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AGREEMENT

BETWEEN

**THE SMITHFIELD
PACKING COMPANY, INC.**

AND

**FOOD PROCESSORS
LOCAL UNION NO. 1046**

**LABORERS INTERNATIONAL UNION
OF NORTH AMERICA – AFL-CIO**

JULY 1, 2001 – JUNE 30, 2006

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AGREEMENT

This AGREEMENT made and entered into, in duplicate, this 1st day of July, 2001, by and between the Smithfield Packing Company, Inc. (Hereinafter referred to as the "Company"), a Corporation chartered and existing under the laws of the State of Virginia, having its principal office in the Town of Smithfield, County of Isle of Wight, State of Virginia, party of the first part: and Food Processors Local No. 1046, affiliated with the Laborers' International Union of North America. AFL-CIO (hereinafter referred to as the "Union"), party of the second part.

ARTICLE I

Purpose of the Agreement

It is the intent and purpose of the parties hereto that this Agreement shall promote and improve the industrial and economic relationships between the Company and the Union, and to set forth herein rates of pay, hours of work, and other conditions of employment to be observed by the parties hereto: and (2) it is recognized by both of the parties hereto that they have a mutual interest and obligation in maintaining friendly cooperation between the Company and the Union, which will promote safe, economical, honest and efficient operation of the Plants.

The Company agrees not to enter into other agreements or contracts with its employees which would conflict with the terms and provisions of the Agreement.

ARTICLE II

Recognition

Pursuant to a certification of the Representatives by the National Labor Relations Boards, in Case Nos. 5-RC-5544 and 5-RC-5533, dated May 23, 1966, and 5-RD-745, dated October 26, 1981, the Company hereby recognized Food

Processors Local Union No. 1046 as the exclusive collective bargaining representatives with respect to wages, hours, and working conditions of its employees in a unit of all production and maintenance employees, including truck drivers at the Employer's Smithfield, Virginia and Tar Heel, N.C., Plants, but excluding office clerical employees, salesmen, professional employees, guards, shipping clerks and supervisors as defined in the Act.

ARTICLE III

A. CHECKOFF

(1) Checkoff. Upon receipt by the Company of a checkoff authorization in the form set forth in this Article, dated and executed by an employee, the Company shall deduct, from the wages owed such employees during each week of employment (except during weeks when the employee is on layoff, leave of absence, or terminated) following receipt of such checkoff authorization, until such checkoff authorization is revoked by the employee in accordance with the terms thereof, an amount equal to the Union's membership dues for the week in which such deduction is made. This Company will deliver the monies so deducted to the Secretary - Treasurer of the Union not later than the tenth (10th) day of the following month after the deduction is made. The Company shall deduct from an employee's wages only that amount of money which the Secretary-Treasurer of the Union has certified to the Company, in writing, is the amount equal to dues, properly established by the Union in accordance with applicable law and the Union's constitution and bylaws, required of all employees as a condition of acquiring or retaining membership in the Union. Such amounts will be deducted for a maximum of four (4) weeks in the case of absence from work.

B. CHECKOFF AUTHORIZATION FORM

(1) Checkoff authorizations in a different form than

that prescribed in paragraphs C. (1), (2), and (3) below and dated prior to the 30th day after the effective date of this agreement will be honored by the company.

2) As to any checkoff form executed more than thirty days after the effective date of this agreement, the Company shall not deduct any monies from an employee's wages pursuant to this Agreement, unless the checkoff authorization executed by the employee conforms exactly to the following form:

C. CHECKOFF AUTHORIZATION

(1) Authority to Deduct. I hereby authorize Smithfield Packing Company, Inc., to deduct from wages owed to me for the payroll period during each week of employment and to forward to Food Processors Local Union No. 1046, Laborers' International Union of North America, AFL-CIO, an amount equal to the weekly membership dues uniformly required of all employees as a condition of acquiring or retaining membership in Local 1046, Laborers' International Union of North America, AFL-CIO.

(2) Revocability of Authorization. This Checkoff Authorization shall be irrevocable for a period of one year following my execution thereof, or until the expiration of any applicable collective bargaining agreement, whichever occurs sooner. Thereafter, it shall be automatically renewed for successive one (1) year periods unless written notice of revocation of this Checkoff Authorization, executed by me, is delivered to Food Processors Local Union 1046: (1) during the period commencing twenty-five (25) days prior to and ending ten (10) days prior to (a) the annual anniversary of my execution hereof, or (b) the expiration date of any collective bargaining agreement obligating Smithfield Packing Company, Inc., to honor this Checkoff Authorization, or (2) during any period when there is no collective bargaining agreement in effect obligating Smithfield Packing Company, Inc., to honor this Checkoff Authorization.

(3) Waiver of Right to Discontinue Checkoff Upon

Resignation of Membership. For the effective period of this checkoff authorization and assignment, this authorization shall continue irrespective of my continued membership in the Union.

This Checkoff Authorization and waiver was voluntarily executed by me on _____, 200__.

Signature of Employee

D. INDEMNIFICATION OF COMPANY

The Union shall defend, indemnify, and save the Company harmless against any and all claims, demands, cost, suits, grievances, or other liability (including attorneys' fees incurred by the Company) that arise out of or by reason of actions taken by the Company pursuant to the Article III.

E. UNION SECURITY

In the event that the Virginia "Right - To - Work" Statute is repealed, or otherwise becomes invalid for any reason, it shall become a condition of continued employment for all present and future employees to become and remain members of the Union on the 31st day after such repeal of invalidation or on the 31st day after their date of hire, whichever comes later.

ARTICLE IV

Management Rights

Nothing contained in this Agreement shall be construed as denying or limiting the rights of the Company to control and supervise all operations and direct all working forces, including but not limited to the right to select and hire, discipline and discharge for just cause, suspend,

layoff, promote, classify, transfer employees, to control and regulate the safe and efficient use of the equipment and other property of the Company; to maintain discipline among the employees and promote efficiency in the operation of its Plant provided, however, that such rights shall not be exercised in any way which will infringe on the right and benefits of the employees as provided in this Agreement.

ARTICLE V

Shop Rules

The Company and the Union agree that certain rules are necessary for the safe, efficient and economic operation of the Plant. Such rules are contained in "Shop Rules", which are incorporated into this Agreement. These "Shop Rules" may be amended, added to, or otherwise changed, only by the mutual consent of the parties hereto, and are as follows:

Section I

The Company may discharge or discipline any employees without prior warning, subject to appeal to the Grievance Procedure, for proper cause, including, but without limitation, to the following causes:

1. Possession, sale or manufacture of illegal substances or alcoholic beverages on Company premises.
2. Testing positive to an illegal substance or alcohol level as defined by DOT standards and outlined in the Company's Drug and Alcohol Policy.
3. Reporting for duty (including return to job after break or lunch) under the influence of alcohol or illegal drugs.
4. Stealing from the Company, its customers, vendors, suppliers or fellow employees.
5. Punching timecard other than one's own.
6. Gambling in any form or manner on the

- Company's premises.
7. Sleeping on duty.
 8. Fighting while on Company property, including parking areas.
 9. Recklessness or gross negligence in the operation of Company property or vehicles.
 10. Smoking in prohibited areas.
 11. Defacement or destruction of Company property or products.
 12. Carrying of unauthorized passengers on Company trucks.
 13. Insubordination (failure to follow a directive, unless there is immediate danger to health or safety of employee).
 14. Absent for three (3) consecutive days or longer without notification to their Supervisor, Human Resource Office or Employment Office.
 15. Possession of firearms, knives, with three or more inch blades, illegal weapons, ammunition or destructive devices on Company property .

Section II

The Employer may discharge an employee after one (1) warning in writing, copy to the Union, subject to appeal to the Grievance Procedure, for but without limitations to the following causes:

1. Failure to wear or use safety equipment or to comply with safety rules.
2. "Horse Play", harassment among employees, while on Company property.
3. Leaving department or entering another department without permission of foreman in charge.
4. Soliciting of money, distributing or circulating literature, during working time in working areas, selling of tickets, posting of placards, bulletins or stickers without special permission of management.

5. Failure to wear the coats, uniforms, or other clothing required by the Company.
6. Lending money to or collecting money from fellow employees while on Company property.
7. Eating in the plant except in the cafeteria or in the area of vending machines.

ARTICLE VI

Strikes and Lockouts

The Union and the employees included in the unit agree that, during the life of this Agreement, they will not participate in a strike, slowdown, walkout, stoppage of work of any kind or type, or refuse to perform struck work or be involved in sympathy strikes so as to affect the operation of the plant. The Company agrees that there shall be no lockouts of said employees during such period.

In the unlikely event that the Company or Union fail to abide by an arbitrator's decision, then either party must submit in writing the issue of noncompliance stipulating that a failure to revert to the arbitrator's opinion could void this Article if not resolved in fourteen (14) days from date of notification receipt.

ARTICLE VII

Shop Stewards

1. The Union will supply, to the Company, a list of names of Stewards and Chief Stewards.
2. The Company will agree or disagree with the number submitted and both parties will mutually agree to make adjustments as needed.
3. Shop Stewards shall be working employees.
4. While serving as a Shop Steward an employee shall continue to accumulate seniority but shall not be subjected to layoffs on a seniority basis

until all employees represented by such Stewards shall be laid off.

5. A Chief Steward has the right to go into any department in their division to represent an employee if the department steward is absent or unavailable.
6. Stewards will be provided sufficient time to conduct required Union business, provided the:
 - Supervisor has given permission to leave work area
 - Steward tells Management the purpose of the time needed and explain why it must be handled during work hours
 - Steward states the approximate duration of time needed
 - Permission should be granted unless business needs dictate that an alternative time be selected. The Steward should be provided an explanation as to why the delay is to occur.
7. The Company will provide the Union with a locked confidential file cabinet to secure Union related materials.
8. Department Shop Stewards will be introduced to all new department employees within one week of the new hires start date.
9. The Shop Steward, working through the HR Office, will be provided the opportunity to use the company's telephone to discuss Union related grievances or disputes arising out of the Agreement with their appropriate parties.

ARTICLE VIII

Grievance Procedure

Any employee who believes his rights under this Agreement has been violated by the Employer or an agent of the Employer may file a grievance by the following procedures:

Step One Employee and Shop Steward must file a written grievance to the employee's supervisor or the employee's Management office, within five (5) working days of violation.

The Shop Steward, the employee and the supervisor shall meet and attempt to adjust the grievance. This process shall be handled within two (2) working days of receipt. A written decision shall be submitted to the Union by the Company as to the grievance disposition within two working days of grievance meeting. Human Resources to be provided a copy.

Step Two If no adjustment of the grievance is arrived at Step One of the grievance, the Business Manager and Chief Steward must within three (3) working days file for a continuance to the Department Manager or the Employee Relations Representative or the decision of Step One becomes final.

