



**Avda. de Europa 24, Parque Empresarial La Moraleja, 28108 Alcobendas (Madrid)
Tel: (91) 4842700 Fax: (91) 661 53 45**

STOCK EXCHANGE COMMISSION

**Attn: Mr. Rodrigo Buenaventura
Head of Secondary Markets
Directorate-General of Markets
C/ Serrano, 47
28001 Madrid**

Madrid, April 17th, 2013

Dear Sir:

In accordance with the provisions of Article 82 of Securities Market Act 24/1988, of July 28, 1988, notice of the following Material Fact is hereby served, for its inclusion on the public registers of this Stock Exchange Commission:

On April 16th, the Board of Directors of Campofrio Food Group, S.A. (“**Campofrio**” or the “**Company**”) has agreed to call an Ordinary Shareholders’ Meeting of the Company, to be held on May 23, 2013 at first call and May 24, 2012 at second call, the attached call notice for which will be published shortly.

Very truly yours,

The Secretary of the Board of Directors
Campofrío Food Group, S.A.

Signed: Alfredo Sanfeliz Mezquita

It is attached herein the announcement, the proposals of corporate resolutions and the Annual Report on Remuneration.



CAMPOFRÍO FOOD GROUP, SOCIEDAD ANÓNIMA

JUNTA GENERAL ORDINARIA DE ACCIONISTAS

El Consejo de Administración de CAMPOFRÍO FOOD GROUP, SOCIEDAD ANÓNIMA, en cumplimiento de lo establecido en el artículo 13 de los Estatutos sociales y en la Ley de Sociedades de Capital, ha acordado convocar **Junta General Ordinaria de Accionistas** a celebrar el día **23 de mayo de 2013, a las 12.00 horas** en primera convocatoria, en el edificio Torona, Avda. de Europa, 24, Parque Empresarial La Moraleja, Alcobendas, 28108 (Madrid), y, en su caso, el día siguiente, en el mismo lugar y a la misma hora, en segunda convocatoria, a fin de deliberar y **resolver sobre el siguiente:**

ORDEN DEL DÍA

Primero.- Examen y aprobación, en su caso, de las Cuentas Anuales (balance, cuenta de pérdidas y ganancias, estado de cambios en el patrimonio neto, estado de flujos de efectivo y memoria) e Informes de Gestión, Individuales y Consolidados, correspondientes al ejercicio cerrado a 31 de diciembre de 2012, propuesta de aplicación del resultado correspondiente al ejercicio 2012 y reclasificación de reserva voluntaria a reserva por fondo de comercio y reserva legal.

Segundo.- Examen y aprobación, en su caso, de la gestión del Consejo de Administración correspondiente al ejercicio 2012.

Tercero.- Examen y aprobación, en su caso, de la reelección de auditores externos de la compañía.

Cuarto.- Examen y aprobación, en su caso, del balance de actualización de conformidad con lo dispuesto en la Ley 16/2012 “por la que se adoptan diversas medidas tributarias dirigidas a la consolidación de las finanzas públicas y al impulso de la actividad económica”; así como de la delegación de facultades en favor del Consejo de Administración para la interpretación, aplicación, ejecución y desarrollo en relación con la actualización del balance de la normativa aplicable vigente y en desarrollo y en particular del Proyecto de Orden que aprueba el modelo 108 "Gravamen único sobre revalorización de activos de la Ley 16/2012 para sujetos pasivos del Impuesto sobre la Renta de las Personas Físicas”.

Quinto.- Sometimiento a votación con carácter consultivo del informe anual sobre la política de remuneraciones de los consejeros.

Sexto.- Examen y aprobación, en su caso, de la delegación de facultades en favor del Consejo de Administración para la interpretación, aplicación, ejecución y desarrollo de los acuerdos adoptados por la Junta General que lo precisen; incluidas las subsanaciones necesarias para dar cumplimiento a cuantos requisitos fueren precisos, bien para su eficacia o para su inscripción registral.

