SMITHFIELD FOODS INC
Form S-4/A
December 13, 2006
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As filed with the Securities and Exchange Commission on December 13, 2006

Registration No. 333-138090

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Smithfield Foods, Inc.

(Exact name of registrant as specified in its charter)

Virginia	**2011**	**52-0845861**
(State of Incorporation)	**(Primary Standard Industrial**	**(I.R.S. Employer**
	Classification Code Number)	**Identification No.)**

200 Commerce Street

Smithfield, Virginia 23430

(757) 365-3000

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Michael H. Cole, Esq.

Vice President, Chief Legal Officer & Secretary

200 Commerce Street

Smithfield, Virginia 23430

(757) 365-3030

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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Simpson Thacher & Bartlett LLP
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(212) 455-2000

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Paul, Weiss, Rifkind,
Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
(212) 373-3000

Approximate date of commencement of proposed exchange offer: As soon as practicable after this Registration Statement is declared effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Title of each class of	**Amount to be**	**Proposed maximum**	**Amount of**
securities to be registered	**registered**	**aggregate offering price**	**registration fee**
Smithfield Common Stock, $0.50 par value per share (1)	22,236,529(2)	$ 564,112,511	$ 60,360(3)

(1) Includes associated preferred stock purchase rights.

(2) The number of shares of the registrant being registered is based upon an estimate of (x) the maximum number of shares of common stock, par value $0.01 per share, of Premium Standard Farms, Inc. (PSF) presently outstanding or issuable or expected to be issued in connection with the merger of PSF (including in respect of options not currently outstanding but that may be issued in the future in accordance with the terms of the merger agreement described below) into the registrant multiplied by (y) the exchange ratio of 0.6780 shares of common stock, par value $0.50 per share, of the registrant for each share of PSF common stock.

(3) A registration fee of $60,360 was previously paid in connection with the initial filing of this Registration Statement on October 19, 2006.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

[•], 2006

To the Stockholders of Premium Standard Farms, Inc.:

You are cordially invited to attend a special meeting of stockholders of Premium Standard Farms, Inc. (PSF) to be held on [•], 2007, at [•] a.m., local time, in Conference Room 1A of the First Floor of the South Tower of State Street s offices at 805 Pennsylvania Avenue, Kansas City, Missouri 64105.

At the special meeting, you will be asked to vote to adopt the merger agreement entered into by PSF with Smithfield Foods, Inc. (Smithfield) and a subsidiary of Smithfield. The merger agreement provides that, upon effectiveness of the merger contemplated by the merger agreement, PSF will become a wholly owned subsidiary of Smithfield and each share of PSF common stock you own will be converted into the right to receive:

0.6780 of a share of Smithfield common stock; and

$1.25 in cash.

Under limited circumstances, Smithfield will increase by up to $1.00 per share, the amount of cash to be included in the merger consideration and decrease the fraction of a share of Smithfield common stock by an amount having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) as the amount of the increase in cash.

The board of directors of PSF has unanimously approved the merger agreement and has determined that the merger agreement is fair to, and in the best interests of, PSF and its stockholders. **The board of directors of PSF unanimously recommends that you vote FOR the adoption of the merger agreement at the special meeting.**

In reaching its determination to recommend adoption of the merger agreement, the board of directors considered the opinion of PSF s financial advisor, Centerview Partners LLC, that, as of September 17, 2006, the consideration to be received by PSF stockholders pursuant to the merger was fair to the stockholders of PSF from a financial point of view. Centerview s opinion is subject to the assumptions, matters considered, limitations and qualifications set forth in its written opinion dated September 17, 2006, which is attached as Annex C to the accompanying proxy statement/prospectus. We urge you to read the opinion in its entirety.

A holder of PSF common stock generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder s shares of PSF common stock for shares of Smithfield common stock pursuant to the merger. A holder of PSF common stock may, however, recognize gain with respect to the cash such holder receives pursuant to the merger. For a more detailed description of the U.S. federal income tax consequences of the merger, see The Merger Material United States Federal Income Tax Consequences beginning on page 48 of the accompanying proxy statement/prospectus.

We cannot complete the merger unless the merger agreement is adopted by the affirmative vote of a majority of the shares of PSF common stock outstanding as of the record date. We urge you to read carefully the accompanying proxy statement/prospectus, which includes important information about PSF, Smithfield and the proposed merger. **In particular, please see the section titled Risk Factors beginning on page 16 of the accompanying proxy statement/prospectus which contains a description of the risks that you should consider in evaluating the merger.** Shares of PSF common stock are listed on the Nasdaq National Market under the ticker symbol PORK. Smithfield common stock is listed on the New York Stock Exchange under the symbol SFD. On [•], 2006, the most recent practicable trading day prior to the printing of the accompanying proxy statement/prospectus, the last sales price of PSF common stock was $[•] per share and the last sales price of Smithfield common stock was $[•] per share. Based on the number of shares of PSF common stock outstanding as of the record date, the total number of shares of Smithfield common stock to be issued pursuant to the merger to PSF stockholders (assuming no option exercises and no substitution of cash for stock merger consideration) would be approximately [•].

Very truly yours,

PREMIUM STANDARD FARMS, INC.
John M. Meyer
Chief Executive Officer and President

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in connection with the merger or determined if the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [•], 2006, and is being first mailed to stockholders of PSF on or about [•], 2006.

Information contained in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of such state.

References to Additional Information

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about Smithfield and PSF from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the accompanying proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Premium Standard Farms, Inc.
805 Pennsylvania Avenue, Suite 200
Kansas City, Missouri 64105
Telephone: (816) 472-7675
Attention: Secretary

Smithfield Foods, Inc.
200 Commerce Street
Smithfield, Virginia 23430
Telephone: (757) 365-3000
Attention: Secretary

If you would like to request documents, please do so by [•], 2007 in order to receive them before the special meeting.

See Where You Can Find More Information beginning on page 98.

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PREMIUM STANDARD FARMS, INC.

805 Pennsylvania Avenue, Suite 200

Kansas City, Missouri 64105

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [•], 2007

Dear Premium Standard Farms, Inc. Stockholder:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Premium Standard Farms, Inc., a Delaware corporation (PSF), will be held on [•], 2007, at [•]:00 a.m., local time, in Conference Room 1A of the First Floor of the South Tower of State Street s offices at 805 Pennsylvania Avenue, Kansas City, Missouri 64105. The purposes of the special meeting are:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 17, 2006, among Smithfield Foods, Inc., KC2 Merger Sub, Inc. (a wholly owned subsidiary of Smithfield Foods, Inc. established for the purpose of effecting the merger) and PSF, as amended from time to time, which provides for the merger of KC2 Merger Sub, Inc. with PSF; and

2. To consider and vote upon any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including any adjournment for the purpose of soliciting additional proxies.

The accompanying proxy statement/prospectus describes the merger agreement and the proposed merger in detail. The PSF board of directors has determined that the merger agreement is advisable and fair to, and in the best interests of, PSF and its stockholders and recommends that PSF stockholders vote to adopt the merger agreement.

In accordance with the provisions of PSF s Bylaws, the PSF board of directors has fixed the close of business on December 22, 2006 as the record date for the determination of PSF stockholders entitled to notice of, and to vote at, the special meeting of stockholders or any adjournment or postponement thereof.

Under Delaware law, PSF stockholders of record who do not vote in favor of the merger have the right to exercise appraisal rights in connection with the merger and obtain payment in cash of the fair value of their shares of common stock as determined by the Delaware Chancery Court rather than the merger consideration. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in the accompanying proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Annex D to the accompanying proxy statement/prospectus.

We will admit to the special meeting (1) all stockholders of record at the close of business on December 22, 2006, (2) persons holding proof of beneficial ownership as of such date, such as a letter or account statement from the person s broker, (3) persons who have been granted proxies, and (4) such other persons that we, in our sole discretion, may elect to admit. **All persons wishing to be admitted must present photo identification.** If you plan to attend the special meeting, please check the appropriate box on your proxy card or register your intention when submitting your proxy by telephone or through the Internet, according to the instructions provided.

BY ORDER OF THE BOARD OF DIRECTORS,

Gerard J. Schulte
Secretary

Kansas City, Missouri

[•], 2006

Your vote is important. Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by telephone, through the Internet or by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy will not be used. Please do not send your common stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your certificates.

PROXY STATEMENT/PROSPECTUS

Premium Standard Farms, Inc. is providing this proxy statement/prospectus and accompanying proxy card to you in connection with the solicitation by the Premium Standard Farms, Inc. board of directors of proxies to be voted at a special meeting of stockholders and at any adjournment of the special meeting. This proxy statement/prospectus also constitutes a prospectus of Smithfield Foods, Inc. for the shares of common stock of Smithfield Foods, Inc. to be issued to stockholders of Premium Standard Farms, Inc. pursuant to the merger of a wholly owned subsidiary of Smithfield Foods, Inc. with and into Premium Standard Farms, Inc.

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Annex A Agreement and Plan of Merger
Annex B Voting Agreement
Annex C Opinion of Centerview Partners LLC
Annex D Section 262 of the General Corporation Law of the State of Delaware

QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE SPECIAL MEETING

Q1: What is the proposed transaction upon which I am being asked to vote?

A1: You are being asked to vote to adopt a merger agreement entered into between Smithfield and PSF. In the merger, KC2 Merger Sub, Inc., a newly formed, wholly owned subsidiary of Smithfield, will be merged with and into PSF. After the merger, PSF will be the surviving corporation and will be a wholly owned subsidiary of Smithfield.

Q2: What vote is required for adoption?

A2: The merger agreement must be adopted by a majority of the outstanding shares of PSF common stock entitled to vote at the special meeting. Therefore, if you abstain or fail to vote, it will have the same effect as voting against the merger agreement. You are entitled to vote on the merger agreement if you held PSF common stock at the close of business on the record date, which is December 22, 2006. On that date, [•] shares of PSF common stock were outstanding and entitled to vote.

Q3: When do you expect the merger to be completed?

A3: We expect to complete the merger promptly after the PSF stockholders adopt the merger agreement at the special meeting and after we receive all necessary regulatory approvals. We are hopeful that we can complete the merger in the first calendar quarter of 2007.

Q4: If my shares are held in street name by my broker, will my broker vote my shares for me?

A4: You should instruct your broker to vote your shares, following the directions your broker provides. If you do not instruct your broker, your broker will generally not have the discretion to vote your shares. Because the adoption of the merger agreement requires an affirmative vote of a majority of the outstanding shares of PSF common stock for approval, these so-called broker non-votes have the same effect as

Q5: What do I need to do now?

A5: After carefully reading and considering the information contained in this proxy statement/prospectus, please fill out and sign the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting. Your signed proxy card will instruct the persons named on the card to vote your shares at the special meeting as you direct on the card. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted FOR the adoption of the merger agreement. You may also submit a proxy by telephone or through the Internet by following the instructions with your proxy card. If you do not vote or if you abstain, the effect will be the same as a vote against the merger agreement. YOUR VOTE IS VERY IMPORTANT.

Q6: May I change my vote after I have mailed my signed proxy card?

A6: You may change your vote at any time before your proxy is voted at the special meeting. You can do this in one of four ways. First, you can send a written notice stating that you want to revoke your proxy to:

Gerard J. Schulte, Secretary,

Premium Standard Farms, Inc.

805 Pennsylvania Avenue, Suite 200

Kansas City, Missouri 64105

Second, you can complete and submit a new later-dated proxy card. Third, you can submit a proxy by telephone or through the Internet at a later time. Fourth, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must vote at the meeting.

votes cast against the merger agreement.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

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Q7: Should I send in my stock certificates now?

A7: No. After the merger is completed, you will receive written instructions for exchanging your stock certificates.

Q8: Who can help answer my questions?

A8: If you have any questions about the special meeting or if you need additional copies of this proxy statement/prospectus or the enclosed proxy, please contact PSF s proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Telephone: (212) 269-5550 (collect)

(800) 290-6429 (toll-free)

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SUMMARY

The following summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that may be important to you. Accordingly, stockholders are encouraged to carefully read this entire proxy statement/prospectus, its annexes and the documents referred to or incorporated by reference in this proxy statement/prospectus. The term PSF refers to Premium Standard Farms, Inc., a Delaware corporation, and its subsidiaries, and the term Smithfield refers to Smithfield Foods, Inc., a Virginia corporation, and its subsidiaries, unless otherwise stated or indicated by the context. Each item in this summary includes a page reference directing you to a more complete description of that item.

The merger. (Page 23)

On September 17, 2006, Smithfield, PSF and KC2 Merger Sub, Inc., a wholly owned subsidiary of Smithfield, entered into the merger agreement, which is the legal document governing the proposed merger. Subject to the terms and conditions of the merger agreement, KC2 Merger Sub, Inc. will be merged with and into PSF, with PSF continuing as the surviving corporation. Upon the completion of the merger, PSF will be a wholly owned subsidiary of Smithfield and PSF common stock will no longer be publicly traded.

What PSF stockholders will receive in the merger. (Page 54)

PSF Common Stock

Pursuant to the merger, each share of PSF common stock will be exchanged for (i) 0.6780 (the exchange ratio) of a share of Smithfield common stock and (ii) $1.25 in cash, without interest. Smithfield will increase, by up to $1.00 per share, the amount of cash to be included in the merger consideration and decrease the fraction of a share of Smithfield common stock by an amount having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) as the amount of the increase in cash, if Smithfield reasonably determines that those actions are necessary in order to list on the New York Stock Exchange the shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of Smithfield stock options) without the requirement of a vote of Smithfield shareholders. Holders of PSF common stock will receive cash for any fractional shares of Smithfield common stock they otherwise would have received in the merger. Smithfield expects to use financing available under its existing U.S. bank revolving credit facility to fund the cash payment to PSF stockholders.

For example, a PSF stockholder owning 1,000 shares of PSF common stock would receive total consideration of 678 shares of Smithfield common stock and $1,250 in cash, assuming that Smithfield does not substitute up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) as described above. In this example, there is no fractional share interest in Smithfield common stock and thus no payment to be made in lieu of such fractional share interest under the terms of the merger agreement.

The exchange ratio relating to the shares of Smithfield common stock to be issued in the merger is a fixed ratio, which means that it will not change because of a change in the trading price of Smithfield common stock between now and the time the merger is completed. Therefore, the market value of the Smithfield common stock received by PSF stockholders in the merger will depend on the market price of Smithfield common stock at the time the merger is completed. The exchange ratio will be reduced if Smithfield substitutes up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) under the circumstances described above. A vote by PSF stockholders for the adoption of the merger agreement constitutes approval of the merger whether or not Smithfield substitutes up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value as described above.

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At the time of the execution of the merger agreement, the shares of Smithfield common stock expected to be issued in the merger constituted less than 20% of Smithfield s outstanding shares of common stock. New York Stock Exchange rules generally require that a listed company like Smithfield obtain approval of its stockholders if the number of shares of the company s stock to be issued in connection with a business acquisition represents 20% or more of its outstanding stock. In response to PSF s desire to avoid an additional condition to closing and to increase the likelihood of closing for PSF stockholders, Smithfield and PSF agreed that the merger would not be subject to a vote of Smithfield shareholders and, accordingly, agreed to Smithfield substituting a small amount of cash for a portion of the stock consideration having an equivalent value, if necessary, in order to complete the merger without a vote of Smithfield shareholders in the event the shares of Smithfield common stock to be issued in the merger constituted more than 20% of Smithfield s outstanding common stock at closing.

If Smithfield substitutes cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing), Smithfield will issue a press release announcing the precise amount of stock consideration to be substituted and will provide for a toll-free number, which will be announced in that press release, where PSF stockholders can call to learn the final exchange ratio as adjusted for the substitution. Smithfield will make its determination as to whether such a substitution will be made prior to the fifth trading day before completion of the merger. Smithfield will only substitute cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) if the number of shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of PSF stock options that are converted into Smithfield stock options) would exceed 20% of the shares of Smithfield common stock outstanding immediately prior to the completion of the merger and, therefore, would require a vote of Smithfield shareholders under the rules of the New York Stock Exchange.

Treatment of PSF Stock Options

Outstanding PSF stock options at the closing date of the merger will be converted into options to purchase Smithfield common stock, with appropriate adjustments made to the number of shares and the exercise price under those options based on the value of the merger consideration. The impact of such options on the total purchase consideration is not expected to be significant.

Total Smithfield shares to be issued

Based on the number of shares of PSF common stock outstanding as of the record date, the total number of shares of Smithfield common stock to be issued pursuant to the merger to PSF stockholders (assuming no option exercises and no substitution of cash for stock merger consideration) would be approximately [•].

In connection with the merger, PSF will hold a special meeting of its stockholders. (Page 20)

When and Where. The special meeting will be held on [•], 2007, at [•] a.m., local time, in Conference Room 1A of the First Floor of the South Tower of State Street s offices at 805 Pennsylvania Avenue, Kansas City, Missouri 64105.

Purposes of the Special Meeting. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement. You will also be asked to consider and vote upon any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including an adjournment for the purposes of soliciting additional proxies.

Record Date; Voting Power. Holders of PSF common stock as of the close of business on December 22, 2006, the record date, are entitled to vote at the special meeting or any adjournment or postponement thereof. Each share of PSF common stock is entitled to one vote. As of the record date, [•] shares of PSF common stock were outstanding.

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Vote Required. The affirmative vote of a majority of the shares of PSF common stock outstanding as of the record date is required to adopt the merger agreement. Acting upon any procedural matters incident to the

conduct of the special meeting (other than adjournment) will require the affirmative vote of a majority of all votes cast with respect to such matter by the holders of shares of PSF common stock present or represented by proxy and entitled to vote on such matter at the special meeting. An adjournment of the special meeting will require the affirmative vote of shares of PSF common stock representing a majority of the shares of PSF common stock present in person or represented by proxy at the special meeting.

ContiGroup Companies, Inc., which we refer to as ContiGroup, in its capacity as a stockholder of PSF, entered into a voting agreement, dated September 17, 2006, with Smithfield and PSF with respect to the shares of PSF common stock owned by ContiGroup. Under the voting agreement, ContiGroup has agreed, subject to the terms of that agreement, to vote all shares of PSF common stock beneficially owned by it at the special meeting in favor of the adoption of the merger agreement. As of the record date, ContiGroup beneficially owned [•] shares of PSF common stock, representing approximately [•]% of the shares of PSF common stock entitled to vote at the special meeting. See The Merger Voting Agreement beginning on page 45.

Recommendation of the PSF board of directors. (Page 27)

On September 17, 2006, by unanimous vote, the PSF board of directors:

determined the merger agreement to be advisable and fair to, and in the best interests of, PSF and its stockholders;

approved the merger agreement and the voting agreement; and

resolved to recommend that PSF stockholders vote in favor of adoption of the merger agreement.

The PSF board of directors recommends a vote FOR adoption of the merger agreement.

Opinion of Centerview Partners LLC. (Page 30)

On September 17, 2006, Centerview Partners LLC, which we refer to as Centerview, delivered its opinion to the PSF board of directors that, as of September 17, 2006, and based upon and subject to various assumptions made, matters considered and limitations described in the opinion, the consideration of 0.6780 shares of Smithfield common stock together with $1.25 cash to be received pursuant to the merger for each share of PSF common stock held by holders of PSF common stock, was fair, from a financial point of view, to such holders.

The full text of Centerview s opinion describes, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Centerview. Centerview s opinion is attached as Annex C to this proxy statement/prospectus. Centerview s opinion does not constitute a recommendation to any holder of PSF common stock as to how such stockholder should vote or act with respect to the merger agreement, nor did it constitute a recommendation to the PSF board of directors to approve the merger agreement.

Under the terms of Centerview s engagement, PSF agreed to pay to Centerview certain fees for its services, some of which were payable in connection with rendering its opinion and a significant portion of which is contingent upon the mailing of this proxy statement/prospectus and completion of the merger.

Interests of certain persons in the merger. (Page 38)

When considering the recommendation by the PSF board of directors to vote FOR adoption of the merger agreement, you should be aware that certain directors and executive officers of PSF have, and ContiGroup, PSF s largest stockholder, has, interests in the merger agreement that are different from, and may conflict with, your

interests. Following the merger, Paul J. Fribourg, a member of the PSF board of directors and ContiGroup s Chairman, President and Chief Executive Officer, will become a member of the Smithfield board of directors, and Michael J. Zimmerman, a member of the PSF board of directors and ContiGroup s Executive Vice President and Chief Financial Officer, will become an advisory director of Smithfield. The directors and executive officers of PSF will receive certain benefits upon completion of the merger, including accelerated vesting of stock options and restricted stock. Options for 245,225 shares of PSF common stock as of December 1, 2006 with an average exercise price of $13.10 per share, and 259,849 shares of restricted stock as of December 1, 2006 held by directors and executive officers of PSF, will vest upon completion of the merger. Based on an implied merger consideration of $21.07 per share (calculated using the closing trading price of Smithfield common stock on September 15, 2006, the last trading day prior to the announcement of the merger), the difference between the implied merger consideration and the weighted average exercise price of $13.10 per share of the options held by directors and executive officers of PSF would be $7.97 per share (or approximately $2.6 million in the aggregate), and the aggregate value of the restricted shares held by directors and executive officers of PSF would be approximately $5.5 million. Additionally, certain executive officers may be entitled to receive severance payments in connection with the merger. Smithfield has agreed to continue certain indemnification arrangements for directors and executive officers of PSF.

As of the record date, ContiGroup owned approximately [•]% of PSF common stock. Three members of the PSF board of directors are not considered independent due to current or past relationships with ContiGroup. PSF and ContiGroup are parties to a market hog grower agreement and a services agreement. Smithfield and ContiGroup are parties to a 50/50 joint venture that engages in cattle feeding operations and have agreed in principle to form a 50/50 joint venture to build a beef processing plant. The PSF board of directors was aware of these interests and considered them in approving the merger agreement.

Certain governmental and regulatory approvals must be obtained. (Page 46)

Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the HSR Act, the merger may not be consummated unless certain waiting period requirements have expired or been terminated. Smithfield and PSF filed the required notification and report forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission regarding the merger on October 6, 2006. On November 6, 2006, each of Smithfield, PSF and ContiGroup received a request for additional information, commonly referred to as a second request, from the Antitrust Division of the Department of Justice in connection with the merger. The effect of the second request is to extend the waiting period imposed by the HSR Act until 30 days after Smithfield, PSF and ContiGroup have substantially complied with the second request, unless that period is extended voluntarily by the parties or terminated sooner by the Antitrust Division of the Department of Justice.

The obligations of Smithfield and PSF to complete the merger are subject to a number of conditions. (Page 63)

Smithfield and PSF are obligated to complete the merger only if they satisfy, or in some cases, waive, several conditions, including the following:

- the merger agreement has been adopted by the affirmative vote of PSF stockholders representing a majority of the shares of PSF common stock outstanding and entitled to vote at the PSF special meeting;

- the shares of Smithfield common stock to be issued to PSF stockholders and the shares of Smithfield common stock to be reserved for issuance upon exercise of Smithfield stock options, have been approved for listing on the New York Stock Exchange, which we refer to as the NYSE, subject to official notice of issuance;

- the waiting period applicable to the merger under the HSR Act has expired or has been terminated;

- no temporary restraining order, preliminary or permanent injunction or other judgment or order or statute, law, rule, legal restraint or prohibition is in effect that prevents the completion of the merger;

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, has been declared effective by the SEC and is not the subject of any stop order or proceedings seeking a stop order; and

other customary conditions set forth in the merger agreement including the receipt of tax opinions, accuracy of representations and warranties and the performance of obligations under the merger agreement.

In addition, Smithfield is obligated to complete the merger only if there is not pending any suit, action or proceeding by any United States governmental entity seeking to prohibit the completion of the merger or any other material transactions contemplated by the merger agreement that are reasonably likely to succeed.

PSF has agreed not to solicit third party acquisition proposals. (Page 59)

Subject to certain exceptions, the merger agreement provides that neither PSF nor any of its subsidiaries nor any of its and their respective directors or officers shall, and PSF shall use its reasonable best efforts to cause its and its subsidiaries employees, agents and representatives, including any investment banker, financial advisor, attorney, accountant or other advisor, agent, representative or controlled affiliate, not to, directly or indirectly through another person, solicit, initiate or knowingly encourage or knowingly facilitate any takeover proposal, as defined in the merger agreement, or the making or consummation of any takeover proposal, enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information in connection with, or otherwise cooperate in any way with, any takeover proposal, or waive, terminate, modify or fail to enforce any provision of any standstill or similar obligation of any person other than Smithfield.

Under certain circumstances, Smithfield and PSF may terminate the merger agreement. (Page 64)

Smithfield and PSF may agree in writing to terminate the merger agreement at any time without completing the merger, even after the PSF stockholders have voted to adopt the merger agreement. The merger agreement may also be terminated at any time prior to the effective time of the merger in other specified circumstances, including:

by either Smithfield or PSF if:

the merger has not been completed on or before September 17, 2007, unless the principal cause of the failure of the effective time of merger to occur by that date is a material breach of the merger agreement by the party seeking to terminate the merger agreement, provided that if the conditions set forth in the merger agreement relating to antitrust or other governmental approvals are the only conditions which have not been satisfied on September 17, 2007, either party may extend that date until December 17, 2007;

a governmental entity issues a final non-appealable order enjoining or prohibiting the merger, unless the principal cause of that action or ruling is a material breach of the merger agreement by the party seeking termination;

the PSF stockholders fail to adopt the merger agreement at the special meeting or any postponement or adjournment of the special meeting; or

the other party breaches or fails to perform any representation, warranty, covenant or agreement in the merger agreement which breach or failure to perform would give rise to the failure of a closing condition and cannot be cured by the breaching party by September 17, 2007 (or December 17, 2007, if the outside date is extended as described above); or

by Smithfield if prior to the adoption of the merger agreement by PSF stockholders, the PSF board of directors has withdrawn, modified or qualified in a manner adverse to Smithfield its recommendation of

the merger, failed to publicly reaffirm its recommendation of the merger agreement within 10 business days following the written request to do so by Smithfield, or has materially breached its obligation regarding the delivery of this proxy statement/prospectus or the calling and holding of the meeting of PSF stockholders to adopt the merger agreement.

