SMITHFIELD FOODS, INC.

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

January 20, 2000, 11:00 a.m.

The Board of Directors of Smithfield Foods, Inc. held a regular meeting in the Smithfield Foods Corporate Office at 200 Commerce Street, Smithfield, Virginia on January 20, 2000, pursuant to written notice given in accordance with the Company's Bylaws. The following members of the Board were present in person or participated in the meeting via telephone conference call: Joseph W. Luter, III, Robert L. Burrus, Jr., Douglas W. Dodds, F. J. Faison, Jr., Ray A. Goldberg, George E. Hamilton, Jr., Robert G. Hofmann, II, Richard J. Holland, Roger R. Kapella, Lewis R. Little, William H. Prestage, Joseph B. Sebring, and Timothy A. Seely. Michael H. Cole, Secretary and Associate General Counsel of the Company, served as meeting secretary and recorded the minutes. C. Larry Pope, Vice President and Chief Financial Officer, and Richard J. M. Poulson, Vice President, General Counsel and Senior Advisor to the Chairman, attended the meeting at the invitation of the Chairman. Also present by invitation were Melvin O. Wright and Carol T. Crawford.

Mr. Luter, who in his capacity as Chairman presided over the meeting, called the meeting to order at 11:00 a.m., Eastern time.

The Chairman began the meeting by introducing Mr. Wright and Ms. Crawford to the Board. Ms. Crawford is a Distinguished Visiting Professor of Law at George Mason University School of Law in Arlington, Virginia. Prior to joining the GMU Law faculty, she served for eight years as a Commissioner of the U. S. International Trade Commission, a position President Bush

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appointed her to in 1991. Previously Ms. Crawford served in several other important governmental positions including Assistant Attorney General of the United States, Associate Director of the Office of Management and Budget (OMB) and as the Director of the Federal Trade Commission's Bureau of Consumer Protection.

Mr. Wright currently serves as an advisor to Primco, a Paris merchant bank, and as a director of several charitable organizations. His background includes extensive experience in the securities industry including a long involvement with the Securities Industry Institute at the Wharton School of Business where he is currently a Trustee Emeritus having previously served as Chairman. Until his retirement in1992, Mr. Wright was a Senior Vice President and Director of Dean Witter Reynolds (now Morgan Stanley Dean Witter).

Mr. Wright and Ms. Crawford exited the room while the Board discussed their election as directors. After a discussion of each nominee's background and qualifications, upon motion duly made and seconded, the Board unanimously approved the following resolutions:

> RESOLVED, that pursuant to Section 2.2 of the Company's Bylaws, the Board hereby determines that the size of the Board shall be increased from 13 to 15 positions effective upon the Board's approval of this resolution;
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> FURTHER RESOLVED, that with respect to the two vacancies created by the foregoing resolution, the Board acting pursuant to Section 2.5 of the Company's Bylaws hereby elects Carol T. Crawford and Melvin O. Wright as directors of the Company; and
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> FURTHER RESOLVED, that Carol T. Crawford is appointed to serve as a member of the Compensation Committee and Melvin O. Wright is appointed to serve as a member of the Audit Committee of this Board.

Mr. Wright and Ms. Crawford rejoined the meeting.

The Chairman then asked each of the operating company presidents on the Board to make brief reports on operations.

The Chairman and Mr. Pope then together presented to the Board a financial earnings forecast. Mr. Pope continued with a review of the Company's Year 2000 compliance efforts and costs and updated the Board on the status of the Company's previously authorized 3 million share repurchase program.

With respect to the share repurchase program, Mr. Pope reported that the Company had repurchased 2,772,400 common shares, at an average cost of $24.87 per share. Mr. Luter stated that, at its present earnings per share multiple, the stock remained extremely undervalued and he requested that the Board authorize another 1,000,000 increase in the number of shares the Company may purchase under this program (i.e., increase the authorization from 3,000,000 to 4,000,000). The members of the Board discussed the Chairman's request and, upon motion duly made and seconded, the Board unanimously approved the 1,000,000 share increase.

