

CORPORATE GUARANTY AGREEMENT

THIS CORPORATE GUARANTY AGREEMENT (this “Agreement”) is made this ___ day of _____, 20___, to **CECIL COUNTY, MARYLAND**, a body corporate principal department of the State of Maryland (the “Lender”), by **SMITHFIELD FOODS, INC.**, a Virginia corporation (the “Guarantor”).

RECITALS

1. The Lender intends to make a loan to Smithfield Distribution, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Guarantor (the “Borrower”), in the original principal amount of \$80,000 (the “Loan”).

2. The Loan is evidenced by a promissory note in the principal amount of the Loan, made by Borrower and payable to the Lender (as it may be amended, the “Note”), and is subject to the terms of a Loan Agreement between the Borrower and the Lender (as it may be amended, the “Loan Agreement”).

3. As a material condition for the Lender to make the Loan, the Lender has required that the Guarantor guaranty payment of the Loan as provided in this Agreement.

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees as follows:

1. Guaranty.

(a) The Guarantor hereby absolutely, irrevocably and unconditionally, guarantees to the Lender:

(i) The full and punctual payment when due (whether at stated maturity, upon acceleration, or otherwise) of all present and future indebtedness and obligations of the Borrower to the Lender, whether direct or indirect, absolute or contingent, joint or several, including all obligations arising out of the Loan Agreement and the other Financing Documents (as defined below) and the “Obligations” as defined in the Loan Agreement; and

(ii) The due and punctual performance of all of the other terms of the Loan Agreement and the other Financing Documents (all indebtedness and obligations referred to in clauses (i) and (ii) above are collectively the “Guarantor’s Obligations”).

(b) The term “Financing Documents” means this Agreement, the Loan Agreement, the Note, and any other document or agreement executed or delivered by the Borrower, the Guarantor, or any other person in connection with the Guarantor’s Obligations, as amended.

2. Absolute Guaranty. The guaranty of the Guarantor under this Agreement is a guaranty of payment and not of collection and shall remain in effect until all of the Guarantor’s

Obligations are indefeasibly paid in full. The Guarantor's Obligations are the primary, direct, and immediate obligations of the Guarantor and shall not be affected by, subject to, or conditioned upon, and may be enforced against the Guarantor irrespective of:

(a) Any pursuit, enforcement, or exhaustion of any rights or remedies the Lender may have to collect any of the Guarantor's Obligations from the Borrower or from any other maker, endorser, surety or guarantor of, or pledgor of collateral for, any part of the Guarantor's Obligations (each other maker, endorser, surety, guarantor or pledgor being an "Obligor" and collectively "Obligors"), or any recourse to or against any collateral for any part of the Guarantor's Obligations;

(b) The invalidity, lack of priority, or unenforceability in whole or in part of any the Financing Documents;

(c) Any counter-claim, recoupment, setoff, reduction or defense based on any claim the Guarantor may have against the Lender, the Borrower, or any Obligor;

(d) The voluntary or involuntary liquidation, dissolution, termination, merger, sale, or other disposition of the Borrower or any of the Borrower's assets;

(e) Any bankruptcy, reorganization, insolvency, or similar proceedings for the relief of debtors under any federal or state law by or against the Borrower or any Obligor, or any discharge, limitation, modification, or release of liability of the Borrower or any Obligor arising out of any such proceedings;

(f) Any event or matter to which the Guarantor has consented pursuant to under the terms of this Agreement; and

(g) Any other circumstance that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor (other than the Guarantor) or surety, whether similar or dissimilar to the foregoing.

3. Consents. Without notice to, or further consent of, the Guarantor, the Guarantor hereby consents that the Lender may at any time:

(a) Renew, extend, accelerate, subordinate, or change any of the terms the Guarantor's Obligations;

(b) Waive, release, amend, or otherwise deal with any of the provisions of the Financing Documents in any manner satisfactory to the Lender;

(c) Release the Borrower or any of the Obligors;

(d) Waive, omit, or delay the exercise of any of its rights and remedies against the Borrower or any of the Obligors or any collateral for any part of the Guarantor's Obligations;

(e) Release, substitute, subordinate, add, or fail to maintain, preserve, or perfect any of its liens on, security interests in, or rights to, or otherwise deal in any manner satisfactory to the Lender with any collateral for any part of the Guarantor's Obligations;

(f) Apply any payments of any of the Guarantor's Obligations received from the Borrower, the Guarantor, any Obligor, or any other source to the Guarantor's Obligations in any order and manner as the Lender, in its sole and absolute discretion, may determine; or

(g) Take or omit to take any other action that may to any extent vary the risk of the Guarantor or otherwise operate as a legal or equitable discharge, release, or defense of the Guarantor under applicable laws.