If a continuance is made, the Business Manager, Chief Steward, the Department Manager and the Employee Relations Representative will meet within three (3) working days of filing continuance to resolve the issue. A written decision shall be given to the Union by the Company within three working days of grievance meeting. Human Resources to be provided a copy.

Step Three If no adjustment of the grievance is arrived at Step Two (2) of the grievance, the Business Manager or District Head must within five (5) working days file for a continuance to the Plant Manager, Department Head or Director of Human

Resources or the decision of Step Two becomes final.

If a continuance is made, the Business Manager and/or District Head will meet with the Plant Manager or Department Head and the Director of Human Resources within five (5) working days of filing continuance to resolve issue. A written decision shall be given to the Union by the Company within five working days of grievance meeting. Also, the VP Human Resources will receive a copy of the final decision.

ARTICLE IX

Arbitration

1. If a mutually acceptable solution of a grievance cannot be achieved by the procedures in Article VIII, "Grievance Procedures", either party may refer the points at issue to arbitration within ten (10) working days of the Step Three decision. Upon notice of a desire to arbitrate from either party to the other in writing, and if the parties are unable to mutually agree upon an arbitrator, the Federal Mediation and Conciliation Service will be requested to submit the names of five persons qualified to act as arbitrator. The representatives of the Union and representatives of the Company shall each have the choice of rejecting the names of two of these five persons, and the remaining or fifth shall be the arbitrator.

2. The Company and the Union agree to accept the Arbitrator appointed by the Federal Mediation and Conciliation Service.

3. The Arbitrator is empowered to schedule meetings and call for appearance of any or all parties to the dispute. The Arbitrator's award may include, but is not limited to, reinstatement, back pay, restoration of seniority,

etc. In no case may the Arbitrator's decision add to or detract from the provisions of this Agreement.

The Arbitrator's decision shall be final and binding upon the parties.

ARTICLE X

Discharge

In the event any employee is to be discharged for cause, he shall be called in with the Union Representative for his department and the reason for the discharge explained.

Whenever a Union Member's employment is terminated, the Company shall advise the Union of the type of termination recorded on the employee's records. In cases where a grievance is filed, the Company will upon request by the Union, provide a copy of the termination document.

It is agreed that warnings that do not pertain to Section I of Shop Rules will have no effect nine (9) months after issue. The only exception to this nine (9) month waiver will be for any discipline that occurs in violation of any State or Federal Statutes.

ARTICLE XI

Seniority

1. Seniority means the total length of service in years, months, and days from the time of last hiring by the Employer. The employer recognizes the principle that length of satisfactory services shall be rewarded by proportionate job security and opportunity for promotion.

2. Plant seniority shall prevail on a divisional and departmental basis. The Divisions of the Company are as follows: Case Ready, Livestock, Rendering, Loin

Boning/Tender & Easy, Ham Boning, Plant Maintenance, Transportation, Shipping, Fresh Meat, Slaughter, Curing, Smoked Meats and Norfolk.

3. A list of employees, by seniority, will be made available to the union as requested but not to exceed quarterly.

4. Job Postings – Permanent Openings

- a. Permanent job vacancies occur as a result of an employee termination or a new job is created. All such openings will be posted for a period of five (5) working days or in the case of truck drivers such time shall be seven (7) working days.
- b. During the posting period, employees within the Division and Department who are qualified by plant seniority to fill the job will apply by signing the posting notice. Employees may only bid upward or downward but not laterally, unless the lateral move is between shifts.
- c. Any employee who is awarded a job bid is prohibited from signing a new job posting for a period of 5 months, unless the job bid is for a temporary placement.
- d. The employee with the highest plant seniority within the Division and Department respectively, shall have the first choice if the employee meets all pre-qualification objective criteria as listed in the job posting and then if they can perform the actual job duties during their training period. The movement of the employee into the job will be done as expeditiously as possible.
- e. The company will attempt to move the employee who has been awarded the job bid within thirty days but no later than the forty fifth day from time of award. After 30 days the employee will automatically begin

receiving the rate of pay for the awarded job even if not performing, however the employee once in their new classification must still pass the 30 day training period. No drop in pay will occur, unless disqualified. If the employee is assigned after the forty fifth day, the company will waive the training period. Failure of the employee to meet standards at this stage will be handled through progressive discipline and training. Loss of position in this process would result in a return to an open job in their original department.

- f. Employee's who sign up for more than one job posting will be assessed and assigned the posting opportunity for which their seniority provides based on the first posting received in the HR office.
- g. During the posting period and through the award and placement of the employee, the company can fill the job temporarily. During the period of temporary assignment, the person filling the job will be side rated on a daily basis to the work being performed, unless their prior rate was higher, at which point they retain their higher rate of pay.
- h. Employees on 2nd and 3rd shifts can seek management's permission to bid on 1st shift job openings once they complete their probationary period. If operating and staffing conditions allow, these employees can sign up for any posting. After one year of service, a 2nd or 3rd shift employee will have no restrictions in the signing of job postings
- i. Plant Maintenance job openings will be posted under the same guidelines as production jobs. The job qualifications, skill and knowledge required will be posted. Only candidates meeting the posted

requirements can sign the job posting which must be accompanied with a resume or skills/qualifications highlight sheet. Consideration for openings will be based on qualifications and experience.

- j. Employees being moved into a new job classification will have up to 30 days to demonstrate job performance competence. No rate change will occur until the supervisor qualifies the employee, unless the employee is moved after 30 days. In the event, the supervisor disqualifies, within a 30 day period, the employee will return to their former job. This includes movements into supervisory positions.

5. Job Postings – Temporary Openings

- a. In the event that an employee is on an approved LOA that is expected to exceed 30 days the company will create a temporary job posting. The posting process will work identical to the permanent posting except those employees will not have the 5 month restriction from bidding on permanent open jobs.
- b. If the LOA employee returns to work within six months they will be reassigned there prior job and pay rate. The employee filling in temporarily will also be returned to his former pay and job. This domino process continues until all employees are made whole.
- c. If the LOA employee does not return within six months, then prior to losing their seniority rights they will have the following options:
 - Return to an open job in their previous department, or
 - Bump the least senior person within their previous department, or
 - Bump the least senior person within

- their previous division
- d. In the event the employee did return to work within six months, but not to his former job, due to restrictions, from an occupational LOA only, that employee will be given another six months from date of return to become eligible for his former job classification and pay. In the interim, the employee earns pay at the rate of the job being performed.
 - e. Once an employee is out over 6 months, except for item 5(d) above, the job will now be posted under the terms of the permanent job posting process.

6. Upon agreement between the Management and the Union, super seniority for the purpose of job posting can be imposed upon long service employees (20 years or more) who may be incapable of performing certain jobs with medical documentation. No reduction in rate of pay shall be imposed on the employee as a result of such action.

7. Layoff & Recalls

- a. Plant seniority alone will govern in layoff and recall, provided the employee with seniority, in the judgement of the employer, is capable of fully performing the job.
- b. Shop Stewards are entitled to super seniority for layoff and recall purposes over those employees they directly represent.
- c. In the event of a layoff in excess of five (5) working days the company will notify, in writing, each affected employee along with the union of the anticipated layoff. The union, upon request, can seek a list of laid off employees and request a meeting with the company to understand the cause, rationale for laid off employees and projected length of the layoff.

- d. The employer, when recalling laid off employees, shall notify the employee by mail at his last known address, and the employee must report for work within seven (7) calendar days or otherwise the employee shall forfeit his seniority and right to recall. The employee shall keep the company informed of their current address.
 - e. In the event there is a job vacancy or a new job is created the company will be prohibited from hiring for that position when there are employees capable of performing that job, but are on layoff. Determination of capability rests entirely with management.
8. Job Discontinuance/Reduction
- a. When a discontinuance or reduction in a job classification occurs that causes the displacement of employee(s) within a Division and/or Department, such employee(s) shall:
 - Have the posting process frozen for a period of one week to allow for job bidding, or
 - Have the right to displace the least senior person in the department; or least senior person in the division; or least senior person in the plant provided the more senior employee can perform the job to which they are assigned, as determined by management.
 - b. For a complete job discontinuance to occur "all" jobs within a given job classification must be eliminated from that Division and/or Department. If this occurs, the employee's pay rate will be held for a period of six (6) months.
 - c. In the event a reduction occurs in the number of required employees to perform

a certain job classification within their department, then this reduction will allow those employees affected to hold their rate of pay for a period of three (3) months.

9. Probationary Periods:

- a. All new employees, except plant maintenance and transportation employees, shall be considered probationary employees until sixty calendar days have been completed during which period they may be discharged without further recourse.
- b. Plant maintenance and transportation employees, shall be considered probationary employees until ninety calendar days have been completed during which period they may be discharged without further recourse.
- c. Following the probationary period, the employee shall be placed on the seniority list as of his original hire date. In the event, more than one employee is hired on the same day, seniority will be assigned alphabetically using last name, then first name.
- d. Nothing contained herein shall prevent an employee from joining the union during the probationary period if the employee so desires.

10. Loss of Seniority

- a. Voluntarily quitting
- b. Discharge
- c. No call/No show for a period of 3 days
- d. Absences without requesting an approved leave in writing beginning by the tenth (10th) day of outage.
- e. Failure to provide proper follow-up documentation to support the continuous need for the leave. The company may

require at least two (2) working days notice of an employee's return to work. All employees will be required to supply a fitness for duty certificate prior to returning to work if Leave of Absence was medically based.

- f. Absence from work, regardless of reason, for twelve months (12) for employees with five (5) years or less seniority and fifteen (15) months for employees with six (6) or more years of seniority at time of outage. During both scenarios, benefit continuation, if allowed by plan design will be provided for a maximum period of twelve (12) months, provided the employee makes their timely employee contribution to the plan.
- g. Leave of Absence Greater than three years for union related business.

11. Not more than two (2) employees, who are elected or appointed to a full-time position within the Union, upon proper notice, shall be granted a Leave of Absence, without pay, for a period not to exceed three (3) years. Upon one (1) week's notice of their desire to return to work for the Company, they shall be reinstated to an open position within the Company and the rate of pay for that job classification. Upon returning to the bargaining unit their seniority status will be identical to the time in which they left on Leave of Absence. During this period, these employees will be officially terminated from the company records. However, upon return to work there will be no waiting period for benefit eligibility.

ARTICLE XII

Hours of Work

1. Time and one-half the regular rate of pay shall be paid for all hours in excess of forty (40) hours worked in any work week. During a week in which a Holiday

occurs, such hours allowed for Holiday pay shall be construed as hours worked for the purpose of computing overtime. Employees who are not regularly scheduled to work on Sundays and who are called in to work shall receive double their regular rate of pay. Plant Maintenance employees who work seven days in any one work week shall be entitled to doubled time for the seventh day. In the event it becomes necessary for the employees to work on their regularly scheduled day or days off, they shall be notified before the close of their last preceding shift and shall be entitled to a minimum of four (4) hours work or pay therefore.