Termination Fees. (Page 65)

In connection with the termination of the merger agreement in certain circumstances involving a competitive takeover proposal by a third party or a change in the PSF board of director s recommendation of the merger to PSF s stockholders, PSF may be required to pay Smithfield a termination fee of up to $27,381,000. In addition, Smithfield has agreed to pay PSF a $100 million termination fee if the Merger Agreement is terminated under specified circumstances due to a failure to obtain the requisite antitrust clearance.

Material United States Federal Income Tax Consequences. (Page 48)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any cash received as part of the merger consideration. Accordingly, a holder of PSF common stock generally will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder s shares of PSF common stock for shares of Smithfield common stock pursuant to the merger. A holder of PSF common stock may, however, recognize gain with respect to the cash such holder receives pursuant to the merger. No gain or loss will be recognized by Smithfield, KC2 Merger Sub, Inc. or PSF by reason of the merger. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes.

You should be aware that the tax consequences to you of the merger depend upon your own situation. In addition, you may be subject to non-income tax or state, local or foreign tax laws that are not discussed in this proxy statement/prospectus. You should therefore consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

Differences between the rights of Smithfield and PSF stockholders. (Page 78)

As a result of the merger, the holders of PSF common stock will become holders of Smithfield common stock. Following the merger, PSF stockholders will have different rights as shareholders of Smithfield than as stockholders of PSF due to differences between the laws of the states of incorporation and the different provisions of the governing documents of Smithfield and PSF.

Comparative market prices and dividend information. (Page 15)

Shares of Smithfield common stock are listed on the NYSE. Shares of PSF common stock are listed on NASDAQ. The following table presents the last reported sale prices of Smithfield common stock and PSF common stock, as reported in Bloomberg Financial Markets on:

September 14, 2006, the last full trading before an analyst report was published which speculated on a potential business combination involving PSF;

September 15, 2006, the last full trading day prior to the public announcement of the merger agreement; and

[•], 2006, the last full trading day prior to the date of this proxy statement/prospectus.

The table also presents the equivalent value of the merger consideration per share of PSF common stock on those dates.

	Smithfield	PSF	Equivalent Price Per Share of PSF
	Common Stock	Common Stock	Common Stock(1)
September 14, 2006	$ 29.30	$ 16.60	$ 21.11
September 15, 2006	29.24	17.73	21.07
[•], 2006	[•]	[•]	[•]

(1) Calculated by adding (a) the cash portion of the merger consideration, or $1.25, and (b) the Smithfield closing per share stock price multiplied by 0.6780.

These prices will fluctuate prior to the closing date of the merger, and PSF stockholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

Smithfield has never paid a cash dividend on its common stock and has no current plan to pay cash dividends. In addition, the terms of certain of Smithfield s debt agreements prohibit the payment of any cash dividends on its common stock. The payment of cash dividends, if any, would be made only from assets legally available for that purpose and would depend on Smithfield s financial condition, results of operations, current and anticipated capital requirements, restrictions under then existing debt instruments and other factors then deemed relevant by the Smithfield board of directors. PSF declares and pays regular quarterly dividends of $0.06 per share on its common stock; however, after completion of the merger, PSF stockholders will not continue to receive dividends.

PSF stockholders will be entitled to demand appraisal rights. (Page 50)

Under Delaware law, PSF stockholders of record who do not vote in favor of the merger will be entitled to exercise appraisal rights and obtain payment in cash for the judicially-determined fair value of their shares of PSF common stock in connection with the merger if the merger is completed. The relevant provisions of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, are included as Annex D to this proxy statement/prospectus.

Smithfield common stock is listed on the NYSE. (Page 53)

Shares of Smithfield common stock received by PSF stockholders in the merger will be listed on the NYSE under the symbol SFD. After completion of the merger, shares of Smithfield common stock will continue to be traded on the NYSE, but shares of PSF common stock will no longer be listed or traded on NASDAQ.

Information about the Companies.

Smithfield Foods, Inc.

200 Commerce Street

Smithfield, Virginia 23430

(757) 365-3000

Smithfield is a Virginia corporation and is the largest hog producer and pork processor in the world and the fifth largest beef processor in the United States. Smithfield conducts its business through six reporting segments, Pork, Beef, International, Hog Production, Other and Corporate, each of which is comprised of a number of subsidiaries.

The Pork segment consists mainly of U.S. fresh pork and processed meats operations. The Pork segment produces a wide variety of fresh pork and processed meat products in the U.S. and markets them nationwide and to numerous foreign markets, including Japan, Mexico, Canada and Australia. The Pork segment currently operates over 40 processing plants.

The Beef segment is composed mainly of U.S. beef processing operations and Smithfield s cattle feeding operations and interests in cattle feeding operations. The Beef segment primarily produces boxed beef and ground beef (both chub and case ready) and markets these products in large portions of the U.S. Smithfield processes cattle at four plants (two in the Midwest, one in the Northeast and one in the Southwest), with a current aggregate processing capacity of 7,600 cattle per day.

The International segment is comprised of international meat processing operations, mainly in Poland, Romania and the United Kingdom, and Smithfield s interests in international meat processing operations, mainly in Western Europe, Mexico, Romania and China.

As a complement to the Pork and International segments, Smithfield has vertically integrated into hog production. The Hog Production segment consists mainly of hog production operations located in the U.S., Poland and Romania and Smithfield s interests in hog production operations, mainly in Mexico and Brazil. The Hog Production segment operates numerous hog production facilities producing about 14 million market hogs annually. Additional hogs are produced through joint ventures. The Hog Production segment produces approximately 53% of the Pork segment s live hog requirements and approximately 66% of the International segment s live hog requirements. The Other segment is mainly comprised of Smithfield s turkey production operations, its interests in turkey processing operations and Smithfield s alternative fuels subsidiary. Each of the segments has certain joint ventures and other investments in addition to their main operations.

KC2 Merger Sub, Inc.

200 Commerce Street

Smithfield, Virginia 23430

(757) 365-3000

KC2 Merger Sub, Inc. is a Delaware corporation and a wholly owned subsidiary of Smithfield. KC2 Merger Sub, Inc. was organized on September 14, 2006 solely for the purpose of effecting the merger with PSF. It has not carried on any activities other than in connection with the merger agreement.

Premium Standard Farms, Inc.

805 Pennsylvania Avenue, Suite 200

Kansas City, Missouri 64105

(816) 472-7675

PSF is a Delaware corporation and is one of the largest vertically integrated providers of pork products in the United States, producing consistent, high-quality pork products for the retail, wholesale, foodservice, further processor and export markets. PSF has become a recognized leader in the pork industry through its vertically integrated business model that combines modern, efficient production and processing facilities, sophisticated genetics, and strict control over the variables of health, diet and environment. PSF is the sixth largest pork processor in the United States, with processing facilities in Missouri and North Carolina that have the capacity to process approximately 4.6 million hogs per year. Operating in concert with its processing facilities, PSF is the second largest owner of sows in the United States, currently producing approximately 4.5 million hogs per year in operations located on approximately 100,000 acres in Missouri, North Carolina and Texas. As of October 13, 2006, PSF had approximately 4,300 employees working at its farms and processing facilities.

SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF SMITHFIELD

The following table sets forth selected historical consolidated financial information and other data of Smithfield for the periods presented. The selected financial information, exclusive of Other Operational Data, as of April 28, 2002, April 27, 2003, May 2, 2004, May 1, 2005 and April 30, 2006, and for each of the five fiscal years then ended, has been derived from Smithfield s consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accountants. The selected financial data, exclusive of Other Operational Data, as of October 30, 2005 and October 29, 2006, and for each of the 26-week periods then ended, has been derived from Smithfield s unaudited condensed consolidated financial statements which include, in the opinion of Smithfield s management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Smithfield for the periods and dates presented. The results of operations for an interim period are not necessarily indicative of results for the full year or any other interim period. This financial information and other data should be read in conjunction with the respective audited and unaudited consolidated financial statements of Smithfield, including the notes thereto, incorporated in this proxy statement/prospectus by reference. See Where You Can Find More Information beginning on page 98.

	Fiscal Year Ended (1)					26 Weeks Ended	
	April 28,	April 27,	May 2,	May 1,	April 30,	October 30,	October 29,
	2002	2003	2004	2005	2006	2005	2006
			(in millions, except per share data)				
Statement of Income Data:							
Sales	$ 6,554.4	$ 7,075.3	$ 9,178.2	$ 11,248.4	$ 11,403.6	$ 5,801.5	$ 5,580.6
Cost of sales	5,681.0	6,471.4	8,244.5	10,038.1	10,316.8	5,245.7	5,040.8
Gross profit	873.4	603.9	933.7	1,210.3	1,086.8	555.8	539.8
Selling, general and administrative expenses	491.5	487.9	560.2	644.6	675.2	343.2	347.4
Interest expense, net	87.1	85.5	118.7	132.0	149.5	74.2	84.7
Equity in (income) loss of affiliates	(10.0)	9.6	0.9	(17.5)	(9.2)	(12.2)	(13.5)
Gain on sale of IBP, inc. common stock (2)	(7.0)						
Income from continuing operations before income taxes	311.8	20.9	253.9	451.2	271.3	150.6	121.2
Income taxes	118.8	6.1	86.6	152.3	91.0	50.0	37.6
Income from continuing operations	193.0	14.8	167.3	298.9	180.3	100.6	83.6
Income (loss) from discontinued operations, net of tax (3)	3.9	11.5	59.8	(2.7)	(7.6)		(14.3)
Net income	$ 196.9	$ 26.3	$ 227.1	$ 296.2	$ 172.7	$ 100.6	$ 69.3
Earnings per share (4):							
Basic	$ 1.82	$ .24	$ 2.06	$ 2.66	$ 1.55	$ .91	$ .62
Diluted	1.78	.24	2.03	2.64	1.54	.90	.62
Shares used to calculate earnings per share:							
Basic	108.1	109.6	110.3	111.2	111.1	111.2	111.1
Diluted	110.4	109.8	111.7	112.3	112.0	112.0	112.1
Cash dividends declared per share	$	$	$	$	$	$	$
Statement of Cash Flows Data:							
Net cash flows from operating activities	$ 256.5	$ 60.3	$ 319.7	$ 94.6	$ 502.6	$ 66.0	$ (104.7)
Net cash flows from investing activities	(227.2)	(264.8)	(454.2)	(504.3)	(797.3)	262.9	(499.8)
Net cash flows from financing activities	(24.3)	206.1	144.2	414.6	297.6	189.8	598.4
Other Data:							
Capital expenditures, net of proceeds	$ 136.5	$ 166.0	$ 133.5	$ 199.3	$ 391.3	$ 152.8	$ 222.9
Depreciation and amortization expense	132.4	155.1	172.7	196.5	207.9	108.1	112.5
Balance Sheet Data (end of period):							
Working capital	$ 917.1	$ 935.6	$ 1,056.6	$ 1,445.6	$ 1,177.8	$ 1,306.6	$ 1,419.2
Total assets	3,907.1	4,244.4	4,828.6	5,773.6	6,176.5	5,987.5	6,876.5
Long-term debt and capital lease obligations	1,304.6	1,523.1	1,696.8	2,151.7	2,313.9	2,146.8	2,814.0
Shareholders equity	1,362.8	1,299.2	1,598.9	1,901.4	2,028.2	1,929.5	2,104.6
Other Operational Data:							
Total hogs processed	19.3	20.1	24.7	28.6	28.5	14.2	13.2

Processed meat sales (pounds)	1,891.0	1,916.8	2,289.3	2,624.4	2,703.8	1,271.6	1,300.4
Fresh beef sales (pounds)	880.2	1,489.7	1,457.9	1,307.3	1,401.6	692.8	757.5
Total hogs sold	12.2	12.9	14.5	15.4	15.0	7.0	6.8

(1) Smithfield s fiscal year consists of 52 or 53 weeks, ending on the Sunday nearest April 30. Fiscal years 2002, 2003, 2005 and 2006 were 52 weeks. Fiscal year 2004 was 53 weeks.

(2) Fiscal 2002 income from continuing operations and net income include a gain of $7.0 million from the sale of IBP, inc. common stock, net of related expenses.

(3) Income (loss) from discontinued operations, net of tax, are related to the dispositions of Quik-to-Fix in August 2006 (fiscal 2007) and Schneider Corporation in April 2004 (fiscal 2004).

(4) Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. The effect of stock options represents the only difference between the weighted average shares used for the basic earnings per share computations compared to the diluted earnings per share computations.

SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF PSF

The following table sets forth selected historical consolidated financial information and other data of PSF for the periods presented. The selected financial information, exclusive of Other Operational Data, as of March 30, 2002, March 29, 2003, March 27, 2004, March 26, 2005 and March 25, 2006, and for each of the five fiscal years then ended, has been derived from PSF s consolidated financial statements, which have been audited by Deloitte & Touche LLP, independent registered public accountants. The selected financial information, exclusive of Other Operational Data, as of September 24, 2005 and September 23, 2006, and for each of the 26-week periods then ended, has been derived from PSF s unaudited condensed consolidated financial statements which include, in the opinion of PSF s management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of PSF for the periods and dates presented. The results of operations for an interim period are not necessarily indicative of results for the full year or any other interim period. This financial information and other data should be read in conjunction with the respective audited and unaudited consolidated financial statements of PSF, including the notes thereto, incorporated in this proxy statement/prospectus by reference. See Where You Can Find More Information beginning on page 98.

	Fiscal Year Ended (1)					26 Weeks Ended	
	March 30,	March 29,	March 27,	March 26,	March 25,	September 24,	September 23,
	2002	2003	2004	2005	2006	2005	2006
	(in millions, except per share data)						
Statement of Operations Data:							
Sales	$ 674.9	$ 608.4	$ 730.7	$ 927.6	$ 919.5	$ 458.5	$ 426.5
Cost of goods sold	589.2	631.9	696.8	774.5	785.7	374.6	383.0
Gross profit	85.7	(23.5)	33.9	153.1	133.8	83.9	43.5
Selling, general and administrative expenses	20.9	16.0	16.7	25.2	25.8	12.8	21.6
Interest expense, net	20.4	23.7	24.7	20.2	8.9	5.1	3.0
Loss on early extinguishment of debt	2.2				21.7	21.7	0.1
Income (loss) before income taxes	42.2	(63.2)	(7.5)	107.7	77.4	44.3	18.8
Income tax expense (benefit)	16.8	(24.6)	(2.9)	40.0	24.3	16.7	6.9
Net income (loss)	$ 25.4	$ (38.6)	$ (4.6)	$ 67.7	$ 53.1	$ 27.6	$ 11.9
Earnings (loss) per share (2):							
Basic	$ .82	$ (1.25)	$ (.15)	$ 2.19	$ 1.71	$ .89	$ .38
Diluted	.82	(1.25)	(.15)	2.18	1.70	.88	.37
Shares used to calculate earnings (loss) per share (3):							
Basic	30.9	30.9	30.9	30.9	31.0	30.9	31.6
Diluted	31.0	30.9	30.9	31.1	31.3	31.2	31.8
Cash dividends declared per share(4)	$	$	$	$	$ .24	$ .12	$ .12
Statement of Cash Flows Data:							
Net cash flows from operating activities	$ 80.5	$ (17.4)	$ 41.7	$ 149.9	$ 118.0	$ 56.4	$ 22.7
Net cash flows from investing activities	(81.3)	(25.9)	(23.5)	(23.6)	(31.0)	(16.5)	(25.6)
Net cash flows from financing activities	(0.6)	36.1	(18.2)	(116.3)	(71.5)	(46.3)	(6.2)
Other Data:							
Capital expenditures	$ 96.2	$ 35.5	$ 41.9	$ 44.3	$ 47.6	$ 25.0	$ 35.3
Depreciation and amortization expense	56.1	61.5	61.3	60.6	60.9	30.3	28.8
Balance Sheet Data (end of period):							
Working capital	$ 120.1	$ 139.5	$ 164.8	$ 160.0	$ 175.2	$ 161.2	$ 176.5
Total assets	806.3	777.8	758.8	737.0	728.9	729.2	736.7
Long-term debt and capital lease obligations (including current portion)	271.4	303.9	285.9	176.1	128.3	140.6	125.9
Shareholders equity	383.6	344.3	340.0	407.7	460.7	433.9	469.1
Other Operational Data:							
Total hogs processed	3.7	4.0	4.3	4.5	4.6	2.2	2.2
Processed pork sales (pounds)	675.0	738.0	786.2	844.2	869.5	404.4	404.8

Total hogs sold	4.0	4.2	4.3	4.5	4.7	2.3	2.2

(1) PSF s fiscal year is the 52 or 53-week period ending on the last Saturday in March. Each of fiscal years 2002 through 2006 consisted of 52 weeks.

(2) Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. The effect of stock options and warrants represents the only difference between the weighted average shares used for the basic earnings (loss) per share computation compared to the diluted earnings (loss) per share computations.

(3) On May 6, 2005, the PSF board of directors declared a 145-for-1 stock split in the form of a stock dividend on account of its common stock. This stock dividend has been retroactively applied to the shares outstanding for each year shown.

(4) On December 8, 2006, PSF declared a quarterly dividend of $0.06 per share, which will be paid on January 19, 2007 to all common stockholders of record as of December 22, 2006.

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SELECTED UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL DATA OF SMITHFIELD

The following table sets forth selected unaudited pro forma combined condensed financial data of Smithfield as of October 29, 2006 and for the 26 weeks ended October 29, 2006 and the fiscal year ended April 30, 2006. The pro forma amounts in the table below are based on the historical consolidated financial statements and the notes thereto of Smithfield and PSF and have been prepared to give effect to the merger as if the merger had occurred at the balance sheet date and at the beginning of the fiscal year ending April 30, 2006. Because the fiscal years of Smithfield and PSF are different, PSF s unaudited condensed balance sheet as of September 23, 2006 and the unaudited pro forma combined condensed income statement for the 26 weeks ended September 23, 2006 and the fiscal year ended March 25, 2006 have been used in preparing the unaudited pro forma combined condensed financial statements. The selected unaudited pro forma combined condensed financial data included in the table below does not give effect to several significant developments of Smithfield described under Other Recent Smithfield Transactions beginning on page 67.

The unaudited pro forma financial data in the table below should be read in conjunction with the historical financial statements and accompanying disclosures of Smithfield and PSF, which are incorporated by reference in this proxy statement/prospectus, and the unaudited pro forma combined condensed financial statements and accompanying disclosures beginning on page 69. The unaudited pro forma combined condensed financial statements are provided for informational purposes only and do not purport to represent what Smithfield s financial position or results of operations would actually have been had the merger occurred on those dates or to project Smithfield s results of operations or financial position for any future period. See the Unaudited Pro Forma Combined Condensed Financial Data of Smithfield beginning on page 69 and Other Recent Smithfield Transactions beginning on page 67.

	Fiscal Year Ended April 30, 2006	26 Weeks Ended October 29, 2006
	(in millions)	
Statement of Income Data		
Sales	$ 12,323.1	$ 6,007.1
Cost of sales	11,109.1	5,427.1
Gross profit	1,214.0	580.0
Selling, general and administrative expenses	701.1	369.1
Interest expense, net	161.1	89.1
Equity in (income) loss of affiliates	(9.2)	(13.5)
Loss on early extinguishment of debt	21.7	0.1
Income from continuing operations before income tax	339.3	135.2
Income taxes	111.6	42.6
Income from continuing operations	$ 227.7	$ 92.6
Balance Sheet Data (end of period)		
Working capital		$ 1,598.8
Total assets		7,829.3
Long term debt and capital lease obligations		2,982.6
Shareholders equity		2,727.9

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COMPARATIVE PER SHARE DATA

The following table presents certain per share data of Smithfield and PSF on a historical basis and on an unaudited pro forma basis after giving effect to the merger as if the merger had occurred at the balance sheet date and at the beginning of the income statement period. The following information should be read in conjunction with the audited consolidated financial statements of Smithfield and PSF, which are incorporated by reference into this proxy statement/prospectus, and the unaudited pro forma combined condensed financial statements beginning on page 69. The pro forma information below is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. PSF equivalent per share amounts are calculated by multiplying the unaudited pro forma combined per share amounts by the exchange ratio of 0.6780.

	Fiscal Year Ended	26 Weeks Ended
	April 30, 2006	October 29, 2006
Smithfield Historical		
Historical diluted per Common Share:		
Income from continuing operations per share	$ 1.61	$ .75
Dividends declared per common share		
Book value per share	18.11	18.79
PSF Historical (1)		
Historical diluted per Common Share:		
Net income per share	$ 1.70	$ .37
Dividends declared per common share	.24	.12
Book value per share	14.72	14.75
Unaudited Pro Forma Combined (2)		
Unaudited diluted pro forma per Smithfield common share		
Income from continuing operations per share	$ 1.70	$ .69
Dividends declared per common share		
Book value per share	20.37	20.39
Unaudited Pro Forma PSF Equivalent (1)(2)(3)		
Unaudited diluted pro forma per PSF common share		
Income from continuing operations per share	$ 1.15	$ .47
Dividends declared per common share		
Book value per share	13.81	13.82

(1) PSF information is presented as of and for the periods ended March 25, 2006 and September 23, 2006.

(2) Were Smithfield to increase the amount of cash paid per share by $1.00, based on a $28.60 price per share of Smithfield common stock, which is the average of the closing prices for the five days immediately prior and subsequent to the announcement of the merger agreement, the exchange ratio would be reduced to 0.6430, and the unaudited combined book value per share as of April 30, 2006 and October 29, 2006 would remain unchanged. The PSF equivalent per share amounts would be computed by multiplying amounts by 0.6430. The impact on pro forma earnings per share amounts would be less than 1%.

(3) PSF equivalent per share amounts are calculated by multiplying the unaudited pro forma combined per share amounts by the exchange ratio of 0.6780.

COMPARATIVE STOCK PRICES AND DIVIDENDS

Comparison

Smithfield common stock is listed and traded on the NYSE under the symbol SFD. PSF common stock is listed and traded on NASDAQ under the symbol PORK. The following table sets forth, for the calendar quarters indicated, the high and low sales prices per share of Smithfield common stock and PSF common stock as reported in Bloomberg Financial Markets. The high and low sales prices per share of PSF common stock are listed beginning with the second calendar quarter of 2005, following the date of the initial public offering of its common stock, which we refer to as the IPO, on June 13, 2005. The table also sets forth the quarterly cash dividends per share declared by PSF with respect to its common stock. Smithfield has never paid a cash dividend on its common stock.

	Smithfield Common Stock		PSF Common Stock		
	High	Low	High	Low	Dividends
2004					
First Quarter	$ 27.41	$ 20.10	$	$	$
Second Quarter	31.15	25.90			
Third Quarter	29.80	23.40			
Fourth Quarter	29.98	23.27			
2005					
First Quarter	$ 34.64	$ 27.77	$	$	$
Second Quarter	32.07	27.20	14.25	12.50	.06
Third Quarter	29.70	25.69	15.96	12.66	.06
Fourth Quarter	31.47	28.50	18.54	14.30	.06
2006					
First Quarter	$ 31.10	$ 25.75	$ 19.47	$ 13.25	$ .06
Second Quarter	29.48	25.00	17.93	13.60	.06
Third Quarter	30.51	26.86	20.64	13.31	.06
Fourth Quarter (through December 12, 2006)	27.26	25.59	19.68	18.24	.06

On September 14, 2006, the last trading day before an analyst report was published which speculated on a potential business combination involving PSF, the last sales price of PSF common stock was $16.60 per share and the last sales price of Smithfield common stock was $29.30 per share. On September 15, 2006, the last trading day prior to the announcement of the execution of the merger agreement, the last sales price of PSF common stock was $17.73 per share and the last sales price of Smithfield common stock was $29.24 per share. On [•], 2006, the most recent practicable trading day prior to the printing of this proxy statement/prospectus, the last sales price of PSF common stock was $[•] per share and the last sales price of Smithfield common stock was $[•] per share. All stock price information is as reported in Bloomberg Financial Markets. The market prices of shares of PSF common stock and Smithfield common stock are subject to fluctuation. As a result, PSF stockholders are urged to obtain current market quotations. On December 22, 2006, the record date for the special meeting, there were approximately [•] shares of PSF common stock outstanding.

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement/ prospectus, you should carefully consider the matters described below in evaluating whether to adopt the merger agreement.

Risk Factors Relating to Smithfield and PSF

Smithfield s and PSF s businesses are and will be subject to the risks described below relating to the merger. In addition, Smithfield and PSF are, and will continue to be, subject to the risks described in Part I, Item 1A in each of Smithfield s annual report on Form 10-K for the year ended April 30, 2006 and PSF s annual report on Form 10-K for the year ended March 25, 2006 and in Part II, Item 1A of Smithfield s quarterly reports on Form 10-Q for the quarters ended July 30, 2006 and October 29, 2006 and PSF s quarterly reports on Form 10-Q for the quarters ended June 24, 2006 and September 23, 2006, in each case as filed with the SEC and incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 98 for the location of information incorporated by reference into this proxy statement/prospectus.

Risk Factors Relating to the Merger

Because the market price of Smithfield common stock will fluctuate, you cannot be sure of the market value of the shares of Smithfield common stock that you will receive.