4. Waivers. The Guarantor hereby waives:

(a) Notice of the execution and delivery of any of the Financing Documents;

(b) Notice of the creation of any of the Guarantor's Obligations;

(c) Notice of the Lender's acceptance of and reliance on this Agreement;

(d) Presentment and demand for payment of the Guarantor's Obligations and notice of non-payment and protest of non-payment of the Guarantor's Obligations;

(e) Any notice from the Lender of the financial condition of the Borrower, regardless of the Lender's knowledge thereof;

(f) Demand for observance, performance, or enforcement of, or notice of default under, any of the provisions of the Financing Documents, and all other demands and notices otherwise required by law that the Guarantor may lawfully waive, except for any notice expressly provided for in this Agreement;

(g) Any right or claim to cause a marshaling of the assets of the Borrower or any Obligor;

(h) Any rights of the Guarantor to subrogation, recourse, reimbursement, or indemnity against the Borrower, any Obligor, or any collateral for any of the Guarantor's Obligations and any other rights that may accrue on account of any payments made by the Guarantor to the Lender under this Agreement;

(i) Any defense to the Guarantor's Obligations based on any failure by the Lender to preserve, adequately maintain, or perfect its interest in any collateral for any of the Guarantor's Obligations provided by the Borrower, or on any act or failure to act by the Lender that constitutes a release of or impairs or affects the value of any collateral; and

(j) Any defense based on the adequacy or value of the consideration for this Agreement.

5. Representations and Warranties. The Guarantor hereby represents and warrants to the Lender that:

(a) Organization. The Guarantor: (i) Is a corporation duly organized, validly existing, and in good standing under the laws of the State of Virginia; (ii) Has the power to own its property and to carry on its business as now being conducted; (iii) Is duly qualified to do business and is in good standing in each jurisdiction in which the character of properties owned by it or the transaction of its business makes qualification necessary; and (iv) Has delivered a complete copy of its articles of incorporation and by-laws, together with all amendments, to the Lender.

(b) Due Authorization. The Guarantor has the full power and authority to enter into and comply with all of the terms of this Agreement, and the execution of this Agreement has been duly authorized by all necessary corporate action of the Guarantor. No approval of any other person, public authority, or regulatory body is required as a condition to the validity of this Agreement, or, if required, the approval has been obtained.

(c) Validity of Agreement. This Agreement has been properly executed by the Guarantor and will: (i) Not violate any law, any order of any court or agency of government, or any provision of the Guarantor's articles of incorporation or by-laws; (ii) Not violate any provision, or result in a breach, of any agreement binding on the Guarantor or affecting its property; and (iii) Constitute the valid and legally binding obligation of the Guarantor, fully enforceable against the Guarantor in accordance with its terms.

(d) Legal Actions. There is no controversy or litigation of any nature now pending or, to the best of the Guarantor's knowledge, threatened in any court or before any governmental agency which: (i) Questions the validity or enforceability of this Agreement, or any action taken, or to be taken, under it; or (ii) Is likely to result in any material adverse change in the authority, assets, liabilities, or conditions (financial or otherwise) of the Guarantor that would materially impair the Guarantor's ability to perform any of the Guarantor's Obligations.

(e) Review of Financing Documents. The Guarantor has received and reviewed copies of the Financing Documents.

(f) Ownership of the Borrower. The Guarantor directly or indirectly owns all of the membership interests of the Borrower, and will therefore financially benefit from the Loan to the Borrower, and the Guarantor has determined that the execution and delivery of this Agreement is in its best interests, to its direct benefit and advantage, and in furtherance of its duly authorized corporate purposes and objectives.

(g) Guarantor's Financial Statements. The Guarantor's financial information, to which Lender has been given access, is complete and correct and fairly and

accurately represents the financial condition of the Guarantor as of their date and the results of its operations for the period then ended. There has been no material adverse change in the financial condition of the Guarantor or the results of its operations since the date of such financial information.

(h) Taxes. All taxes imposed upon the Guarantor and its properties have been paid prior to the date when any interest or penalty would accrue for nonpayment, except for those taxes being contested in good faith and by appropriate proceedings by the Guarantor.