The Chairman advised the Board that the Company has purchased 2,000,000 shares of the common stock of IBP, inc. Management purchased these shares on the open market for investment purposes only, in response to the extreme undervaluation of IBP's shares on the New York Stock Exchange. The average cost was $20.10 per share. After discussion, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

> RESOLVED, that the Company's purchase of 2,000,000 shares of the common stock of IBP, inc. as presented to and discussed at this meeting is hereby approved and ratified.

At the request of the Chairman, Mr. Poulson updated the Board on developments with respect to the Murphy Farms acquisition.

Mr. Poulson continued with a brief presentation on the possible acquisition of a meat packing operation in Romania called Comtim S.A., which is currently in liquidation under the supervision of a Romanian court.

Mr. Poulson then gave a detailed report on the reorganization plan for Animex S.A. (Poland).

At the request of the Chairman, Mr. Seely gave a brief overview of Gwaltney of Smithfield's proposed acquisition of Coddle Roasted Meats, Inc. in Portsmouth, Virginia. The acquisition will be structured as a tax-free reorganization with the selling shareholders to receive shares of Smithfield Foods common stock. Mr. Cole explained that Board approval of the issuance of the Company's shares to the Coddle shareholders was required. At the conclusion of Mr. Seely's presentation, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

> RESOLVED, that the Company, directly or indirectly through its wholly-owned subsidiary, Gwaltney of Smithfield, Ltd. ("Gwaltney"), enter into an Acquisition Agreement (the "Acquisition Agreement") with Coddle Roasted Meats, Inc., a Virginia corporation with its principal place of business in Portsmouth, Virginia ("Coddle") pursuant to which the Company, through Gwaltney, would acquire all of the capital stock of Coddle, substantially in accordance with the transaction summary presented to and discussed at this meeting; and the Board hereby authorizes and approves, as the aggregate consideration to be paid by the Company for such Acquisition, the Company's issuance to the selling shareholders of Coddle of up to 30,000 of the Company's Common Shares, par value $.50 per share ("Common Shares");

RESOLVED FURTHER, that in order to facilitate the consummation of the Acquisition Agreement and the transactions contemplated thereby, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary, or any Assistant Secretary of the Corporation be, and each hereby is, authorized, in the name and on behalf of the Company, to execute and deliver the Acquisition Agreement, in such form as the officer or officers signing the same shall approve, such approval to be conclusively evidenced by his execution of such documents, and to make, execute and deliver such other agreements, bills of sale, assignments, instruments, certificates, financing statements, consents and other documents and to take or do all other acts and things whatsoever, as may be in any way necessary or appropriate to effectuate each of the foregoing resolutions and to carry out the purposes thereof or otherwise to effect the consummation of the Acquisition Agreement; and

RESOLVED FURTHER, that in the judgment of this Board, the value of the minimum consideration which the Company is to receive pursuant to the transaction authorized by these resolutions and the Acquisition Agreement at the respective time or times of issuance of the Acquisition Shares is hereby conclusively found by the Board pursuant to Section 643.C. of the Virginia Stock Corporation Act to be adequate, such that upon each issuance of any Acquisition Shares under the circumstances contemplated by these resolutions and the Acquisition Agreement, such shares shall be duly authorized, validly issued, fully paid and non-assessable.

The next item of business was approval of the purchase of the 14% minority interest in the Company's subsidiary, Brown's of Carolina, Inc., owned by Greg Brown. Mr. Pope stated that, subject to Board approval, the Company had agreed to purchase this minority interest and to pay therefor by issuance of 201,968 shares of Smithfield Foods common stock. The purchase price was determined on an identical basis as the Carroll's and Murphy acquisitions. Mr. Pope stated that the Company believes the acquisition of this minority interest is in the best interest of the Company and its shareholders because it will permit the maximum opportunity to effect

synergistic operational changes made possible by the recent acquisitions of Carroll's and Murphy without having to deal with potential conflicts presented by minority shareholder positions. Following discussion, upon motion duly made and seconded, the Board unanimously approved the following resolutions:

> RESOLVED, that the Company enter into an Acquisition Agreement dated as of November 30, 1999 (the "Acquisition Agreement") with R. Gregory Brown ("Brown") pursuant to which the Company would acquire all of Brown's 14% interest in the capital stock of the Company's Brown's of Carolina, Inc. subsidiary, substantially in accordance with the transaction summary presented to and discussed at this meeting; and the Board hereby authorizes and approves, as the aggregate consideration to be paid by the Company for the acquisition of such 14% interest, the Company's issuance to Brown of 201,968 of the Company's Common Shares, par value $.50 per share ("Common Shares");
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> RESOLVED FURTHER, that in order to facilitate the consummation of the Acquisition Agreement and the transactions contemplated thereby, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary, or any Assistant Secretary of the Corporation be, and each hereby is, authorized, in the name and on behalf of the Company, to execute and deliver the Acquisition Agreement, substantially in the form of the November 30, 1999 draft thereof presented to and discussed at this meeting, with such changes therein from the form approved in this resolution as the officers signing the same shall approve, such approval to be conclusively evidenced by his execution of such documents and to make, execute and deliver such other agreements, bills of sale, assignments, instruments, certificates, financing statements, consents and other documents and to take or do all other acts and things whatsoever, as may be in any way necessary or appropriate to effectuate each of the foregoing resolutions and to carry out the purposes thereof or otherwise to effect the consummation of the Acquisition Agreement; and
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> RESOLVED FURTHER, that in the judgment of this Board, the value of the minimum consideration which the Company is to receive pursuant to the transaction authorized by these resolutions

> and the Acquisition Agreement at the respective time or times of issuance of the Acquisition Shares is hereby conclusively found by the Board pursuant to Section 643.C. of the Virginia Stock Corporation Act to be adequate, such that upon each issuance of any Acquisition Shares under the circumstances contemplated by these resolutions and the Acquisition Agreement, such shares shall be duly authorized, validly issued, fully paid and non-assessable.

Mr. Burrus gave the report of the Audit Committee. In response to recent proposed changes in SEC and NYSE rules governing audit committees, on November 30, 1999 the Audit Committee adopted a new committee charter. A copy of that charter was included in the materials distributed to the Board for this meeting. The Board commended the Audit Committee for its efforts in this area and, upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

> RESOLVED, the Audit Committee Charter adopted by the Audit Committee on November 30, 1999 and presented to the Board of Directors at this meeting is hereby approved and ratified as the Charter of the Audit Committee, and the Secretary is directed to attach a copy of such Charter to the minutes of this meeting; and
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> FURTHER RESOLVED, the Board hereby affirms and ratifies the intent of the Audit Committee to consider such Charter further in light of the final rules adopted by the Securities and Exchange Commission and the New York Stock Exchange on or about December 23, 1999, and to present the Audit Committee's recommendations with respect thereto at the next regular meeting of this Board.

Mr. Holland gave the report of the Compensation Committee. Immediately prior to today's meeting, the Compensation Committee met on various matters, including adoption of a new committee charter. A copy of that charter was included in the materials distributed to the Board for this meeting. The Board commended the Compensation Committee for its efforts in

this area and, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

> RESOLVED, the Compensation Committee Charter adopted by the Compensation Committee on January 20, 2000 and presented to the Board of Directors at this meeting is hereby approved and ratified as the Charter of the Compensation Committee, and the Secretary is directed to attach a copy of such Charter to the minutes of this meeting.

Mr. Holland reported further that the Compensation Committee has approved and recommends to the Board the 2001 Compensation Plan for Outside Directors, a copy of which was included in the materials distributed to the Board for this meeting. After discussion, upon motion duly made and seconded, the Board unanimously approved the following resolution:

> RESOLVED, that the 2001 Compensation Plan for Outside Directors presented to and discussed at this meeting is hereby ratified and approved.