The number of shares of Smithfield common stock to be received by holders of PSF common stock in the merger as part of the merger consideration is fixed at 0.6780 of a share of Smithfield common stock for each share of PSF common stock. That number will not be adjusted in the event of any increase or decrease in the price of either Smithfield common stock or PSF common stock. That number would be reduced, however, if Smithfield substitutes up to $1.00 per share in cash for shares having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) under the circumstances described under The Merger General beginning on page 23. The price of Smithfield common stock may vary at the effective time of the merger from its price at the date of this proxy statement/prospectus and at the date of the special meeting. That variation may be the result of changes in the business, operations or prospects of Smithfield or PSF, market assessments of the likelihood that the merger will be completed and the timing of the merger, regulatory considerations, general market and economic conditions and other factors. In addition to the approval of PSF stockholders, completion of the merger is subject to the expiration or termination of the applicable waiting period, and any extension of the waiting period under the HSR Act and the satisfaction of other conditions that may not occur until some time after the special meeting. Therefore, at the time of the special meeting you will not know the precise dollar value of the merger consideration you will be entitled to receive upon completion of the merger or whether Smithfield will substitute up to $1.00 per share in cash for shares having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing). A vote by PSF stockholders for the adoption of the merger agreement constitutes approval of the merger whether or not Smithfield substitutes up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing). PSF stockholders are urged to obtain current market quotations for Smithfield common stock and PSF common stock.

Obtaining required approvals may delay or prevent completion of the merger and may result in conditions on, or divestitures of certain assets of, Smithfield or PSF, which could adversely affect the combined company s business if the merger is completed.

Completion of the merger is conditioned upon, among other things, the receipt of certain governmental authorizations, consents, orders and other approvals, including the expiration or termination of the applicable waiting period under the HSR Act. These governmental approvals may impose conditions on, or require divestitures relating to, the divisions, operations or assets of Smithfield and/or PSF. These conditions or divestitures may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger and negatively impact the pro forma financial information included in this proxy statement/prospectus. Even if all required governmental approvals are obtained and the other conditions to closing are satisfied, no assurance can be given as to the terms, conditions and timing of the governmental approvals.

Smithfield, PSF and ContiGroup have each received a request for additional information from the Antitrust Division of the Department of Justice. The request has the effect of extending the waiting period under the HSR Act until 30 days after Smithfield, PSF and ContiGroup have substantially complied with the request, unless that period is extended voluntarily by the parties or terminated sooner by the Department of Justice.

The failure to successfully integrate PSF s business and operations in the expected time frame may adversely affect Smithfield s future results.

The success of the merger will depend, in part, on the combined company s ability to realize the anticipated benefits from combining the businesses of Smithfield and PSF. However, to realize these anticipated benefits, the businesses of Smithfield and PSF must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. In addition, Smithfield needs to integrate the various acquisitions it has made in recent years, including the acquisition of the processed meats business of ConAgra in October 2006.

Smithfield and PSF have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies, any or all of which could adversely affect Smithfield s ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Smithfield and PSF.

Smithfield s acquisition strategy may prove to be disruptive, divert management resources and present other risks to its business.

Smithfield has made numerous acquisitions in recent years and regularly reviews opportunities for strategic growth through acquisitions. Recent acquisitions include the acquisition of substantially all of the assets of the branded meats business of ConAgra Foods Packaged Foods Company, Inc. in October 2006 and substantially all of the assets of Cook s Hams, Inc. in April 2006. These and other acquisitions may present potential financial, managerial and operational challenges, including:

- diversion of management attention from existing businesses,
- difficulty with integrating personnel and financial and other systems,
- lack of experience in operating in the geographical market of the acquired business,
- increased levels of debt and associated reduction in ratings of Smithfield s debt securities,
- loss of key employees and customers of the acquired business,
- assumption of unknown liabilities, and
- disputes with the sellers.

Smithfield could also experience financial or other setbacks if any of the businesses that it has acquired or may acquire in the future have problems of which Smithfield is not aware.

In addition, acquisitions outside the U.S. may present unique difficulties and increase Smithfield s exposure to risks associated with international operations. Smithfield conducts foreign operations primarily in Poland, Romania and the United Kingdom and has interests in joint ventures operating mainly in Western Europe, Mexico, Romania and China. In August 2006, Smithfield acquired a 50% joint venture interest in the European meats business of Sara Lee Corporation. All of these foreign operations are subject to various risks related to economic or political uncertainties, including among others:

- general economic conditions,
- imposition of tariffs, quotas, trade barriers and other restrictions,
- enforcement of remedies in foreign jurisdictions and compliance with applicable foreign laws,
- fluctuations in currency values,
- translation of foreign currencies into U.S. dollars, and
- foreign currency exchange controls.

As of October 29, 2006, approximately 27% of Smithfield s long-lived assets were associated with its foreign operations.

The market price for Smithfield common stock may be affected by factors different from those affecting the shares of PSF.

Upon completion of the merger, holders of PSF common stock will become holders of Smithfield common stock. Smithfield s businesses differ from those of PSF, and accordingly the results of operations of the combined company will be affected by factors different from those currently affecting the results of operations of PSF. For a discussion of the businesses of Smithfield and PSF and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under Where You Can Find More Information beginning on page 98.

Some directors and executive officers of PSF have interests in the merger that may differ from the interests of PSF stockholders.

When considering the recommendation by the PSF board of directors to vote FOR adoption of the merger agreement, you should be aware that certain directors and executive officers of PSF have, and ContiGroup, PSF s largest stockholder, has, interests in the merger agreement that are different from, and may conflict with, your interests. Following the merger, Paul J. Fribourg, a member of the PSF board of directors and ContiGroup s Chairman, President and Chief Executive Officer, will become a member of the Smithfield board of directors, and Michael J. Zimmerman, a member of the PSF board of directors and ContiGroup s Executive Vice President and Chief Financial Officer, will become an advisory director of Smithfield. The directors and executive officers of PSF will receive certain benefits upon completion of the merger, including accelerated vesting of stock options and restricted stock. Additionally, certain executive officers may be entitled to receive severance payments in connection with the merger in the aggregate amount of $2,569,123 and performance bonuses in the aggregate amount of $275,000. Smithfield has agreed to continue certain indemnification arrangements for directors and executive officers of PSF. The PSF board of directors was aware of these interests and considered them in approving the merger agreement.

The shares of Smithfield common stock to be received by PSF stockholders as a result of the merger will have different rights from the shares of PSF common stock.

Following completion of the merger, PSF stockholders will no longer be stockholders of PSF, a Delaware corporation, but will instead be shareholders of Smithfield, a Virginia corporation. There will be important differences between your current rights as a PSF stockholder and the rights to which you will be entitled as a shareholder of Smithfield. See Comparative Rights of Smithfield and PSF Stockholders beginning on page 78 for a discussion of the different rights associated with Smithfield common stock.

SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this proxy statement/prospectus, including those relating to Smithfield s and PSF s strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, should, may, expects, anticipates, intends, plans, believes, estimates and similar expressions, are forward-looking sta the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements include the information concerning possible or assumed future results of operations of Smithfield and PSF as set forth under The Merger Smithfield s Reasons for the Merger, The Merger Recommendation of the PSF Board of Directors; Reasons for the Merger and The Merger Opinion of Centerview Partners LLC. These statements are not historical facts but instead represent only Smithfield s and PSF s expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include the risk factors set forth above and other market, business, legal and operational uncertainties discussed elsewhere in this document and the documents which are incorporated herein by reference. Those uncertainties include, but are not limited to:

- the ability to obtain requisite governmental approvals for the merger on the proposed terms and schedule;

- the failure of the PSF stockholders to adopt the merger agreement;

- the risks that the businesses of Smithfield and PSF will not be successfully integrated;

- disruption from the merger, including lost business opportunities and difficulty maintaining relationships with employees, customers and suppliers;

- legal risks, including litigation and legislative and regulatory developments; and

- changes in general economic and market conditions.

Smithfield s and PSF s actual results and financial conditions may differ, perhaps materially, from the anticipated results and financial conditions in any forward-looking statements, and, accordingly, readers are cautioned not to place undue reliance on such statements.

For more information concerning factors that could affect Smithfield s and PSF s future results and financial conditions, see Management s Discussion and Analysis and Risk Factors in each of Smithfield s annual report on Form 10-K for the year ended April 30, 2006 and PSF s annual report on Form 10-K for the year ended March 25, 2006 and each of Smithfield s and PSF s most recent quarterly reports on Form 10-Q, which are incorporated by reference. Smithfield and PSF undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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THE SPECIAL MEETING

General

The special meeting will be held on [•], 2007, at [•] a.m., local time, in Conference Room 1A of the First Floor of the South Tower of State Street s offices at 805 Pennsylvania Avenue, Kansas City, Missouri 64105.

The purposes of the special meeting are to consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of September 17, 2006, among Smithfield, KC2 Merger Sub, Inc., a direct wholly owned subsidiary of Smithfield, and PSF, and to consider and vote upon any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including any adjournment for the purpose of soliciting additional proxies.

THE PSF BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AGREEMENT IS ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, PSF AND ITS STOCKHOLDERS AND RECOMMENDS THAT PSF STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT.

Record Date; Voting Information; Required Vote

The PSF board of directors has fixed the close of business on December 22, 2006 as the record date for determining the holders of PSF common stock entitled to notice of, and to vote at, the special meeting. Only holders of record of PSF common stock at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

As of the record date, [•] shares of PSF common stock were issued and outstanding and entitled to vote at the special meeting and there were approximately [•] holders of record of PSF common stock. Each share of PSF common stock entitles the holder to one vote on each matter to be considered at the special meeting. If you are a record holder of PSF common stock, you may vote your shares of PSF common stock in person at the special meeting or by proxy as described below under Voting by Proxy; Revocation of Proxies.

The presence in person or by proxy at the special meeting of the holders of at least a majority of the outstanding shares of PSF common stock entitled to vote at the meeting will constitute a quorum for the special meeting. Properly signed proxies that are marked abstain are known as abstentions. Properly signed proxies that are held by brokers in street name on behalf of customers who have not provided their broker with specific voting instructions on nonroutine matters such as the proposal to adopt the merger agreement are known as broker non-votes. Abstentions and broker non-votes will be counted for the purposes of determining whether a quorum exists at the special meeting but will have the same effect as a vote against the proposal to adopt the merger agreement.

The affirmative vote of a majority of the shares of PSF common stock outstanding as of the record date is required to adopt the merger agreement. Acting upon any procedural matters incident to the conduct of the special meeting (other than adjournment) will require the affirmative vote of a majority of all votes cast with respect to such matter by the holders of shares of PSF common stock present or represented by proxy and entitled to vote on such matter at the special meeting. An adjournment of the special meeting will require the affirmative vote of shares of PSF common stock representing a majority of the shares of PSF common stock present in person or represented by proxy at the special meeting.

PSF does not expect that any matter other than the proposals listed above will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, or any adjournment of the special meeting, the persons named as proxies will vote in accordance with their judgment.

Voting by Proxy; Revocation of Proxies

Each copy of this proxy statement/prospectus mailed to PSF stockholders is accompanied by a form of proxy and a self-addressed postage pre-paid envelope.

If you are a registered stockholder (that is, if you hold your PSF common stock in certificate form) you should either complete and return the proxy card accompanying this proxy statement/prospectus, or submit a proxy by telephone or through the Internet by following the instructions included with your proxy card, in each case, to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

If you hold your shares through a broker or other nominee, you should follow the separate voting instructions, if any, provided by the broker or other nominee with this proxy statement/prospectus. Your broker or nominee may permit proxy submission through the Internet or by telephone. Please contact your broker or nominee to determine how to vote your proxy.

You can revoke your proxy at any time before the vote is taken at the special meeting. If you have not voted through your broker or other nominee, you may revoke your proxy before the proxy is voted by:

- delivering a written notice of revocation of proxy, which is dated a later date than the initial proxy, to PSF s Secretary;

- submitting a duly executed proxy bearing a later date than the initial proxy;

- submitting a new proxy by telephone or through the Internet at a later time, but not later than 11:59 p.m. (Eastern Time) on [•], 2007, or the day before the meeting date if the special meeting is adjourned or postponed; or

- voting in person at the special meeting; however, simply attending the special meeting without voting will not revoke an earlier proxy.

To submit a written notice of revocation or other communications about revoking your proxy, or to request a new proxy card, you should write to:

Premium Standard Farms, Inc.

805 Pennsylvania Avenue, Suite 200

Kansas City, Missouri 64105

Attention: Secretary

If your shares of PSF common stock are held in street name, you should follow the instructions of your broker or nominee regarding the revocation of proxies. If your broker or nominee allows you to submit a proxy by telephone or through the Internet, you may be able to change your vote by submitting a proxy again by telephone or through the Internet.

All shares represented by valid proxies received through this solicitation, and not revoked, will be voted in accordance with your instructions on the proxy card. If you submit a proxy by telephone or through the Internet, your shares will be voted at the special meeting as instructed.

If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR adoption of the merger agreement. We intend, with respect to proxies that make no specification as to, or proxies that vote in favor of, the proposal with respect to any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including for the purpose of soliciting additional proxies, that the shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against adoption of the merger agreement but do not indicate a vote on the proposal with respect to procedural matters incident to the conduct of the special meeting will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional votes in favor of the adoption of the merger agreement.

You should NOT send stock certificates with your proxy cards. If the merger is completed, stockholders will be mailed a transmittal form promptly following the completion of the merger with instructions on how to exchange PSF common stock certificates.

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Effects of Abstentions and Broker Non-Votes

Absent specific instructions from the beneficial owner of shares, brokers may not vote shares of PSF common stock with respect to the adoption of the merger agreement, any other matters that may properly come before the special meeting, or any adjournment of the special meeting. For purposes of determining adoption of the merger agreement, abstentions and broker non-votes will have the same effect as a vote against the merger agreement. For purposes of acting upon any procedural matters incident to the conduct of the meeting (other than adjournment), abstentions and broker non-votes will have no effect on the outcome of the action. For purposes of acting upon any adjournment for the purpose of soliciting additional proxies, abstentions and broker non-votes will have the effect of a vote against the matter.

Share Ownership of Management and Certain Stockholders

At the close of business on the record date, PSF s directors and executive officers as a group owned and were entitled to vote [•] shares of PSF common stock, representing approximately [•]% of the outstanding shares of PSF common stock (approximately [•]% if the shares held by ContiGroup are excluded). All of the directors and executive officers of PSF that are entitled to vote at the special meeting have indicated that they currently intend to vote their shares of PSF common stock in favor of adoption of the merger agreement.

ContiGroup has entered into a voting agreement with Smithfield and PSF pursuant to which ContiGroup has agreed to vote the shares of PSF common stock owned by it in favor of adoption of the merger agreement and against third party acquisition proposals, subject to specified exceptions. Accordingly, subject to those exceptions, approximately [•]% of the shares of PSF common stock outstanding as of the record date will be contractually committed to vote for adoption of the merger agreement. See The Merger Voting Agreement beginning on page 45.

Solicitation of Proxies

PSF will bear the costs of soliciting proxies from its stockholders. However, PSF and Smithfield have agreed to share equally the costs of filing, printing and mailing Smithfield s registration statement on Form S-4 and this proxy statement/prospectus. In addition to soliciting proxies by mail, directors, officers and employees of PSF, without receiving additional compensation therefor, may solicit proxies by telephone, by facsimile or in person. Arrangements may also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by those persons, and PSF will reimburse those brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with those actions. In addition, D.F. King & Co., Inc. has been retained by PSF to assist in the solicitation of proxies. D.F. King & Co., Inc. may contact holders of shares of PSF common stock by mail, telephone, facsimile, telegraph or personal interviews and may request brokers, dealers and other nominee stockholders to forward materials to beneficial owners of shares of PSF common stock. D.F. King & Co., Inc. will receive reasonable and customary compensation for its services (estimated at $6,000) and will be reimbursed for certain reasonable out-of-pocket expenses and other customary costs.

THE MERGER

General

On September 17, 2006, the PSF board of directors and the Smithfield board of directors each approved the merger agreement, which provides for the acquisition by Smithfield of PSF through a merger of KC2 Merger Sub, Inc., a newly formed and wholly owned subsidiary of Smithfield, with and into PSF. After the merger, PSF will be the surviving corporation (unless Smithfield and PSF agree to change the direction of the merger; see Form of the Merger) and will be a wholly owned subsidiary of Smithfield.

Upon completion of the merger, each share of PSF common stock (other than dissenting shares) will be converted into the right to receive (i) 0.6780 (the exchange ratio) of a share of Smithfield common stock, par value $0.50 per share, and (ii) $1.25 in cash, without interest. If Smithfield reasonably determines that it is necessary in order to list on the NYSE the shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of Smithfield stock options) without the requirement of a vote of Smithfield shareholders, it will substitute up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (using a value per share of Smithfield common stock equal to the average of the volume weighted averages of the trading prices of Smithfield common stock as reported on the consolidated transaction reporting system for securities traded on the NYSE for each of the 10 consecutive full trading days ending on the third trading day prior to the closing date of the merger for purposes of calculating the value of Smithfield common stock). A vote by PSF stockholders for the adoption of the merger agreement constitutes approval of the merger whether or not Smithfield substitutes up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing).

Background of the Merger

In the fall of 2004, PSF began exploring a number of strategic alternatives, including a possible sale of the company. At that time, ContiGroup owned a majority of the outstanding PSF common stock and the PSF common stock was not publicly traded. PSF s financial advisor at the time contacted eight potential strategic buyers and two potential financial buyers. Three potential buyers conducted diligence and, in January 2005, two potential buyers, one of which was Smithfield, submitted final bids to acquire PSF. The PSF board of directors determined that it was not in the best interests of PSF stockholders to pursue either proposal and terminated the sale process. The offer price submitted by Smithfield in that process (which was the higher offer) was a cash price of approximately $443 million (an enterprise valuation of $650 million, before deducting net debt of $207 million) or a valuation of approximately $14.28 per share, based on the weighted average number of shares outstanding during the fourth quarter of calendar 2004.

In June 2005, certain stockholders of PSF sold approximately 10.1 million shares of PSF common stock in the initial public offering of PSF common stock at an initial price to the public of $12.50 per share. Neither PSF nor ContiGroup sold any shares in this offering. In June 2006, ContiGroup and another stockholder sold 4.0 million and 196,245 shares, respectively, of PSF common stock in a secondary offering at an initial price to the public of $16.25 per share. As a result of the secondary offering, ContiGroup s ownership of PSF common stock decreased from approximately 52.0% to 38.8%.

On July 6, 2006, four representatives of Smithfield (Joseph W. Luter III, Chairman of the Board, C. Larry Pope, President, Richard J.M. Poulson, Executive Vice President, and Daniel G. Stevens, Vice President and Chief Financial Officer) met with representatives of ContiGroup (Paul J. Fribourg and Michael J. Zimmerman), who also are PSF directors, and a representative of Paul, Weiss, Rifkind, Wharton & Garrison LLP, which we refer to as Paul Weiss, ContiGroup s counsel. At this meeting, Smithfield suggested a merger transaction in which Smithfield would acquire PSF in a stock-for-stock merger at an exchange ratio of 0.55 shares of Smithfield common stock for each share of PSF common stock. The ContiGroup representatives responded that they thought that this price (which implied a value of $15.63 per share based on the closing price of $28.42 per share of Smithfield common stock on that day) was not attractive to ContiGroup and would not be attractive to the other stockholders of PSF. The closing price of PSF common stock on that day was $16.68 per share. They also indicated that ContiGroup did not think that it would support any transaction between Smithfield and PSF unless Smithfield gave strong protection to PSF against risks relating to the antitrust clearance process. Shortly after this meeting, the ContiGroup representatives informed John M. Meyer, the President and Chief Executive Officer of PSF, and Robert S. Kopriva, PSF s Chairman of the Board, of the discussions that had taken place at this meeting.

On July 24, 2006, representatives of ContiGroup (Messrs. Fribourg and Zimmerman) met with representatives of another industry participant, which we refer to as Company A, about a potential combination involving PSF. The representatives from Company A suggested that Company A and ContiGroup work together towards a joint bid for PSF. The ContiGroup representatives indicated that they were not interested in a transaction that treated ContiGroup differently than the other stockholders of PSF but might be interested in some combination of Company A and PSF. Representatives of Company A expressed some willingness to consider alternate structures. However, no further discussions with Company A took place with respect to a possible combination until after Company A submitted its indication of interest on September 11, 2006 as described below.

Following a telephone call between Messrs. Luter and Fribourg on August 25, 2006, the above mentioned Smithfield representatives met with Messrs. Fribourg and Zimmerman on August 29, 2006 to make a revised proposal. At this meeting, they suggested a merger between PSF and Smithfield based on an exchange ratio of 0.644 shares of Smithfield common stock for each share of PSF common stock. This represented an implied value of $19.13 per share based on the closing price of Smithfield common stock of $29.70 per share on that day. The closing price of PSF common stock on that day was $16.55 per share. Smithfield indicated that it wanted a transaction in which Smithfield common stock was issued to PSF stockholders, because it desired to issue equity rather than incur additional debt and believed the tax-free nature of a stock transaction would be attractive to PSF stockholders. The Smithfield representatives also expressed confidence that the antitrust clearance for the transaction could be achieved and stated their willingness to provide strong protection in this regard. The Smithfield representatives further indicated that it would be a condition to any transaction that ContiGroup sign an agreement to support the merger transaction and that their proposal was conditioned on the PSF board of directors approving the merger and the agreement of support between ContiGroup and Smithfield. The ContiGroup representatives indicated that the proposal was interesting to them and that they would discuss it with the PSF board of directors and legal counsel.

On September 5, 2006, the PSF board of directors held a meeting by teleconference to discuss the proposal from Smithfield and related matters, with Stephen A. Lightstone, PSF s Executive Vice President, Chief Financial Officer and Treasurer, Gerard J. Schulte, PSF s General Counsel and Secretary, and representatives of Sidley Austin LLP, which we refer to as Sidley, counsel to PSF, and Paul Weiss also in attendance. Prior to this meeting, Paul Weiss had agreed to serve as counsel both to ContiGroup and, together with Sidley, to PSF. At the meeting, PSF s legal advisors advised the PSF directors of their fiduciary duties under Delaware law, particularly in connection with considering a possible merger or sale transaction. After discussion of the Smithfield proposal, and discussion among the directors and PSF s management team and advisors, the PSF board of directors authorized the retention of a financial advisor to assist it in evaluating the proposed transaction with Smithfield and in considering other possible strategic alternatives and authorized its representatives to continue discussions with Smithfield and its counsel with respect to a possible merger agreement.

On September 6, 2006, Smithfield s legal advisors circulated an initial draft merger agreement and a voting agreement that contemplated that ContiGroup would agree to vote all of the shares of PSF common stock owned by it in favor of the adoption of the merger agreement at the special meeting of PSF stockholders that would be called to consider the merger agreement. A draft of a mutual confidentiality agreement was circulated on September 6, 2006 and a mutual confidentiality agreement was executed by Smithfield and PSF on September 7, 2006.

During the period from September 7, 2006 through September 17, 2006, PSF s and ContiGroup s legal advisors negotiated the provisions of the merger agreement, the related disclosure schedules and the voting agreement with Smithfield s counsel. These negotiations did not focus on the price for the transaction. The negotiations, among other things, addressed the nature of the representations and warranties to be made by PSF and Smithfield, the limitations on the conduct of business between signing and closing, the extent of Smithfield s obligation to take actions to obtain requisite regulatory approvals and the parties respective rights and obligations in the event a third party sought to make a takeover proposal for PSF and various provisions relating to termination fees and expense reimbursements. In the course of the merger agreement negotiations, the parties ultimately agreed to address the antitrust risks by requiring Smithfield to use reasonable best efforts as outlined in the merger agreement to obtain antitrust clearance and to pay PSF a termination fee of $100 million if the merger could not close due to failure to obtain antitrust clearance.

On September 11, 2006, the PSF board of directors met by teleconference. Also present were Messrs. Lightstone and Schulte, PSF s outside legal advisors and representatives of Centerview. At the meeting, the PSF board of directors approved the engagement of Centerview as PSF s financial advisor. Centerview presented its preliminary analysis of PSF s valuation and reviewed certain strategic alternatives available to PSF. PSF s legal advisors briefed the directors on the status of the merger agreement negotiations with Smithfield s counsel and the process and potential issues relating to obtaining antitrust clearance.

On the afternoon of September 11, 2006, PSF received an unsolicited indication of interest letter from Company A stating that, subject to confirmatory due diligence, it was prepared to acquire all outstanding PSF common stock for $20.00 per share in cash.

On the evening of September 11, 2006, the PSF board of directors reconvened by teleconference to discuss the letter received from Company A. Following discussion among the directors and PSF s management team and advisors, the PSF board of directors authorized PSF s management team and advisors to discuss potential transactions with each of Smithfield and Company A.

On September 12, 2006, PSF and Company A entered into a confidentiality agreement.

During the week of September 11, 2006, representatives of Smithfield and Company A conducted separate due diligence investigations on PSF and representatives of PSF conducted due diligence on Smithfield.

Beginning the last week of August and through the first two weeks of September, including at the annual meeting of the Smithfield board of directors on August 30, 2006, Mr. Luter and Smithfield s senior management informed members of the Smithfield board of directors of the potential transaction with PSF and updated the directors on the status of negotiations with PSF. A special meeting of the Smithfield board of directors was held on September 12, 2006 at the New York offices of Simpson Thacher & Bartlett LLP, outside counsel to Smithfield. At that meeting, the Smithfield board of directors and senior management reviewed and discussed strategic considerations relating to the proposed merger, the status of discussions regarding the terms of the merger agreement and voting agreement and the status of Smithfield s due diligence investigation of PSF. At that meeting, Smithfield s internal legal advisors also reviewed with the Smithfield board of directors their applicable fiduciary duties under Virginia law in connection with the merger. During the meeting, the Smithfield board of directors discussed the proposed transaction and related agreements and asked questions of Smithfield s senior management and legal advisors.