(i) Accuracy of Statements. All information contained in any financial statement, report, or other document given by the Guarantor or by any other person in connection with the Loan is true and accurate in all respects, and the Guarantor and each other person has not omitted to state any material fact or any fact necessary to make the information not misleading.

(j) Agreement Default. There is no Default on the part of the Guarantor under this Agreement, and no event has occurred or is continuing that, with notice, or the passage of time, or both, would constitute a Default under this Agreement.

(k) Compliance With Laws. The Guarantor has complied with all laws and orders of any courts or agencies of government.

6. Covenants.

(a) Upon request of the Lender, the Guarantor shall furnish the Lender with access to Guarantor's reasonable financial information in the form previously provided to Lender provided that if the Guarantor is no longer providing information in the form and content as the same type previously provided to Lender, the Guarantor shall furnish the Lender with a copy of the Guarantor's financial statement in reasonable detail satisfactory to the Lender, prepared in accordance with generally accepted accounting principles, consistently applied, and audited by an independent, certified public accountant, which financial statement shall include a consolidated and consolidating balance sheet of the Guarantor as of the end of such fiscal year, and a consolidated and consolidating statement of earnings and surplus for such fiscal year; and

(b) Taxes. The Guarantor shall promptly pay all taxes imposed on the Guarantor and its properties prior to the date when any interest or penalty would accrue for nonpayment, except for those taxes being contested in good faith by appropriate proceedings by the Guarantor.

(c) Interest in the Borrower. The Guarantor shall not dispose of any of its interest in the Borrower.

(d) Compliance With Laws. The Guarantor will comply with all material laws and all orders of any courts or agencies of government. The Lender shall determine in its sole discretion the materiality of laws.

7. Default. The following events shall constitute a default under the terms of this Agreement (collectively or individually, a "Default"):

(a) The failure of the Guarantor promptly to pay and perform any part of the Guarantor's Obligations;

(b) Any representation or warranty made in this Agreement or any financial statement or other information furnished by the Guarantor in connection with the Loan proves to have been false or misleading in any material respect on the date made or furnished;

(c) The failure of the Guarantor to comply with any covenant set forth in this Agreement;

(d) The occurrence of a default under the terms of the Loan Agreement or any of the other Financing Documents, which is not cured within any applicable grace or cure period;

(e) Any court of competent jurisdiction makes a final order (i) adjudicating the Guarantor a bankrupt, (ii) appointing a trustee or receiver over a substantial part of the property of the Guarantor, (iii) approving a petition for, or affecting an arrangement in, bankruptcy, a reorganization pursuant to federal bankruptcy law, or any other judicial modification or alterations of the rights of the Lender or of other creditors of the Guarantor, (iv) assuming custody or sequestering any substantial part of the property of the Guarantor, or (v) attaching or garnishing any substantial part of the property of the Guarantor; or if the Guarantor (A) files such petition, or (B) takes or consents to any other actions seeking any such judicial order, or (C) makes an assignment for the benefit of creditors, or (D) fails to pay debts generally as they become due, or (E) makes an admission in writing of inability to pay debts generally as they become due;

(f) Without the prior written consent of the Lender, the Guarantor is dissolved by operation of law or in any other manner;

(g) Without the prior written consent of the Lender, the Guarantor (i) sells or transfers all or substantially all of its business assets, (ii) begins any proceeding to dissolve or liquidate, or (iii) merges or consolidates unless the Guarantor is the surviving entity and is of equal or greater credit quality of the Guarantor immediately prior to the merger or consolidation;

(h) A default or event of default occurs under the terms of any bond, debenture, note, or other evidence of indebtedness that is greater than \$50,000,000 of the Guarantor and remains uncured beyond any applicable grace or cure period;

(i) Final judgment for the payment of money in excess of \$50,000,000 is rendered against the Guarantor and is not discharged or a stay of execution thereon or a bond is not procured within 30 days from the date of entry thereof, or if thereafter the judgment remains unsatisfied for a period of 30 days after the termination of any such stay of execution thereon or bond; or

(j) The Lender makes a good faith determination that a material adverse change has occurred in the financial condition of the Guarantor from the condition set forth in the

most recent financial statement of the Guarantor furnished to the Lender, or from the financial condition of the Guarantor as most recently disclosed to the Lender in any other manner;

8. Rights and Remedies.

(a) Upon the occurrence of any Default, an amount equal to the total of the Guarantor's Obligations (whether matured or unmatured and regardless of whether any portion of the Guarantor's Obligations are then due and payable by the Borrower or any Obligor) shall immediately and automatically be due and payable by the Guarantor to the Lender without further action by, or notice from, the Lender unless expressly provided for in this Agreement.