Séptimo.- Examen y aprobación, en su caso, del otorgamiento de facultades para elevar a documento público los acuerdos de la Junta general que lo precisen o hayan de inscribirse en los Registros públicos, así como para ejecutar dichos acuerdos.

El Consejo de Administración ha hecho uso del derecho que les confiere el artículo 203.1 de la Ley de Sociedades de Capital y el artículo 101 y siguientes del Reglamento del Registro Mercantil, por lo que se levantará acta con intervención notarial.

DERECHO DE INFORMACION Y COMPLEMENTO DE CONVOCATORIA

De conformidad con lo previsto en los artículos 197 y 520 de la Ley de Sociedades de Capital, hasta el séptimo día anterior al previsto para la celebración de la junta, los accionistas podrán solicitar de los administradores, acerca de los asuntos comprendidos en el orden del día, las informaciones o aclaraciones que estimen precisas, o formular por escrito las preguntas que estimen pertinentes. Los accionistas podrán solicitar informaciones o aclaraciones o formular preguntas por escrito acerca de la información accesible al público que se hubiera facilitado por la sociedad a la Comisión Nacional del Mercado de Valores desde la celebración de la última junta general y acerca del informe del auditor, excepto cuando, con anterioridad a su formulación, la información solicitada esté clara y directamente disponible para todos los accionistas en la página web bajo el formato pregunta-respuesta.

Asimismo, de acuerdo con la ley de Sociedades de Capital y los Estatutos Sociales, a partir de la convocatoria de la Junta General, cualquier accionista podrá examinar en el domicilio social y, en su caso, obtener de la sociedad, de forma inmediata y gratuita, los documentos que han de ser sometidos a la aprobación o consideración de la misma así como solicitar la entrega o el envío gratuito de los mismos, entre los que se encuentran:

- Las Cuentas Anuales e Informes de Gestión correspondientes al ejercicio 2012 de la Sociedad y de su Grupo Consolidado, así como los Informes de los Auditores de Cuentas, de acuerdo con el artículo 272.2 de la Ley de Sociedades de Capital.
- El texto íntegro de las propuestas de acuerdo sometidas por el Consejo de Administración a la Junta General y el anexo relativo al Balance de actualización en los términos previstos en la Ley 16/2012.
- El Informe de Gobierno Corporativo correspondiente al ejercicio 2012 aprobado por el Consejo de Administración.

- Informe Anual de Remuneraciones, de la Política de Remuneraciones aprobada por el Consejo de Administración para el año en curso y para años futuros, el resumen global de la aplicación de la política de remuneraciones durante el ejercicio y el detalle de las retribuciones individuales devengadas por los Consejeros.

Los citados documentos podrán ser también consultados en la página web de la compañía: www.campofriofoodgroup.com

De conformidad con lo dispuesto en el artículo 519 de la Ley de Sociedades de Capital, los accionistas que representen, al menos, el cinco por ciento del capital social, podrán solicitar que se publique un complemento a la convocatoria de la presente Junta, incluyendo uno o más puntos del orden del día siempre que los nuevos puntos vayan acompañados de una justificación, o en su caso, de una propuesta de acuerdo justificada. Asimismo, los accionistas que representen, al menos, el cinco por ciento del capital social, podrán presentar propuestas fundamentadas de acuerdo sobre asuntos ya incluidos o que deban incluirse en el orden del día de la junta convocada.

El ejercicio de estos derechos deberá hacerse mediante notificación fehaciente que habrá de recibirse en el domicilio social dentro de los cinco días siguientes a la publicación de la convocatoria.

FORO ELECTRÓNICO DE ACCIONISTAS

Con arreglo a lo dispuesto en el artículo 539.2 de la Ley de Sociedades de Capital, CAMPOFRÍO FOOD GROUP, S.A. ha habilitado un Foro Electrónico de Accionistas en su página web (www.campofriofoodgroup.com), con ocasión de la convocatoria de la próxima Junta General, al que podrán acceder con las debidas garantías tanto los accionistas individuales como las asociaciones voluntarias que se puedan constituir de acuerdo con la normativa vigente, con el fin de facilitar su comunicación con carácter previo a la celebración de dicha Junta General.