On September 12, 2006, PSF s legal advisors circulated an initial draft merger agreement and voting agreement to Company A. During the period from September 12, 2006 through September 17, 2006, PSF s legal advisors and other representatives negotiated the provisions of the merger agreement, the related disclosure schedules and the voting agreement with Company A s counsel and other representatives.

On September 13, 2006, Messrs. Meyer, Kopriva, Fribourg, Zimmerman and Lightstone, and representatives of Sidley and Centerview, met with Smithfield s chief executive officer to discuss Smithfield s business and prospects.

On September 14, 2006, the PSF board of directors, together with Messrs. Lightstone and Schulte and PSF s legal and financial advisors, met in person. At the meeting, representatives of PSF s management team and Centerview reviewed the financial terms of the proposals from Smithfield and Company A and reviewed the status of discussions with respect to these potential transactions and answered questions from directors. Centerview updated the PSF board of directors on its valuation analysis. The PSF board of directors determined (based in part on PSF s earlier experience in seeking to sell the company) that it was unlikely any other strategic buyers would be interested in pursuing an acquisition of PSF at a higher price than those being considered and, based on advice received from Centerview, that it was unlikely private equity buyers would be interested. PSF s legal advisors discussed the principal terms of the draft merger agreements and voting agreements with Smithfield and Company A and the potential issues relating to the antitrust clearance process in connection with these potential transactions, discussed the directors fiduciary duties under Delaware law, and answered questions from directors. ContiGroup reminded the PSF board of directors that it is involved in a joint venture with Smithfield and advised that the current Smithfield proposal to acquire PSF should be viewed as entirely independent of that existing relationship and, consequently, would not be affected by the outcome of this process.

At the meeting, the PSF board of directors also considered the possibility of remaining as a stand-alone public company or attempting to grow PSF through acquisitions, and discussed issues relating to remaining a stand-alone company as opposed to pursuing a merger transaction, including the execution risk and ability to enhance value for PSF s stockholders involved with each of the alternatives, the prospects and growth opportunities for PSF if it were to remain a stand-alone public company in light of the industry s highly cyclical and competitive nature and trend toward consolidation, and current and historical valuations for PSF and other companies in the industry.

At the direction of the PSF board of directors, Centerview instructed both Smithfield and Company A to submit revised bids on September 16, 2006.

On the evening of September 14, 2006, Messrs. Meyer and Kopriva met with members of Company A s senior management team.

On the morning of September 16, 2006, Company A delivered to PSF a revised written proposal for a cash merger at a price of $20.75 per share, together with a commitment letter from a major bank to provide financing, and Smithfield orally indicated to PSF s financial advisor that it was willing to increase its offer to an exchange ratio with an implied value of $20.00 per share in stock.

During the morning of September 17, 2006 and then later in the day on September 17, 2006, the Smithfield board of directors held special meetings to consider the proposed transaction, which was also attended by members of Smithfield s senior management and Smithfield s legal advisors. During the meetings, Mr. Luter and Smithfield s senior management reviewed with the Smithfield board of directors strategic considerations relating to the transaction and the progress of the negotiations regarding the terms of the transaction and apprised the Smithfield board of directors of the results of its due diligence review of PSF. In addition, Smithfield s legal advisors reviewed the legal terms of the proposed definitive merger agreement and voting agreement, and responded to questions from directors. During the September 17 meetings, the Smithfield board of directors discussed the proposed transaction and related agreements and asked questions of Smithfield s senior management and legal advisors. Following deliberations, the Smithfield board of directors, by unanimous vote of all directors present, approved the merger agreement and the voting agreement.

On September 17, 2006, each of Smithfield and Company A orally submitted increased offers to Centerview. Smithfield s proposal was at an exchange ratio of 0.6780 plus $1.25 to be paid in cash, or a cash equivalent of $21.07 per share based on the closing price of Smithfield common stock on September 15, 2006 (or $21.35 per share based on the average closing price of Smithfield common stock for the preceding ten trading days). Company A s proposal was for $21.00 in cash. Each bidder indicated to Centerview that the bid was its final, highest offer.

Later on September 17, 2006, the PSF board of directors, together with Messrs. Schulte and Lightstone and PSF s legal and financial advisors, met in person in New York City, with two directors participating by telephone. At the meeting, Centerview updated the directors on the financial terms of the revised bids received from Smithfield and Company A. PSF s legal advisors summarized the principal terms of the draft merger agreements and voting agreements, including the key deal protection provisions, and again reviewed the fiduciary duties of the directors under Delaware law. The board of directors discussed with PSF s management team and its legal and financial advisors the proposals from Smithfield and Company A and, based on the factors outlined below under Recommendation of the PSF Board of Directors; Reasons for the Merger, determined to proceed with the proposal from Smithfield. Centerview reviewed its final presentation materials and rendered its oral opinion (subsequently confirmed in writing) to the PSF board of directors that, as of September 17, 2006 and based upon and subject to the assumptions, qualifications and limitations to be set forth in its written opinion, the proposed merger consideration to be paid by Smithfield was fair to PSF stockholders from a financial point of view. The PSF board of directors, by unanimous vote, approved the merger agreement with Smithfield and declared its advisability and approved the voting agreement to be entered into by PSF with ContiGroup and Smithfield.

Thereafter, PSF, Smithfield and KC2 Merger Sub, Inc. executed the merger agreement and PSF, Smithfield and ContiGroup, executed the voting agreement.

On September 18, 2006, before the opening of trading on the NYSE and NASDAQ, PSF and Smithfield issued a joint press release announcing the execution of the merger agreement. The terms of the merger agreement and the voting agreement are detailed below under The Merger Voting Agreement beginning on page 45 and The Merger Agreement beginning on page 54.

Recommendation of the PSF Board of Directors; Reasons for the Merger

The PSF board of directors has unanimously approved the merger agreement and the voting agreement, has determined that the merger agreement is advisable and fair to, and in the best interests of, PSF and the holders of PSF common stock and recommends that PSF stockholders vote FOR adoption of the merger agreement.

In reaching its determination to recommend adoption of the merger agreement, the PSF board of directors consulted with senior management and PSF s legal and financial advisors and considered various factors, including those listed below.

The PSF board of directors considered the following factors as generally supporting its decision to enter into the merger agreement:

The value of the consideration to be received by PSF stockholders pursuant to the merger, including the historical market prices and trading information for the shares of Smithfield common stock and that the implied merger consideration of $21.07 per share on September 17, 2006 (calculated using the closing trading price of Smithfield common stock on September 15, 2006, the last trading day prior to announcement of the merger agreement, or $21.35 per share based on the average closing price of Smithfield common stock for the ten trading days prior to that announcement) represented a significant premium over the market prices at which PSF common stock had previously traded, including a premium of approximately:

26.8% over the closing price of PSF common stock of $16.60 per share on September 14, 2006, the last trading day before an analyst report was published which speculated on a potential business combination involving PSF;

68.4% over the IPO price of PSF common stock of $12.50 per share on June 14, 2005; and

11.2% over the all-time high closing price of PSF common stock of $18.93 per share, which was reached on March 20, 2006.

The PSF board of directors familiarity with, and presentations by PSF s management regarding, the current and historical financial condition and results of operations of PSF, the most recent financial projections of PSF, the status of the expansion project to increase the capacity of its Milan facility from 7,400 hogs per day to 10,000 hogs per day (representing a 35% increase), and the potential effects of a productivity improvement program that was under consideration but not yet implemented, including the timing, costs and potential benefits of the program, if adopted, and the uncertainties related thereto.

Current industry, economic and market conditions, including lean hog prices which are lower than high levels experienced in recent years but higher than levels generally experienced historically, and the expectation of PSF s management that lean hog prices will be lower in fiscal year 2007 than in fiscal year 2006.

The PSF board of directors familiarity with the business of Smithfield and presentations by PSF s management and financial advisors regarding the current and historical financial condition and results of operations of Smithfield, the due diligence review of Smithfield by PSF s management and its financial and legal advisors and Smithfield s historical stock price performance.

The efforts undertaken to sell PSF during 2004 and the beginning of 2005 prior to the IPO of shares of PSF common stock completed in June 2005 and the fact that the merger consideration pursuant to the merger agreement and the terms of the merger agreement were significantly more favorable than the bids received as a result of those efforts.

The expectation that the merger would be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that, as a result, a holder of PSF common stock generally would not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder s shares of PSF common stock for shares of Smithfield common stock pursuant to the merger; however, a holder of PSF common stock may recognize gain with respect to the cash that holder receives pursuant to the merger.

The belief that the merger agreement pursuant to which PSF stockholders would receive primarily Smithfield common stock was more attractive to PSF stockholders than the alternative of a merger agreement with Company A pursuant to which PSF stockholders would receive $21.00 per share in cash in a generally taxable transaction.

The fact that the merger offers PSF stockholders the opportunity to own stock of a significantly larger and more actively traded business enterprise that is more diversified than PSF and that PSF stockholders would have the opportunity to participate in the potential growth of the combined company after the closing of the merger.

The opinion of Centerview Partners LLC, delivered to the PSF board of directors, dated September 17, 2006, which provides that, as of that date and based on and subject to the assumptions, qualifications and limitations described in the opinion, the merger consideration to be received by PSF stockholders pursuant to the merger agreement is fair to the holders of PSF common stock from a financial point of view. A copy of the written opinion of Centerview Partners LLC, dated September 17, 2006, which discusses the procedures followed, assumptions made, matters considered and the limitations of the reviews undertaken by Centerview Partners LLC in connection with its opinion, is attached as Annex C to this proxy statement/prospectus. PSF stockholders are urged to read the Centerview Partners LLC opinion in its entirety. See The Merger Opinion of Centerview Partners LLC beginning on page 30.

The likelihood, determined after consultation with its legal counsel, that the regulatory approvals and clearances necessary to complete the merger would be obtained and the fact that in the merger agreement Smithfield covenants to use its reasonable best efforts as outlined in the merger agreement to obtain those approvals and clearances, not to acquire any entity if that acquisition would reasonably be expected to materially delay or impede completion of the merger and to pay PSF a termination fee of $100 million in certain circumstances in which the condition relating to regulatory approvals under antitrust laws has not been satisfied and all other conditions to the closing have been satisfied.

The terms and conditions of the merger agreement, including:

the closing conditions to the merger, including the absence of the need for approval by the Smithfield shareholders which increases the probability of closing;

the provisions of the merger agreement that allow PSF to engage in negotiations with, and provide information to, third parties, under certain limited circumstances in response to an unsolicited takeover proposal that the PSF board of directors reasonably determines, after consultation with its outside legal advisors and its financial advisors, would reasonably be expected to constitute a transaction that is more favorable to PSF stockholders, from a financial point of view, than the merger;

the provisions of the merger agreement that allow the PSF board of directors, under certain limited circumstances if required to comply with its fiduciary duties under applicable law, to change its recommendation that PSF stockholders vote in favor of the adoption of the merger agreement and the fact that such a change, if made in connection with a superior proposal, would reduce the percentage of the shares of PSF common stock owned by ContiGroup that ContiGroup is required under the voting agreement to vote in favor of the adoption of the merger agreement; and

the termination fee of up to $27,381,000 and the circumstances under which such fee is payable, which the PSF board of directors concluded were reasonable in light of the benefits of the merger and commercial practice.

The fact that PSF stockholders would be entitled to appraisal rights under Delaware law.

The fact that PSF stockholders would own approximately 17% of the combined company immediately following the merger.

The careful review of the representations and warranties in the merger agreement, and the preparation of PSF s disclosure schedules, by PSF s management team and its legal advisors.

The PSF board of directors also considered certain potentially negative factors in its deliberations concerning the merger, including the following:

The recent and pending acquisitions by Smithfield and the management challenges it will face in integrating those acquisitions as well as the acquisition of PSF following completion of the merger.

The conflicts of interest that some of the directors and executive officers of PSF have, and ContiGroup has, with respect to the merger.

The requirement that PSF conduct its business only in the ordinary course prior to the completion of the merger and subject to specified restrictions on the conduct of PSF s business without Smithfield s prior consent (which consent may not be unreasonably withheld or delayed), which might delay or prevent PSF from undertaking certain business opportunities that might arise pending completion of the merger.

The fact that Smithfield is more highly leveraged than PSF.

The fact that Smithfield has not historically paid cash dividends on its common stock as compared to PSF s practice of paying a quarterly cash dividend of $.06 per share on its common stock.

The possibility that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on:

the market price of the PSF common stock;

PSF s operating results, particularly in light of the costs incurred in connection with the transaction; and

PSF s ability to attract and retain key personnel.

The possibility of significant costs and delays that may result from seeking regulatory approvals necessary for the completion of the merger and the fact that failure to obtain these regulatory approvals could prevent completion of the merger.

The risk that various provisions of the merger agreement, including the requirement that PSF submit the merger agreement to its stockholders even if the PSF board of directors changes its recommendation of the merger, and the voting agreement may have the effect of discouraging other persons potentially interested in an acquisition of, or combination with, PSF from pursuing that opportunity.

The risk that the potential benefits sought in the merger will not be fully realized and the risks associated with the integration by Smithfield of PSF.

The possible disruption to PSF s business that may result from the merger and the resulting distraction of the attention of PSF s management.

The PSF board of directors also considered that the fixed exchange ratio in the merger agreement for the stock portion of the merger consideration would not adjust upwards to compensate for declines, or downwards to compensate for increases, in the price of Smithfield common stock prior to the closing of the merger, and that the terms of the merger agreement did not include termination rights triggered expressly by a decrease in the value of the merger consideration implied by the market price of Smithfield common stock. The PSF board of directors determined that this structure was appropriate and the risk acceptable in view of:

the PSF board of directors focus on the relative intrinsic values and financial performance of Smithfield and PSF and the percentage of the combined company to be owned by former holders of PSF common stock; and

the inclusion in the merger agreement of other structural protections such as the ability to terminate the merger agreement in the event of a material adverse effect (as defined in the merger agreement) on the business, assets, financial condition, liabilities or results of operations of Smithfield and its subsidiaries.

The PSF board of directors also considered that Smithfield will increase, by up to $1.00 per share, the amount of cash to be included in the merger consideration and decrease the fraction of a share of Smithfield common stock by an amount having an equivalent value (based on the average price of Smithfield stock during a specified period prior to closing) as the amount of the increase in cash, if Smithfield reasonably determines that those actions are necessary in order to list on the NYSE the shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of Smithfield stock options) without the requirement of a vote of Smithfield shareholders.

The PSF board of directors considered all of the foregoing factors as a whole and, on balance, concluded that they supported a favorable determination to approve the merger agreement and declare its advisability.

The foregoing discussion of the information and factors considered by the PSF board of directors is not exhaustive, but PSF believes it includes all the material factors considered by the PSF board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the PSF board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. In addition, individual directors may have given different weights to different factors.

Opinion of Centerview Partners LLC

On September 17, 2006, Centerview delivered its oral opinion to the PSF board of directors, which opinion was subsequently confirmed by delivery of a written opinion dated September 17, 2006 to the effect that, as of such date, and based upon and subject to various assumptions made, matters considered and limitations described in the opinion, the consideration of 0.6780 shares of Smithfield common stock together with $1.25 cash, to be received in the merger for each share of PSF common stock held by holders of PSF common stock, was fair, from a financial point of view, to such holders.

The full text of Centerview s opinion describes, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Centerview. Centerview s opinion is attached as Annex C to this proxy statement/prospectus. **Centerview s opinion is directed only to the fairness, from a financial point of view, to the holders of PSF common stock of the consideration to be received by such holders in the merger and does not address the fairness of any other aspect of the merger. The opinion also does not address PSF s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any holder of PSF common stock as to how such stockholder should vote or act with respect to the merger agreement, nor did it constitute a recommendation to the PSF board of directors to approve the merger agreement. Holders of PSF common stock are encouraged to read Centerview s opinion carefully in its entirety.**

In arriving at its opinion, Centerview:

reviewed a draft of the merger agreement;

reviewed and analyzed certain publicly available business and financial information relating to PSF and Smithfield for recent years and interim periods to date;

reviewed certain internal financial and operating information, including financial forecasts, analyses and projections prepared by or on behalf of PSF and provided to Centerview for purposes of its analysis;

reviewed certain published estimates of equity research analysts relating to Smithfield;

met with management of PSF to review and discuss such information and, among other matters, each of PSF and Smithfield s business, operations, assets, financial condition and future prospects;

met with management of Smithfield to discuss future prospects of Smithfield;

reviewed and considered certain financial and stock market data relating to PSF and Smithfield, and compared that data with similar data for certain other companies, the securities of which are publicly traded, that Centerview believes may be relevant or comparable in certain respects to PSF and Smithfield or one or more of their respective businesses or assets;

reviewed and considered the financial terms of certain acquisitions and business combination transactions in the protein industry specifically, and in other industries generally, that Centerview believes to be reasonably comparable to the merger or otherwise relevant to PSF inquiry; and

performed such other financial studies, analyses, and investigations and reviewed such other information as Centerview considered appropriate.

In its review and analysis, Centerview assumed and relied upon the accuracy and completeness of all of the historical financial and other information provided to or discussed with it or publicly available. Centerview did not assume any responsibility for independent verification of any of such information. Centerview also assumed and relied upon the reasonableness and accuracy of the financial projections, forecasts and analyses provided to it, and Centerview assumed that such projections, forecasts and analyses were reasonably prepared in good faith and (i) in the case of PSF, on bases reflecting the best currently available judgments and estimates of PSF s management as to the future operating and financial performance of PSF and (ii) in the case of Smithfield, on bases not materially different from the best currently available judgments and estimates of PSF s management as to the future operating and financial performance of Smithfield. Centerview expressed no opinion with respect to such projections, forecasts and analyses or the assumptions upon which they are based. In addition, Centerview did not review any of the books and records of PSF or Smithfield, or assume any responsibility for conducting a physical inspection of the properties or facilities of PSF or Smithfield, or for making or obtaining an independent valuation or appraisal of the assets or liabilities of PSF or Smithfield, and no such independent valuation or appraisal was provided to Centerview. Centerview also assumed that obtaining all regulatory and other approvals and third party consents required for completion of the merger would not have a material adverse impact on Smithfield or on the anticipated benefits of the merger, assumed that the transactions described in the merger agreement would be completed without waiver or modification of any of the merger agreement s material terms or conditions and that the final form of the merger agreement would not differ in any material respect from the draft provided to it. The Centerview opinion was necessarily based on economic and market conditions and other circumstances as they existed and could be evaluated by Centerview as of September 17, 2006. Centerview did not express any opinion as to the prices at which any securities of Smithfield or PSF would actually trade at any time, nor did Centerview address the solvency of PSF or Smithfield following completion of the merger or at any other time.

In connection with rendering its opinion, Centerview performed a variety of financial and comparative analyses. The material analyses are summarized below. PSF placed no limitations on the scope of Centerview s investigation or the procedures followed by Centerview in rendering its opinion. The preparation of a fairness opinion involves various qualitative determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to partial analysis.

Accordingly, Centerview believes that its analyses and the summary set forth below must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying Centerview s analyses and opinion. Centerview did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support Centerview s opinion. Rather, Centerview arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The forecasts and estimates of PSF future performance provided by PSF s management together with PSF s management s estimates relating to Smithfield that are in or underlying Centerview s analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, Centerview considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of anyone involved with the merger. Estimates of the financial value of companies or securities do not purport to be appraisals nor do they necessarily reflect the prices at which companies or securities may actually be sold.

The merger consideration was determined through arms length negotiation between PSF and Smithfield. Centerview provided advice to PSF during the negotiations. Centerview did not, however, recommend any specific amount or type of consideration to PSF or its board of directors or that any specific amount or type of consideration constituted the only appropriate amount or type of consideration for the merger.

The following is a summary of the material financial analyses performed by Centerview and reviewed by the board of directors of PSF in connection with Centerview s opinion relating to the merger. The order of the analyses described does not represent relative importance or weight given to those analyses by Centerview. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Centerview s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Centerview s financial analyses.**

Stock Trading History

Centerview reviewed the historical daily closing prices of PSF common stock from June 13, 2005, the date on which PSF completed the IPO of its common stock, through September 14, 2006. Centerview excluded stock price data for September 15, 2006 because of the possibility that the trading prices on that day were affected by merger speculation. The high and low daily closing prices of PSF common stock for that period were $18.93 and $12.50 (the first trading day following PSF s IPO), respectively.

Selected Public Companies Analysis

Centerview compared certain PSF selected financial information with corresponding financial information of selected publicly traded companies that Centerview judged generally to be relevant. These companies were selected, among other reasons, because of their operational and overall business similarities with PSF s business, although companies in the protein industry generally focus on different segments of the industry, e.g., pork, poultry, beef. The companies reviewed in connection with this analysis were:

Selected Protein Companies

Gold Kist

Pilgrim s Pride

Sanderson Farms

Tyson

Seaboard

Centerview reviewed, among other things, (1) market values of equity, including options, on a fully diluted basis, (2) enterprise values (calculated as fully diluted equity value, plus book value of total debt and book value of minority interests, less cash and cash equivalents) and (3) enterprise values as a multiple of (a) the average earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA, for the prior five years of EBITDA, (b) the average EBITDA for the prior three years of EBITDA, (c) the most recently completed fiscal year EBITDA, and (d) the estimated calendar year 2006 EBITDA. Centerview then compared the multiples derived for the selected companies with corresponding multiples implied for PSF based on the closing price of PSF common stock on September 14, 2006 and based on the estimated aggregate merger consideration of $21.07 per share, based on Smithfield s closing price of $29.24 on September 15, 2006 (the last trading day prior to announcement of the merger agreement). Centerview used average EBITDA for the prior five years and for the prior three years as a metric because EBITDA for protein industry companies fluctuates significantly with the price of certain input commodities which are subject to significant volatility. Thus, the averaging technique is an attempt to analyze the quality of cash flow and operating margins by analyzing less volatile financial and operating statistics. Financial data for the selected companies were based on closing stock prices on September 15, 2006, except for Gold Kist, as to which such data was based upon the closing stock price on August 18, 2006, the last trading day prior to public announcement of an unsolicited offer from Pilgrim s Pride to acquire Gold Kist. Estimated financial data for the selected companies were based on the most recent publicly available consensus research analysts estimates as published by Reuters and estimated financial data for PSF was based on the financial forecasts and estimates provided to Centerview by PSF s management. This analysis indicated the following implied multiples and implied mean and median multiples for the selected companies, as compared to corresponding multiples implied for PSF based both on the closing price of PSF common stock on September 14, 2006 and the implied merger consideration of $21.07 per share:

	Enterprise Value as Multiple of			
	Average Last 5 Year EBITDA	**Average Last 3 Year EBITDA**	**Last Fiscal Year EBITDA**	**Estimated Calendar Year 2006 EBITDA**
Gold Kist	3.4x	2.5x	2.7x	not meaningful
Pilgrim s Pride	8.4x	6.2x	3.9x	15.2x
Sanderson Farms	6.5x	5.3x	5.4x	23.8x
Tyson	7.4x	6.7x	6.9x	16.4x
Seaboard	7.2x	5.6x	3.9x	not available
Mean	6.6x	5.2x	4.6x	18.5x
Median	7.2x	5.6x	3.9x	16.4x
PSF	5.6x	4.4x	3.8x	4.8x
Merger Consideration	6.8x	5.4x	4.7x	5.8x

This analysis led Centerview to a reference range for PSF common stock of $19-24 per share, based on estimated five year average EBITDA multiples of 6.5x-7.5x and three year average EBITDA multiples of 5.0x-6.0x.

Selected Precedent Transactions Analysis

Centerview reviewed the multiples of enterprise values to the last twelve months, commonly referred to as LTM, sales and EBITDA (as most recently reported as of September 15, 2006, the last trading day prior to the announcement of the merger agreement) of the following 21 selected transactions announced between June, 1999 and August, 2006:

Target	Acquiror
Gold Kist	Pilgrim s Pride
ConAgra Refrigerated Meats	Smithfield
Armour Foods (Henkel)	Pinnacle Foods
Sara Lee European Meats	Smithfield
Cook s Hams (ConAgra)	Smithfield
Schneider Corp. (Smithfield)	Maple Leaf Foods
Farmland Foods	Smithfield
ConAgra poultry division	Pilgrim s Pride
ConAgra meat processing division	Investor Group
WLR Foods Inc.	Pilgrim s Price
Packerland Packing Co.	Smithfield
Purina Mills	Land-o-Lakes
Moyer Packing Company	Smithfield
Jerome Foods Inc.	Hormel Foods Corp.
IBP	Tyson
Michael Foods	Investor Group
Agribrands	Cargill
Lundy Packing	PSF
Murphy Family Farms	Smithfield
Seaboard Farms (Poultry Business)	ConAgra
Thorn Apple Valley	IBP

Multiples for these selected transactions were based on publicly available information at the time of announcement of the relevant transaction.

