

SMITHFIELD FOODS INC
Form PRER14A
August 12, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SMITHFIELD FOODS, INC.

(Name of Registrant as Specified In Its Charter)

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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[], 2013

Dear Fellow Shareholder:

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

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

You are cordially invited to attend a special meeting of our shareholders to be held in connection with the proposed merger on [], [], 2013 at [], Eastern Time. At the special meeting, shareholders will be asked to vote on a proposal to approve the merger agreement, the related plan of merger and the merger. The affirmative vote of a majority of the shares of Smithfield common stock outstanding at the close of business on August 5, 2013 is required to approve the merger agreement, the related plan of merger and the merger.

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

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

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

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

Thank you for your confidence in Smithfield.

Sincerely,

C. Larry Pope

President and Chief Executive Officer

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

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

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Smithfield Foods, Inc.

200 Commerce Street

Smithfield, Virginia 23430

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

DATE & TIME

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

PLACE

[]

ITEMS OF BUSINESS

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

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

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

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

RECORD DATE

Only shareholders of record at the close of business on August 5, 2013 (the record date) are entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement of the special meeting.

VOTING BY PROXY

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

RECOMMENDATIONS

The Smithfield Board unanimously recommends that you vote:

FOR the merger proposal;

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

FOR the adjournment proposal.

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

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

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

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

By Order of the Board of Directors,

Michael H. Cole

Secretary

Smithfield, Virginia

[], 2013

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SUMMARY TERM SHEET

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

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

The Companies

Smithfield (see page [])

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

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

Parent (see page [])

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

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Merger Sub (see page [])

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

The Special Meeting

Date, Time and Place (see page [])

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

Purpose of the Meeting (see page [])

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

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

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

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

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

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

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

Only holders of Smithfield common stock at the close of business on August 5, 2013, the record date for the special meeting (the record date), will be entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. At the close of business on the record date, 139,196,460 shares of Smithfield common stock were issued and outstanding.

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

Quorum (see page [])

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

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Required Vote (see page [])

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

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

Voting at the Special Meeting (see page [])

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

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

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

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

Solicitation of Proxies (see page [])

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

Adjournment (see page [])

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

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

The Merger

Structure of the Merger (see page [])

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

Merger Consideration (see page [])

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

Treatment of Smithfield Equity Awards (see page [])

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

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

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

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

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

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

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

FOR the merger proposal;

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

FOR the adjournment proposal.

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

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

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

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

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

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

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

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

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accelerated vesting of executive officer equity awards, in the maximum aggregate amount of \$40,591,182 for all executive officers;

possible cash payments under the change in control executive severance plan, in the maximum aggregate amount of \$72,403,493 for all executive officers;

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

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

As discussed in The Merger Proposal Interests of Smithfield Directors and Executive Officers in the Merger beginning on page [], the aggregate amount of compensation that our executive officers may potentially receive in connection with the proposed merger is \$133,994,675. Our directors will not receive any compensation in connection with the proposed merger in their capacity as directors. The foregoing list does not include any compensation that our executive officers and directors will receive with respect to equity awards or other benefits that they have already fully earned and in which they are already fully vested without regard to the occurrence of the merger.

Financing of the Merger (see page [])

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

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

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

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

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

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

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

Legal Proceedings Regarding the Merger (see page [])

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

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

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

Appraisal Rights (see page [])

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

Expected Timing of the Merger

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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no governmental authority has enacted, issued, enforced or entered an