DERECHO DE ASISTENCIA Y VOTO

Podrán asistir a la Junta o delegar su voto los accionistas que con al menos cinco días de antelación al de celebración de la Junta en primera convocatoria, consten inscritos en los registros contables de anotaciones en cuenta de la “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima” (IBERCLEAR) o de cualquiera de las entidades adheridas al mismo, como titulares de DIEZ o más acciones bien propias, representadas o entre propias y representadas, pudiendo en todos los casos agruparse, para alcanzar ese número mínimo de acciones, necesario para poder concurrir a la Junta; lo que se acreditará mediante entrega de las tarjetas de asistencia a Junta que expidan las entidades depositarias de los títulos o adheridas a la mencionada Sociedad.

Por consiguiente, los accionistas habrán de asistir a la Junta General provistos del documento nacional de identidad o documento equivalente y de la correspondiente tarjeta de asistencia expedida por la entidad en la que se hubiera realizado el mencionado registro.

Los accionistas con derecho de asistencia que no asistan a la Junta General podrán hacerse representar en la misma por medio de otra persona, aunque ésta no sea accionista, cumpliendo los requisitos y formalidades exigidos por la Ley y los estatutos sociales. En los casos de solicitud pública de representación y salvo indicación en contrario del representado, en caso de que el representante esté incurso en un conflicto de interés, se presumirá que el representado ha designado además como representantes, solidaria y sucesivamente, al Presidente de la Junta General, y si éste estuviese en situación de conflicto de interés, al Secretario de la Junta General, y si éste estuviese a su vez en situación de conflicto de interés, al Presidente del Comité de Auditoría. Cuando el documento en que conste la representación o delegación se entregue a la sociedad sin que se establezca expresamente la identificación del representante, se presumirá que el representado ha designado como representantes, solidaria y sucesivamente, a las personas que ostenten los cargos mencionados, siendo de aplicación la misma regla de orden indicada anteriormente. Los accionistas podrán utilizar los formularios para la delegación de voto que se incorporen en la página web.

En caso de no impartirse instrucciones de voto respecto de las propuestas contenidas en el orden del día, y salvo que otra cosa se indique en la delegación, se entenderá que el representante votará a favor de las propuestas presentadas por el órgano de administración. Por el contrario y cuando se trate de puntos que, aún no previstos en el orden del día de la convocatoria, puedan ser tratados en la reunión, en caso de no impartirse instrucciones de voto al respecto, y salvo que otra cosa se indique en la delegación, se entenderá que el representante votará en contra de dichas propuestas.

Se permitirá el fraccionamiento de voto por parte de aquellos intermediarios financieros que aparezcan legitimados como accionistas, pero que actúen por cuenta de diferentes clientes, a fin de que puedan emitir sus votos conforme a las instrucciones recibidas de éstos de conformidad con las disposiciones legales aplicables, formulen su solicitud por escrito a la Sociedad en la siguiente dirección: Campofrío Food Group, S.A., Avenida de Europa nº 24, Parque Empresarial La Moraleja, 28108 Alcobendas (Madrid). (Ref.: Voto Fraccionado) y acrediten debidamente la existencia de razones para el fraccionamiento de voto y sea posible el establecimiento de los procedimientos que garanticen su ejecución.

VOTO POR MEDIOS DE COMUNICACIÓN A DISTANCIA

De conformidad con lo establecido en el artículo 17 Bis de los Estatutos Sociales y en el artículo 25 del Reglamento de la Junta General, los accionistas con derecho de asistencia podrán emitir su voto por correo sobre las propuestas relativas a puntos comprendidos en el Orden del Día con carácter previo a la celebración de la Junta,

siempre que se garantice debidamente la identidad del sujeto que ejerce sus derechos de voto.