Centerview reviewed the enterprise values of these transactions as a multiple of LTM sales prior to announcement of such transactions. Centerview also reviewed enterprise values of those transactions (excluding those involving Farmland Foods, Moyer Packing Company, Lundy Packing and Murphy Family Farms, for which information was not publicly available) as a multiple of LTM EBITDA prior to announcement of such transactions. Centerview then compared the sales and EBITDA multiples derived from the selected transactions with the corresponding sales and EBITDA multiples implied in the merger based on the estimated aggregate merger consideration of $21.07 per share (based on Smithfield s closing price on September 15, 2006). This analysis indicated the following implied mean, median, high and low for LTM sales and EBITDA, based on the selected transactions, as compared to the corresponding multiples implied in the merger:

	Multiples for Selected Protein Industry Precedent Transactions				Multiples for PSF/Smithfield Transaction Based on Implied Merger Consideration
	Mean	Median	High	Low	
Enterprise Value as Multiples of:					
LTM					
Sales	0.5x	0.5x	1.2x	0.2x	0.9x
EBITDA	6.5x	5.8x	12.2x	4.1x	6.0x

This analysis led Centerview to a reference range for PSF common stock of $17-$25 per share, based on an estimated LTM EBITDA multiple of 5.0x-7.0x.

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Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis to calculate the estimated present value of the stand-alone unlevered, after-tax free cash flows that PSF could generate over the period from the fiscal year ending March 31, 2007 through the fiscal year ending March 31, 2011 based on internal estimates PSF management provided to Centerview. Centerview calculated a range of terminal values for PSF by applying an EBITDA exit multiple of 6.5 to 7.5 times PSF s average EBITDA for the five years ending March 31, 2011. The cash flows and terminal values were then discounted to present value using after-tax discount rates ranging from 11% to 13%, based on Centerview s estimate of PSF s weighted average cost of capital, commonly referred to as WACC.

This analysis led Centerview to a reference range for PSF common stock of $17-$20 per share.

Smithfield Stock Trading History and Historical Trading Ratio

Centerview reviewed the historical daily closing prices of Smithfield common stock for the period beginning on June 14, 2006 (the first trading day following PSF s IPO) and ending September 15, 2006 (the last trading day prior to the announcement of the merger agreement). The high and low daily closing prices of Smithfield common stock for such period were $34.39 and $23.55, respectively. The average daily closing price over such period was $28.63. The closing price of Smithfield common stock on September 15, 2006 was $29.24.

Centerview also analyzed the historical daily closing price ratio between PSF common stock and Smithfield common stock for each trading day between June 14, 2005 and September 15, 2006. The all time high closing price ratio represents the highest ratio of the closing price of PSF common stock on any particular day during such period to the closing price of Smithfield common stock on the same day. The all time low closing price ratio represents the lowest ratio of the closing price of PSF common stock on any particular day during that period to the closing price for Smithfield common stock on the same day. The results are as follows:

Ratio of Historical **Closing Price of PSF** **Common Stock to Smithfield** **Common Stock**	**Closing Price Ratio**
All Time High	0.660x
All Time Low	0.449x
As of September 14, 2006	0.567x
Average Since PSF IPO	0.555x
Average Between September 8, 2006-September 14, 2006	0.551x
Average Over the One Month Prior to September 14, 2006	0.555x

These results were reviewed in light of the merger consideration of 0.6780 shares of Smithfield common stock, together with $1.25 in cash, for each share of PSF common stock. Centerview noted that the total consideration could be equated to a 0.72 exchange ratio if the cash consideration of $1.25 were viewed as equivalent to Smithfield common stock at the then-current price (as of September 15, 2006) of Smithfield common stock.

Selected Public Companies Analysis

Centerview compared certain of Smithfield s selected financial information with corresponding financial information of selected publicly traded companies that Centerview judged generally to be relevant. These companies were selected, among other reasons, because of their operational and overall business similarities with Smithfield s business, although (i) companies in the protein industry generally focus on different segments of the industry, e.g., pork, poultry, beef; and (ii) Smithfield s business includes a branded meat component which constitutes a lower percentage of its business than the branded meats businesses of the selected branded meat companies listed below, but a higher percentage of its business than the branded meat businesses of the selected protein companies listed below. The companies reviewed in connection with this analysis were:

Selected Protein Companies	*Selected Branded Meat Companies*
Gold Kist	ConAgra
Pilgrim s Pride	Hormel
Sanderson Farms	Sara Lee
Tyson	
Seaboard	

Centerview reviewed, among other things, (1) market values of equity, including options, on a fully diluted basis, (2) enterprise values and (3) enterprise values as a multiple of EBITDA for (i) with respect to Selected Protein Companies, (a) the average of the prior five years of EBITDA, (b) the average of the prior three years of EBITDA, and (c) the last fiscal year EBITDA, and (ii) with respect to the Selected Branded Meat Companies, (a) enterprise values as a multiple of (x) LTM EBITDA, and (y) the estimated calendar year 2006 EBITDA, and (b) equity values (as of September 15, 2006, except for Gold Kist, as to which the data was based on its closing stock price on August 18, 2006) as a multiple of estimated 2006 fiscal year earnings, based on the most recent publicly available consensus research analysts estimates as published by Reuters.

Protein Companies

	Enterprise Value as Multiple of		
	5 Year	3 Year	Last Fiscal Year
	EBITDA	EBITDA	EBITDA
Gold Kist	3.4x	2.5x	2.7x
Pilgrim s Pride	8.4x	6.2x	3.9x
Sanderson Farms	6.5x	5.3x	5.4x
Tyson	7.4x	6.7x	6.9x
Seaboard	7.2x	5.6x	3.9x
Mean	6.6x	5.2x	4.6x
Median	7.2x	5.6x	3.9x
Smithfield	9.5x	8.2x	8.3x

Branded Meat Companies

	Enterprise Value as Multiple of		
		2006 Estimated	2006 Estimated
	LTM EBITDA	EBITDA	Price/Earnings
ConAgra	9.8x	9.8x	18.9x
Hormel	9.4x	9.2x	17.9x
Sara Lee	9.3x	8.9x	17.7x
Mean	9.5x	9.3x	18.2x
Smithfield	8.2x	8.6x	19.4x

This analysis led Centerview to a reference range for Smithfield common stock of $25-$38 per share, based on an estimated LTM EBITDA multiple range of 7.5x to 9.5x.

Discounted Cash Flow Analysis

Centerview performed a discounted cash flow analysis to calculate the estimated present value of the stand-alone unlevered, after-tax free cash flows that Smithfield could generate over the period from the fiscal year ending March 31, 2007 through the fiscal year ending March 31, 2011 based on estimates that certain members of PSF management provided to Centerview, following discussions with management of Smithfield as to its future financial performance. Centerview calculated a range of terminal values for Smithfield by applying an EBITDA exit multiple of 8.0 to 9.0 times Smithfield s normalized EBITDA for the fiscal year ending March 31, 2011. The cash flows and terminal values were then discounted to present value using after-tax discount rates ranging from 9.0% to 10.0%, based on Centerview s estimate of Smithfield s WACC.

This analysis led Centerview to a reference range for Smithfield common stock of $27-$34 per share.

Other Factors

In rendering its opinion, Centerview also reviewed and considered other factors, including:

- The one-week (prior to announcement) premiums implied in 45 transactions announced since January 1, 2005 with enterprise values between $500 million and $5 billion, excluding transactions within the financial, real estate, technology and telecommunication sectors, noting a median premium of 26.6%. This review led Centerview to a reference range for PSF common stock of $18-$23 per share, based on an implied premium range of 10%-40% over the then-current market price at the time of announcement of a transaction.

- The impact of the merger on Smithfield s pro forma earnings per share, which we refer to as EPS, for its fiscal years ending April 30, 2007 and 2008, based on PSF management s estimates as to PSF and Smithfield s earnings for such period, and assuming no reduction in the number of Smithfield shares outstanding. Centerview compared such estimated EPS of Smithfield common stock on a stand alone basis, to such estimated pro forma EPS of common stock of the combined company. This analysis indicated that the merger would likely be slightly dilutive to Smithfield s shareholders on an EPS basis before taking into account any cost savings or other synergies, if any, that may result from the merger. Centerview took note, however, that Smithfield management had indicated that it expected the merger to generate synergies and that it expected the merger to be accretive to Smithfield shareholders on an EPS basis. However, since Smithfield did not quantify any synergies for Centerview, Centerview did not take them into account for purposes of this analysis.

- Selected recent publicly available research analyst price targets for Smithfield common stock, as of September 15, 2006, from eight selected firms who published price targets ranging in time from 12-18 months, with prices ranging from $26-$36 per share and an average price target of $33 per share. Centerview elected to exclude the high and low price targets in formulating a reference range, which led to a reference range for Smithfield common stock, of $30-$35 per share. Smithfield s closing stock price on September 15, 2006 was $29.24.

Miscellaneous

Under the terms of Centerview s engagement, PSF agreed to pay to Centerview certain fees for its services, some of which were payable in connection with rendering its opinion and a significant portion of which was contingent upon the mailing of this proxy statement/prospectus and completion of the merger. The fees payable prior to or upon rendering of the fairness opinion aggregated $1.2 million. The fees payable upon mailing of this proxy statement/prospectus equal $1.0 million, and an additional $2.05 million will be due and payable upon completion of the merger. In addition, PSF agreed to reimburse Centerview for its reasonable expenses, up to $50,000 without further approval, including fees and disbursements of its counsel, and to indemnify Centerview against liabilities relating to or arising out of its engagement as PSF s financial advisor. Employees of Centerview who worked on the merger have performed investment banking services for ContiGroup, a significant stockholder of PSF, in the past and the firm for whom such employees then worked was compensated for such services. In addition, Centerview has performed investment banking services for ContiGroup and has received customary compensation for such services.

The PSF board of directors selected Centerview as its financial advisor in connection with the merger because the principals and other professionals of Centerview have substantial experience in similar transactions having worked at other internationally recognized investment banking firms. Centerview, as part of its investment banking services, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes.

Smithfield s Reasons for the Merger

The Smithfield board of directors, in reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, considered the following factors:

PSF s financial condition, results of operations, business, competitive position, reputation, relationships with regulators, pending legal proceedings and business prospects, as well as current industry, economic, government, regulatory and market conditions and trends.

The Smithfield board of directors assessment of the complementary strengths of each of the companies and the experience of Smithfield in integrating acquired companies. The Smithfield board of directors also reviewed information with respect to the prospects of the combined company.

The regulatory risks relating to the merger, which the Smithfield board of directors analyzed with the assistance of its outside antitrust advisors. In that regard, the Smithfield board of directors considered the provisions of the merger agreement relating to the payment by Smithfield of a termination fee of $100 million if the merger is not completed solely for antitrust reasons.

That, because the exchange ratio under the merger agreement is fixed (will not be adjusted for fluctuations in the market price of Smithfield common stock or PSF common stock), the per share value of the merger consideration to be paid to PSF stockholders on completion of the merger could be significantly more or less than its implied value immediately prior to the announcement of the merger agreement.

The terms and conditions of the merger agreement and the voting agreement, including the form and amount of the consideration and the representations, warranties, covenants, conditions to closing and termination rights contained in those agreements.

In view of the number and variety of factors considered in connection with its evaluation of the merger, the Smithfield board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination.

Interests of Certain Persons in the Merger

The directors and executive officers of PSF have, and ContiGroup, PSF s largest stockholder, has, interests in the merger agreement and the merger that are different from, and in addition to, your interests as a stockholder. The PSF board of directors was aware of and considered these interests when it considered and unanimously approved the merger agreement.

Appointment of Director to Smithfield Board of Directors

The merger agreement provides that, upon completion of the merger, Smithfield will appoint Paul J. Fribourg, who is currently a PSF director and ContiGroup s Chairman, President and Chief Executive Officer, to the Smithfield board of directors and will cause Michael J. Zimmerman, another PSF director and ContiGroup s Executive Vice President and Chief Financial Officer, to be appointed as an advisory director of Smithfield.

Severance Agreements with Executive Officers

Employment Agreement with John M. Meyer

Pursuant to the employment agreement between PSF and John M. Meyer, President and Chief Executive Officer of PSF, if Mr. Meyer is terminated without cause or voluntarily terminates with good reason (as defined below), in addition to accrued unpaid base salary through the date of termination, he would be entitled to receive (1) two times the sum of his base salary plus the target bonus then in effect, payable over 24 months, (2) a portion of his target bonus representing the pro rata portion of the year completed prior to termination, (3) the vesting of all stock options and restricted stock grants made under any long-term incentive and deferred compensation plans in which he participated, and (4) the continuation of medical and certain other benefits for a period of 24 months following termination. The term of Mr. Meyer s employment agreement expires on May 9, 2007. Good reason under the employment agreement includes (i) the assignment to Mr. Meyer of duties materially inconsistent with his position, authority, duties or responsibilities, or any other action by PSF which results in a significant diminution in such position, authority, or duties; (ii) PSF s requiring Mr. Meyer to be based at any office or location more than 60 miles from PSF s headquarters in Kansas City, Missouri; (iii) a reduction by PSF in Mr. Meyer s rate of annual base salary; or (iv) the failure of PSF to obtain from a successor (including a successor to a material portion of the business or assets of PSF) a satisfactory assumption in writing of PSF s obligations under the employment agreement with Mr. Meyer.

Employee Severance Agreement with Richard L. Morris

Pursuant to the employee severance agreement between PSF and Richard L. Morris, Vice President, Sales & Marketing of PSF, if Mr. Morris is terminated without cause before November 17, 2008, he would be entitled to the continuation of his annual salary and standard benefits afforded to PSF officers until November 17, 2008.

Executive Level Severance Plan

PSF has established a Executive Level Severance Pay Plan, which we refer to as the Executive Severance Plan, covering certain of its executive employees. The purpose of the Executive Severance Plan is to provide eligible employees with base severance pay, supplemental severance pay and supplemental severance benefits for a specified period of time in the event that their employment is involuntarily terminated other than for good reason. Under the Executive Severance Plan, those persons serving as Chief Executive Officer, President and Chief Financial Officer are entitled to receive the following benefits upon termination of the employment:

- base severance pay equal to two weeks pay;
- supplemental severance pay equal to 50 weeks of pay; and
- continuation of health benefits coverage for 52 weeks following termination.

Severance pay under the Executive Severance Plan is generally payable in a lump sum following the date of termination. Supplemental severance pay and continuation of health benefits, however, are conditioned upon the employee s execution of a general waiver and release agreement, and supplemental severance pay will be paid only after execution of that agreement.

Vice President Level Severance Plan

PSF has established a Vice President Level Severance Pay Plan, which we refer to as the VP Severance Plan, covering certain of its executive employees. The purpose of the VP Severance Plan is to provide eligible employees with base severance pay, supplemental severance pay and supplemental severance benefits for a specified period of time in the event that their employment is involuntarily terminated other than for good reason. Under the VP Severance Plan, those persons serving as vice presidents are entitled to receive the following benefits upon termination of their employment by PSF:

- base severance pay equal to two weeks pay;
- supplemental severance pay equal to 34 weeks of pay; and

continuation of health benefits coverage for 34 weeks following termination.

Severance pay under the VP Severance Plan is generally payable in a lump sum following the date of termination. Supplemental severance pay and continuation of health benefits, however, are conditioned upon the employee s execution of a general waiver and release agreement, and supplemental severance pay will be paid only after execution of that agreement.

The following table shows the amount of potential cash severance estimated by PSF to be payable to PSF s executive officers who are parties to severance arrangements with PSF, assuming a January 15, 2007 termination under circumstances entitling the executive officer to severance.

Executive Officers		Aggregate Amount of Potential Severance Payment
John M. Meyer	$	1,580,000 (1)
Calvin R. Held		155,769
Stephen A. Lightstone		275,000 (2)
Richard L. Morris		430,000 (3)
Dennis D. Rippe		128,354
Total	$	2,569,123

(1) Assumes two years of base pay ($395,000) and two years of target bonus. Target bonus is equivalent to 100% of base salary. Mr. Meyer s employment agreement expires May 9, 2007.

(2) Assumes executive level severance of 52 weeks of base pay.

(3) Assumes two years of base pay remaining on a five year severance agreement.

In addition to PSF s existing severance arrangements, the merger agreement permits PSF to implement retention and severance plans in connection with the merger provided that the payments made pursuant to such plans do not exceed $4 million in the aggregate. On September 29, 2006, the compensation committee of the PSF board of directors approved a retention bonus program, an enhanced severance pay plan and a performance bonus program. The retention bonus program and enhanced severance pay plan do not apply to PSF s directors or executives officers.

The following table shows the amount of potential performance bonuses estimated by PSF to be payable to the PSF executive officers participating in the performance bonus plan in connection with the closing of the merger transaction. Performance bonuses are discretionary and subject to approval from PSF s Chief Executive Officer and Chairman of the Board.

Executive Officers		Aggregate Amount of Potential Bonus Upon Completion of Merger
Stephen A. Lightstone	$	100,000
Dennis D. Rippe		75,000
Gerard J. Schulte		100,000
Total	$	275,000

Stock Options and Restricted Stock held by Directors and Executive Officers

Pursuant to PSF s 2005 Long Term Incentive Plan and 1999 Equity Incentive Plan, in the event of a change of control, (i) stock options become fully exercisable to the full extent of the original grant, (ii) restrictions applicable to restricted stock awards lapse and the restricted stock becomes free of all restrictions and become fully vested and transferable to the full extent of the original grant, and (iii) any performance goal or other condition with respect to performance units or performance shares will be deemed satisfied in full and the awards fully distributable.

Conversion of PSF Stock Options

As of the completion of the merger, all outstanding stock options under PSF s 2005 Long Term Incentive Plan and 1999 Equity Incentive Plan will become fully vested and will be converted into options to acquire shares of Smithfield common stock based on the option exchange ratio set forth in the merger agreement. These resulting Smithfield options will have the same general terms and conditions as the PSF options from which they were converted, except that the exercise price per share of each Smithfield option will be equal to the quotient of the exercise price per share of the PSF option divided by the option exchange ratio set forth in the merger agreement. As of the record date, the directors and executive officers of PSF held in the aggregate outstanding options to purchase 326,221 shares of PSF common stock. Of these, options to purchase 245,225 shares of PSF common stock were unvested as of the record date and will vest in full upon completion of the merger.

The table below shows the number of PSF stock options held by the directors and executive officers of PSF as of November 22, 2006 and the total number of substitute Smithfield stock options the directors and executive officers of PSF will receive in substitution for such PSF stock options upon completion of the merger.

	PSF	
		Smithfield
	Stock Options	**Stock Options**
Directors and Executive Officers	**Pre-Merger**	**Post-Merger**
John M. Meyer	96,115	69,219
Calvin R. Held	21,900	15,771
Stephen A. Lightstone	50,186	36,142
Robert W. Manly (1)		
Richard L. Morris	104,241	75,071
Dennis D. Rippe	15,530	11,184
Gerard J. Schulte	18,249	13,142
Robert S. Kopriva	20,000	14,403
Vart K. Adjemian		
Mollie H. Carter		
Paul J. Fribourg		
Ronald E. Justice (2)		
Maurice L. McGill		
William R. Patterson		
Michael J. Zimmerman		
Total	326,221	234,932

(1) Mr. Manly resigned as President and Chief Operating Officer of PSF, effective July 7, 2006 and was appointed as Executive Vice President of Smithfield on August 30, 2006.

(2) Mr. Justice s term as a director of PSF expired on September 14, 2006.

Based on an implied merger consideration of $21.07 per share (calculated using the closing trading price of Smithfield common stock on September 15, 2006, the last trading day prior to the announcement of the merger), the difference between the implied merger consideration and the weighted average exercise price of $13.10 per share of the options would be $7.97 per share (or approximately $2.6 million in the aggregate for all of the outstanding stock options held by directors and executive officers of PSF that will vest upon completion of the merger).

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Vesting of Restricted Stock

All outstanding shares of restricted PSF common stock held by the directors and executive officers of PSF that were granted under PSF s 2005 Long Term Incentive Plan and 1999 Equity Incentive Plan will, upon completion of the merger, become free of all restrictions and fully vested and will be converted into the merger consideration payable part in cash and part in Smithfield common stock as described in The Merger Agreement Merger Consideration beginning on page 54. The table below shows the number of shares of restricted PSF common stock held by the directors and executive officers of PSF as of November 22, 2006.

Directors and Executive Officers	**PSF Restricted Shares that will Vest and Become Unrestricted Upon Completion of the Merger**
John M. Meyer	118,874
Calvin R. Held	15,161
Stephen A. Lightstone	62,549
Robert W. Manly (1)	
Richard L. Morris	12,608
Dennis D. Rippe	8,412
Gerard J. Schulte	9,598
Robert S. Kopriva	26,647
Vart K. Adjemian	1,000
Mollie H. Carter	1,000
Paul J. Fribourg	1,000
Ronald E. Justice (2)	
Maurice L. McGill	1,000
William R. Patterson	1,000
Michael J. Zimmerman	1,000
Total	259,849

(1) Mr. Manly resigned as President and Chief Operating Officer of PSF, effective July 7, 2006 and was appointed as Executive Vice President of Smithfield on August 30, 2006.

(2) Mr. Justice s term as a director of PSF expired on September 14, 2006.

Based on an implied merger consideration of $21.07 per share (calculated using the closing trading price of Smithfield common stock on September 15, 2006, the last trading day prior to the announcement of the merger), the aggregate value of the outstanding shares of restricted stock held by the directors and executive officers of PSF that will vest upon completion of the merger is approximately $5.5 million.

Indemnification and Insurance of PSF Directors and Executive Officers

Smithfield has agreed to cause the surviving corporation in the merger to assume and perform the obligations with respect to indemnification and exculpation from liability, including advancement of expenses, existing in favor of all current and former officers and directors of PSF as provided in the certificate of incorporation and bylaws of PSF, in each case as in effect on the date of the merger agreement.

The merger agreement also provides that Smithfield will maintain PSF s current directors and officers liability insurance policies, or policies containing terms and conditions, including with respect to coverage and amounts, no less favorable to the covered parties than the current policy, for six years after completion of the merger, subject to specified cost limitations. Alternatively, Smithfield may request that PSF obtain tail insurance policies with a claims period of at least six years after completion of the merger, subject to specified cost limitations.

ContiGroup s Relationship with PSF

ContiGroup s Ownership Interest in PSF

In 1998, ContiGroup acquired a 51.0% ownership interest in PSF s outstanding common stock in exchange for cash and the contribution by ContiGroup of its hog production operations in Missouri to PSF. ContiGroup increased its ownership to 53.1% in 2000 when PSF acquired Premium Standard Farms of North Carolina from ContiGroup. On June 1, 2006, ContiGroup reduced its ownership from approximately 52.0% to 38.8% pursuant to a public offering of shares. As of the record date, ContiGroup owned approximately [•]% of PSF common stock.

Certain PSF Directors Not Considered Independent Due to ContiGroup Relationships

Three members of the PSF board of directors are not considered independent under the rules of the Nasdaq National Market due to their current or past relationships with ContiGroup. Paul J. Fribourg is not considered independent, because he currently serves as ContiGroup s Chairman, President and Chief Executive Officer. Michael J. Zimmerman is not considered independent, because he currently serves as ContiGroup s Executive Vice President and Chief Financial Officer. Vart Adjemian retired from ContiGroup on April 1, 2005 but will not be considered independent under the rules of the Nasdaq National Market until three years after the date of his retirement.

Agreements between PSF and ContiGroup

Grower Agreement and Missouri Sale Agreement

PSF contracted with ContiGroup to provide certain services pursuant to a market hog contract grower agreement dated May 13, 1998. Under the grower agreement, ContiGroup serves as an independent contractor in breeding and growing PSF s hogs on land owned by ContiGroup in Missouri. In exchange, PSF pays ContiGroup a fee for its labor and services incurred under the grower agreement. In addition, PSF has agreed to indemnify ContiGroup against any and all claims and expenses incurred in connection with the grower agreement, the performance by ContiGroup of its obligations thereunder or ContiGroup s ownership of the real property on which the farms are located. During the fiscal year ended March 25, 2006, the amount paid by PSF for obligations under the grower agreement was approximately $3.9 million. Upon the completion of the merger, ContiGroup will cease to beneficially own any interest in PSF s capital stock and, as a result, the grower agreement will terminate in accordance with its terms. Upon termination of the grower agreement, PSF has an option to acquire the land in Missouri from ContiGroup for $1.00. In connection with the merger and corresponding termination of the grower agreement, PSF, ContiGroup and Smithfield entered into an agreement which we refer to as the Missouri sale agreement, dated as of September 17, 2006, pursuant to which PSF agreed to, and Smithfield agreed to cause PSF to, exercise its option to purchase the land in Missouri effective upon completion of the merger. In addition, in accordance with the terms of the grower agreement and the Missouri sale agreement, PSF agreed to pay all of ContiGroup s transaction expenses and transfer taxes incurred in connection with the exercise of the option and transfer of the land. It is currently anticipated that, at the completion of the merger, PSF will assign this purchase obligation to a designee satisfactory to Smithfield and that complies with Missouri farming law. Smithfield has also agreed, subject to completion of the merger, to perform PSF s indemnification obligations under the grower agreement to the extent that PSF s ability to satisfy those obligations has been impaired by the net removal of assets from PSF by Smithfield by means of (i) dividends or other distributions of assets in excess of capital contributions and historical dividends, (ii) disposals of assets to or for the benefit of Smithfield or its affiliates for less than fair value, (iii) acquisitions of assets from or for the benefit of Smithfield or its affiliates for more than their fair value or (iv) other actions taken for the benefit of Smithfield or its affiliates at the material expense of PSF.

Services Agreement

Under a services agreement between PSF and ContiGroup, ContiGroup provides purchasing assistance, legal services, limited human resource services, including the services of Mr. Gerard J. Schulte, PSF s General

Counsel and Secretary, and other personnel in exchange for a monthly fee which amount is negotiated on an annual basis. For the fiscal year ended March 25, 2006, the amount paid by PSF for all services was $1.4 million. PSF believes that the terms of these arrangements are at least as favorable to PSF as those available from third parties. As with the grower agreement, the services agreement will terminate in accordance with its terms when ContiGroup ceases to beneficially own any interest in PSF s capital stock upon completion of the merger.

