



Campofrío and Groupe Smithfield will merge to form the leading European processed meats company

- **The Boards of Directors of both companies have approved a merger of equals. The transaction is expected to be completed by the end of the 4th quarter of 2008.**
- **The integration, by means of absorption of Groupe Smithfield by Campofrío, will create the leading European processed meat company and one of the 5 largest Worldwide, with €2.1 billion of turnover and €190M of EBITDA, according to pro-forma combined figures as of December 2007.**
- **The company will remain listed on the Madrid and Barcelona Stock Exchange. Major shareholders will include Smithfield Foods (37%), Oaktree Capital (24%), Pedro and Fernando Ballvé (12%), Díaz Family (5%), Caja Burgos (4%) and QMC (2%).**
- **The merger is subject to an exemption to be issued by the CNMV, allowing Smithfield Foods Inc. to maintain a shareholding in excess of 30% without having to launch a mandatory takeover bid for 100% of Campofrío.**

Madrid/Paris, Monday June 30th 2008.- Campofrío Alimentación, S.A. (“Campofrío”) and Groupe Smithfield Holdings, S.L. (“Groupe Smithfield”), the joint venture of Smithfield Foods Inc. (NYSE: SFD) (“Smithfield Foods”) and Oaktree Capital Management, have announced their merger today. The merger of equals transaction between Groupe Smithfield and Campofrío, whereby the latter will be the surviving entity, was approved by the Boards of Directors of both companies. The process is expected to be completed by the 4th quarter 2008.

This merger, which pursues essentially business and strategic objectives, will create the leading pan-European company in the processed meat sector and one of the five largest Worldwide, with a turnover of €2.1 billion and EBITDA of €190 million, according to proforma combined figures for the 12 months period ended December 2007.

The new firm will adopt Campofrío’s corporate identity, will keep Madrid’s headquarters and will have a staff of more than 11,800 employees, as well as a strong presence, in Spain, France, Belgium, Portugal and The Netherlands, where the company is leader, and in Romania, Russia, Germany, the UK and Italy, where it has a significant presence.

The transaction, which will create value as a result of the complementarities existing between both companies in terms of geographic presence, know-how, and products, will make possible significant synergies for the newly created group right from the beginning, addressed to reach over €40M yearly starting on year 2012.



The new Group Campofrío will be led by Pedro Ballve who will remain President of the Board of the Company and Robert Sharpe who will become Chief Executive Officer. Together, Pedro Ballve and Robert Sharpe will lead a united management team consisting of the current executives of both companies. Smithfield Foods (37%), Oaktree Capital (24%), Pedro and Fernando Ballvé (12%), Díaz Family (5%), Caja Burgos (4%) and QMC (2%) will be the shareholders of the company.

The Board of Directors of the company, pending on the shareholders meeting's approval, will be composed by nine members: Pedro Ballvé (representing Carbal), who will assume the role of President, two corresponding to Smithfield Foods, two representing Oaktree Capital, one corresponding Cartera Nuvalia (Díaz Family) and three independent members.

As the merger is already approved by boards of directors, the transaction is now subject to the approval of shareholders meetings, relevant antitrust authorities and the CNMV, the Spanish stock exchange regulator. The CNMV must authorize the exemption of Smithfield Foods to launch a takeover bid on Campofrío's shares, since it will exceed the 30% of Capital established by law, under article 8 g) of the Royal Decree 1066/2007.

During a 3 years stand-still period, Smithfield Foods agreed:

- Not to exercise the voting rights exceeding 30%
- Not to appoint more than half of the members of the Board of Campofrío
- Not to increase its indirect shareholding stake in Campofrío, except for certain authorized events.

After the 3 years stand-still period, Smithfield Foods commit to launch a tender offer for 100% of Campofrío shares if Smithfield Foods increases its holding in Campofrío or appoints more than half of the members of the Board.

“This merger of equals results in the creation of a leading Group, not only in Europe but Worldwide, brings up value for all our stakeholders, and shows the company's commitment to growth”, assures Pedro Ballvé, President of Campofrío.

“This agreement brings the perfect finale to the excellent relationship between Groupe Smithfield and Campofrío to create a pan-European leader in the processed meat industry, which will create value and opportunity for their consumers, customers, employees and shareholders,” says Robert Sharpe, President and Chief Executive Officer of Groupe Smithfield.

About Campofrío

Campofrío is the leading player in the meat sector in Spain and a benchmark food company in Spain and Europe. Thanks to product quality and extensive brand recognition, 250 million people across more than 40 different countries place their trust in Campofrío day in, day out.



Groupe Smithfield

With 5.198 employees, the turnover of the Campofrío Group was of 968 million euros in 2007, while the EBIDTA for this same period of €90M. The company is listed in the Madrid and Barcelona Stock Exchange and its market capitalization was €480M in June, 27th 2008.

About Groupe Smithfield

Groupe Smithfield is the joint venture between Smithfield Foods and funds controlled by Oaktree Capital Management. With an annual sales total Euro 1.2 billion and EBIDTA of €100M, the company was formed in 2006 through the combination of Smithfield Foods' Groupe Jean Caby subsidiary and the former Sara Lee European Meats business. Groupe Smithfield serves Europe's modern and traditional retail trade as well as a large and growing number of foodservice customers.

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