Para su validez, el voto emitido por correo habrá de recibirse en el domicilio social antes de las veinticuatro horas del día anterior al previsto para la celebración de la Junta General en primera convocatoria. En caso contrario, el voto se tendrá por no emitido. Los accionistas con derecho de asistencia que emitan su voto a distancia conforme a lo previsto en este apartado, se entenderán como presentes a los efectos de la constitución de la Junta General.

La asistencia personal a la Junta General del accionista tendrá el efecto de revocar el voto emitido por correo.

PROTECCIÓN DE DATOS

En virtud de la normativa aplicable en materia de protección de datos de carácter personal (Ley Orgánica 15/1999, de 13 de diciembre), se informa a los accionistas de la existencia de un fichero o tratamiento automatizado propiedad de Campofrío Food Group, S.A., en su condición de Responsable del Fichero, con datos de carácter personal facilitados por los accionistas o por las entidades bancarias, Sociedades y Agencias de Valores en las que dichos accionistas tengan depositadas sus acciones, a través de la entidad legalmente habilitada para la llevanza del registro de anotaciones en cuenta, IBERCLEAR, con ocasión de la Junta General convocada en la presente, así como de los que puedan derivarse como consecuencia de la misma. La finalidad de dicho fichero o tratamiento es la gestión y administración de los datos de los accionistas, y en su caso los de sus representantes, en el ámbito de la Junta General de Accionistas de la Sociedad.

Los accionistas o sus representantes podrán ejercitar, bajo los supuestos amparados en la ley, los derechos de acceso, rectificación, cancelación y oposición de los datos del fichero a través de la correspondiente notificación (que deberá incluir la identificación del titular de los derechos mediante fotocopia del documento nacional de identidad) a la siguiente dirección: Campofrío Food Group, S.A., Avenida de Europa nº 24, Parque Empresarial La Moraleja, 28108 Alcobendas (Madrid). (Ref.: Protección de Datos).

NOTA: Se prevé que la Junta se celebrará en primera convocatoria

Madrid, a 17 de abril de 2013

Fdo.: El Secretario del Consejo de Administración

**ANNUAL REPORT ON REMUNERATION AT CAMPOFRIO FOOD
GROUP, S.A.**

1. INTRODUCTION

This report addresses the remuneration policy of Campofrio Food Group, S.A. (hereinafter, “Campofrio” or the “Company”) with respect to the members of its Board of Directors. It is being prepared under the principle of transparency on remuneration matters. The policy for remunerating the members of the Board of Directors of Campofrio has been designed following the stipulations of the Company’s Bylaws and Board Regulations. In addition to continually fine-tuning its remuneration schemes, bringing them in line with best practice in this area, Campofrio has adopted the measures required to better align its remuneration policy with the current environment and to comply with Spain’s Sustainable Economy Act (Law 2/2011, of 4 March 2011), insofar as it amends Spain’s Security Markets Act (Law 24/1988, of 28 July 1998), introducing the obligation for listed companies to publish an annual report on director pay.

The Nomination and Remuneration Committee has prepared this report pursuant to the provisions of the Company’s Bylaws and Board Regulations, which expressly stipulate the Board’s duty to establish the remuneration policy and basic terms of employment of the Company’s senior executives and of the members of the Board of Directors, acting at the recommendation of the Nomination and Remuneration Committee. The report duly drafted by the said Committee was submitted to the full Board for approval, which approval was granted on 28 February 2013.

2. REMUNERATION POLICY

2.1 REMUNERATION POLICY PRINCIPLES

In setting remuneration policy, the Company attempts to ensure the right balance so that the resulting pay levels are sufficient to enable it to attract and retain executive and director talent without being perceived as excessive or above prevailing market practice for the companies Campofrio deems its peers. This philosophy applies to the remuneration paid to directors in their capacity as such, to senior management and to executive directors. Against this backdrop, it is important to analyse, as the Company has been doing in recent years, senior management and director pay in order to compare it with market practice and to assess the Company’s competitiveness in this regard and ensure the right balance in terms of acknowledging the responsibilities assumed by these professionals and the impact of their efforts on execution of the Group’s management and strategic policies. Conclusions as to the achievement of this balance are drawn on the basis of indices and information available regarding director remuneration at comparable companies.