ContiGroup s Relationship with Smithfield

In May 2005, Smithfield and ContiGroup completed the formation of Five Rivers Ranch Cattle Feeding LLC, a 50/50 joint venture between their respective cattle feeding businesses, MF Cattle Feeding, Inc., which we refer to as MFI, and ContiBeef LLC. Five Rivers is a stand-alone operating company, independent from both Smithfield and ContiGroup, headquartered in Loveland, Colorado, with a total of ten feedlots located in Colorado, Idaho, Kansas, Oklahoma and Texas. It is the largest commercial cattle feeding operation in the United States. Five Rivers sells cattle to multiple beef packing firms throughout the United States using a variety of marketing methods that were already in place at MFI and ContiBeef.

See Other Recent Smithfield Transactions beginning on page 67 for additional information on ContiGroup s relationship with Smithfield.

Manner and Procedure for Exchanging Shares of PSF Common Stock; No Fractional Shares

The conversion of PSF common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after the effective time of the merger, Smithfield s exchange agent will send a letter of transmittal to each former holder of record of shares of PSF common stock. The transmittal letter will contain instructions for obtaining the merger consideration, including the shares of Smithfield common stock, the cash portion of the merger consideration and cash for any fractional shares of Smithfield common stock, in exchange for shares of PSF common stock. **PSF stockholders should not return stock certificates with the enclosed proxy card.**

After the effective time of the merger, each certificate that previously represented shares of PSF common stock will no longer be outstanding, will be automatically canceled and will cease to exist and will represent only the right to receive the merger consideration as described above.

Until holders of certificates previously representing PSF common stock have surrendered those certificates to the exchange agent for exchange, those holders will not receive dividends or distributions on the Smithfield common stock into which those shares have been converted with a record date after the effective time of the merger and will not receive cash for any fractional shares of Smithfield common stock. When holders surrender those certificates, they will receive any dividends on Smithfield common stock with a record date after the effective time of the merger and a payment date on or prior to the date of surrender and any cash for fractional shares of Smithfield common stock, in each case without interest.

In the event of a transfer of ownership of PSF common stock that is not registered in PSF s transfer agent s records, payment of the merger consideration as described above will be made to a person other than the person in whose name the certificate so surrendered is registered if the certificate is properly endorsed or otherwise is in proper form for transfer; and the person requesting the exchange pays any transfer or other taxes resulting from the payment of the merger consideration as described above to a person other than the registered holder of the certificate.

PSF stockholders will not receive any fractional shares of Smithfield common stock pursuant to the merger. Instead of any fractional shares, stockholders will be paid an amount in cash for such fraction calculated by multiplying (x) the amount of the aggregate proceeds from the sale at then prevailing prices on the NYSE of the excess shares of Smithfield common stock deposited with the exchange agent over the number of whole shares of Smithfield common stock distributed to former holders of PSF common stock by (y) a fraction, the numerator of which is the amount of the fractional share interest to which the holder of PSF common stock is entitled and the denominator of which is the aggregate amount of fractional share interests to which all holders of PSF common stock are entitled. However, Smithfield may elect to calculate the amount of cash by multiplying (i) the fractional share interest to which the holder of PSF common stock would otherwise be entitled by (ii) the per share closing price of Smithfield common stock on the last trading day prior to the closing date of the merger, as that price is reported on the NYSE Composite Transaction Tape.

Voting Agreement

The following is a summary of the material provisions of the voting agreement. This summary is qualified in its entirety by reference to the voting agreement, which is incorporated by reference in its entirety and attached to this proxy statement/prospectus as Annex B. We encourage you to read the voting agreement in its entirety.

Concurrently with the execution of the merger agreement, Smithfield executed a voting agreement with ContiGroup and PSF to facilitate the merger of Smithfield and PSF. As of September 17, 2006 and as of the record date, ContiGroup beneficially owned 12,428,592 shares of PSF common stock, which represented approximately 38.9% of PSF s common stock outstanding at September 17, 2006 and [•]% of PSF s common stock outstanding at the record date.

Voting of Shares. Under the voting agreement, and as further described below, ContiGroup has agreed, prior to termination of the voting agreement, to appear at any meeting of the PSF stockholders or otherwise cause its shares to be counted as present for the purpose of establishing a quorum and to vote its shares or cause its shares to be voted:

in favor of the adoption of the merger agreement and any related proposal submitted for a vote of PSF stockholders in furtherance of the merger agreement, as reasonably requested by Smithfield;

against any action or agreement submitted for a vote of PSF stockholders that is in opposition to, or competitive or materially inconsistent with the merger or that would result in a breach of the merger agreement by PSF or of the voting agreement by ContiGroup; and

against any takeover proposal (as described under The Merger Agreement Covenants and Agreements No Solicitation beginning on page 59) and any other action, agreement or transaction submitted for a vote of PSF stockholders that would reasonably be expected to impede, interfere with, delay or adversely affect the transactions contemplated by the merger agreement or the voting agreement or PSF s or ContiGroup s performance of their respective obligations under the merger agreement or the voting agreement.

The obligations of ContiGroup to vote as described in the paragraph above apply whether or not the merger or any action described above is recommended by the PSF board of directors. However, if the PSF board of directors changes its recommendation with respect to the merger agreement in connection with a takeover proposal (as described in The Merger Agreement Covenants and Agreements No Solicitation), the obligation of ContiGroup to vote in the manner described in the paragraph above will only apply to a number of ContiGroup s shares equal to 32% of the outstanding shares of PSF common stock. ContiGroup has agreed to cause its remaining shares to be voted in the same proportion as all other shares of PSF common stock voted at the special meeting not beneficially owned by ContiGroup are voted at the special meeting.

Grant of Proxy. In furtherance of the voting agreement, ContiGroup granted an irrevocable proxy to designated officers of Smithfield to vote its shares in the manner described in the two immediately preceding paragraphs.

Transfer and Other Restrictions. ContiGroup has agreed that beginning September 17, 2006 until the termination of the voting agreement, it will not:

enter into a voting agreement, grant a proxy, or knowingly take actions that would prevent it from performing its obligations under the voting agreement;

- sell, transfer, assign, pledge or similarly dispose of its shares of PSF common stock or any interest in PSF common stock (except for transfers to wholly owned subsidiaries of ContiGroup that agree to be bound by the voting agreement); or

- take any action that would violate or conflict with its representations, warranties, covenants or obligations under the voting agreement or that would restrict or otherwise affect its legal power, authority and right to perform its covenants and obligations under the voting agreement.

No Solicitation. ContiGroup has also agreed not to, and not to permit any of its subsidiaries, representatives or affiliates to:

- solicit, initiate, or knowingly encourage or knowingly facilitate any takeover proposal or the making or consummation of a takeover proposal, or enter into or participate in any discussions or negotiations regarding, furnish any confidential information in connection with, or otherwise cooperate in any way with a takeover proposal;

- waive, terminate, modify or fail to enforce any provision of any standstill or similar obligation of any person other than Smithfield;

- make or participate in any solicitation of proxies, or seek to advise or influence any person with respect to the voting of PSF common stock other than to recommend the adoption of the merger agreement;

- vote, approve, adopt or recommend or enter into any agreement constituting or relating to, or that could reasonably be expected to lead to any takeover proposal; or

- agree or publicly propose to do any of the foregoing.

For purposes of the voting agreement, the term takeover proposal has the meaning described under The Merger Agreement Covenants and Agreements No Solicitation beginning on page 59.

Profit Disgorgement. In the event the merger agreement is terminated under circumstances in which a termination fee is payable or may be payable by PSF to Smithfield with respect to such termination, in each case subject to the termination fee actually becoming payable, ContiGroup has agreed to pay to Smithfield an amount equal to 50% of ContiGroup s net profit from the sale or other transfer of its shares of PSF common stock pursuant to a takeover proposal so long as the agreement with respect to the takeover proposal is entered into or consummated within 12 months of the termination of the voting agreement or from the sale or other transfer of its shares (other than a distribution to its stockholders who agree to be bound by the voting agreement) within 12 months of the termination of the voting agreement.

Piggy-back Registration Rights. Smithfield agreed to grant to ContiGroup piggy-back registration rights in respect of the Smithfield common stock it receives in the merger.

Termination. The voting agreement will terminate upon the earliest to occur of

- the completion of the merger;

- the termination of the merger agreement in accordance with its terms; and

- the delivery of written notice of termination by ContiGroup to Smithfield upon an amendment of the merger agreement without ContiGroup s prior written consent which reduces or changes the consideration received by PSF stockholders in the merger.

Governmental and Regulatory Approvals

U.S. Antitrust Filing. Under the HSR Act and related regulations the merger may not be completed unless the parties to the transaction file all Premerger Notification and Report forms with the U.S. Department of Justice and the Federal Trade Commission that may be required and the applicable waiting period has either expired or been earlier terminated. On October 6, 2006, Smithfield, PSF and ContiGroup filed all required premerger reporting forms. Both the U.S. Department of Justice and the Attorney General of the State of Missouri have commenced initial reviews of the merger under the antitrust laws. Smithfield, PSF and ContiGroup are cooperating with these reviews. On November 6, 2006, each of Smithfield, PSF and ContiGroup received a second request from the Antitrust Division of the Department of Justice in connection with the merger. The effect of the second request is to extend the waiting period imposed by the HSR Act until 30 days after Smithfield, PSF and ContiGroup have substantially complied with the second request, unless that period is extended voluntarily by the parties or terminated sooner by the Antitrust Division of the Department of Justice. Smithfield, PSF and ContiGroup intend to respond expeditiously to the second request. There can be no assurance, however, that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Other Regulatory Approvals. Other than the filings described above, neither Smithfield nor PSF is aware of any regulatory notifications that must be filed, approvals that must be obtained, or waiting periods that must be observed, in order to complete the merger. If the parties discover that other notifications, approvals or waiting periods are necessary, they will seek to observe or obtain them. If any such approval or action is needed, however, Smithfield and PSF may not be able to obtain it or any of the other necessary approvals. Even if the parties could obtain all necessary approvals, and the merger agreement is adopted by PSF stockholders, conditions may be placed on the merger that could cause Smithfield to abandon it.

General. It is possible that any of the governmental entities with which filings have been made may seek additional regulatory concessions or impose additional conditions or states or private parties may commence litigation to prevent the completion of the merger. There can be no assurance that:

Smithfield or PSF will be able to satisfy or comply with any conditions imposed;

compliance or non-compliance will not have adverse consequences on Smithfield after completion of the merger; or

litigation, if any, will be resolved favorably by Smithfield and PSF.

Even if the parties could obtain all necessary approvals and the merger agreement is adopted by PSF stockholders, conditions may be placed on the merger that could cause Smithfield to abandon it. See The Merger Agreement Conditions to the Merger beginning on page 63.

Merger Expenses, Fees and Costs

All expenses incurred in connection with the merger agreement and the related transactions will be paid by the party bearing those expenses, except that Smithfield and PSF have agreed to share equally the costs of filing, printing and mailing Smithfield s registration statement on Form S-4 and this proxy statement/prospectus and the costs relating to filings under antitrust laws. The parties have agreed that in certain circumstances involving termination of the merger agreement, however, PSF will pay Smithfield s expenses. See The Merger Agreement Termination Fees and Expenses beginning on page 65.

Accounting Treatment

The merger will be accounted for by Smithfield using the purchase method of accounting. Under this method of accounting, the purchase price paid by Smithfield, together with the direct costs of the merger, will be allocated in accordance with generally accepted accounting principles to PSF s tangible and intangible assets and liabilities based on their fair market values, with any excess being treated as goodwill. The assets, liabilities and results of operations of PSF will be consolidated into the assets, liabilities and results of operations of Smithfield as of the closing date of the merger.

Form of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, at the effective time of the merger, KC2 Merger Sub (a newly formed and wholly owned subsidiary of Smithfield

established to facilitate the acquisition of PSF) will be merged with and into PSF. PSF will survive the merger as a wholly owned subsidiary of Smithfield and will continue its corporate existence under Delaware law under the name Premium Standard Farms, Inc. Upon the terms and subject to the conditions set forth in the merger agreement, the parties may change the structure or method of effecting the combination of KC2 Merger Sub and PSF to provide for the merger of PSF into any direct wholly owned subsidiary of Smithfield if necessary to obtain the opinions of Smithfield s and PSF s respective counsels that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code; see The Merger Agreement Conditions to the Merger. Your vote for the adoption of the merger agreement constitutes approval of the merger, whether it is completed as a forward or reverse merger.

As Smithfield will be the acquiring entity under generally accepted accounting principles, whether the merger is structured as a forward merger or a reverse merger between PSF and KC2 Merger Sub will not affect the accounting for the merger. The assets of PSF (the acquired entity for accounting purposes) will be revalued to fair value and the assets of KC2 Merger Sub/Smithfield (the acquiring entity for accounting purposes) will remain at historical cost, irrespective of the legal form of the transaction.

Material United States Federal Income Tax Consequences

The following is a discussion of the material U.S. federal income tax consequences of the merger to a stockholder of PSF that holds shares of PSF common stock as capital assets, which we refer to as a holder. The

discussion is based on laws, regulations, rulings and decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretation. This discussion does not address all aspects of U.S. federal income taxation that may be applicable to a holder subject to special treatment under the Code (including, but not limited to, banks, tax-exempt organizations, insurance companies, dealers in securities or foreign currency, holders that dissent and exercise appraisal rights, holders who are subject to alternative minimum tax and holders that are not United States persons (as defined in section 7701(a)(30) of the Code), or that acquired shares of PSF common stock pursuant to the exercise of an employee stock option or otherwise as compensation). In addition, the discussion does not address the non-income tax or state, local or foreign tax consequences of the merger.

Tax Consequences of the Merger Generally. Assuming that the merger is completed according to the terms of the merger agreement and based upon facts, factual representations and assumptions contained in the representation letters provided by Smithfield and PSF, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, it is the opinion of each of Simpson Thacher & Bartlett LLP, counsel to Smithfield, and Sidley Austin LLP, counsel to PSF, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

As a result of the merger being treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, upon a holder s exchanging PSF common stock for a combination of Smithfield common stock and cash, such holder will generally recognize gain (but not loss) in an amount equal to the lesser of:

- the amount of gain realized (i.e., the excess, if any, of the sum of the cash and the fair market value of the Smithfield common stock received over such holder s tax basis in the PSF common stock surrendered in the merger); and

- the amount of cash received in the merger.

For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the merger, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Any recognized gain will generally be long-term capital gain if a holder s holding period with respect to the PSF common stock surrendered is more than one year at the effective time of the merger. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of such holder s ratable share of accumulated earnings and profits as calculated for U.S. federal income tax purposes. See Possible Treatment of Cash as a Dividend below.

The aggregate tax basis in the shares of Smithfield common stock that a holder receives in the merger will equal such holder s aggregate adjusted tax basis in the PSF common stock surrendered, increased by the amount of taxable gain, if any, that is recognized in the merger (including any portion of the gain that is treated as a dividend as described below but excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares described below) and decreased by the amount of any cash received in the merger. A holder s holding period for the shares of Smithfield common stock that is received in the merger (including fractional shares deemed received and redeemed as described below) will include such holder s holding period for the shares of PSF common stock surrendered in the merger.

In computing the above-referenced gain to be recognized on the exchange of PSF common stock for cash and stock of Smithfield as well as computing the aggregate tax basis in Smithfield common stock received in the merger, the amount of cash to be considered received in the merger does not include cash received in lieu of fractional shares. In addition, the amount of Smithfield common stock received in the merger includes any fractional share of Smithfield common stock you are deemed to receive prior to the exchange of such share for cash. See Cash Received In Lieu of a Fractional Share below.

It is a condition to the closing of the merger that each of Smithfield and PSF will receive opinions of Simpson Thacher & Bartlett LLP and Sidley Austin LLP, respectively, each dated as of the closing date of the merger, to the effect that, on the basis of facts, representations, assumptions and agreements set forth or referred to in such opinions, for U.S. federal income tax purposes, the merger will be treated as a reorganization within the meaning of section 368(a) of the Code. This condition applies regardless of the form of the merger.

Possible Treatment of Cash as a Dividend. In general, the determination of whether the gain recognized in the merger will be treated as capital gain or dividend income will depend upon whether and to what extent the exchange reduces the holder s deemed percentage stock ownership interest in Smithfield. For purposes of this determination, a holder will be treated as if the holder first exchanged all of the holder s shares of PSF common stock solely for Smithfield common stock and then Smithfield immediately redeemed (which we refer to as the deemed redemption) a portion of that Smithfield common stock in exchange for the cash that the holder actually received. The gain recognized in the exchange followed by a deemed redemption will be treated as capital gain if the deemed redemption is substantially disproportionate or not essentially equivalent to a dividend with respect to the holder.

The deemed redemption, generally, will be substantially disproportionate with respect to a holder if the percentage of the outstanding stock of Smithfield that is actually and constructively owned by the holder immediately after the deemed redemption is less than 80% of the percentage of the outstanding stock of Smithfield that the holder is deemed actually and constructively to have owned immediately before the deemed redemption. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder s particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder s deemed percentage stock ownership of Smithfield. In applying the foregoing tests, a stockholder will be deemed to own stock actually owned by such stockholder and, in some cases, constructively owned by certain family members, certain estates and trusts of which the holder is a beneficiary, certain affiliated entities, and stock subject to an option actually or constructively owned by the stockholder or such other persons.

The Internal Revenue Service has ruled that a relatively minor reduction in the percentage stock ownership of a minority stockholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is a meaningful reduction. Accordingly, in most circumstances, gain recognized by a holder that exchanges the holder s shares of PSF common stock for a combination of Smithfield common stock and cash generally will be a long-term capital gain if the holder s holding period with respect to the stock is more than one year, and otherwise will be short-term capital gain.

As these rules are complex, each holder that may be subject to these rules should consult its tax advisor.

Cash Received in Lieu of a Fractional Share. A holder that receives cash instead of a fractional share of Smithfield common stock will generally be treated as having received such fractional share and then as having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received and the portion of the holder s aggregate adjusted tax basis of the shares of PSF common stock exchanged pursuant to the merger which is allocable to such fractional share. Such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the holding period for such share of PSF common stock was greater than one year as of the date of the merger.

Backup Withholding. If you are a non-corporate holder of PSF common stock you may be subject to information reporting and backup withholding on any cash payments you receive. You generally will not be subject to backup withholding, however, if you:

furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive; or

are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the Internal Revenue Service.

Reporting Requirements. If you are a significant holder of PSF common stock for U.S. federal income tax purposes and you receive shares of Smithfield common stock as a result of the merger, you will be required to retain records pertaining to the merger and you will be required to file with your U.S. federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. Moreover, the discussion does not address any non-income tax or any state, local or foreign tax consequences of the merger. Accordingly, each PSF stockholder is urged to consult its own tax advisor with respect to the particular U.S. federal, state, local and foreign or other tax consequences to it of the merger.

Appraisal Rights

In connection with the merger, record holders of PSF common stock who comply with the procedures summarized below will be entitled to appraisal rights if the merger is completed. Under Section 262 of the General Corporation Law of the State of Delaware (which we refer to as Section 262), as a result of completion of the merger, holders of shares of PSF common stock with respect to which appraisal rights are properly demanded and perfected and not withdrawn or lost are entitled, in lieu of receiving the merger consideration, to have the fair value of their shares at the effective time of the merger (exclusive of any element of value arising from the accomplishment or expectation of the merger) judicially determined and paid to them in cash by complying with the provisions of Section 262. PSF is required to send a notice to that effect to each stockholder not less than 20 days prior to the special meeting. This proxy statement/prospectus constitutes that notice to you.

The following is a brief summary of Section 262, which sets forth the procedures for demanding statutory appraisal rights. This summary is qualified in its entirety by reference to Section 262, a copy of the text of which is attached to this proxy statement/prospectus as Annex D.

Stockholders of record who desire to exercise their appraisal rights must satisfy all of the following conditions.

A stockholder who desires to exercise appraisal rights must (a) not vote in favor of the merger and (b) deliver a written demand for appraisal of the stockholder s shares to the Secretary of PSF before the vote on the merger at the special meeting.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as the stockholder s name appears on the certificates representing shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by all joint owners. An authorized agent, including an agent of two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose that, in exercising the demand, the agent is acting as agent for the record owner. In addition, the stockholder must continuously hold the shares of record from the date of making the demand through the effective time of the merger.

A record owner, such as a broker, who holds shares as a nominee for others may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which the holder is the record owner. In that case, the written demand must set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares outstanding in the name of the record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the exercise of appraisal rights before the vote on the adoption of the merger agreement at the special meeting. A holder of shares held in street name who desires appraisal rights with respect to those shares must take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record owner of the shares. Shares held through brokerage firms, banks and other financial institutions are frequently deposited with and held of record in the name of a nominee of a central security depositary, such as Cede & Co., The Depository Trust Company s nominee. Any holder of shares desiring appraisal rights with respect to such shares who held such shares through a brokerage firm, bank or other financial institution is responsible for ensuring that the demand for appraisal is made by the record holder. The stockholder should instruct such firm, bank or institution that the demand for appraisal must be made by the record holder of the shares, which might be the nominee of a central security depositary if the shares have been so deposited.

As required by Section 262, a demand for appraisal must be in writing and must reasonably inform PSF of the identity of the record holder (which might be a nominee as described above) and of such holder s intention to seek appraisal of such shares.

Stockholders of record who elect to demand appraisal of their shares must mail or deliver their written demand to: Premium Standard Farms, Inc., 805 Pennsylvania Avenue, Suite 200, Kansas City, Missouri, 64105, Attention: Secretary. The written demand for appraisal should specify the stockholder s name and mailing address, the number of shares owned, and that the stockholder is demanding appraisal of his or her shares. The written demand must be received by PSF prior to the special meeting. Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will alone suffice to constitute a written demand for appraisal within the meaning of Section 262.

In addition, the stockholder must not vote its shares of common stock in favor of adoption of the merger agreement. Because a proxy that does not contain voting instructions will, unless revoked, be voted in favor of adoption of the merger agreement, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the merger agreement or abstain from voting on the merger agreement.

Within 120 days after the effective time of the merger, either the surviving corporation in the merger or any stockholder who has timely and properly demanded appraisal of such stockholder s shares and who has complied with the required conditions of Section 262 and is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of all stockholders who have properly demanded appraisal. If a petition for an appraisal is timely filed, after a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the shares owned by those stockholders, determining the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In Weinberger v. UOP, Inc., et al., the Delaware Supreme Court discussed the considerations that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that in making this determination of fair value the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of merger which throw any light on future prospects of the merged corporation.... The Delaware Supreme Court construed Section 262 to mean that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered. However, the Delaware Supreme Court noted that Section 262 provides that fair value is to be determined exclusive of any element of value arising from the accomplishment or expectation of the merger.

Stockholders considering seeking appraisal should bear in mind that the fair value of their shares determined under Section 262 could be more than, the same as, or less than the merger consideration they are entitled to receive pursuant to the merger agreement if they do not seek appraisal of their shares, and that opinions of investment banking firms as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262.

The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. Upon application of a stockholder seeking appraisal rights, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by such stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of such a determination of assessment, each party bears its own expenses.

Except as explained in the last sentence of this paragraph, at any time within 60 days after the effective time of the merger, any stockholder who has demanded appraisal shall have the right to withdraw such stockholder s demand for appraisal and to accept the cash and shares of Smithfield common stock to which the stockholder is entitled pursuant to the merger. After this period, the stockholder may withdraw such stockholder s demand for appraisal only with the consent of the surviving corporation in the merger. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective time of the merger, stockholders rights to appraisal shall cease and all stockholders shall be entitled only to receive the cash and shares of Smithfield common stock as provided for in the merger agreement. Inasmuch as the parties to the merger agreement have no obligation to file such a petition, and have no present intention to do so, any stockholder who desires that such petition be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal shall be dismissed as to any stockholders without the approval of the Delaware Court of Chancery, and that approval may be conditioned upon such terms as the Delaware Court of Chancery deems just.

The foregoing is a brief summary of Section 262 that sets forth the procedures for demanding statutory appraisal rights. This summary is qualified in its entirety by reference to Section 262, a copy of the text of which is attached hereto as Annex D. Failure to comply with all the procedures set forth in Section 262 will result in the loss of a stockholder s statutory appraisal rights.

Restrictions on Sales of Shares by Affiliates of PSF

The shares of Smithfield common stock to be issued in connection with the merger will be registered under the Securities Act of 1933, as amended, and will be freely transferable under the Securities Act, except for shares of Smithfield common stock issued to any person who is deemed to be an affiliate of PSF at the time of the special meeting. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of PSF and may include PSF s executive officers, directors and significant stockholders. Affiliates may not sell their shares of Smithfield common stock acquired in connection with the mergers except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

PSF has agreed to use its reasonable best efforts to deliver to Smithfield a letter agreement executed by each of its affiliates at least 30 days prior to the completion of the merger, pursuant to which these affiliates will agree, among other things, not to transfer any shares of Smithfield common stock received in the merger except in compliance with the Securities Act. This proxy statement/prospectus does not cover resales of Smithfield common stock received pursuant to the merger by affiliates of PSF. In the voting agreement, Smithfield agreed to grant to ContiGroup piggy-back registration rights in respect of the Smithfield common stock it receives pursuant to the merger.

