

SMITHFIELD FOODS INC
Form 11-K
March 18, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

.. TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-15321

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Smithfield Foods, Inc. Bargaining 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Smithfield Foods, Inc.

200 Commerce Street

Smithfield Foods, Inc. Bargaining 401(k) Plan

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Report of Independent Registered Public Accounting Firm

Plan Administrator

Smithfield Foods, Inc. Bargaining 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of *Smithfield Foods, Inc. Bargaining 401(k) Plan* as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements and supplemental schedules are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and delinquent contributions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Goodman & Company, L.L.P.

Norfolk, Virginia

March 3, 2005

Smithfield Foods, Inc. Bargaining 401(k) Plan

Statements of Net Assets Available for Benefits

<u>December 31,</u>	<u>2003</u>	<u>2002</u>
Investments	\$ 7,151,071	\$ 179,558
Receivables		
Participant contributions	59,016	4,227
Employer contributions	45,221	
Total receivables	104,237	4,227
Net assets available for benefits	\$ 7,255,308	\$ 183,785

The accompanying notes are an integral part of these financial statements.

*Smithfield Foods, Inc. Bargaining 401(k) Plan**Statement of Changes in Net Assets Available for Benefits*

Year Ended December 31, 2003

Additions to net assets attributed to	
Investment income	
Net appreciation in fair value of investments	\$ 323,468
Interest and dividends	103,934
	<u>427,402</u>
Contributions	
Participant	385,126
Employer	187,546
	<u>572,672</u>
Assets transferred from merged plans	<u>6,237,452</u>
Total additions	<u>7,237,526</u>
Deductions from net assets attributed to	
Benefits paid to participants	164,838
Administrative fees	1,165
	<u>166,003</u>
Total deductions	<u>166,003</u>
Net change	<u>7,071,523</u>
Net assets available for benefits	
Beginning of year	183,785
End of year	<u>\$ 7,255,308</u>

The accompanying notes are an integral part of these financial statements.

Smithfield Foods, Inc. Bargaining 401(k) Plan

Notes to Financial Statements

December 31, 2003 and 2002

1. Description of Plan

The following description of the *Smithfield Foods, Inc. Bargaining 401(k) Plan* (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by Smithfield Foods, Inc. (Smithfield). The Plan is for the benefit of eligible bargained employees of Smithfield and affiliated employers that have adopted the Plan (collectively Company). Eligibility requirements for 401(k) and matching contributions are 90 days of service and attainment of age 18. Eligibility for discretionary profit sharing contributions varies based on the related bargaining agreement of the adopting affiliated employer. The Plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA).

Contributions

Each year, participants may contribute 1 to 50 percent of pretax annual compensation, as defined in the Plan. The Company matching contribution varies based on the related bargaining agreement of the adopting affiliated employers. The Company may make a profit sharing contribution at the discretion of the board of directors. Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to certain limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

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Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company contribution portion of their accounts is based on years of service, as defined, and may vary based on the collective bargaining agreement. A participant is 100 percent vested after five years of credited service.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balances. Loan terms extend to five years for general purpose loans and to ten years for the purchase of a home. The loans are secured by the balance in

the participant's account and bear interest at rates that range from 6 percent to 9 percent, which are commensurate with local prevailing rates as determined by the plan administrator. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Generally, on termination of service a participant may elect to receive the value of the participant's vested interest in his or her account as a lump sum distribution.

Forfeitures

As of December 31, 2003 forfeited nonvested accounts totaled \$164,337. These accounts will be used to reduce employer contributions and pay plan expenses.

2. Summary of Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value as determined by quoted market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefits are recorded when paid.

3. Investments

The following presents investments that represent 5 percent or more of the Plan's net assets.

	December 31,	
	2003	2002
Calamos Growth Fund Class A, 14,081 shares	\$ 630,566	\$ *
MFS Value Fund, 23,642 shares	480,881	*
Strong Advisor Small Cap Value Fund, 28,150 shares	774,958	*
Strong Large Company Growth Fund, 29,889 shares	399,321	*
Strong Stable Value Fund, 715, 264 units	715,264	*
Strong Government Securities Fund, 178,639 shares	1,943,593	*
Barclays Lifepath 2020 Fund	1,087,857	*
Principal Stable Value Fund	*	39,878
Russell Life Balanced Strategy Fund	*	37,917
Russell Life Moderate Strategy Fund	*	34,681
Russell Life Equity Aggressive Strategy Fund	*	20,218
Russell Life Conservative Strategy Fund	*	13,143

* Investment does not represent 5 percent of net assets available for benefits.