2.2 REGULATIONS APPLICABLE TO REMUNERATION:

Article 25 of the Company's Bylaws stipulates the following with respect to director remuneration:

- (i) The office of director shall be remunerated. Such remuneration shall consist of an annual fixed amount to be decided each year by the company's Board of Directors for the year in which such decision is taken. The Board shall also decide on the criteria for its distribution among the members of the Board.

This amount shall not exceed the maximum annual amount established by the General Meeting, which shall be deemed to be effective for the current and ensuing years, until an amendment is adopted at the General Meeting.

- (ii) Additionally, directors may also receive as remuneration, cumulatively to the remuneration stipulated in the foregoing section, shares or stock options or instruments linked to the share price, the approval of which shall require the relevant resolution at the General Meeting, determining the value of the shares to be taken as a benchmark, the number of shares to be granted to each director, the price at which the option rights may be exercised, the term of application of this system of remuneration, and any other terms and conditions deemed appropriate.

The foregoing shall not nullify or limit any other remuneration agreed between the Company and its directors in connection with an employment contract or in exchange for the provision of other specific professional services.

In addition, article 27 of the Board Regulations stipulates:

- (i) Directors shall be entitled to receive the remuneration set by the Board of Directors pursuant to the corresponding bylaw-stipulated provisions and in accordance with a prior report issued by the Nomination and Remuneration Committee in the event of any changes.
- (ii) The Board shall procure to make the remuneration of directors moderate in light of market conditions pursuant to the provisions of the Bylaws and in terms of nature and criteria, proportional to the purposes of the Company and the duties assigned to the Board and to each of the different categories of directors referred to in article 7 of the Board Regulations and, in particular, it shall procure that the remuneration of external directors is sufficient to compensate them for their dedication and qualification, but not so high as to compromise their independence; that remuneration associated with the Company's profit takes into account any reservations set forth in the external auditor's report which may reduce such profit, and,

in the case of variable remuneration, that the necessary precautions are taken in order to ensure that such remuneration is commensurate with the professional experience of its recipient and is not dictated by general market performance.

- (iii) The Board shall see that director remuneration is at all times compliant with prevailing regulations and standards governing disclosure and transparency.

2.3 NOMINATION AND REMUNERATION COMMITTEE DUTIES

Article 15 of the Board Regulations lists the following duties vested in the Nomination and Remuneration Committee:

- (i) To propose to the Board of Directors the election, re-election or dismissal of independent directors, based on a list prepared by outside experts if so required by any director.
- (ii) To report in advance on all proposals made by the Board of Directors to the General Shareholders' Meeting in relation to the re-election of directors, including instances of cooption by the Board of Directors, assessing job performance and commitment.

Proposals to re-elect external independent directors may not be made without the committee informing that upon re-election none of the circumstances mentioned in article 19 of the Board Regulations will be met.

- (iii) To report to the Board of Directors on proposals to dismiss directors which, in the case of proprietary or independent directors, must be accompanied by a report justifying the exceptional grounds making the dismissal necessary or advisable.
- (iv) To report, in advance, on all proposals by the Board of Directors to the General Shareholders' Meeting in relation to the appointment of directors, considering the candidate's personal and professional references, as well as the prevailing needs of the Company's governing bodies.
- (v) To make proposals to the Board of Directors regarding the remuneration policy applicable to directors and senior officers, the individual remuneration and other contractual conditions of executive directors and the standard conditions for senior officer employment contracts, and to oversee compliance with the remuneration policy set by the Company.
- (vi) To report on all proposals to be submitted to the Board of Directors on matters concerning director appointments, including the appointment of a

chief executive officer or executive director and the appointment or removal of the Secretary of the Board, taking into consideration legal, bylaw and internal requirements in connection with the candidates.