The Chairman stated that, as a part of the proposed restructuring of the Board, he desired to establish and appoint a Management Board consisting of the presidents of each of the company's principal operating companies and certain officers of Smithfield Foods. This new Management Board would meet periodically (sometimes in conjunction with meetings of the Board of Directors) to exchange ideas and encourage cooperation. A detailed discussion of the proposed new Management Board followed. Thereafter, upon motion duly made and seconded, the Board unanimously approved the following resolutions:

RESOLVED, that a Management Board be, and hereby is, established consisting of the following persons:

Joseph W. Luter, III, Chairman
Lewis R. Little*
R. Gregory Brown
Douglas W. Dodds
F. J. Faison, Jr.
Robert G. Hofmann, II
Roger R. Kapella
Jean Quentin
Joseph B. Sebring
Timothy A. Seely
Robert Zulewski
C. Larry Pope*
Richard J. M. Poulson*
Robert F. Urell

(an asterisk (*) designates members of the Management Board's executive committee)

and

RESOLVED FURTHER, that Jerry Godwin be, and hereby is, appointed to serve on the Management Board; provided, however, that the appointment of Mr. Godwin is conditioned upon, and shall not be effective until, the consummation of the Murphy Family Farms acquisition.

At the request of the Chairman, Mr. Poulson then reported on various developments in the area of environmental compliance, including the formation of Smithfield Technologies, Inc., a new Smithfield Foods subsidiary that will, among other things, study, identify, sponsor and develop efficient, economical, and environmentally sound technologies for waste management systems for use in swine raising, slaughtering and pork processing operations.

The Chairman asked the Board to establish and appoint a senior management level Environmental Compliance Committee to be chaired by Mr. Little and vice-chaired by Robert F.

Urell, Vice President, Engineering. This Committee would be responsible for developing and monitoring the environmental policies of the company and for continued development and implementation of the company's Environmental Management System. The Committee would focus initially on the company's hog production operations in the State of North Carolina, especially those located in areas adversely impacted by recent hurricanes and would provide assistance to the company's operating subsidiaries and its family of contract growers in the development of alternative animal waste management systems. A proposed charter for the Committee was included in the materials distributed to the Board for this meeting. Upon motion made and seconded, the Board unanimously approved the following resolutions:

> RESOLVED, that the Company establish an Environmental Compliance Committee consisting of the following members:
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> Lewis R. Little, Chair
> Robert F. Urell, Vice Chair
> Richard J. M. Poulson
> William Gill
>
> and
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> RESOLVED FURTHER, that the Draft Environmental Compliance Committee Charter presented to and discussed at this meeting be, and hereby is, approved and adopted.

The next item of business was the reorganization of the Board of Directors, including reducing the size of the Board to nine. The Chairman explained that the reorganization plan was the culmination of efforts that began in 1999 and were announced at the 1999 Annual Meeting of Shareholders. The proposed new Board structure reflects current trends in corporate governance. A majority of the new Board would consist of outside, and independent, directors.

Mr. Cole explained that Messrs. Dodds, Faison, Hofmann, Kapella, Sebring and Seely each had delivered letters resigning as a director effective as of the conclusion of today's meeting. The nine remaining directors, including the two newly elected directors, will continue to serve as directors on the reorganized Board. Mr. Cole stated that the final step in the reorganization plan was a Bylaw amendment reducing the size of the Board from 15 to 9. A general discussion of the proposal followed. Thereafter, upon motion duly made and seconded, the Board unanimously adopted the following resolution:

> RESOLVED, that pursuant to Section 2.2 of the Company's Bylaws, the Board hereby determines that the size of the Board shall be decreased from 15 to 9 positions effective upon the conclusion of this meeting of the Board of Directors.

