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August 4, 2009

Mr. Wayne Pacelle
President and CEO
The Humane Society of the United States
2100 L Street, NW
Washington, D.C. 20037

Dear Mr. Pacelle:

Thank you for your letter of June 26th expressing your organization's concern regarding our company's recent decision to delay our previously announced plan to eliminate gestation stalls from our company-owned sow farms by 2017.

We take no pleasure in the fact that current economic conditions have made it impossible to complete our planned conversion by 2017, as originally announced. I want you to know that I continue to be committed to the conversion to group housing for our pregnant sows.

Economic conditions in our country were quite different in 2007 when we made that announcement. As you well know, our country has been and is now going through the most severe economic crisis since the 1930s. It has affected every industry, including the food industry as a whole and Smithfield Foods in particular.

In addition to the national economic conditions, the animal agriculture sector difficulties have been compounded by the sudden rise in the price of corn and soybeans, two crucial staples in our animals' diets. The recently enacted U.S. renewable fuels policies, especially subsidies on corn used for ethanol production, resulted in a quadrupling of our feed costs at one point as corn was diverted from animal feed to fuel. As a result our hog production unit has experienced significant operating losses over the last 18 months.

The numbers speak for themselves: our hog production segment lost \$500 million in 2009 alone and the estimated cost of conversion is \$300 million.

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During these trying times we have taken many actions to tighten our belts and weather this economic storm. We have had to make some very difficult cost-cutting decisions including people, operations and capital expenditures. As we worked through these decisions, we held off making the decision to delay barn conversions as long as we could.

As we evaluated our gestation stall conversion plans and the required capital expenditures necessary, even as important as the initiative is to me, we had to weigh those plans against our responsibility to the 52,000 individuals we employ. With all those factors in mind we decided to delay capital expenditures for this program and many other facility upgrades during this economic crisis. Thus, we no longer expect to complete the phase-out of gestation stalls as we had hoped in the original timeline. Let me again assure you that despite these challenging economic times we have continued to take the appropriate steps in planning and we remain poised to fully carry out our group housing initiative. A lot of planning, surveying, engineering and retrofit design work has already been done and we have completed the conversion on several farms.

I also fully understand your desire that Smithfield Foods set a new timeline for replacing gestation stalls. Mr. Pacelle, I cannot make a good faith commitment to anyone at this time as I cannot predict the economic future or when these unprecedented economic conditions we face will end. I can confidently say, however, that once we see a recovery I will indeed set a timeline to complete this process. Two years ago I pledged to our customers that we would undertake this precedent-setting task, and I am eager to see it to completion. My commitment to the objective has not wavered, only the timeline to achieve it.

I look forward to better economic times so that we can resume our efforts to complete our group housing plan. Again, thank you for your comments.

Sincerely,



C. Larry Pope

CLP/mhr