2. Report-In-Pay: In the event an employee, other than a truck driver, reports for work on his regular shift and has not been notified before the end of his last preceding work shift that there will be no work for him, he shall be entitled to four (4) hours worked or pay therefore. Any such employee who is tardy shall have his Reporting Pay reduced by the time he is late that day.

3. Call-In-Pay: Any employee including truck drivers, who is called to report to work outside of his regularly scheduled hours shall receive not less than four (4) hours pay. However, if called to work prior to the start of his regular shift said employee shall be paid only for actual hours worked prior to the actual starting time of his regular shift.

4. Incomplete Day's Work: Employees who are injured in the factory and are sent to a hospital or Doctor by the Company shall receive pay at the applicable hourly rates for the balance of their regular shift on that day, but not to exceed time of scheduled shift if unable to return to work.

5. Paragraph No. 2 under this Article shall not apply in the event the Employer is unable to furnish work by reason of fire, storm, Acts of God, or those acts completely beyond the control of the Employer .

6. Lunch Period: Employees shall be given a lunch period of thirty (30) minutes. Employees working in Plant Three (3), and in other departments mutually agreed on by the Union and Company shall have a lunch period not to exceed one (1) hour. The lunch period may be extended or adjusted at the discretion of the Employer in the event of a machine breakdown. The following guidelines will be used in adjusting break and lunch schedules:

- a. Employees will not be expected to take a morning break earlier than one and one-half (1.5) hours after their shifts begins.
- b. Lunch time will not be moved up more than 45 minutes and the shop Steward if available will be informed prior to advising employees. Lunch time will remain one-half hour in length unless otherwise noted by the Supervisor.
- c. When lunch breaks are moved up, afternoon breaks will be moved accordingly.

7. "Gang time" will be the basis for determining the hours worked by employees working on the Cut and Kill. Notwithstanding the time that Kill Floor employees punch in, their actual compensatory time begins when the first hog reaches the head-dropping station and ends when the last hog reaches the head-dropping station in any given day of employment. Kill Floor employees who are paid on the "gang time" basis shall have (.1) of an hour added to their time card each day. "Gang time" for Cut Floor employees will begin when the first hog reaches the hog-dropper and ends when the last hog reaches the hog-dropper. Cut Floor employees on "gang time" will have an additional 15 minutes per week added to their time card. "Gang time" employees shall not be required to clock out and in for lunch periods.

8. The Company will not be required to provide work for employees reporting late: However, if told to report, work or pay will be provided.

9. Supervisory employees who are not subject to the provisions of the Agreement shall not be permitted to perform work on production jobs covered under the Collective Bargaining Agreement, except as follows:

- a. for training purposes
- b. filling in temporarily while a replacement is being sought
- c. Temporary relief of an employee
- d. Finishing out a shift in an emergency situation

ARTICLE XIII

Holidays

1. Every employee who has completed his probationary period prior to the occurrence of one of the following holidays shall receive eight (8) hours pay at the straight-time of such Holiday: New Year's Day, Martin Luther King's Birthday, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve, and Christmas Day. Note: Although not a holiday the company agrees to pay eligible employees eight (8) hours at their regular straight-time rate in addition to hours worked for Easter Monday. Such hours shall not be considered in the computation of overtime. Paragraph 6 shall also apply in this case.

Holidays for employees who are normally scheduled for ten (10) hour work shifts shall be paid at ten (10) hours.

2. An employee who is required to work on a recognized holiday shall be paid at the Regular rate of work performed on that day and receive in addition thereto eight (8) hours pay at his straight-time regular rate. Due to the nature of its business and delivery operations, the Company reserves the right to schedule employee's work on a holiday as determined by customer-market factors.

3. If any employee is prevented from working on the workday immediately preceding or the workday

immediately following a holiday because of illness (illness not to exceed thirty (30) days, attested to by a physician), or death in his immediate family, such fact shall constitute an acceptable excuse. The definition will be as defined under Article XV for funeral pay.

4. If one of the listed holidays falls within employee's vacation period, the employee shall receive eight (8) hours pay at his straight hourly rate in lieu thereof.

5. If a holiday falls on a Saturday or Sunday, the Friday before or the Monday after shall be recognized as the holiday, or an alternate day agreeable by the Company and the Union.

6. Holiday benefits will not be paid when an employee does not work their full scheduled work-shift immediately before and after the holiday, or the holiday itself (if so scheduled). This provision does not apply when an employee is granted permission by his supervisor to be late or absent.

7. Full-time permanent employees in Vacation and Absentee Relief jobs within a Seniority department will receive holiday pay at the average grade/pay rate worked during the week in which the holiday occurs.

ARTICLE XIV

Vacations

1. All Employees shall be eligible for paid vacations according to the following schedule:

| <u>Years of Employment</u> | <u>Period of Vacation</u> | <u>Amount of Pay</u> |
|----------------------------|---------------------------|----------------------|
| 1 - 2 Years | 5 Working Days | 40 Hours |
| 3 - 11 Years | 10 Working Days | 80 Hours |
| 12 - 19 Years | 15 Working Days | 120 Hours |
| 20 - 29 Years | 20 Working Days | 160 Hours |
| 30 - More Years | 25 Working Days | 200 Hours |

2. All present employees, at the effective date of this Agreement, and all future employees, shall become eligible for vacations in accordance with their years of service as described in paragraph one (1) above. To be entitled to a vacation, an employee must have worked 1,040 hours during the immediate preceding anniversary year. Time lost due to a work related injury wherein the employee is not at fault will not count against the employee in the accrual of this time requirement. Employees with twenty (20) years service who suffer a severe illness will be allowed to have such time (not to exceed two (2) months) not count against the accrual of this time requirement.

3. Vacation pay shall be paid to employees at the pay day last preceding the beginning of their scheduled vacation period and shall be paid in a separate check.

4. Employees shall not be permitted to select payment in lieu of vacation time off except in cases where an employee is eligible for more than two (2) weeks vacation, he may receive pay in lieu of vacation time for all weeks in excess of two (2), upon approval by the Company. In cases where any part of an employee's vacation is forfeited at the Company's request, he shall be compensated for the unused vacation time.

5. The vacation period shall be the calendar year. However, the employer reserves the right to refuse scheduling vacations based on business needs. Such refusal will not be imposed unreasonably and will be subject to provisions of the grievance procedure.

6. In the event an employee is discharged, laid off, or quits voluntarily or is otherwise separated from employment, he shall be compensated for accrued vacation time only in accordance with his years of service.

7. No vacation benefits will be paid to an employee who is discharged for willful dishonesty.

8. Vacation pay for employees classified as Vacation and Absentee Relief will be based on grade paid for last week worked prior to payment for vacation.

9. Employees eligible for three (3) or more weeks of vacation may take one (1) week of their vacation by the day. Declaration of intent to schedule a vacation by the day must be provided when the vacation for a given year is submitted to the Human Resources Department. Three working days notice must be provided when applying for daily vacation and management reserves the right to approve based on business needs. A maximum of two (2) days vacation may be taken at one time (approved by Management) and such vacation may not be taken in conjunction with the holiday. This paragraph is a non-grievable provision.

ARTICLE XV

Funeral Leave

1. To be eligible for funeral pay an Employee must:
 - (1) Be on the Active payroll on the date of family member's death.
 - (2) Notify the Company of the purpose of the absence not later than the first day of the absence.
 - (3) Furnish proof satisfactory to the Company of the death, relationship of the deceased, date of the funeral, and the attendance of the employee at the funeral.

2. Maximum of three (3) paid consecutive workdays at the straight time rate for:

- Spouse
- Natural or legally adopted child
- Legal guardian – in lieu of Father or Mother
- Mother or current Mother-in-law
- Father or current Father-in-law
- Sister

- Brother
- Step-Parents*

* To qualify the Step Parent must have acted in loco parentis in relation to the employee prior to the age of eighteen (18). The purpose of this restriction is to make clear that in the event that once an employee leaves home and one of his parents would remarry, the person who marries the employee's parent would not be considered a parent for this Article's provisions.

3. Maximum of two (2) paid consecutive workdays at the straight time rate of pay for.

- Grandparents
- Sister-in-law
- Brother-in-law

4. If during vacation an employee has a death occur of a relative covered under this Article and otherwise meets the requirements of same, they shall then be placed on Funeral Leave and receive additional vacation days off during the beginning of the following week only, if desired, not to exceed the number of paid funeral day(s) for such death. Employees must notify their supervisor, in advance, if they intend to extend their vacation into the next week.

5. Funeral time will not be counted towards the calculation of overtime.

ARTICLE XVI

Jury Duty

Any full-time employee who has completed his probationary period or employment and is called upon to perform Jury Duty during his regularly scheduled work hours shall receive the difference between jury pay and his straight time hourly pay not to exceed eight (8) hours per day. Proof of jury duty must be provided the company prior to date of such duty and proof of jury pay must be

provided the company before the employee will be compensated for time lost. No part of the such time lost will be counted as hours worked for the purpose of computing overtime. Compensation for Truck Drivers shall be based on the same method used for Holiday Pay.

ARTICLE XVII

No Discrimination

1. The Company and the Union, in the performance of this agreement, agree not to discriminate against any employee or applicant for employment to include, but not limited to, race, color, religion, national origin, age, gender, veteran status, and disability.

2. The Company will follow its EEO Policies and processes for all terms and conditions of employment to include but not limited to, hiring, promotion, transfer, training and compensation.

3. Due to the Americans with Disabilities Act or the regulations promulgated thereunder, the Company may be required to make a reasonable accommodation to the disability of an applicant or incumbent employee that may be in conflict with the provisions of this Agreement. In such event, the Company shall make such accommodation notwithstanding the requirements of this Agreement, but only to the point that is complies with the ADA. The Union will be notified in all cases.

4. The Company will ensure it meets the requirements of the Family and Medical Leave Act without discrimination and will notify employees appropriately of their eligibility and the impact on pay/benefit practices.

5. The Company will not discriminate against any employee who files a grievance or participates in Union activities.

6. The Company will not tolerate harassment of any kind, to include but not limited to; sexual, racial, or religious harassment, within the work place. Should any Employee think he/she is a victim of harassment, the employee is urged to notify the HR Manager or a member of Management so the Company may have an opportunity to investigate and deal with the issue. All inquires will be held in the utmost confidence and the matter will be investigated and dealt with expeditiously.

ARTICLE XVIII

Miscellaneous

1. Employees shall have scheduled rest breaks of fifteen (15) minutes in the first four (4) hours of work and ten (10) minutes in the second four (4) hours of work. In addition, employees shall receive a ten (10) minute rest break for each four (4) hours of overtime worked in any one day, exclusive of time granted for meals.

