



Good food. Responsibly.®

Dennis H. Treacy  
Executive Vice President  
& Chief Sustainability Officer

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Dear North Carolina Legislators:

Thank you for your continued support of our company, employees, contract partners and industry over the years. Smithfield Foods employs more than 10,000 people in North Carolina and the entire swine industry provides over 46,000 full time jobs and contributes \$11 billion dollars annually to the State's economy. Despite a moratorium on new farm construction for the last two decades, we have continued to invest in the business, contract growers, employees, and the communities in which we live and work.

While our current systems of manure management have proven to be both compliant and protective of the environment, we have spent over \$40 million dollars since 2000 in developing and evaluating alternative manure management systems that provide an incremental environmental improvement over today's systems, while remaining economically feasible for farmers. The Renewable Energy Portfolio Standard legislation passed in 2007 has given these swine waste-to-energy projects a fighting chance. Since that time, we have worked diligently with technology suppliers, investors and others to make economically feasible swine waste-to-energy projects a reality.

These efforts are finally starting to bear fruit. We recently signed an agreement for several of our farms to supply a continuous supply of manure to a proposed central digestion facility in Duplin County. Most notably, we are in the final phase of contract negotiations with a partner that would allow for the construction of digesters on six of our largest company-owned farms. **This agreement would more than double the current electrical generation capacity from swine farms in this state.**

There is no doubt that turning swine manure into energy is more challenging than other potential renewable sources such as solar or biomass. However, we feel strongly that swine waste-to-energy projects will provide a steady source of renewable energy for this state for years to come, while enhancing our efforts in the area of manure treatment.

We are concerned that certain proposed legislative action – as well as legislative inaction - is sending mixed signals to investors and could have a detrimental effect on these and future efforts in our industry. For this reason, we would ask you to consider the following:

1. Extend the renewable energy investment tax credit for swine and poultry waste-to-energy projects indefinitely or until such time that the electric utilities have achieved compliance with the swine and poultry set-asides in the Renewable Energy Portfolio Standards (REPS) law.
2. Keep the Renewable Energy Portfolio Standard law as currently written. The process of constructing waste-to-energy projects is arduous enough now. Extended periods of legislative deliberation have made these efforts even more difficult as such uncertainty affects the investor community.

Again, thank you for all you do for North Carolina, our communities and our business. We appreciate your consideration of our request.

Sincerely,

Dennis H. Treacy