Stock Exchange Listing

Smithfield has agreed to use its reasonable best efforts to cause the shares of Smithfield common stock to be issued pursuant to the merger, and shares of Smithfield common stock to be issued upon exercise of Smithfield stock options issued in exchange for PSF options, to be approved for listing on the NYSE. It is a condition to the completion of the merger that such shares be approved for listing on the NYSE, subject to official notice of issuance. Following the merger, the shares of Smithfield common stock will continue to trade on the NYSE under the symbol SFD.

Delisting and Deregistration of PSF Common Stock

If the merger is completed, PSF common stock will be delisted from NASDAQ and will no longer be registered under the Securities Exchange Act of 1934, as amended.

THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement. This summary is qualified in its entirety by reference to the merger agreement, which is incorporated by reference in its entirety and attached to this proxy statement/prospectus as Annex A. We encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger. This summary is not intended to provide you with any other factual information about Smithfield or PSF. Such information can be found elsewhere in this proxy statement/prospectus and in Smithfield s and PSF s public filings with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 98.

Form of the Merger

If the holders of PSF common stock adopt the merger agreement and all other conditions to the merger are satisfied or waived, KC2 Merger Sub (a newly formed and wholly owned subsidiary of Smithfield established to facilitate the acquisition of PSF) will be merged with and into PSF. PSF will survive the merger as a wholly owned subsidiary of Smithfield and will continue its corporate existence under Delaware law under the name Premium Standard Farms, Inc. Upon the terms and subject to the conditions set forth in the merger agreement, the parties may change the structure or method of effecting the combination of KC2 Merger Sub and PSF to provide for the merger of PSF into any direct wholly owned subsidiary of Smithfield if necessary to obtain the opinions of Smithfield Food s and PSF s respective counsel that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code; see Conditions to the Merger beginning on page 63. However, no such change will be required if it would reasonably be expected to have a material adverse effect on PSF or would alter or change the amount or kind of merger consideration to be issued to PSF stockholders or impede or materially delay the completion of the merger or the other transactions contemplated by the merger agreement.

Merger Consideration

At the effective time of the merger, each share of PSF common stock will be exchanged for (i) 0.6780, which we refer to as the exchange ratio, of a share of Smithfield common stock and (ii) $1.25 in cash, without interest. Smithfield will increase, by up to $1.00 per share, the amount of cash to be included in the merger consideration and decrease the fraction of a share of Smithfield common stock by an amount having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) as the amount of the increase in cash, if Smithfield reasonably determines that those actions are necessary in order to list on the NYSE the shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of Smithfield stock options) without the requirement of a vote of Smithfield shareholders. The adjustment to the stock portion of the merger consideration will be calculated using a fixed value per share of Smithfield common stock equal to the average of the volume weighted averages of the trading prices of Smithfield common stock on the NYSE for the ten consecutive full trading days ending on the third trading day prior to the effective time of the merger. A vote by PSF stockholders for the adoption of the merger agreement constitutes approval of the merger whether or not Smithfield elects to substitute up to $1.00 per share in cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) as described in this paragraph. Smithfield will only substitute cash for a portion of the stock consideration having an equivalent value (based on the average price of Smithfield common stock during a specified period prior to closing) if the number of shares of Smithfield common stock to be issued in the merger (including shares to be reserved for issuance upon exercise of PSF stock options that are converted into Smithfield stock options) would exceed 20% of the shares of Smithfield common stock outstanding immediately prior to the completion of the merger and, therefore, would require a vote of Smithfield shareholders under the rules of the NYSE. Smithfield will make the determination whether to substitute cash for a portion of the stock consideration having such equivalent value based on the number of outstanding shares of PSF common stock and options to purchase shares of PSF common stock prior to the fifth trading day before completion of the merger.

PSF stockholders will not receive any fractional shares of Smithfield common stock pursuant to the merger. Instead of any fractional shares, stockholders will be paid an amount in cash for such fraction calculated by multiplying (x) the amount of the aggregate proceeds from the sale at then prevailing prices on the NYSE of the excess shares of Smithfield common stock deposited with the exchange agent over the number of whole shares of Smithfield common stock distributed to former holders of PSF common stock by (y) a fraction, the numerator of which is the amount of the fractional share interest to which the holder of PSF common stock is entitled and the denominator of which is the aggregate amount of fractional share interests to which all holders of PSF common stock are entitled. However, Smithfield may elect to calculate the amount of cash by multiplying (i) the fractional share interest to which the holder of PSF common stock would otherwise be entitled by (ii) the per share closing price of Smithfield common stock on the last trading day prior to the closing date of the merger, as that price is reported on the NYSE Composite Transaction Tape.

Closing

Unless the parties agree otherwise, the closing will occur on a date to be specified by the parties (which will be no later than the second business day after the satisfaction or waiver of all closing conditions).

Effective Time

The merger will become effective at the time at which a certificate of merger has been duly filed with the Secretary of State of the State of Delaware or such later time as is agreed upon by the parties and specified in the certificate of merger. The filing of the certificate of merger will take place upon the closing of the merger.

Treatment of Stock Options

Each option to acquire shares of PSF common stock held by employees and directors of PSF and outstanding immediately prior to the effective time of the merger, which we refer to as PSF options, will be converted into an option to acquire the number of shares of Smithfield common stock obtained by multiplying

the number of shares of PSF common stock subject to the PSF option, times

the special option exchange ratio referred to below,
and rounding the result down to the nearest whole share.

The per share exercise price of these converted options will be obtained by dividing

the per share exercise price of the PSF option by

the special option exchange ratio,
and rounding the result up to the nearest whole cent.

The special option exchange ratio is the sum of

the exchange ratio plus

the quotient of (a) the per share cash consideration received by PSF stockholders in the merger divided by (b) the average of the volume weighted averages of the trading price of Smithfield common stock on the NYSE for the ten consecutive full trading days ending on the third trading day prior to the effective time of the merger.

Representations and Warranties

The merger agreement contains representations and warranties made by and to the parties thereto as of specific dates. The assertions embodied in those representations and warranties were made for purposes of the merger agreement and are subject to qualifications and limitations agreed to by the respective parties in connection with negotiating the terms of the merger agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from what might be viewed as material to stockholders, or may have been used for the purpose of allocating risk between the respective parties rather than establishing matters as facts. For the foregoing reasons, you should not rely on the representations and warranties as statements of factual information.

The merger agreement contains representations and warranties by PSF, subject in some cases to specified exceptions and qualifications, relating to a number of matters, including the following:

the organization, valid existence, good standing and qualification to do business of PSF and its subsidiaries;

PSF s interests in its subsidiaries;

capitalization and indebtedness of PSF and its subsidiaries;

corporate authorization and validity of the merger agreement and voting agreement;

the unanimous approval of the PSF board of directors of the merger agreement, the voting agreement and the transactions contemplated by the merger agreement and the voting agreement;

the absence of any conflicts with PSF s organization documents, applicable laws or certain agreements as a result of entering into the merger agreement and the voting agreement and completing the merger;

required consents and filings with governmental entities in connection with the transactions contemplated by the merger agreement and the voting agreement;

proper filings of documents with the SEC and the accuracy of information contained in those documents;

the conformity with generally accepted accounting principles of PSF s financial statements filed with the SEC and the absence of undisclosed liabilities;

the accuracy of information supplied by PSF in connection with this proxy statement/prospectus and the registration statement of which it is a part;

the absence of certain material changes or events in PSF s business or condition since the date of PSF s last audited financial statements;

the absence of litigation, investigations and injunctions;

the existence of and compliance with material contracts;

PSF s compliance with applicable laws, including environmental laws;

employment and labor matters affecting PSF, including matters relating to PSF employee benefit plans;

tax matters;

real property and intellectual property;

required vote by PSF stockholders to complete the merger;

the inapplicability of takeover statutes to the merger agreement, the voting agreement, the merger or the transactions contemplated by those agreements;

broker s and advisor s fees related to the merger;

receipt of the opinion from Centerview Partners LLC, dated September 17, 2006, as to the fairness of the merger consideration to the PSF stockholders from a financial point of view; and

insurance matters.

The merger agreement contains representations and warranties by Smithfield and KC2 Merger Sub, subject in some cases to specified exceptions and qualifications, relating to a number of matters, including the following:

the organization, valid existence, good standing and qualification to do business of Smithfield, KC2 Merger Sub and Smithfield s subsidiaries;

capitalization of Smithfield and KC2 Merger Sub;

corporate authorization and validity of the merger agreement and voting agreement;

the absence of any conflicts with Smithfield s or KC2 Merger Sub s organization documents, applicable laws or certain agreements as a result of entering into the merger agreement and the voting agreement and completing the merger;

required consents and filings with governmental entities in connection with the transactions contemplated by the merger agreement and the voting agreement;

proper filings of documents with the SEC and the accuracy of information contained in those documents;

the conformity with generally accepted accounting principles of Smithfield s financial statements filed with the SEC and the absence of undisclosed liabilities;

the accuracy of information supplied by Smithfield in connection with this proxy statement/prospectus and the registration statement of which it is a part;

the purpose of the formation and prior activities of KC2 Merger Sub;

broker s and advisor s fees related to the merger;

the absence of certain material changes or events in Smithfield s business or condition since the date of Smithfield s last audited financial statements;

the absence of litigation, investigations and injunctions;

Smithfield s compliance with applicable laws, including environmental laws;

employment and labor matters affecting Smithfield, including matters relating to Smithfield employee benefit plans; and tax matters.

Certain of the representations and warranties made by the parties are qualified as to materiality or material adverse effect. For purposes of the merger agreement, material adverse effect means with respect to PSF or Smithfield, as the case may be, any change, effect, event, occurrence, state of facts or development which individually or in the aggregate (x) is or would reasonably be expected to be materially adverse to the business, assets, financial condition, liabilities or results of operation of PSF and its subsidiaries or Smithfield and its subsidiaries, in each case taken as a whole, or (y) is or would reasonably be expected to impair in any material respect PSF s or Smithfield s ability to complete the merger or the other transactions contemplated by the merger agreement or to perform its obligations under the merger agreement on a timely basis. However, in determining whether there has been or would reasonably be expected to be a material adverse effect under clause (x), there will be excluded any changes, effects, occurrences, state of facts or developments:

in the financial or securities markets or the economy in general, including prevailing interest rates, commodity prices and energy costs (to the extent not disproportionately affecting PSF or Smithfield, as applicable);

in the industries in which PSF and Smithfield operate (to the extent not disproportionately affecting PSF or Smithfield, as applicable);

in the case of PSF, resulting from any change in the trading price of PSF common stock (excluding the facts underlying the decline) and, in the case of Smithfield, resulting from any change in the trading prices of Smithfield s equity or debt securities (excluding the facts underlying the change);

demonstrated by the affected party to have resulted from the announcement of the execution of the merger agreement (including demonstrated losses or threatened losses of relationships with customers, distributors or suppliers) or the performance of the obligations or satisfaction of conditions under the merger agreement, including actions taken to satisfy the antitrust conditions; and

resulting from the settlement of, or outcome of, any legal proceedings disclosed in SEC filings of PSF or Smithfield or in the disclosure schedules to the merger agreement.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Covenants and Agreements

Conduct of Business by PSF. PSF has agreed that, subject to certain exceptions and unless Smithfield gives its prior written consent, between September 17, 2006 and the completion of the merger:

PSF and its subsidiaries will conduct business in the ordinary course consistent with past practice; and

PSF and its subsidiaries will use reasonable best efforts to preserve intact current business organizations, keep available the services of their current officers, employees and consultants and preserve relationships with customers, suppliers, licensors, licensees, distributors and others with whom they have business dealings.

PSF has also agreed that during the same time period, and again subject to certain exceptions or unless Smithfield gives its prior written consent (which consent will not be unreasonably withheld or delayed), PSF and its subsidiaries will not:

declare, set aside or pay dividends on or make other distributions in respect of its capital stock, other than regular quarterly cash dividends in respect of PSF common stock not exceeding $0.06 per share and dividends or distributions by wholly owned subsidiaries;

split, combine or reclassify any capital stock;

repurchase, redeem or otherwise acquire any of capital stock;

issue or sell any shares of capital stock or other voting securities, except for shares of PSF common stock issued pursuant to the exercise of PSF stock options in existence as of the date of the merger agreement and, subject to specified limitations, the grant of equity awards pursuant to currently existing benefit plans;

amend the organizational documents of PSF or its subsidiaries;

acquire any person or division, business or equity interest of any person or any assets, rights or properties, except for capital expenditures, acquisitions of raw materials, inventory and supplies, and other assets up to $2,000,000 in the aggregate, in the ordinary course and other acquisitions not exceeding $10,000,000 in the aggregate in each of 2006 and 2007;

sell, lease, encumber or dispose of any material properties, rights or assets of PSF or any of its subsidiaries, except (i) for sales as required by existing contracts, (ii) for sales of inventory or finished goods in the ordinary course or (iii) for other dispositions having a value not in excess of $2,000,000 in any six-month period;

prepay, incur, assume or materially modify the terms of any indebtedness for borrowed money or guarantee or incur any indebtedness for borrowed money of another person, other than borrowings under PSF s existing credit agreement (excluding PSF s outstanding term loan) not in excess of $45,000,000 at any time;

make loans or advances in excess of $2,000,000 in the aggregate at any time;

make any new capital expenditures in excess of specified amounts;

except as required by law or judgment or to the extent reserved for in PSF s financial statements filed with the SEC prior to September 17, 2006, discharge or settle any material claim or liability in excess of specified amounts;

enter into, materially modify, terminate or materially waive any material contracts;

subject to specific exceptions, adopt any employee benefit plan or arrangement or increase the compensation or severance of PSF employees, except in the ordinary course with respect to employees with base salary of $100,000 or less;

except as required by generally accepted accounting principles, change any accounting method, principle or practice; or

take any action that would reasonably be likely to prevent the merger from qualifying for U.S. federal income tax purposes as a reorganization under Section 368(a) of the Code.

Conduct of Business by Smithfield. Smithfield has agreed that, subject to certain exceptions and unless PSF gives its prior written consent, between September 17, 2006 and the completion of the merger:

Smithfield will maintain its existence in good standing under applicable law and continue to conduct its and its subsidiaries businesses so as to maintain the primary nature of Smithfield s business; and

Smithfield and its subsidiaries will use reasonable best efforts to keep available the services of their current officers, employees and consultants and preserve relationships with customers, suppliers, licensors, licensees, distributors and others with whom they have business dealings.

Smithfield has also agreed that during the same time period, and again subject to certain exceptions or unless PSF gives its prior written consent (which consent will not be unreasonably withheld or delayed), Smithfield and its subsidiaries will not:

amend the organizational documents of Smithfield in a manner that is adverse to the completion of the merger, or that will affect the holders of PSF common stock whose shares are converted into Smithfield common stock at the effective time of the merger in a manner different than holders of Smithfield common stock prior to the effective time of the merger;

declare or pay dividends or make distributions in respect of capital stock;

issue, deliver or sell any shares of Smithfield common stock or any convertible securities if those actions would require approval of Smithfield shareholders;

acquire any business organization or division, or dispose of assets or securities of Smithfield or its subsidiaries if those actions would reasonably be expected to materially delay or impede the consummation of the merger; or

take any action that would reasonably be likely to prevent the merger from qualifying for U.S. income tax purposes as a reorganization under Section 368(a) of the Code.

No Solicitation. The merger agreement precludes PSF, its subsidiaries and their respective directors or officers, and requires PSF to use its reasonable best efforts to preclude its and its subsidiaries employees, advisors, agents and representatives and controlled affiliates from, directly or indirectly:

- soliciting, initiating, knowingly encouraging or knowingly facilitating any takeover proposal, as described below, or the making or consummation of any takeover proposal; or

- entering into, continuing or otherwise participating in any discussions or negotiations regarding, or furnishing to any person any information in connection with, or otherwise cooperating in any way with, any takeover proposal; or

- waiving, terminating, modifying or failing to enforce any provision of any standstill or similar obligation of any person other than Smithfield.

For purposes of the merger agreement, takeover proposal means any inquiry, proposal or offer (or any communication or affirmation in support of any previously made inquiry, proposal or offer) from any person relating to, or that could reasonably be expected to lead to:

- any direct or indirect acquisition or purchase, in one transaction or a series of related transactions, of assets (including equity securities of any subsidiary of PSF) or businesses that constitute 15% or more of the revenues, net income or assets of PSF and its subsidiaries, taken as a whole, or 15% or more of any class of equity securities of PSF;

- any tender offer or exchange offer that, if consummated, would result in any person beneficially owning 15% or more of any class of equity securities of PSF; or

- any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, share exchange or similar transaction involving PSF or any of its subsidiaries pursuant to which any person or the stockholders of any person would own 15% or more of any class of equity securities of PSF or of any resulting parent company of PSF,

in each case, other than the transactions contemplated by the merger agreement.

The merger agreement provides further that, notwithstanding the restrictions described above, if, at any time prior to the time PSF stockholders have adopted the merger agreement:

- PSF receives a bona fide written takeover proposal that the PSF board of directors reasonably determines (after consultation with its outside legal advisors and its financial advisors) would reasonably be expected to constitute a superior proposal, as described below; and

- that takeover proposal was not solicited after the date of the merger agreement and did not otherwise result from a breach by PSF of the no solicitation provisions described above;

then PSF may if it is in compliance with its obligations described in the section entitled No Solicitation and its obligation not to change its recommendation except as described in PSF Stockholder Meeting and Duty to Recommend :

- furnish information about PSF and its subsidiaries to the person making the takeover proposal pursuant to a customary confidentiality agreement not less restrictive to that person than the provisions of the confidentiality agreement between PSF and Smithfield, provided that all of the information to be furnished has previously been provided to Smithfield or is provided to Smithfield prior to or substantially concurrent with the time it is provided to such person; and

- participate in discussions or negotiations regarding the takeover proposal.

The merger agreement provides that the term superior proposal means any bona fide offer made by a third party that, if consummated, would result in a person (or its stockholders) owning, directly or indirectly, more than 80% of the shares of PSF common stock then outstanding (or of the surviving entity in a merger or the direct or indirect parent of the surviving entity in a merger) or all or substantially all the assets of PSF, which the PSF board of directors reasonably determines (after consultation with its outside legal advisors and financial advisors) taking into account all financial, legal, regulatory and other aspects of the proposal (including any break-up fee, expense reimbursement provisions and conditions to consummation) and the person making the proposal (i) to be (a) more favorable to the PSF stockholders from a financial point of view than the transactions contemplated by the merger agreement (after giving effect to any changes to the financial terms of the merger agreement proposed by Smithfield in response to the offer or otherwise); and (b) reasonably capable of being completed on terms set forth in the proposal; and (ii) for which financing, to the extent required, is then committed or reasonably likely to be obtained.

The merger agreement provides that PSF must as promptly as practicable (and in any event within 24 hours after receipt) advise Smithfield orally and in writing of any takeover proposal, the material terms and conditions of any takeover proposal and the identity of the person making any takeover proposal and PSF must keep Smithfield informed on a reasonably current basis of material developments with respect to any such takeover proposal.

PSF Stockholder Meeting and Duty to Recommend. The merger agreement requires PSF to call and hold a special meeting of its stockholders for the purpose of voting on the adoption of the merger agreement. The PSF board of directors has agreed to recommend that PSF s stockholders vote in favor of adoption of the merger agreement and to not (i) withdraw, modify or qualify in a manner adverse to Smithfield that recommendation or make any public statement in connection with that recommendation or the special meeting or in reference to a takeover proposal, that is inconsistent with that recommendation or (ii) approve, adopt or recommend, or allow PSF or any of its subsidiaries to execute or enter into, any agreement (other than a confidentiality agreement under the circumstances described above) or any tender offer with respect to any takeover proposal.

Notwithstanding the above, at any time prior to the time PSF stockholders have adopted the merger agreement, the PSF board of directors may, in response to (1) a takeover proposal that the PSF board of directors reasonably determines (after consultation with outside legal advisors and financial advisors) constitutes a superior proposal and that was unsolicited and made after September 17, 2006 or (2) a material development or change in circumstances occurring or arising after September 17, 2006 that was neither known to the PSF board of directors nor reasonably foreseeable as of or prior to September 17, 2006 (such material development or change in circumstances referred to as an intervening event), withdraw, modify or qualify its recommendation to stockholders to adopt the merger agreement, or make any public statement in connection with its recommendation or the special meeting or in reference to a takeover proposal, that is inconsistent with its recommendation, if:

- the PSF board of directors has concluded in good faith, after consultation with, and taking into account the advice of, its outside legal advisors, in light of such superior proposal or intervening event that the failure to do so would result in a breach of its fiduciary duties under applicable law,

- in the case of a change in recommendation in light of a superior proposal, PSF has complied in all material respects with the no-solicitation provisions in the merger agreement,

- PSF has, in the case of a superior proposal, provided to Smithfield all materials and information delivered or made available to the person or group of persons making any superior proposal,

- PSF has provided to Smithfield five business days (or three business days in the case of a change in recommendation relating to an intervening event or any amendment to any material terms of a superior proposal) prior written notice advising Smithfield that the PSF board of directors intends to take that action and specifying, in the case of an intervening event, the reasons for the action or, in the case of a superior proposal, the terms and conditions of such superior proposal and the identity of the person making the proposal,

- during such five business day period (or three business day period in the case of an intervening event or amendment to the terms of a superior proposal), if requested by Smithfield, PSF has engaged in good faith negotiations with Smithfield to amend the merger agreement in such a manner that any takeover proposal which was determined to constitute a superior proposal no longer is a superior proposal or obviating the need for a change in recommendation to PSF stockholders as a result of the intervening event, and

- in the case of a superior proposal, at the end of such five business day period (or three business day period in the case of an amendment to the terms of a superior proposal), that takeover proposal has not been withdrawn and continues to constitute a superior proposal (taking into account any changes to the financial terms of the merger agreement proposed by Smithfield following a notice of superior proposal, as a result of the negotiations required by the above clause or otherwise).

The merger agreement provides that the above-described no-solicitation provisions do not prohibit the PSF board of directors from taking and disclosing to PSF stockholders a position contemplated by Rule 14e-2(a)(2) or (3) under the Exchange Act or making a statement required under Rule 14d-9 under the Exchange Act, except that compliance with such rules will not limit or modify the effect that any such action pursuant to such rules has under the merger agreement and in no event may PSF or the PSF board of directors take, or agree or resolve to take, any action prohibited by the no-solicitation provisions described above.

Reasonable Best Efforts. Smithfield and PSF have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all actions necessary, proper or advisable under applicable law to complete the merger and the other transactions contemplated by the merger agreement.

Governmental Approvals. Smithfield and PSF have agreed to use their reasonable best efforts to obtain prompt termination of the waiting period under the HSR Act, as well as any other required waiting periods under applicable law. If any objections are asserted by any governmental entity with respect to the merger or if any litigation or proceedings are instituted by a governmental entity challenging the merger under applicable antitrust laws, or if any order is issued enjoining the merger under applicable antitrust laws, Smithfield has agreed to use its reasonable best efforts to resolve the objections, litigation or proceedings, or to have the order vacated in order to enable the merger agreement to close by the first anniversary of the merger agreement (or the fifteen month anniversary of the merger agreement if extended as described below under Termination) and PSF has agreed to use reasonable best efforts to assist in those efforts.

Smithfield is not obligated to agree to take any action or accept any condition or requirement with respect to Smithfield or PSF, and PSF is not permitted to agree to that action without Smithfield s consent, if that action or requirement would reasonably be expected to:

- require Smithfield or PSF to dispose of or hold separate any material businesses or assets; or

- result in any material limitations on Smithfield or PSF to own or operate all or a material portion of their respective businesses or assets.

Smithfield is entitled under the merger agreement to determine strategy, lead proceedings and coordinate activities relating to obtaining antitrust clearance of the merger and PSF is obligated to take actions reasonably requested by Smithfield in connection with such efforts, as long as the actions would not bind PSF irrespective of the completion of the merger.

Employee Benefits. For twelve months following completion of the merger, Smithfield has agreed with PSF that the employees of PSF will be entitled to receive employee benefits that, in the aggregate, are substantially similar to the employee benefits received by those employees prior to the merger, provided that Smithfield will not be required to adopt or issue any equity plans or equity awards. Subject to certain exceptions, Smithfield will cause the surviving corporation to honor all benefit obligations to and contractual rights of employees of PSF and its subsidiaries under the PSF benefit plans, and will ensure that, upon the completion of the merger, the continuing employees of PSF will be eligible to participate in each of the benefit plans maintained by PSF prior to the completion of the merger to the same extent as immediately prior to the completion of the merger. The provisions of this section are for the sole benefit of PSF and Smithfield and can be modified or waived by them. No employee or any other person has any right to enforce this provision.

Smithfield Board Appointments. Upon completion of the merger, Smithfield will cause Paul Fribourg (or if Mr. Fribourg shall decline to serve, another individual designated by PSF and reasonably acceptable to Smithfield) to be appointed to the Smithfield board of directors and will cause Michael Zimmerman to be appointed as an advisory director.

Takeover Laws. PSF has agreed to use reasonable best efforts to ensure that no state takeover or similar law becomes applicable to the merger agreement, the merger or the other transactions contemplated by the merger agreement, and if any takeover or similar law becomes applicable, to use reasonable best efforts to ensure the merger may be completed as promptly as practicable on the terms contemplated by the merger agreement and to otherwise minimize the effect of the takeover or similar law on the merger agreement and the merger. PSF has also agreed not to (i) take any action to approve any takeover proposal, other than the merger, for purposes of any state takeover law or (ii) approve, for purposes of Section 203 of the DGCL, any acquisition of PSF common stock by any person other than Smithfield, or (iii) take any action that would cause the PSF common stock owned by ContiGroup not to be outstanding for purposes of Section 203 of the DGCL.