2. The Company reserves the right to establish an incentive plan in any department. The plan may be made applicable to individuals or groups of individuals depending upon the nature of the work and the number of employees in any department or group and in no event will the plan discriminate against Union members. The Company agrees to furnish the Union the production and/or yield requirements, once agreed upon, shall not be changed unless there is a change in operation in which case new requirements will be negotiated as quickly as possible.

3. The Company agrees to furnish, free of cost, equipment to employees as prescribed in the following schedule upon the condition that an employee in applying, after the first time for any of those articles mentioned below must first turn in the old articles or properly account to his foreman therefor and the employees, on their part, agree that they will at all times keep themselves properly clothed: however, the Company

may provide additional equipment at its discretion because of change of condition or classification without agreement of the Union but agrees that there will be no change in the existing equipment distribution without the agreement of the Union. All such equipment provided by the Company shall be placed in the employee's locker by the employee when he is not working.

4. The Employer agrees to maintain a glass-faced locked, bulletin board for Union notices. All such Union material will be given to the Employer for its approval before posting.

5. The Company agrees to open the lunch room twenty (20) minutes before the scheduled time for work to begin for the first shift so that those employees may have a place to eat breakfast. Facilities will be made available to those employees on the second shift so that those employees may have a place to eat supper.

6. The Company agrees to pay plant maintenance mechanics a tool allowance up to \$250.00 per man per year when proof of purchase is provided.

ARTICLE XIX

Health – Welfare Pension Benefits

1. The following schedule of benefits and charges will be effective for the term of this agreement:

Health Insurance

a. Coverage through a (Doctor/Hospital Network)

Copays based on a fee schedule for participating Primary Hospitals:

80% Participating Secondary Hospitals

\$15 copay for Primary Care Physicians office visit

\$35 copay for Specialist office visit

80% Participating Doctors if employee lives out of service area

50% All non-participating, out-of-network providers, with a \$300 deductible

A complete explanation of all the benefits, especially the new ones such as well baby care, annual physicals, and mammograms will be made available through a Summary Plan Description.

- b. Pre-Admission Certification – Payment for days of confinement not approved by the pre-certification company will be the responsibility of the patient and failure to secure such certification or required second opinion will result in a \$500 additional deductible. Pre-certification is mandatory for in and out-patient surgery, MRI's, sleep studies, and durable medical equipment.
- c. Prescriptions Drug Program –
 - (1) Company will pay 70% for Brand Name Drugs
 - (2) Company will pay 90% for Generic Drugs
- d. Pre-Existing Conditions are not eligible for coverage until 12 months after effective date of hire.
- e. Lifetime Maximum Coverage, Employee contributions and calendar year deductibles are as follows:
 - (1) Coverage – Lifetime
 - November 5, 2001 = \$125,000
 - November 4, 2002 = \$150,000
 - November 3, 2003 = \$150,000
 - November 1, 2004 = \$200,000
 - November 1, 2005 = \$200,000
 - (2) Employee Contributions :

| Effective Date: | <u>1/05/01</u> | <u>11/04/02</u> | <u>11/03/03</u> | <u>11/01/04</u> | <u>11/1/05</u> |
|------------------------------|----------------|-----------------|-----------------|-----------------|----------------|
| (a) Employee | \$ 6.80 | \$ 7.40 | \$ 8.00 | \$ 8.60 | \$ 9.20 |
| (b) Employee (1 or 2 Dep) | \$ 9.50 | \$10.40 | \$11.30 | \$12.20 | \$13.10 |
| (c) Employee (3 More Dep) | \$13.20 | \$14.40 | \$15.60 | \$16.80 | \$18.00 |

(3) Deductible

- (a) In Network - \$ 0
- (b) Out of service area - \$200
- (c) Out of Network - \$350

(4) Family Deductible (Out of service area only) - \$400 (two met in full)

- f. Disability payment coverage for employee sickness and accident will be the following weekly amounts:

| | <u>11/05/01</u> | <u>11/04/02</u> | <u>11/03/03</u> | <u>11/01/04</u> | <u>10/31/05</u> |
|--------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amount | \$110.00 | \$110.00 | \$110.00 | \$115.00 | \$115.00 |

The term of thirteen (13) weeks will remain unchanged.

- g. Life Insurance will be provided in an amount equal to the employees annual wage calculated to the next highest one thousand dollars (\$1,000). Employees will be guaranteed a minimum of \$3,000.00 life insurance if they become deceased in a year in which their benefit as normally calculated would, because of approved leave (other than military leave) in the immediate previous year be less than \$3,000.00 of their normal benefit.
- h. Pension benefit will be continued under the same plan currently in effect and will be based on two-hundred and four dollars (\$204.00) per year for service from January 1, 2002, forward.
- i. After one year of continuous employment, employees and dependents covered under group hospitalization are eligible to participate in an eye care program as

follows:

| | |
|--|---------|
| One vision examination every two year: | \$25.00 |
| Regular single lenses (no tint): | \$23.00 |
| Bifocal lenses (no tint): | \$30.00 |
| Frame: | \$23.00 |

Free replacement for one pair of glasses for children under 12 due to loss or breakage for one year from date of purchase. For adults, replacement of a broken lens at reduced cost of \$7 per lens single vision, \$9 bifocals, for one year from date of purchase.

- j. The Company agrees to provide a voluntary dental plan program beginning November, 2001. The Company reserves the right to change or modify plan design, coverage levels or cost at its discretion.
- k. The Company will provide and administer a non-contributory 401(k) plan effective January, 2002. The Company reserves the right to discontinue the 401(k) plan in January, 2004, if the hourly participation level is below ten percent (10%).
- l. **Psychiatric Care – Plan Language**
“Psychiatric Care. Covered services include Psychiatric Care for the treatment of Mental Disorders, Mental Illness and Substance Abuse. Outpatient Psychiatric Care is covered at 100% after a \$35 per visit Copayment, a \$200 Annual Psychiatric Deductible and the Annual Non-Network Deductible (if applicable). Inpatient care if paid at 80% (you pay 20%) after a \$250 per admission Copayment, the \$200 Annual Psychiatric Deductible and the Non-Network Deductible (if applicable).” “All Psychiatric Care (inpatient and outpatient) is subject to a combined annual maximum of 25 visits (outpatient) and/or days of admission (inpatient). Treatment for Substance Abuse

is further limited to one course of treatment only (with lifetime maximum covered charges of \$3,000 for outpatient treatment and \$7,500 for both outpatient and inpatient Substance Abuse treatment)."

- To be eligible for these benefits you must use the Participating Behavioral Health Network of Providers.

- m. The level of health care benefits contained in this Agreement shall remain as stated in the foregoing provisions of this Section, except that if, during the life of this Agreement, Federal or Local Laws or regulations are enacted which mandate different types or levels of benefits than those provided herein or in the case of any voluntary benefit program. The Company and the Union agree that they will promptly *reopen this contract for the limited purpose of renegotiating health care benefit issues* in order to come into compliance with such federal and local mandates. It is further agreed that during such negotiation, all other provisions of this Agreement, including the no-strike commitment contained herein, shall remain in full force and effect.

ARTICLE XX

Safety Committee

1. The employer and the union agree that a Safety Committee shall be maintained.
2. The committee will be composed of a mutually agreed upon number of both union and company representatives. The committee will be co-chaired by a member of the company and the union.
3. Safety committee meetings should occur monthly

but no less than quarterly.

4. The purpose of the safety committee is to make recommendations to improve safety operations within the work environment, to include making recommendations on new plant and personal safety equipment.

ARTICLE XXI

General Wages

The rates of pay covered by this agreement shall not be less than the rates appearing in the following schedules. Said schedules being initialed by both parties to the agreement and incorporated in this agreement by reference as follows:

Effective 8/16/2001, Lump sum Payment for Production Employees only of \$1,100. (Probationary Employees not eligible).

Production Rates

| <u>Grades</u> | <u>7/02/02 (.28)</u> | <u>6/29/03 (.25)</u> | <u>6/28/04 (.28)</u> | <u>6/26/05 (.30)</u> |
|---------------|----------------------|----------------------|----------------------|----------------------|
| Hire Rate | 8.33 | 8.58 | 8.86 | 9.16 |
| 1 | 9.43 | 9.68 | 9.96 | 10.26 |
| 2 | 9.48 | 9.73 | 10.01 | 10.31 |
| 3 | 9.54 | 9.79 | 10.07 | 10.37 |
| 4 | 9.61 | 9.86 | 10.14 | 10.44 |
| 5 | 9.69 | 9.94 | 10.22 | 10.52 |
| 6 | 9.94 | 10.19 | 10.47 | 10.77 |
| 7 | 10.07 | 10.32 | 10.60 | 10.90 |
| 8 | 10.18 | 10.43 | 10.71 | 11.01 |
| 9 | 10.35 | 10.60 | 10.88 | 11.18 |
| 10 | 10.55 | 10.80 | 11.08 | 11.38 |
| 11 | 10.63 | 10.88 | 11.16 | 11.46 |
| 12 | 10.87 | 11.12 | 11.40 | 11.70 |
| 13 | 11.25 | 11.50 | 11.78 | 12.08 |
| 14 | 11.75 | 12.00 | 12.28 | 12.58 |
| 15 | 12.25 | 12.50 | 12.78 | 13.08 |
| 16 | 12.75 | 13.00 | 13.28 | 13.58 |

Production crew leaders will be paid two grade levels above the highest grade in the department.

ARTICLE XXII

Classifications

Job Classifications and Pay Grades currently in existence will be maintained in the Human Resource Office. It is understood that classification as related to Grade Rates will not be changed without prior notice to the Union.

*Note: All employees in jobs reclassified will receive at least the minimum increase which their old grade received. This will apply until such times as such employee can be promoted to a job within his grade or for a maximum of one (1) year.

Working Out of Classifications

1. When employees are utilized to fill in on a job graded lower than their assigned rate, they will be paid their assigned rate for the entire time worked on the lower graded job.

2. When employees are utilized to fill in on a job graded higher than their assigned rate for more than fifty percent (50)% of the day, they will be paid the rate for the higher classification for the entire day.

3. Overtime will be paid employees so utilized above based on their average hourly earnings.

ARTICLE XXIII

PLANT MAINTENANCE

Plant Maintenance Position/Rate Policy

To remain competitive in the labor market for skills necessary to maintain and troubleshoot equipment for day-to-day operations, the company establishes this policy to maximize its opportunity for success.