(b) Upon the occurrence of a Default, the Lender may exercise any of its rights and remedies under this Agreement or law to enforce and collect the Guarantor's Obligations. All rights and remedies shall be cumulative and enforceable alternatively, successively, or concurrently.

(c) The Guarantor shall pay to the Lender on demand the amount of any costs and expenses, including court costs and reasonable attorneys' fees and expenses paid or incurred by or on behalf of the Lender in exercising any of its rights and remedies, together with interest thereon from the date due until paid in full at the rate of **10%** per annum.

(d) Each Default shall give rise to a separate cause of action, and separate actions may be brought under this Agreement as each cause of action arises. No failure or delay by the Lender to require strict performance by the Guarantor of any of the Guarantor's Obligations or to exercise any of its powers, rights, or remedies under this Agreement or applicable laws shall operate as a waiver thereof or preclude the Lender at any later time from demanding strict performance thereof or exercising any such powers, rights or remedies. No conduct, custom, or course of dealing shall be effective to waive, amend, or release this Agreement. No modification or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the Lender, and any waiver shall be effective only in the specific instance and for the specific purpose for which it is given.

9. Confessed Judgment. Upon a Default, the Guarantor authorizes the clerk or any attorney of any court of record to appear for it and enter judgment by confession without prior notice or opportunity for prior hearing for the Guarantor's obligations then outstanding, together with interest, court costs and attorneys' fees equal to 15% of the sum of the Guarantor's obligations then outstanding. The Guarantor waives and releases, to the extent permitted by law, all errors and all rights of exemption, appeal, stay of execution, inquisition, and extension upon any levy on real estate or personal property to which the Guarantor may otherwise be entitled under any law. The authority to appear for and enter judgment against the Guarantor may be exercised on one or more occasions, and shall not be extinguished by any judgment entered pursuant thereto. This authority may be exercised in the same or different jurisdictions, as often as the lender determines to be necessary or desirable.

10. Notices.

(a) Any communication shall (i) when mailed, be effective three business days after it is deposited in the mails, (ii) when mailed for next day delivery by a reputable overnight courier service, be effective one business day after mailing, and (iii) when sent by fax, be effective when it is faxed and receipt of the communication is confirmed. Communications shall be delivered to the office of the addressee, as follows:

If to the Lender:

Cecil County, Maryland
200 Chesapeake Blvd.
Elkton, Maryland 21921
Attention: Director, Department of Finance

With a copy to the Lender's counsel at the following address:

County Attorney
Cecil County, Maryland
200 Chesapeake Blvd.
Elkton, Maryland 21921

If to the Guarantor:

Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
Attn: Finance Department

With a copy to:

Smithfield Foods, Inc.
200 Commerce Street
Smithfield, VA 23430
Attn: Joel Weaver, Corporate Counsel

With a copy to:

Smithfield Foods, Inc.
112 Commerce St.
Smithfield, VA 23430
Attn: Bill Dyer, Director of Business Incentives

(b) The Lender or the Guarantor may change their respective address specified in (a) above by sending written notice to the other party.

11. Consent to Jurisdiction. The Guarantor irrevocably:

(a) Consents to the jurisdiction and venue of any state or federal court sitting in the State of Maryland over any action related to this Agreement or any of the Financing Documents;

(b) Waives, to the fullest extent permitted by law, any objection that the Guarantor may have to the venue of any action, or that any action has been brought in an inconvenient forum; and

(c) Consents to the service of process in any action by the mailing of copies of the process to the Guarantor by certified or registered mail at the Guarantor's address set forth for the purpose of giving notice.

12. Waiver of Jury Trial. The Guarantor waives any right it may have to a trial by jury in any action, proceeding, or litigation directly or indirectly arising out of, under and in connection with the Loan or this Agreement.

13. Continuing Agreement.

(a) This Agreement shall continue and shall bind the Guarantor, and all representations, warranties, covenants, and obligations of the Guarantor in this Agreement shall remain in effect, until all Guarantor's Obligations have been indefeasibly paid in full.

(b) If no longer in effect, this Agreement shall be reinstated if at any time: (i) any part of a payment of any of the Guarantor's Obligations is rescinded or must be returned by the Lender upon the insolvency, bankruptcy, receivership, dissolution, liquidation or reorganization of the Borrower, the Guarantor, or any Obligor, or as a result of the appointment of a receiver, trustee, or similar officer for the Borrower, the Guarantor, or any Obligor or any substantial part of their property, all as though the payment had not been made and regardless of whether the payment is returned to the party who originally made it or to some other party.