During 2003, the Plan's investments (including gains and losses on investments purchased and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Mutual funds	\$ 307,295
Pooled separate accounts	17,880
Common stock	(2,828)
Common collective trust	1,121
	\$ 323,468

4. Related Party Transactions

The Plan invests in certain funds managed by and participant directed brokerage accounts held by Strong Investments, Inc. Strong Investments, Inc. is an affiliate of UMB Bank, N.A., the trustee. The Plan also invests in Smithfield Foods, Inc. common stock. At December 31, 2003 the Plan held 2,397 shares of Smithfield Foods, Inc.

Prior to August 1, 2003, the Plan invested in certain funds managed by the trustee, Principal Life Insurance Company, or its affiliates.

5. Tax Status

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The Internal Revenue Service has determined and informed the prototype sponsor by a letter dated August 7, 2001, that the prototype plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the

prototype plan has been restated since receiving the opinion letter, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

7. Assets Transferred from Merged Plans

During 2003, certain affiliated employers adopted the Plan and transferred assets from their predecessor plans as follows:

Gwaltney of Smithfield, Ltd. (for Valleydale Foods, Inc.)	\$ 158,786
Patrick Cudahy, Inc.	451,522
Quik-to-Fix Foods, Inc.	424,866
Packerland Processing Company, Inc.	5,202,278
	<u>6,237,452</u>

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amount reported in the statement of net assets available for benefits.

* * * * *

Smithfield Foods, Inc. Bargaining 401(k) Plan

Schedule of Delinquent Contributions

Schedule H, Line 4a

EIN 52-0845861 Plan 004

December 31, 2003

Total that constitute non-exempt prohibited transactions

Participant contributions transferred late to the plan for plan year	Contributions not corrected	Contributions corrected outside VFC program	Contribution pending correction in VFC program	Total fully corrected under VFC program and PTE 2002-51
\$59,147	\$ 59,147	\$	\$	\$

Late contributions were remitted by the plan sponsor in 2003 and early 2004. Lost earnings will be remitted into the plan in 2004.

See report of independent registered public accounting firm.

*Smithfield Foods, Inc. Bargaining 401(k) Plan**Schedule of Assets (Held at End of Year)**Schedule H, Line 4i**EIN 52-0845861 Plan 004*

December 31, 2003

Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value		Current value
Barclays Global Investors	14,348	Global Equity Index Fund	\$ 144,336
Calamos	14,081	shares of Calamos Growth Fund - Class A	630,566
Lord Abbett	6,013	shares of Lord Abbett Mid-Cap Value Fund	113,224
MFS	23,642	shares of Value Fund	480,881
* Smithfield Foods, Inc.	2,397	shares of Smithfield Foods, Inc. common stock	49,610
* Strong Investments, Inc.	3,450	shares of Advisor Large Company Core Fund - Class K	37,403
* Strong Investments, Inc.	28,150	shares of Advisor Small Cap Value Fund	774,958
* Strong Investments, Inc.	29,889	shares of Large Company Growth Fund	399,321
Templeton	33,506	shares of Foreign Large Value Fund - Class A	356,507
* Pimco	14,113	shares of Pimco Total Return Fund	151,146
* Strong Investments, Inc.	178,639	shares of Government Securities Fund	1,943,593
* Strong Investments, Inc.	715,264	shares of Stable Value Fund	715,264
Barclays Global Investors	84	shares of Lifepath 2010 Fund	1,039
Barclays Global Investors	76,989	shares of Lifepath 2020 Fund	1,087,857
Barclays Global Investors	5,101	shares of Lifepath 2030 Fund	72,077
Barclays Global Investors	2,501	shares of Lifepath 2040 Fund	38,698
Barclays Global Investors	2,949	shares of Lifepath Retirement Fund	32,524
Participant loans		Maturing through December 2008, interest rate ranging from 6% to 9%, secured by participant accounts	122,067
			<u>\$ 7,151,071</u>

MFS - Massachusetts Financial Services

* - Identified as a party-in-interest

See report of independent registered public accounting firm.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SMITHFIELD FOODS, INC.

BARGAINING 401(k) PLAN

Smithfield Foods, Inc.

(as Plan Administrator)

Date: March 17, 2005

By: /s/ Daniel G. Stevens
Daniel G. Stevens
Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
23	Consent of Independent Registered Public Accounting Firm.