A. General

- 1. Effective with this contract maintenance grades will be reduced from nine to seven.**
- 2. The current maintenance mechanic classifications and their progression eligibility is:**
 - Electrician (101 thru 107)**
 - Refrigeration (101 thru 107)**
 - Electronics (101 thru 107)**
 - General (101 thru 107)**
 - Building & Grounds (101 thru 105)**
- 3. Non-maintenance mechanic personnel will have the following fixed grades and future movement based on their respective schedule:**
 - Storeroom – Production Grade 14**
 - Kniferoom Maintenance - Grade 101 → 102 (movement to 102 at discretion of management)**
 - Clean-up Maintenance - Grade 101**
 - Forklift Maintenance - Grade 101**

All existing employees that currently receive a higher grade than above will be considered grandfathered into their current rate.
- 4. The company has the right to hire into any maintenance mechanic job grade based on experience, skill and knowledge level.**
- 5. The company will make available at the employee's request the opportunity to learn new skills through on-site trainings, tuition reimbursement programs, vender specific training and on the job learning and troubleshooting. The company will also require certain training programs to ensure operative efficiency.**
- 6. Any time spent in voluntary on-site training programs will not be counted as hours worked for the purpose of calculating overtime.**

B. Promotion

1. For each job classification within the maintenance mechanic group specific skill sets have been identified by Grade. Once an employee demonstrates 100% proficiency in each skill set as approved by company management, they can move to the next grade level. Movement between levels will be limited to once every six months.
2. Progression within the job grades will be based on:
 - a. Job Performance: to include demonstration of job knowledge, job skills, troubleshooting, machine re-builds, etc.
 - b. Academic or on the job training and education.
 - c. Reliable work: work done to maintain equipment is completed in a timely manner and "fixes" the problem without requiring it be "redone", or cause "down-time".
 - d. Safety-on-the-job: wears personal protective equipment necessary; acts with regard to personal safety and that of his fellow employees; has had no personal negligence doctor-treated injuries in the last twelve months.
 - e. Attendance: has not missed more than three (3) days unexcused in the last twelve (12) months.
 - f. Teamwork: work readily with his peers without friction; takes assignments without complaining.

C. Maintenance Crewleader

1. An employee who is advised by management, that he will act in this capacity and specifically be placed in charge of a task involving coordination of work activities of two or more employees. This job assignment is at company discretion.

- Crewleaders will be paid at a rate of fifty cents (50) per hour above their listed rate for the day(s) in this capacity.

Maintenance Rates

Maintenance

| <u>Grades</u> | <u>7/16/01</u> | <u>7/02/02</u> | <u>6/29/03</u> | <u>6/28/04</u> | <u>6/26/05</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|
| 101 | 11.00 | \$500 Lump Sum | 11.25 | \$500 Lump Sum | 11.55 |
| 102 | 12.00 | \$500 Lump Sum | 12.25 | \$500 Lump Sum | 12.55 |
| 103 | 13.25 | \$500 Lump Sum | 13.50 | \$500 Lump Sum | 13.80 |
| 104 | 14.50 | \$500 Lump Sum | 14.75 | \$500 Lump Sum | 15.05 |
| 105 | 15.75 | \$500 Lump Sum | 16.00 | \$500 Lump Sum | 16.30 |
| 106 | 17.00 | \$500 Lump Sum | 17.25 | \$500 Lump Sum | 17.55 |
| 107 | 18.25 | \$500 Lump Sum | 18.50 | \$500 Lump Sum | 18.80 |

ARTICLE XXIV

Shift Differential

When two or more shifts are necessary to carry out the normal operations of the Company, there shall be a shift differential in the hourly wage rate paid to all full-time employees permanently assigned to second and third shifts. Such differential shall amount to fifteen cents (\$.15) per hour for the second shift (normally 2:00 p.m. starting time) and twenty cents (\$.20) per hour for the third shift (normally 10:00 p.m. starting time). Beginning on July 1, 2004, the differential will increase to (\$.20) per hour for second shift and (\$.25) per hour for third shift.

ARTICLE XXV

SICK LEAVE PAY

- Sick Day Eligibility** - A new hire employee who completes one year of service with the Company is entitled to the following on their one year anniversary month for the remainder of that calendar year:

| <u>Date of hire anniversary month</u> | <u>Sick days</u> |
|---------------------------------------|------------------|
| January or February | 3 days |
| March or April | 2 days |
| May or June | 1 day |
| July - December | none |

2. Each regular full-time employee with one (1) year or more of continuous service shall on January 1 of the next year be eligible for five (5) paid sick days. (A day is construed as eight (8) hours).
3. Payment of sick day(s) will be allowed only if notice of absence is provided on or before day requested and prior to shift start. Two or more days will require a doctor's certificate.
4. Sick pay hours will not be used in the computation of overtime.
5. Sick day utilization will not be allowed in conjunction with any *Holiday, including Easter Monday or a vacation period.*
6. Unused sick days will be paid out at termination unless the termination is for willful misconduct.
7. Sick leave days will be considered an excused day, without penalty, under the company's attendance program.
8. Sick days must be used in conjunction with any medical Leave of Absence for the employee, child or spouse.
9. Unused sick days will be paid to all active employees on the third payday of December.

ARTICLE XXVI

Plant Visitation

The Union Business Representative shall have access

to the plant through the established procedures for the purpose of transacting Union business.

ARTICLE XXVII

Saving Clause

If any provisions of this Agreement, or the application of such provision, shall be held invalid by a court of competent jurisdiction, the provision or application thereof, may be suspended, provided however, that the remainder of this Agreement shall not be affected hereby.

ARTICLE XXVIII

Driver Procedures

LINEUP CHECK CALLS:

Company drivers based at Tar Heel, North Carolina are required to make a call to the Dispatch Department in Smithfield by 11:00 a.m., Eastern Standard Time, to notify Dispatch of their availability.

Company drivers based at Smithfield, Virginia are required to make a lineup check call to the Dispatch Department at Smithfield by 2:00 p.m., Eastern Standard Time, Monday through Friday.

Company drivers based at Tar Heel, North Carolina are required to make a lineup check call to the Dispatch Department at Tar Heel by 3:00 p.m., Eastern Standard Time, Monday through Friday.

PROCEDURES:

Company procedures concerning the driver's daily operations will be distributed to the drivers in writing.

SAFETY:

Safety and regulatory policies concerning the driver's daily operations will be distributed to the drivers in writing.

Smithfield Packing Company is to continue a Safe Driving Award Program throughout the life of this Agreement. The Company will determine the content of the program.

UNIFORMS:

Drivers are required to wear the Company's uniform at all times while on duty. Drivers are required to wear work shoes at all times while on duty. New drivers are required to provide and wear solid pants and a solid shirt until they have received their uniforms.

The Company shall provide the following uniform apparel to each driver upon inception of his or her employment with the Company:

- (1) Long sleeve shirts - Four (4);
- (2) Short sleeve shirts - Four (4);
- (3) Jacket - One (1);
- (4) Liner - One (1);
- (5) Pants - Four (4);
- (6) Winter Coat - One (1);
- (7) Coveralls - Two (2);
- (8) Hats - Four (4).

Company agrees to allow the drivers to reorder the following items once each year thereafter:

- (1) Long sleeve shirts - Three (3);
- (2) Short sleeve shirts - Three (3);
- (3) Pants - Three (3);
- (4) Coveralls - One (1);
- (5) Hats - Four (4).

The Company agrees to allow the drivers to reorder the

following items once every four (4) years thereafter:

- (1) Jacket - One (1);
- (2) Liner - One (1).

The Company agrees to allow the drivers to reorder the following items once every five (5) years thereafter:

- (1) Winter Jacket - One (1).

Uniforms are provided by the Company only for use by the driver while he or she is on duty.

Drivers that desire additional uniforms may purchase them through the Company at their own expense. The cost of these uniforms will be charged to the driver through a payroll deduction.

Upon termination of a driver's employment with the Company, the driver is responsible for returning all Company purchased uniforms to the Company in a clean (laundered) condition.

DELIVERY CALLS:

Check calls must be made between the hours of 7 a.m. and 9 a.m. Check calls can be handled by anyone in the Transportation Office. When calling, a driver must indicate if there is a problem or if he or she is running late. This will help the person taking the call to determine whom the driver should speak with in dispatch. If you are being delayed at a customer, you must call after waiting one-half (1/2) hour. Waiting time will not be paid until the time of the call.

BREAKDOWNS:

Driver is to notify the Transportation Office and give the dispatcher their equipment number, problem, location and phone number where they can be reached if possible.

Driver will then be transferred to the Smithfield Transportation Garage. If there is a phone number where the driver can be reached, they do not have to call back again until they are repaired. When the driver's truck has been repaired, he or she is to call the Transportation Office and also notify the Smithfield Transportation Garage. If there is no phone where the driver can be reached, they must maintain contact with the Transportation Department as much as possible.

NORMAL CHECK CALLING - PROBLEMS:

Problems encountered while delivering to a customer (overages, shortages, rejections) must be authorized by Transportation. This must be done at the time of delivery. You are also required to call Transportation when you are empty at your last stop.

INJURIES:

Personal injuries must be called in to the Transportation Department and the Clinic at the time of the injury. Drivers are required to go to the Clinic upon return to the plant or as soon as the Clinic reopens if the Clinic is closed at the time the driver returns to the plant.

DISCIPLINARY ACTION

1. Written Warning
2. Day Suspension
3. 3-Day Suspension
4. Termination

DEPARTURE:

Drivers are required to be on the yard at least one-half (1/2) hour before departure time, and must be in full uniform when reporting for duty. Drivers may wear plain t-shirts as part of the uniform. Work shoes are required. Drivers will be sent home with an unexcused absence if reporting to duty out of uniform.

If a driver has not received uniforms, solid pants and a solid shirt will be accepted. Shirts must be free of advertisements. Pants must be free of holes and not torn. Drivers are to notify Dispatch when they arrive at the plant. Drivers will check the status of their loads. If the driver's load is not in Billing, the driver must check with Shipping to get an estimated time when the load will be ready. The driver will notify his or her dispatcher if there is to be a delay with the load.

PRE-TRIP INSPECTION:

Drivers are required to complete a pre-trip inspection as required by Federal Highway Administration of Federal Regulations, Title 49, Part 396.11 prior to picking up each load.

- A. The initial dispatch of the day pays one-half hour pre-trip and a one-half hour post-trip at the driver's hourly rate.
- B. After the initial trip for the day, each additional trip pays a one-quarter hour pre-trip and a one-quarter hour post-trip at the driver's hourly rate.
- C. A layover trip pays a one-quarter hour post-trip and a one-quarter hour pre-trip at the layover point at the driver's hourly rate.
- D. Pre and post-trip pay will be applicable to both customer and interplant loads.

If a driver is put out of service for any items covered in a pre-trip inspection, the driver will be responsible for any citations or time lost for failure to pre-trip. Drivers will not be responsible for light bulbs, mud flaps or tires that fail after the pre-trip inspection.

Drivers must check temperature settings and readings to ensure they match the required temperature of the load.

All loads are to be scaled/axled out. If there is a problem with the trailer weight, it must be corrected prior to leaving the yard. If a weight problem cannot be corrected, the

driver must notify his or her dispatcher.

If a driver has to go to the Smithfield Transportation Garage for repairs, they are to notify the dispatcher of the problem. Drivers must notify dispatch when they are leaving the Shop and must return to the yard and recheck out of the Guard House after being repaired.