(c) Upon payment by the Guarantor to the Lender of any part of the Guarantor's Obligations, any present or future right of the Guarantor against the Borrower or any Obligor with respect to such payment arising by way of subrogation, reimbursement, indemnity, or otherwise shall be subordinate to the prior indefeasible payment in full of the Guarantor's Obligations.

14. Subordination of Debt.

(a) Upon a Default, the Guarantor hereby subordinates the payment of principal, interest, and any other amounts due on any current or future indebtedness owed by the Borrower to the Guarantor (the "Company Debt") to the prior payment in full of the Guarantor's Obligations and agrees that all of the right and interest of the Guarantor in the Company Debt shall at all times be subordinate to the right and interest of the Lender in the Guarantor's Obligations.

(b) Upon a Default, the Guarantor will not demand or accept, and the Borrower will not offer or make, directly or indirectly, by setoff, redemption, or otherwise, any

payment on any part of the Company Debt until the full amount of the Guarantor's Obligations has been received by the Lender in cash.

(c) Any payment of Company Debt received by the Guarantor that is prohibited under this Agreement shall be held by the Guarantor in trust for the Lender. If the Guarantor fails to endorse any such payment where necessary or appropriate, the Guarantor hereby irrevocably appoints the Lender as attorney-in-fact for the Guarantor, with full power to make any such endorsement and with full power of substitution.

(d) Until the full amount of the Guarantor's Obligations has been received in cash by the Lender, the Guarantor, without the prior written consent of the Lender, will not (i) accelerate the maturity of any of the Company Debt other than in the ordinary course of business operations, (ii) exercise any rights or remedies or take any action to collect or enforce any of the Company Debt other than in the ordinary course of business operations, (iii) join with any other creditors of the Borrower in filing any petition commencing any action described in Section 7(e) against or in respect of the Borrower, (iv) sell, assign, transfer, or otherwise dispose of any part of the Company Debt, (v) amend or modify any instrument or agreement evidencing, creating, or executed in connection with any part of the Company Debt other than in the ordinary course of business operations, or (vi) create additional Company Debt other than in the ordinary course of business operations.

(e) The Guarantor shall maintain proper books and records concerning the Company Debt and shall permit the Lender to inspect and photocopy those books and records or any instrument evidencing or creating any of the Company Debt.

15. Miscellaneous.

(a) All amounts payable by the Guarantor under this Agreement to the Lender shall be paid in immediately available funds in a manner acceptable to the Lender at the Lender's address set forth in Section 10 above, or to any other place as the Lender or other holder of this Agreement may designate.

(b) The Lender may, without notice to, or consent of, the Guarantor, transfer any part of the Guarantor's Obligations, and this Agreement will inure to the benefit of the Lender's transferee; provided, that the Lender shall continue to have the unimpaired right to enforce this Agreement as to that part of the Guarantor's Obligations the Lender has not transferred. In connection with any transfer or the grant by the Lender of any participation in any part of the Guarantor's Obligations, the Lender may divulge to any potential or actual transferee or participant any information or documents furnished in connection with this Agreement.

(c) The invalidity, illegality, or unenforceability of any provision of this Agreement shall not affect the validity, legality, or enforceability of any other provisions of this Agreement.

(d) This Agreement and the rights and obligations of the parties under it shall be construed and interpreted in accordance with the laws of the State of Maryland.

(e) Time is of the essence in connection with the Guarantor's Obligations.

(f) Section headings in this Agreement are included for convenience of reference only, and do not affect the meaning of any of the provisions of this Agreement.

(g) This Agreement shall be binding upon the Guarantor and the Guarantor's successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns.

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty Agreement under the Guarantor's seal as of the day and year first written above, by its officers thereunto duly authorized and empowered.

WITNESS:

GUARANTOR:
SMITHFIELD FOODS, INC.

Name: _____

By: _____(SEAL)
Name: _____
Title: _____

STATE OF MARYLAND, CITY/COUNTY OF _____, TO WIT:

I HEREBY CERTIFY, that on this ___ day of _____, 20___, before me, the subscriber, a Notary Public of the State and City/County aforesaid, personally appeared _____, who acknowledged himself/herself to be _____ of _____, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument as _____ of such corporation, and acknowledged that, being authorized to do so, he/she executed the same as for the purposes contained therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal as of the day and year set forth above.

Notary Public

My Commission expires: _____