Company Loan Agreement. PSF has agreed to cooperate reasonably with Smithfield s reasonable requests to obtain any waivers or amendments under PSF s outstanding loan agreement to be effective at the completion of the merger that Smithfield deems advisable to facilitate the merger and related transactions, including any waivers or amendments intended to prevent any defaults under PSF s outstanding loan agreement or the outstanding indebtedness of Smithfield as a result of the completion of the merger and the assumption by Smithfield of PSF s outstanding loan agreement.

Conditions to the Merger

Conditions to Smithfield s and PSF s Obligations to Complete the Merger. Each party s obligation to complete the merger is subject to the satisfaction or waiver of various conditions that include the following:

the merger agreement has been adopted by the affirmative vote of stockholders of PSF representing a majority of the shares of PSF common stock outstanding and entitled to vote at the special meeting;

the shares of Smithfield common stock issuable pursuant to the merger as well as the shares reserved for issuance upon exercise of Smithfield stock options issued in exchange for PSF options have been approved for listing on the NYSE;

no temporary restraining order, preliminary or permanent injunction or other order or statute, law, rule, legal restraint or prohibition is in effect that prevents or makes illegal the completion of the merger;

the waiting period applicable to the merger under the HSR Act has expired or been terminated;

all other consents, approvals and authorizations of governmental entities required for the completion of the merger, the failure of which to obtain, individually or in the aggregate, would have a material adverse effect on PSF or Smithfield, have been obtained; and

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, has been declared effective by the SEC and is not the subject of any stop order or proceedings seeking a stop order.

Conditions to Smithfield s and KC2 Merger Sub s Obligation to Complete the Merger. Smithfield s and KC2 Merger Sub s obligations to complete the merger are further subject to satisfaction or waiver of the following additional conditions:

the representations and warranties of PSF made in the merger agreement must be true and correct as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, subject to the materiality standards contained in the merger agreement;

PSF must have performed in all material respects all obligations required to be performed by it under the merger agreement on or prior to the date on which the merger is to be completed;

there is no pending suit, action or proceeding by any U.S. governmental entity seeking to prohibit the completion of the merger or any other material transactions contemplated by the merger agreement that is reasonably likely to succeed; and

Smithfield shall have received an opinion of Simpson Thacher & Bartlett LLP, counsel to Smithfield, dated the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion which are consistent with the state of facts existing as of the time of the merger that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

Conditions to PSF s Obligation to Complete the Merger. PSF s obligation to complete the merger is further subject to satisfaction or waiver of the following additional conditions:

the representations and warranties of Smithfield and KC2 Merger Sub made in the merger agreement must be true and correct as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, subject to the materiality standards contained in the merger agreement;

Smithfield and KC2 Merger Sub must have performed in all material respects all obligations required to be performed by it under the merger; and

PSF shall have received an opinion of Sidley Austin LLP, counsel to PSF, dated the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion which are consistent with the state of facts existing as of the time of the merger that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

Termination

The merger agreement may be terminated and the merger may be abandoned at any time prior to the completion of the merger:

by mutual written consent of Smithfield, KC2 Merger Sub and PSF;

by either Smithfield or PSF if:

the merger has not been completed on or before September 17, 2007 (which date, as extended as set forth below, we refer to as the outside date), unless the principal cause of the failure of the effective time of merger to occur by that date is a material breach of the merger agreement by the party seeking to terminate the merger agreement, provided that if the conditions set forth in the merger agreement relating to antitrust or other governmental approvals are the only conditions which have not been satisfied on September 17, 2007, either party may extend the outside date until December 17, 2007;

any governmental entity has issued a final, non-appealable order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger, unless the principal cause of that ruling or action is a material breach of the merger agreement by the party seeking to terminate the merger agreement; or

the PSF stockholders fail to adopt the merger agreement at the special meeting or any postponement or adjournment of the special meeting;

by Smithfield or PSF if the other party has breached or failed to perform any of its representations, warranties, covenants or agreements in the merger agreement which breach or failure to perform (a) would give rise to the failure of a condition regarding representations and warranties and performance of obligations and (b) cannot be cured by the breaching party by the outside date; or

by Smithfield if prior to the adoption of the merger agreement by PSF stockholders, the PSF board of directors has withdrawn, modified or qualified in a manner adverse to Smithfield its recommendation of the merger, failed to publicly reaffirm its adoption and recommendation of the merger agreement within 10 business days following the written request to do so by Smithfield, or materially breached its obligations regarding the delivery of this proxy statement/prospectus or the calling and holding of the special meeting to vote on adoption of the merger agreement.

If Smithfield elects to extend the closing date to December 17, 2007 with respect to any period during which the antitrust conditions are not satisfied, then Smithfield will be deemed to have waived the condition relating to the accuracy of PSF s representations and warranties except for any non-willful breaches of PSF s representations and warranties to the extent solely relating to the period following such extension and during which any antitrust condition remains unsatisfied.

Effect of Termination

If the merger agreement is terminated as described in Termination above, the agreement will be void, and there will be no liability or obligation of any party except that:

- each party will remain liable for its willful and material breach of the merger agreement; and designated provisions of the merger agreement, including the representations and warranties relating to brokers fees, the confidential treatment of information and the allocation of fees and expenses, including, if applicable, the termination fees described below, will survive termination.

Termination Fees and Expenses

A termination fee of up to $27,381,000 will be paid by PSF to Smithfield as follows:

If Smithfield terminates the merger agreement prior to the adoption of the merger agreement by PSF stockholders, because the PSF board of directors has withdrawn, modified or qualified in a manner adverse to Smithfield its recommendation of the merger agreement, failed to publicly reaffirm its adoption and recommendation of the merger agreement as provided in the merger agreement or failed to call and hold a meeting of PSF stockholders to adopt the merger agreement; or

if Smithfield or PSF terminates the merger agreement, following the PSF board of directors withdrawing or adversely modifying its recommendation of the merger agreement and prior to the adoption of the merger agreement by PSF stockholders, due to:

the failure of the merger to be completed by the outside date;

a final non-appealable order relating to matters other than antitrust laws;

the failure of the PSF stockholders to adopt the merger agreement at the special meeting; or

a material breach by PSF of a representation, warranty, covenant or agreement in the merger agreement that is unable to be cured by the outside date;

then, in either case, PSF will pay Smithfield the full termination fee of $27,381,000 on the first business day following the termination.

If, prior to adoption of the merger agreement by PSF stockholders, Smithfield or PSF terminates the merger agreement due to:

the failure of the merger to be completed by the outside date (unless at the time of termination, the antitrust conditions are not satisfied so long as the failure to be satisfied is not principally caused by a material breach by PSF of the merger agreement or the facts underlying that breach), but only if by such date the PSF stockholder vote on the merger agreement is not held or the PSF special meeting is not held;

a material breach by PSF of a representation, warranty, covenant or agreement in the merger agreement that is unable to be cured by the outside date, but only if by such date the PSF stockholder vote on the merger is not held or the PSF special meeting is not held and antitrust conditions are not satisfied; or

the failure of the PSF stockholders to adopt the merger agreement at the special meeting; and

prior to such termination, a takeover proposal has been made to PSF after the date of the merger agreement, or a takeover proposal with respect to PSF made after the date of the merger agreement has been publicly made to the PSF stockholders or any person has publicly announced an intention to make a takeover proposal at any time;

then PSF will pay up to $6,000,000 of Smithfield s documented expenses on the first business day following the receipt of an invoice for such expenses and, if within 12 months after the termination, PSF enters into a definitive agreement with respect to, or consummates, a takeover proposal (regardless of whether the takeover proposal is made before or after the termination of the merger agreement), then PSF will pay to Smithfield the remainder of the $27,381,000 termination fee less the previously paid expenses on the date of such execution or consummation. For purposes of determining whether the remainder of the termination fee is payable under the circumstances described in the previous sentence, the term takeover proposal has the meaning described under No Solicitation, except that the references to more than 15% in the definition of takeover proposal will be deemed to be references to a majority.

A non-clearance termination fee of $100,000,000 will be paid by Smithfield to PSF on the first business day following termination if Smithfield or PSF terminates the merger agreement due to the failure of the merger to be completed by the outside date or due to the issuance of a final non-appealable order prohibiting the merger under antitrust laws, and at the time of termination the following conditions are satisfied:

- the closing conditions are satisfied or waived (other than the antitrust conditions, the delivery of certificates and opinions which (in light of the facts at the time of termination and any waiver of the condition relating to the accuracy of PSF s representation and warranties described under Conditions to the Merger Conditions to Smithfield s and PSF s Obligations to Complete the Merger and Termination) would be capable of being delivered but are to be delivered on the closing date and any conditions the failure of which is principally caused by a material breach by Smithfield of the merger agreement or the facts underlying that breach), or in the case of termination due to an antitrust order prohibiting the merger, are reasonably likely to be satisfied by the outside date; and

- neither Smithfield or PSF has the right to terminate the merger agreement due to the issuance of an order prohibiting the merger relating to matters other than antitrust laws (regardless of whether such order has become final and non-appealable at the time of termination and so long as such order was not principally caused by a material breach by Smithfield of the merger agreement or the facts underlying that breach).

Amendment and Waiver

Amendment. The merger agreement may be amended solely by an instrument in writing signed on behalf of the parties, either before or after the PSF stockholders have adopted the merger agreement. However, following such adoption of the merger agreement by the PSF stockholders, no amendment may be made that by law requires further approval of PSF stockholders unless the required approval is obtained.

Waiver. At any time prior to the effective time of the merger, Smithfield and PSF may:

- extend the time of performance of any of the obligations or other acts of the other parties;

- to the extent permitted by law, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or

- to the extent permitted by law, waive compliance with any of the agreements or conditions contained in the merger agreement.

OTHER RECENT SMITHFIELD TRANSACTIONS

The following are recent Smithfield transactions, which are not significant individually or where required to be aggregated. However, Smithfield believes that a brief summary of these transactions is useful to assist investors in understanding Smithfield s current businesses and future financial results of these businesses.

Sara Lee European Meats Business

In August 2006 (fiscal 2007), Smithfield completed its investment, through a 50/50 joint venture with Oaktree Capital Management, LLC called Groupe Smithfield S.L., in the European meats business of Sara Lee Corporation, which we refer to as SLFE, for $575.0 million in cash, plus the assumption of excess pension-related liabilities of approximately $39.0 million. Headquartered in Hoofddorp, The Netherlands, SLFE generated approximately 871.6 million (approximately $1.1 billion) in sales for the fiscal year ended July 2, 2005, and holds its largest positions in France, Portugal, Belgium, the Netherlands, and Luxembourg, with popular European brands such as Aoste, Justin Bridou and Nobre, and has a presence in Germany, Italy and the United Kingdom.

To form the joint venture, Smithfield contributed its French operations and cash of 50.0 million (approximately $63.1 million) and Oaktree contributed cash of 108.9 (approximately $137.4 million) and a convertible note of 40.0 million (approximately $50.4 million). Sales of Smithfield s French operations while consolidated by Smithfield were approximately $372.5 million and $98.9 million for the fiscal year ended April 30, 2006 and the 26 weeks ended October 29, 2006, respectively. Losses from operations of Smithfield s French operations while consolidated by Smithfield were approximately $13.4 million and $6.5 million for the fiscal year ended April 30, 2006 and the 26 weeks ended October 29, 2006, respectively.

In connection with the acquisition and to finance a portion of the purchase price, Smithfield and Groupe Smithfield entered into an interim credit facility, which has been refinanced by Groupe Smithfield. Smithfield is not an obligor with respect to Groupe Smithfield s long-term financing.

Smithfield will account for its investment in Groupe Smithfield as an equity investment and will record 50% of the earnings of Groupe Smithfield in the Equity in (income) loss of affiliates line of its consolidated income statement. This treatment will affect the comparability of results in the future. Groupe Smithfield is evaluating restructuring opportunities to effectuate cost savings and realize operating synergies as a result of the investment in SLFE. The extent of the restructuring has not been determined and as a result Smithfield cannot currently estimate a range for the charges related to this restructuring. To the extent charges from this restructuring are associated with Smithfield s former French operations contributed to the joint venture, 50% of those charges will be reflected in Equity in (income) loss of affiliates. Although the amount of the charges have not been finally determined, they could be material to the results of operations of Smithfield. To the extent charges from this restructuring are associated with SLFE, those charges will be reflected in Groupe Smithfield s final purchase accounting allocations relating to the transaction and will only affect Groupe Smithfield s consolidated balance sheet. It is expected by Smithfield that cash requirements for this restructuring will be significant.

ConAgra Branded Meats Business

In October 2006 (fiscal 2007), Smithfield completed its acquisition of substantially all of the assets of the branded meats business of ConAgra Foods Packaged Foods Company, Inc., which we refer to as the ConAgra Branded Meat Business, for $571 million in cash, subject to certain post-closing adjustments. The ConAgra Branded Meats Business includes the packaged meat products sold under the Armour, Eckrich, Margherita and LunchMakers brands and turkey products sold under the Butterball and Longmont brands. The ConAgra Branded Meats Business had sales of approximately $1.8 billion for the fiscal year ended May 28, 2006, which includes approximately $600.0 million associated with the Butterball and Longmont brands.

Concurrent with the acquisition of the ConAgra Branded Meats Business, Smithfield entered into a partial assignment and assumption agreement with a joint venture between Smithfield and Maxwell Farms, Inc. called

Butterball, LLC (formerly known as Carolina Turkeys), pursuant to which, among other things, Butterball, LLC purchased the Butterball and Longmont turkey business portion of the ConAgra Branded Meats Business for $325.0 million, subject to certain post-closing adjustments. Smithfield owns 49% of Butterball, LLC. Smithfield will account for its investment in Butterball, LLC as an equity investment and will record 49% of the earnings of Butterball, LLC in the Equity in (income) loss of affiliates line of the consolidated income statement.

Smithfield financed the remaining $246.0 million of the acquisition price of the ConAgra Branded Meats Business using borrowings from its primary revolving credit facility.

Smithfield is evaluating restructuring opportunities to effectuate cost savings and realize operating synergies as a result of the acquisition of the ConAgra Branded Meats Business and expects to incur significant charges and capital expenditures related to the acquisition, but expects the acquisition of the ConAgra Branded Meats Business to result in decreased total capital expenditures over the next few years. The extent of the restructuring has not been determined and as a result Smithfield cannot currently estimate a range for the charges related to this restructuring. Because the restructuring will relate primarily to assets of the ConAgra Branded Meats Business, most of the charges related to this restructuring will be reflected in Smithfield s final purchase accounting allocations related to the ConAgra Branded Meats Business acquisition and will only impact Smithfield s consolidated balance sheet, although Smithfield expects that cash requirements for this restructuring will be significant. Smithfield does not expect the balance of the restructuring activities to have a material effect on Smithfield s results of operations.

Cook s

In April 2006 (fiscal 2006), Smithfield completed the acquisition of substantially all of the assets of Cook s Hams, Inc. for approximately $260.0 million plus an additional $41.0 million for working capital build-up. Cook s, based in Lincoln, Nebraska, is a producer of traditional and spiral sliced smoked bone-in hams, corned beef and other smoked meat items sold to supermarket chains and grocers throughout the U.S. and Canada and will be included in Smithfield s Pork segment. Smithfield recorded the fair value of trademarks totaling $75.0 million. The preliminary balance of the purchase price in excess of the fair value of the assets acquired and the liabilities assumed at the date of acquisition was recorded as goodwill of $130.4 million in the aggregate. Smithfield s final valuation of tangible and intangible assets is currently in process. Had the acquisition of Cook s occurred at the beginning of fiscal 2006, there would not have been a material effect on Smithfield s sales, net income or net income per diluted share for fiscal 2006. Results for Cook s are included from the date of acquisition.

Quik-to-Fix

In August 2006 (fiscal 2007), Smithfield completed the sale of substantially all of the assets and business of Quik-to-Fix. Quik-to-Fix is a producer, marketer and distributor of value-added beef, pork and poultry products for the retail and food service industry and is based in Garland, Texas. Smithfield received net proceeds of approximately $31.4 million from the sale. While under Smithfield ownership, sales of Quik-to-Fix were approximately $103.2 million and $21.5 million for the fiscal year ended April 30, 2006 and the 26 weeks ended October 29, 2006, respectively. Losses before income tax were approximately $11.7 million and $6.1 million for the fiscal year ended April 30, 2006 and the 26 weeks ended October 29, 2006, respectively. In addition, during the first quarter of fiscal 2007, Smithfield recorded an after tax loss of $10.4 million on the writedown of certain Quik-to-Fix assets.

Beef Processing Plant

On October 18, 2006, Smithfield and ContiGroup announced an agreement in principle to form a 50/50 joint venture to build a new beef processing plant in Texas County, Oklahoma. Construction of this planned 675,000 square foot facility is expected to begin in January 2007 and currently scheduled to be completed by early 2008 at an estimated cost of $200 million. The plant is expected to process between 4,000 and 5,000 head of cattle per day at full capacity. Cattle for the plant are expected to be supplied by nearby feedlots, including those operated by Five Rivers. See ContiGroup s Relationship with Smithfield beginning on page 44.

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL DATA OF SMITHFIELD

The following unaudited pro forma combined condensed financial statements are based on the historical consolidated financial statements and the notes thereto of Smithfield and PSF and have been prepared to illustrate the effect of Smithfield s acquisition of PSF.

The unaudited pro forma combined condensed balance sheet as of October 29, 2006 and the unaudited pro forma combined condensed income statement for the 26 weeks ended October 29, 2006 and the fiscal year ended April 30, 2006 have been prepared to give effect to the transactions set forth below as if those transactions had occurred at the balance sheet date and at the beginning of the fiscal year ending April 30, 2006. Because Smithfield s fiscal year differs from PSF s, PSF s unaudited condensed balance sheet as of September 23, 2006 and the unaudited pro forma combined condensed income statement for the 26 weeks ended September 23, 2006 and the fiscal year ended March 25, 2006 have been used in preparing the unaudited pro forma combined condensed financial statements.

The unaudited pro forma combined condensed financial statements presented herein give effect to:

the issuance of 21.7 million shares of Smithfield s common stock in exchange for 32.0 million shares of PSF common stock outstanding as of November 1, 2006. The value of Smithfield s shares issued in the PSF acquisition is assumed to be $28.60 per share based on the average of the closing prices for the five days immediately prior and subsequent to the announcement of the PSF acquisition;

payment of $40.0 million in cash ($1.25 per outstanding share of PSF common stock);

the fair value of PSF stock options converted to Smithfield stock options, estimated to be $2.9 million; and

completion of the PSF acquisition.

Except as otherwise noted, the unaudited pro forma combined condensed financial statements do not give effect to several developments at Smithfield described above under Other Recent Smithfield Transactions. The unaudited pro forma combined condensed financial statements do not reflect future events that may occur after the PSF acquisition, including the potential realization of operating cost savings, revenue synergies or restructuring or other costs (other than Smithfield s out-of-pocket transaction costs reflected in the unaudited pro forma combined condensed balance sheet) relating to the integration of the two companies nor do they include any other non-recurring costs related to the PSF acquisition, including any severance or change of control payments or benefits to executives of PSF.

Smithfield will account for the PSF acquisition using the purchase method of accounting. The pro forma adjustments reflect preliminary estimates of the purchase price allocation under purchase accounting, which are expected to change upon finalization of appraisals and other valuation studies that Smithfield will arrange to obtain. The final allocation will be based on the actual assets and liabilities that exist as of the date of the PSF acquisition. Any purchase price allocation to inventory for profit in inventory would impact cost of goods sold subsequent to the PSF acquisition. Any additional purchase price allocation to property, plant and equipment or finite lived intangible assets would result in additional depreciation and amortization expense, which may be significant. PSF s property, plant and equipment balances have been adjusted to reflect their estimated fair values. In addition, PSF s reported current assets and current liabilities are assumed to be their estimated fair values included in the unaudited pro forma combined condensed financial statements. The final allocation of the purchase price of the acquisition will differ from the amounts represented in the unaudited pro forma combined condensed financial statements.

The accompanying unaudited pro forma combined condensed financial statements should be read in conjunction with the historical financial statements of Smithfield and PSF and the accompanying disclosures, which are incorporated by reference in this proxy statement/prospectus. In addition, see Selected Historical Financial and

Other Data of Smithfield   beginning on page 11 and see   Management s Discussion and Analysis of Financial Condition and Results of Operations in Smithfield s annual report on Form 10-K for the year ended April 30, 2006, Smithfield s most recent quarterly reports on Form 10-Q for the periods ended July 30, 2006 and October 29, 2006, PSF s annual report on Form 10-K for the year ended March 25, 2006, and PSF s most recent quarterly reports for the periods ended June 24, 2006 and September 23, 2006, which are incorporated by reference. The unaudited pro forma combined condensed financial statements are provided for informational purposes only and do not purport to represent what Smithfield s financial position or results of operations would actually have been had the PSF acquisition occurred on such dates or to project results of operations or financial position for any future period.

Smithfield Foods, Inc.

Unaudited Pro Forma Combined Condensed Balance Sheet

(in millions)

	Smithfield October 29, 2006	PSF September 23, 2006	Pro Forma Adjustments	Pro Forma as Adjusted
Assets				
Current assets:				
Cash and cash equivalents	$ 84.1	$ 16.5	$	$ 100.6
Accounts receivable	729.6	30.0		759.6
Inventories	1,904.1	172.6	3.1 (1)	2,079.8
Prepaid expenses and other current assets	123.3	22.7		146.0
Total current assets	2,841.1	241.8	3.1	3,086.0
Property, plant and equipment, gross	3,468.6	777.0	(320.8)	3,924.8
Accumulated depreciation	(1,245.6)	(368.7)	368.7	(1,245.6)
Property, plant and equipment, net	2,223.0	408.3	47.9 (2)	2,679.2
Goodwill	701.0	76.0	165.1 (3)	942.1
Investments	675.1			675.1
Other	436.3	10.6		446.9
Total assets	$ 6,876.5	$ 736.7	$ 216.1	$ 7,829.3
Liabilities and Shareholders Equity				
Current liabilities:				
Notes payable	$ 263.9	$	$	$ 263.9
Current portion of long-term debt and capital lease obligations	100.4	0.6		101.0
Accounts payable	600.1	8.2		608.3
Accrued expenses and other current liabilities	457.5	56.5		514.0
Total current liabilities	1,421.9	65.3		1,487.2
Long-term debt and capital lease obligations	2,814.0	125.3	40.0 (4)(7) 3.3 (4)	2,982.6
Deferred income taxes	229.7	70.7	18.6 (5)	319.0
Other	289.9	6.3		296.2
Total liabilities	4,755.5	267.6	61.9	5,085.0
Minority interests	16.4			16.4
Commitments and contingencies				
Shareholders' equity:				
Preferred stock				
Common stock	55.7	0.3	(0.3)(6)	66.5

			10.8 (7)	
Additional paid-in capital	497.6	379.0	(379.0)(6)	1,110.1
			609.6 (7)	
			2.9 (7)	
Stock held in trust	(52.1)			(52.1)
Retained earnings	1,627.3	87.6	(87.6)(6)	1,627.3
Accumulated other comprehensive loss	(23.9)	2.2	(2.2)(6)	(23.9)
Total shareholders equity	2,104.6	469.1	154.2	2,727.9
Total liabilities and shareholders equity	$ 6,876.5	$ 736.7	$ 216.1	$ 7,829.3

See accompanying Notes to Unaudited Pro Forma

Combined Condensed Financial Statements.

Smithfield Foods, Inc.

Unaudited Pro Forma Combined Condensed Income Statement

(in millions, except per share data)

	Fiscal Year Ended			
	April 30, 2006	March 25, 2006	Pro Forma	Pro Forma as
	Smithfield	PSF	Adjustments	Adjusted
Sales	$ 11,403.6	$ 919.5	$	$ 12,323.1
Cost of sales	10,316.8	785.7	6.6(8)	11,109.1
Gross profit	1,086.8	133.8	(6.6)	1,214.0
Selling, general and administrative expenses	675.2	25.8	0.1 (8)	701.1
Interest expense, net	149.5	8.9	2.7 (9)	161.1
Equity in income of affiliates	(9.2)			(9.2)
Loss on early extinguishment of debt		21.7		21.7
Income from continuing operations before income taxes	271.3	77.4	(9.4)	339.3
Income taxes	91.0	24.3	(3.7) (10)	111.6
Income from continuing operations	$ 180.3	$ 53.1	$ (5.7)	$ 227.7
Income from continuing operations per share:				
Basic	$ 1.62	$ 1.71		$ 1.71
Diluted	$ 1.61	$ 1.70		$ 1.70
Weighted average shares:				
Weighted average basic shares	111.1	31.0	(9.3) (11)	132.8
Effect of dilutive options	0.9	0.3	(0.1)	1.1
Weighted average diluted shares	112.0	31.3	(9.4) (11)	133.9

See accompanying Notes to Unaudited Pro Forma

Combined Condensed Financial Statements.

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Smithfield Foods, Inc.

Unaudited Pro Forma Combined Condensed Income Statement

(in millions, except per share data)

	26 Weeks Ended			
	October 29, 2006 Smithfield	September 23, 2006 PSF	Pro Forma Adjustments	Pro Forma as Adjusted
Sales	$ 5,580.6	$ 426.5	$	$ 6,007.1
Cost of sales	5,040.8	383.0	3.3 (8)	5,427.1
Gross profit	539.8	43.5	(3.3)	580.0
Selling, general and administrative expenses	347.4	21.6	0.1 (8)	369.1
Interest expense	84.7	3.0	1.4 (9)	89.1
Equity in income of affiliates	(13.5)			