DISCIPLINARY ACTION

1. Written Warning
2. Day Suspension
3. 3-Day Suspension
4. Termination

DELIVERY SEQUENCE:

Drivers are required to deliver in the sequence that the tickets are numbered. The invoice indicates the load number and stop numbers in numerical order. You should check your invoices before leaving the plant. If there is a question about the invoices, call Transportation before leaving. You may not deliver out of sequence unless authorized by Transportation.

DELIVERY VERIFICATION:

Upon delivery of the product, the product must be counted and verified (even if a lumper is used). All invoices must be signed by the customer. The driver must note all differences on the invoice before the customer signs the invoice. Drivers must ensure all notations and signatures appear on all copies of the invoice. Driver must complete a credit memo for all shortages, returns or price differences. The name of the person who authorized the change must also be notated on the credit memo. Credit memos must be filled out completely and accurately to insure proper credit is given to the customer. The reason for the credit memo must be noted on the credit memo.

COMPLETION OF DELIVERY:

Delivery will be considered completed when the product is delivered into the cooler. However when the driver feels an unsafe condition exists, he or she will immediately contact their Dispatcher. If a driver feels the customer is *being unreasonable*, he or she will complete the delivery and upon return to the plant will report the situation to the Shop Steward and Dispatcher. The Company shall follow up immediately to resolve the problem. Drivers are not allowed to show or discuss other customer invoices with another customer.

DISCIPLINARY ACTION

1. Written Warning
2. Day Suspension
3. 3-Day Suspension
4. Termination

COD ORDERS:

If an invoice is marked "COD" in the terms section of the invoice, drivers are required to collect payment before the load is delivered. If the invoice indicates cash only, the driver is to accept cash only. If the invoice indicates COD-Certified Check, the driver may accept either cash or a certified check. Drivers may not accept personal checks unless authorized to do so by the Company. If the customer is unable to pay for the load, the driver is to contact his or her dispatcher immediately.

DISCIPLINARY ACTION

1. Written Warning
2. Day Suspension
3. 3-Day Suspension
4. Termination

If a COD order cannot be accounted for and a driver cannot

prove that it has been checked in, the driver will be responsible.

DRIVER BEHAVIOR:

Company drivers are required to act in a courteous and professional manner at all times. The driver will contact his or her dispatcher immediately if confronted, threatened or verbally abused by a customer. The dispatcher will immediately resolve the conflict. If a complaint is made against a driver, the complaint will be reviewed by Transportation personnel and a meeting will be held between the driver, driver representative, Transportation manager and the person who recorded the complaint. Disciplinary action will be taken varying from written warning to termination based on the severity of the act. If it is proven that a driver has threatened someone with physical harm, termination will result.

PASSENGERS:

No driver shall allow anyone other than an authorized Company truck driver to ride in his or her truck without written authorization from the Company.

RETURNED PRODUCT/INVOICES:

Drivers are not allowed to layover or bring back product without authorization from Transportation. Drivers are required to make all merchandise pickups that are assigned to the load. If a pickup cannot be made, the driver is to call the Transportation Department before leaving the customer. The driver must notate on the pickup the reason the pickup cannot be made and the person who authorized the pickup not being made. If there is a difference in the amount of product being picked up than is noted on the pickup, the driver is to call Transportation and notate on the pickup the differences and the person who authorized the differences. All pickups that are not made are to be returned with the driver's load paperwork.

1. Signed invoices, credit memos, credit memo books and merchandise pickups are to be checked in at the end of each trip (COD monies included). The assigned check-in points are as follows: 7 a.m. - 3 p.m. Scale House; 3 p.m. - 11 p.m. Freezer Office; 11 p.m. - 7 a.m. Guard House.
2. A copy of the driver's log along with copies of the credit memos, pickups are to be left at the Freezer Office. If the office is closed, this paperwork is to be left in the metal box beside the Freezer Office.
3. When putting returned product in the return cage, drivers will stack the product on pallets in the cage.
4. When checking in COD orders, the driver must get a receipt from the person that they are checking in with.
5. Drivers are required to unload returns under 2,000 pounds that are returned to the plant.
6. When returning to the plant with product, check with the Shipping Dock Supervisor before backing into a door to unload product.
7. Drivers are not to park equipment at either dock when returning to check in product or get tickets. Equipment is to be parked at designated areas when returning to the yard.
8. If bringing product back from a cold storage or interplant, call the Shipping Dock upon return to the plant and notify them of the product and the trailer number. A copy of the load paperwork must be taken to the Shipping Dock Office. The Shipping Dock will instruct you to back in a door to be unloaded or ask you to drop the trailer on the yard.
9. In the event an unloading dock and equipment is not provided, a spotter or shipping employee shall be required to unload the truck. The driver is required to notify Transportation and Shipping that he or she is sealing the

trailer and leaving it on the yard. The driver is also required to leave a copy of his or her paperwork with the Shipping office.

If you are having unit problems and have product on the trailer, you must notify the Shipping Supervisor so that arrangements can be made to have the product unloaded. The driver is also required to leave a copy of his or her paperwork with the Shipping Supervisor when dropping a trailer on the yard.

DISCIPLINARY ACTION

1. Written Warning
2. Day Suspension
3. 3-Day Suspension
4. Termination

UNEXCUSED ABSENCE:

The following conditions will result in a driver being charged with an unexcused absence:

1. If driver does not show up for dispatch on the lineup and does not call the Transportation Office to be excused.
2. If a driver is excused from the lineup for illness for more than one (1) day, he or she will be required to provide a *doctor's slip for each day after the first day before returning to work*. Each day the driver is without a doctor's excuse will be considered an unexcused absence.
3. A driver's failure to attend mandatory Company meetings will be considered an unexcused absence, unless excused by management.

GENERAL DISCIPLINARY ACTION

Any combination of procedures that are violated could result in disciplinary action up to termination.

DISPATCH:

Sunday is to be considered the first dispatch day of the week. All trips are to be bid/assigned by seniority of available drivers following the seniority list from highest to lowest seniority and then repeating the practice throughout the week for all dispatches except deadhead runs. Each day, the next available driver on the seniority list not dispatched is to be the first driver to bid/be assigned a run. All other bids/assignments for the day are to follow to next available drivers in descending sequence on the seniority list. When the last person on the seniority list is bid/assigned a run, the process of bidding/assigning runs reverts to the first person on the seniority list and the cycle continues in descending seniority sequence of available drivers.

Drivers that are dispatched on loads that cancel will be put to the top of the seniority list for the next day's dispatch. However, these drivers shall not be placed ahead of more senior drivers that were not dispatched on the prior day.

The following lanes are grandfathered as assigned runs. Listed below are the protected lanes, frequency of occurrence and the drivers identified as assigned to the runs. These runs are excluded from the daily process of bidding/assigning runs unless the designated driver is not available. In the event a designated driver relinquishes this assigned status, the vacated grandfathered lane is to be bid by seniority. Other drivers with assigned run status are eligible to bid, in which case the assigned runs he/she would vacate would then be posted for bid.

Smithfield:

| | | |
|--------------|--------|-----------------------------------|
| Norfolk | 2/day | Robert Stephenson, Edward Drew |
| Landover | 1/day | Milton Walker, Herman Miles |
| Philadelphia | 2/week | Thomas Satterthwaite |

| | | |
|---------------|-----------|---|
| Kinston | 1/day | Calvin Blizzard |
| Rendering | Mult./day | Ivor Mickel |
| Hampton Roads | Mult./day | Luther Walker |
| Tar Heel: | | |
| Kinston | 1-2/day | Cecil Jones, William Jones, Wrencis Johnson |
| Rendering | Mult./day | Tim Pait, Christopher Morrison, William Smith, Jerry Naylor, George Powell, Tommy Harris |
| Wilson | | Ernest Woodruff, III |

The Company is not obligated for any guarantees of any type if the runs listed above are not available. In the event the grandfathered runs are not available, the driver falls into the process of daily bidding/assigning of runs by seniority and has to take what is available.

Grandfathered drivers are eligible for extra moves as pickup or backhaul.

PAPERWORK FOR GREASE LOADS:

Drivers are to submit the following paperwork to the Rendering Secretary or the Night Shift Supervisor in Rendering:

1. Signed customer copy of picking ticket for previously delivered load.
2. Customer receiving ticket with scale weights to match the picking ticket.
3. *Completed driver trip report which accompanies the load.*

When these items have been received by the Rendering Department, the driver will be given his load for the next day and the invoices. Failure to follow these procedures will result in invoices being held until each item has been

submitted. In the event of a weekend departure, you will be allowed to submit your reports on the following Monday if tickets have to be left at the Guard House. After all proper paperwork for Rendering has been turned in, the Rendering Department will then pass the trip sheets as well as a copy of the scale ticket to the Transportation Department so that they can be processed for payment.

USE OF OUTSIDE CARRIERS:

Smithfield Packing Company reserves the right to hire outside carriers based on the availability of Smithfield Packing Company drivers and Smithfield Packing Company equipment for that day's shipment.

VEHICLE INSPECTION REPORTS:

All drivers are required to complete a vehicle inspection report prior to leaving the yard. One copy is to be turned in with your trip sheet, one copy is to be turned in to the garage and the pink copy remains in the book in the tractor.

DOT LOGS:

DOT driver's logs are to be completed and turned in not later than once every ten (10) days. Drivers more than ten (10) days behind in their logs shall be ineligible for dispatch until such time as their logs are made current. Drivers that are behind in their logs more than ten (10) days will be given forty-eight (48) hours to correct the situation. If not corrected after forty-eight (48) hours, they will then receive an unexcused absence.

ELECTRONIC LOGGING

Smithfield Packing Company has the right to implement technology in the efficient operation of its fleet, including but not limited to electronic logging. However, the Company is committed to serving our customers, to the well being of our associates and to the safety of the public

and will exercise sound decision making practices when implementing technology changes. These decision making practices are to include thoroughly evaluating input from associates.

Company shall have the final determination as to which method of recording driving activity will be primarily used for compensation, DOT reporting, etc. Drivers, however, shall have the right to maintain a manual log of driving activity, and in the event of any dispute, the Company will take into account driver's manual activities in determining accuracy and legality.

In the event Smithfield Packing Company implements electronic logging, the Union and the Company agree to a transition period of ninety days during which drivers are not to receive progressive discipline for log violations. Drivers will be counseled and will be accountable for log accuracy, but during the transition period all discipline records for log violations are frozen.

If the Company implements electronic logging, the term for discipline due to log violations is reduced to six months and then it falls off driver's record. Additionally, at this time the progressive discipline for log violations reverts to four steps with the fourth step being termination.

