 65,738	17	16	1			
45-49	19	86 76,807	45 72,773	40 68,312	23 62,520	36 63,798	19			
50-54	17	62 74,717	36 62,298	50 63,058	17	33 63,252	27 81,567	8	1	
55-59	7	46 65,994	26 66,717	37 61,921	24 60,836	23 72,182	23 82,513	17	8	
60-64	8	17	21 75,868	19	12	11	6	4	5	6
65-69			1	2	4		1			2
70+						1				1

In each cell, the top number is the count of active participants for each age/service combination, and the bottom number is the average pay for 2009 limited to \$245,000. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, Line 32 — Schedule of Amortization Bases

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Shortfall bases				
Year established		Outstanding balance	Years remaining	Installment
2008	\$	12,465,100	6	\$ 2,484,726
2009		8,438,666	7	1,497,431
Total	\$	20,903,766		\$ 3,982,157