Mr. Cole then described several other proposed amendments to the Company's Bylaws, each as more particularly described in materials distributed to the Board in advance of the meeting. Upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

> RESOLVED, that Section 1.4 of the Company's Bylaws be amended as set forth below:

SECTION 1.4 RECORD DATE. The Board of Directors **(or in the case of a special meeting of shareholders called by any of the officers specified in Section 1.2, such officer in the notice referred to therein)** shall fix, in advance, a record date in order to make a determination of the shareholders for any purpose. The record date may not be more than 70 days before the meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

RESOLVED FURTHER, that Section 3.4 and 3.5 of the Company's Bylaws be amended as set forth below:

SECTION 3.4 AUDIT COMMITTEE. The Board of Directors shall appoint each year an Audit Committee **in accordance with the terms of an Audit Committee Charter which the Board of Directors shall adopt and shall amend as the Board of Directors shall determine from time to time.** ~~consisting of not less than three members, a majority of whom shall be non-management unaffiliated directors (as defined in Section 6.4 hereof). The Audit Committee shall perform such duties as its members consider necessary or desirable properly to evaluate and generally to supervise the Corporation's internal financial controls and accounting procedures, including the following:~~

~~(1) recommending independent public accountants for the Corporation to the Board of Directors;~~

~~(2) determining that the scope of the audit is adequate and approving the audit fee;~~

~~(3) reviewing audit results with the Corporation's independent public accountants; and~~

~~(4) recommending the policy for the scope, frequency, and method of internal audit reports and reviewing the results thereof.~~

SECTION 3.5 COMPENSATION COMMITTEE. The Board of Directors shall appoint each year a Compensation Committee **in accordance with the terms of a Compensation Committee Charter which the Board of Directors shall adopt and shall amend as the Board of Directors shall determine from time to time.** ~~consisting of not less than three members, a majority of whom~~

~~shall be non-management unaffiliated directors (as defined in Section 6.4 hereof). The duties of the Compensation Committee shall include the following:~~

~~(1) reviewing current management compensation programs, including salaries, bonuses and fringe benefits and the creation of new officerships;~~

~~(2) reviewing and reporting to the Board of Directors on the funding and adequacy of existing retirement programs, and reporting on management's recommendations on major changes to existing and creation of new retirement programs;~~

~~(3) awarding and administering pursuant to existing authority, the Corporation's stock incentive programs and reviewing and recommending similar future programs, if any;~~

~~(4) reviewing top management organization, assisting the Chief Executive Officer in determining that the Corporation has adequate depth and breadth of management; and~~

~~(5) reviewing the Corporation's programs for attracting, developing and compensating management personnel.~~

RESOLVED, that Section 6.4 of the Company's Bylaws be amended as set forth below:

SECTION 6.4 CONSTRUCTION. In the event of any conflict between the provisions of these Bylaws as in effect from time to time and the provisions of the Articles of Incorporation of the Corporation as in effect from time to time, the provisions of the Articles of Incorporation shall be controlling. As used in these Bylaws, the term *"Articles of Incorporation"* shall mean the articles of incorporation of the Corporation filed with the State Corporation Commission pursuant to §13.1-618 of the Virginia Stock Corporation Act, as amended from time to time. As used herein, unless the context otherwise requires: (i) the terms defined herein shall have the meaning set forth herein for all purposes; (ii) the terms *"include," "includes,"* and *"including"* are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (iii) *"writing," "written"* and comparable terms refer to printing, typing, handwriting and other means of reproducing words in a visible form; (iv) *"hereof," "herein," "hereunder"* and comparable terms refer to the entirety of these Bylaws and not to any particular article, section or other subdivision hereof; and (v) references to any gender include references to all genders, and references to the singular include references to the plural and vice

versa. ~~As used in these Bylaws, the term *"non-management unaffiliated director"* means a director who (i) is not a full-time officer or employee of the Corporation or a former full-time officer or employee of the Corporation who has a consulting arrangement with the Corporation; (ii) is not related (by blood, marriage or adoption, not more remote than first cousin) to any other director, or to any officer of the Corporation or any of its subsidiaries, and (iii) is not an owner of more than 5% of equity interest in any entity engaged in one or more transactions with the Corporation or any of its subsidiaries involving (a) payments in excess of 5% of the lesser of the entity's or the Corporation's consolidated revenues, or (b) loans to the Corporation or any of its subsidiaries exceeding 5% of the lesser of the consolidated assets of the Corporation or the lender.~~

There being no further business to come before the meeting, it was adjourned at 12:15 p.m., Eastern time.

Respectfully Submitted,

Michael H. Cole
Secretary