PAYROLL:

RATES

| | <u>7/2/01</u> | <u>7/2/02</u> | <u>7/2/03</u> | <u>7/2/04</u> | <u>7/2/05</u> |
|----------------|---------------|---------------|---------------|---------------|---------------|
| Mileage | .34 | .345 | .35 | .355 | .36 |
| | .15 | .155 | .16 | .165 | .17 |
| <300 Mile Base | 50.00 | 52.50 | 55.00 | 57.50 | 57.50 |
| Hourly | 10.50 | 10.75 | 10.75 | 11.00 | 11.30 |

WORK TIME

All drivers are required to work five days across a seven-

day week. In the event the Company is unable to provide a trip to a driver on his/her fifth day, and if the inability to provide a trip is not due to circumstances beyond the Company's control as acts of God, computer breakdown, employee controlled circumstances, then the driver is to be compensated at the equivalent of a minimum trip of \$100.00

In the event the Company is unable to provide a trip to a driver on his/her fourth day in addition to being unable to provide a trip for a fifth day, and if the inability is not due to circumstances beyond the Company's control as acts of God, computer breakdown, employee controlled circumstances, then the driver is to be compensated for the fourth day at the equivalent of an average day's pay and is to be compensated for the fifth day at the equivalent of a minimum trip of \$100.00.

WORK WITHIN LAWS

The Company expects all drivers to conform with all federal, state and local laws while conducting Company business.

CANCELLED LOAD

In the event a driver is bid/assigned onto a load which cancels or does not materialize, the singular remedy is for the driver to be scheduled at the top of the list in seniority sequence for the next process of bidding/assigning runs.

MILEAGE VERIFICATION

PC Miler is the recognized source for all miles used in driver pay calculations. Drivers may challenge distance stated by PC Miler. The challenge is to be presented to the Dispatch Manager. The Dispatch Manager is to verify the distance stated by PC Miler by conducting a timely verification with hub miles and/or having a driver in a different tractor run the same route. Any and all appropriate

pay adjustments are to be submitted to Payroll for the next available pay period.

Final disposition with respect to discrepancies rests with the Business Manager of Food Processors Local Union 1046 and the Vice President of Logistics of Smithfield Packing Company to resolve and shall be outside the scope of grievance process.

ROUTING

Smithfield Packing Company will not direct truck traffic onto roads determined to be unsafe for trucks. Drivers are to advise the Dispatch Manager of any routing directions determined to be unsafe for truck traffic. The Dispatch Manager is to immediately review with the Transportation Manager. The Transportation Manager is to either approve the routing exclusion or is to meet with the Stewards to discuss for resolution.

Final disposition with respect to discrepancies rests with the Business Manager of Food Processors Local Union 1046 and the Vice President of Logistics of Smithfield Packing Company to resolve and shall be outside the scope of grievance process.

UNLOADING PAY

Unloading pay is to be paid at the rate of \$0.20/per hundred weight (gross weight). Unloading pay is to be paid by the stop having to be unloaded.

HAND UNLOAD

Hand unloading is to be paid at job schedule 10 or equivalent hourly rate.

Hand unloading is applicable only with dispatch approval and accompanying photograph (s) of the damaged and/or irregular load condition upon arrival at the customer

which precludes normal unloading practices and applies to toppled pallets of boxes and broken combos.

The driver is responsible to secure all second and subsequent stops.

CUBE VERSUS WEIGHT UNLOADED

Where off loading is required, compensation for Case Ready "cube" product is to be at \$3.63 per pallet. All other product off loaded is to be at \$0.20 per hundred weight.

STOP PAY

The driver is to be paid \$10.00 for each scheduled stop after the first stop on the load. This applies to multiple drops on backhaul and to multiple drops on interplant deliveries.

DROP AND HOOK

The driver is to be paid one-quarter hour at the driver's hourly rate for a clean drop and hook. See Addendum, page 69.

TEAM PAY

Both drivers are to receive the calculated pay for the load. The senior driver assumes the lead role for the team.

PICKUPS AND BACKHAULS

The driver is to receive pickup pay per the following scale for all pickups and all backhauls made enroute after completion of the first or initial dispatch of the day. This does not include subsequent dispatches from the driver's terminal.

Pickup/Backhaul Pay Scale:

| | |
|---------|------------------------|
| \$20.00 | 1 - 5,000 pounds |
| \$25.00 | 5,001 - 10,000 pounds |
| \$35.00 | 10,001 - 20,000 pounds |
| \$40.00 | over 20,000 pounds |

Each driver receives one-half rate for team for one pound through 20,000 pounds. Greater than 20,000 pounds pays \$25.00 each team member.

The Smithfield Packing Company fleet is to be given priority for available pickups and backhauls. When a fleet driver and a third party driver are in the same physical area of the pickup/backhaul location, the fleet driver is to be given the priority for the pickup/backhaul provided all necessary schedule commitments can be achieved.

WAITING TIME

Delay Time Compensation:

A. Dispatch Delay

If driver is on time for scheduled dispatch, all delay time is paid from scheduled dispatch until load is ready for departure.

B. Backhaul Pickup Delay

If driver arrives at backhaul location to meet scheduled appointment, delay time is paid for all hours after the first two hours from scheduled appointment time.

If driver misses scheduled appointment time, delay time is paid after two hours beyond the driver's arrival time at the backhaul location.

C. Customer Delivery Delay/Relay Load

If driver is delayed beyond scheduled appointment time for off loading at the customer, or if driver arrives at customer late for reasons beyond the driver's control, all

delay time after the first two hours is to be paid beginning with either the scheduled appointment time or with the driver's arrival time at the customer. Less than eight hours pays waiting time, or greater than eight hours pays a layover. Waiting time pay and layover pay do not pyramid.

D. Breakdown Pay

Drivers will be reimbursed for breakdowns if the breakdown exceeds 4 hours. Pay is based on breakdown time minus two (2) hours. The driver must notate on his paysheet where the breakdown occurred, the times the breakdown started and stopped and the problem causing the breakdown. If all necessary information is supplied by the driver, the breakdown will be paid minus two (2) hours. Should any of the necessary information be omitted, breakdown time will not be paid until the missing information is supplied by the driver.

E. Interplant Pickup

If driver arrives at pickup location to meet scheduled appointment, all delay time is to be paid after the first two hours from scheduled appointment time.

F. Weather

In the event a driver is delayed when asked to drive in severe weather such as a hurricane, the driver is to be paid an average day's pay for each twenty-four hour cycle from the start of the delay. The driver must be delayed at least eight (8.0) hours, then meals are included.

G. The Union and the Company recognize it is not beneficial to either party to experience delay time. The Union and the Company agree their representatives are to meet at mutually agreed times as required to identify and to resolve issues generating delay time due to the types of loads being placed upon the fleet, particular routing, dispatch practices. The meetings are to be scheduled at least quarterly and more frequently as required.

H. If a driver is dispatched excessively ahead of time, then delay time begins two hours after arrival at destination.

I. If the Company detains a driver after all deliveries are complete from returning to/moving to his/her next scheduled destination, delay time is to be paid after the first two hours delay.

If a driver departs late for his or her delivery and the reason for departing late is found to be the driver's fault, no waiting time will be paid to driver for the stop(s) to which he or she arrives late. Falsifying waiting time is considered an act of theft and will be punished with disciplinary action up to and including discharge.

The driver accepts the responsibility of filling out completely and turning in immediately upon the conclusion of each and every trip the following: (a) driver's trip report and payroll sheet; (b) petty cash; (c) traffic tickets; (d) vehicle inspection report and (e) fuel tickets. The term "filling out completely" here means answering each line of the driver's trip report and submitting proper support for all petty cash disbursements. Failure to turn in the above reports or to fill out the reports completely more than two times in any two-month period would represent grounds for suspension from work for a period of one week without pay. A driver must be notified in writing of each failure. No trip sheets will be paid if the trip sheet is dated over two weeks old. Drivers are to handle all questions/discrepancies with the Payroll Clerk within two weeks of the Thursday the paycheck in question is issued. Trip reports are to be turned in no later than Sunday midnight for the following Thursday payday. The Payroll Clerk reserves the right to withhold pay for waiting time, breakdown time, layovers, pickups, etc., until all necessary information needed for payment has been supplied by the driver. Supporting documents must be turned in with trip sheets to verify pickups and backhauls. Payment will be paid promptly after all information has been supplied by the driver. Signed backhaul paperwork for backhauls that

have been delivered are to be turned in to the Transportation Office so that the backhaul customer can be billed. This paperwork should be turned in with your trip sheet upon your return to the plant.

LAYOVERS

Layover Pay:

Layover pay consists of nine (9) hours paid at the driver's hourly rate, twenty-five dollars (\$25.00) meal allowance, sleeper berth the first night and an approved hotel/motel room and meals each subsequent consecutive night.

Layover pay is authorized when the Company detains the driver until the next day beyond the driver's scheduled return for purpose of pick up and/or delivery when unable to complete delivery or assignment. Layover is paid when detained eight (8) hours or more.

Layover pay is not authorized for the crossing of midnight from one day to the next.

Layover pay is not authorized for scheduled dead time less than eight (8) hours. Layover pay is authorized for scheduled dead time of eight (8) hours or greater. Dead time defined – Driver has moved to next stop proximity and cannot move farther, and driver has eight (8) hours or greater until next scheduled appointment time.

Driver is to give four (4) hours free time following the conclusion of a layover. After four (4) hours free time, the driver begins to be paid waiting time up to four (4) hours. When the total time following the conclusion of the layover reaches eight (8) hours (four hours free time and four hours waiting time), the driver is paid another layover. Payment of the layover replaces and eliminates waiting time accumulated in the preceding four (4) hours.

Layover pay is not impacted if a required/regulating DOT break coincides with any or all of the layover hours. The layover is paid.

When calculating the amount of hours determined for layover purposes only, the Company shall use the driver's actual arrival time or appointment time, whichever is later.

Drivers are allowed an approved hotel/motel room for the second twenty-four hour period and each subsequent twenty-four hour period regardless if they are on layover.

VACATION/HOLIDAY PAY

Vacation pay shall be based on each individual driver's average weekly earnings from January 1st through December 31st of the preceding year.

Driver-Worked Holiday Pay:

A driver is considered to have worked on a recognized holiday if the driver's log reflects eight hours on duty during the twenty-four hours between midnight day prior to midnight day of the holiday. Drivers who qualify as having worked the day of the holiday are to be paid their regular holiday pay and one and one-half their scheduled trip pay for work performed on the holiday.

LABOR:

No labor will be reimbursed on any trip in which an EXTRA MAN BONUS is paid. Exceptions:

Erie Farms - Erie, PA - \$15.00

Mello Packing - Fall River, MA - 5,000 - 10,000 lbs - \$15.00

10,000 - 20,000 lbs - \$20.00

20,000 - 40,000 lbs - \$30.00

Spartan - Grand Rapids, MI - Based on the number of pallets rejected, must be pre-approved.

IGA - Bloomington, IN - 5,000 - 20,000 - \$20.00

20,000 - 40,000 - \$30.00

Bruno - Birmingham, Al - Based on product and weight at each customer - must be pre-approved.

Kroger - East Point, GA - Case ready product only (based on number of cases, pallets and amount of product on the floor.)

ALL OTHER LABOR AUTHORIZATIONS

Warehouse loads only - \$20.00 - \$40.00 depending on circumstances.

Labor reimbursements will be based on the following criteria:

1. Driver must have at least 15,500 lbs. delivering to customer.
2. Driver has to re-palletize product due to rejected pallets (driver must bring those pallets back to Smithfield Packing that are rejected and inform pallet dock personnel of the rejected pallets by customer).
3. Customer does not allow drivers to use electric jack to unload, and driver must use a hand jack or hire a lumper.
4. Ten or more items at a customer that have to be separated:
Richfood; Scrivner (Warsaw, NC and York, PA); SuperRite (Shiremanstown, PA); Nash, Finch (Lumberton, NC); Giant (Landover, MD); Safeway (Landover, MD); CCS (Landover, MD):
1-3 items 15,500 - 42,500 lbs. \$30.00
4-10 items 15,500 - 42,500 lbs. \$40.00
10 or more 15,500 - 42,500 lbs. \$60.00
Supermarket General - Woodbridge, NJ (bacon only) - over 15,500 lbs. - \$30.00
Winn Dixie - Charlotte, NC - (solid load of fresh meat or bacon) - \$60.00
Bi-Lo - Mauldin, SC - (solid loads of loins) - \$60.00.

All labor receipts must be turned in to the Petty Cash Clerk upon return to the home terminal from the load.

The labor receipt will contain the following information: driver name, tractor number, trailer number, amount of labor, date, place of unloading (name of customer and city), name of lumper (signature), social security number (of lumper).

If a driver turns in a labor receipt that has not been authorized, this will be considered theft and disciplinary action will result up to termination.

Labor for backhauls will be authorized only by the person booking the backhaul.

PETTY CASH:

No driver shall have more than two petty cash slips open at one time. The following are legitimate expenses to be reimbursed from petty cash: fuel, labor (when authorized), motels (when authorized), meal money, scale tickets, shower tickets, fees for cashing comchecks, business phone calls on the road, washouts, truck repairs, fuel additives, overweight fines paid by driver, bill of lading for backhauls, pallets purchased and/or extra pallets, highway tolls, tools. (Tools must be returned to shop upon return to the plant and a garage receipt must be given to driver.) Drivers are not to use petty cash money for non-company expenses. Legitimate receipts must be turned in for all purchases. Each receipt must specifically identify the item that was purchased. The Company will not be responsible for lost receipts. Receipts must be turned in at the end of each trip. When a driver checks in, all remaining petty cash money that is to be paid must be returned to the Company.

Drivers will not be reprimanded for having more than one petty cash when the Company fails to check his or her petty cash prior to issuing more.

LOCKS:

Each new driver will be issued two (2) locks. The driver will be responsible for signing for the two locks. In the event that these locks are broken, lost, cut or otherwise damaged as a result of the driver's actions, the cost of a replacement lock(s) will be deducted from the driver's pay. Drivers are to remove locks from all equipment upon its return to any Company plant.

LOAD LOCKS:

Drivers will not be responsible for load locks on interplant shipments.

DUI/DWI POLICY:

Conviction of a DUI/DWI, personal vehicle – which revokes or suspends license, will make the driver ineligible for driver status until qualified with a valid license. In the interim, the driver can be placed into an open job within the Transportation/Distribution Department at the pay rate for the new job. Conviction that results in any type of imprisonment or the inability to work will lead to termination immediately as LOA's will not be granted in this situation. Employees are required to notify the Company within 48 hours of a non-commercial offense.

Conviction of a DUI/DWI, commercial/company vehicle – results in immediate discharge with a no rehire status.

PREVENTABLE ACCIDENTS, CLASSIFICATION OF AND ACTION TAKEN:

Preventable accidents will be determined by the following criteria:

OVER THE ROAD ACCIDENTS

- A. If a Company driver is involved in an accident on

a public roadway and is charged by local or state police as being at fault.

- B. If a Company driver is involved in an accident on a public roadway not covered by paragraph A, the Company Accident Review Committee will make the decision from information furnished by the Roadmaster as a result of his or her investigation and the testimony of the driver and any witnesses.

DISCIPLINARY ACTION: A Company driver charged with two (2) preventable accidents within a one-year period as defined in either paragraph A or B, the driver will be placed on a minimum of three-months suspension and also placed on a three-year probation. If a Company driver is charged with a preventable accident during the three-year probation as outlined in paragraph A or B, the driver will be discharged.

OFF-ROAD ACCIDENTS

- A. Any off public highway accidents will be classified by the Accident Review Committee in same manner as outlined in paragraph B, Over the Road Accidents.

DISCIPLINARY ACTION: Points will be charged to subject driver's record as follows for preventable accidents as a result of paragraph A, Off-Road Accidents.

1. Backing - 3 points
 2. Striking parked vehicle - 3 points
 3. Backing into and damaging building or attachments - 3 points
 4. Striking stationary object (poles, etc.) - 3 points
- B. Accumulation of:
1. 3 points - letter in record
 2. 6 points - one-trip suspension
 3. 9 points - one-week suspension
 4. 12 points - within six months - two-week suspension

5. 13 points or more within nine months - suspended from driving on the road for such a period as it takes to get under 13 points.
- C. Any driver that completes one calendar year without being charged with a preventable accident as outlined in Over the Road Accidents or Off-Road Accidents will be awarded 3 bonus points per year. A driver may accumulate up to fifteen bonus points that may be used to reduce negative points. Once the maximum of 15 points have been accumulated, plus points will remain on the driver's record and used as needed.

SPEEDING TICKETS:

Company drivers that receive a ticket for exceeding the speed limit by more than 5 MPH may request a dynamometer check. The driver must pay for this service if the speedometer is off less than 5 MPH.

DOT REGULATIONS:

The following Department of Transportation regulations shall be Company policy. They are as follows:

383.33 If a driver's license is revoked, suspended or cancelled by a State and loses his/her right to drive a commercial vehicle they shall report this to his/her employer before the end of the business day following the day the employee receives the notice.

383.31 Each person who operates a commercial vehicle who has a CDL issued by a State or jurisdiction and who is convicted of a violation in any type of motor vehicle (other than parking) shall notify his/her employer and the State Agency that issued the license within thirty (30) days after the conviction. (You shall notify the Roadmaster's Office).

391.11 A driver shall provide a urine sample to be tested

for the use of a controlled substance as soon as possible or no later than 32 hours after a reportable accident if the driver of a commercial vehicle receives a citation for a moving traffic violation arising from the accident. (Contact Clinic).

HIGHWAY 10:

No driver is permitted to operate Company vehicles on Highway 10, from Route 666 to Hopewell, Virginia, unless they have been authorized to do so by the Company. Any driver operating Company equipment on Highway 10 without authorization will be suspended for three (3) days. The second offense will result in termination.

DRIVER PAY RENDERING:

Any driver pulling a rendering load with either a dump trailer or a tanker trailer is to be paid one hour handling rate paid at driver hourly rate schedule for each load delivered.

DRIVER EQUIPMENT RENDERING:

Rendering drivers are to be supplied rubber boots, suits and gloves.

MEAL MONEY:

Drivers that are on the road for more than twenty-four continuous hours will receive \$25.00 meal money for each twenty-four hour period they are on the road.

Meal money is to be paid at the dispatch window at time of departure.

ADDENDUM:

DROP AND HOOK PAY

Drop and hook pay is intended to compensate the driver in the following example:

Delivery to a customer as Giant Eagle where the driver transports the loaded trailer to the customer's location, drops the loaded trailer at the customer's location and hooks to an empty trailer for the return trip. The driver then earns the contractual drop and hook pay.

The following examples apply, and in each, the driver is paid (either) pickup pay and/or drop and hook pay.

The example is a driver dispatched to an interplant location as *Landover with a loaded trailer. The driver makes the delivery to Landover and is then dispatched with a loaded trailer moving to another location. The driver is paid the contractual rate for a pickup; and 1/2 rate drop and hook.*

The example of a driver being dispatched to an interplant location with an empty trailer and then dispatched with a loaded trailer. *The driver is paid the contractual rate for a pickup; and 1/2 rate drop and hook.*

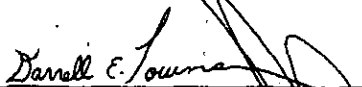
The example of a driver being dispatched to bobtail to an interplant location to pick up a loaded or empty trailer is part of the original dispatch.

The example of a driver dispatched with a loaded trailer to an interplant location, the driver drops the loaded trailer at the interplant location and picks up an empty trailer for the return trip. The driver is paid the contractual drop and hook pay.

LETTER OF AGREEMENT:

RE: Dispatch

The Union and the Company agree to work through the details of the development of the revised method of dispatch detailed in the Agreement. Both parties are to work expeditiously to develop and to agree to a revised dispatch method and to implement same with the greatest urgency. Neither the Union nor the Company shall withhold their agreement and/or delay implementation without reason.




Darrell E. Louma

Food Processors Local Union 1046

December 31, 2001

Date



Shemie String

Smithfield Packing Company, Inc.

December 31, 2001

Date

ARTICLE XXIV

Duration

This Agreement shall become effective July 1, 2001, and shall be in full force and effect to and including June 30, 2006, and shall continue from year to year thereafter unless notice of modification or termination is given by either party to the other, in writing, at least sixty (60) days prior to June 30, 2006. This Agreement may be amended at any time by the mutual consent of the parties hereto:

Signed this 31st day of December 2001.

THE SMITHFIELD PACKING COMPANY, INC.

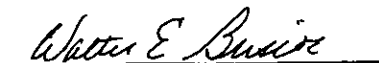


Sherrie String, Vice President Human Resources



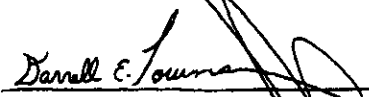
Gary Conrad, Vice President Transportation and Logistics

LABORERS INTERNATIONAL UNION OF NORTH AMERICA - AFL - CIO



District Council Representative

FOOD PROCESSORS LOCAL NO. 1046



Darrell E. Townsend, Business Manager

NEGOTIATING COMMITTEE (PRODUCTION)

| | | |
|----------------|-----------------|-----------------|
| Winston Ricks | Quintus Clark | Marion Walton |
| Rosetta Clark | Wilbert Shivers | Joe Warren |
| Joe Underwood | Jerome McInnis | Daniel Harrison |
| Thomas Pearson | | |

NEGOTIATING COMMITTEE (DRIVERS)

| | | |
|------------------|---------------|----------------|
| James Hunter | Alfred Davis | Wrencis Johnso |
| Herman Taliferro | Milton Walker | Jimmy Carter |

NEGOTIATING COMMITTEE (Company)

Noel Messerole
Gary Conrad
Herb DeGroft