- (vii) To report on any proposed resolutions submitted to the Board of Directors regarding the appointment and dismissal of senior officers.
- (viii) Any and all other issues related to its areas of competence as may be requested by the Board of Directors or the Committee Chairman.

For the purposes set out above, any director may put forward directorship candidates to the Committee for its consideration.

2.4 COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE AND MEETING ATTENDANCE RECORD FOR 2012

At 31 December 2012, the Nomination and Remuneration Committee was configured as follows:

Independent Chairman

Guillermo de la Dehesa Romero

Independent Members

Yiannis Petrides

Juan José Guibelalde Iñurritegui

Members

Charles Larry Pope

Karim Michael Khairallah

Secretary, non-member

Alfredo Sanfeliz Mezquita

The Board Regulations stipulate that the Nomination and Remuneration Committee be composed of a minimum of three and a maximum of five members. Executive directors may not be Committee members.

These same Regulations further establish that the Nomination and Remuneration Committee must hold meetings at the behest of its Chairman, on its own initiative or at the request of at least two of its members or two of the members of the Board

of Directors, in which case the petition must be addressed to the Committee Chairman, detailing the proposed agenda.

In 2012, the Nomination and Remuneration Committee met on two occasions.

2.5 HOW THE NOMINATION AND REMUNERATION COMMITTEE OPERATES

As provided in the Board Regulations, the Committee's sessions are officially called to order when half its members plus one are in attendance, in person or by valid proxy. Proxy representation must be bestowed on another member of the Committee, in writing and addressed to the Chairman.

The Chairman of the Committee must report to the Board on its activity at the first full Board meeting following Committee meetings. The Committee must justify its actions and provide the Board with the minutes of its meetings.

In light of the foregoing, it can be said that the Nomination and Remuneration Committee performs research and analytical work, as well as advising the Board on matters falling within its remit, submitting recommendations and resolutions to the Board of Directors for due debate and approval as required on a case by case basis.

In the course of its meetings and in exercising its duties, the Committee or its members interview and debate with the Company's directors and executives as required, although the definitive deliberations and votes take place, whenever deemed appropriate by the Committee members, in the absence of the affected directors or executives due the sensitive nature of the matters discussed in order to ensure that the proposals made and decisions taken are as unbiased and autonomous as possible.

2.6 DIRECTOR REMUNERATION POLICY IN 2012

This section addresses the remuneration scheme resulting from the policies applied in 2012 in respect of calculation of:

- Director remuneration in exchange for discharging the supervisory and decision-making duties intrinsic to board membership.
- Director remuneration in exchange for discharging executive duties and senior management remuneration.

2.6.1 Director remuneration in exchange for discharging the supervisory and decision-making duties intrinsic to board membership

As provided in article 25 of the Bylaws (as set out in section 2.2 above), the office of director is remunerated and such remuneration consists of an annual fixed amount to be decided each year by the company's Board of Directors, within the limits set by the shareholders at the General Meeting.

At a meeting held on 19 June 2007, the Board of Directors resolved to establish the limit provided for in article 25 of the Bylaws at 1,000,000 euros, an amount deemed to apply to the year in question and all successive years insofar as it is not amended in the form of a new General Meeting resolution and notwithstanding the amounts applicable under other specific employment or service provision agreements.

Accordingly, and based on the documented recommendation of the Nomination and Remuneration Committee, at its meeting of 12 May 2009, the Board of Directors agreed on the following amounts of fixed remuneration:

- Members of the Board of Directors: 68,000 euros per annum.
- Chairman of each Committee: 15,000 euros per annum.
- Committee members: 10,000 euros per annum.

These sums are designed to remunerate the directors in their capacity as such and were established factoring in the responsibilities they assume merely by virtue of holding office, coupled with the dedication required to carry out their duties and the knowledge and experience they bring to the management, oversight and control of the Group.

Having established the above sums, taking a conservative stance, the Committee has since decided to freeze these amounts. As a result, on 18 December 2012, it was agreed to extend the existing policy, so that the fixed pay accruing to the members of the Board of Directors that year was left unchanged. Similarly, at a Committee meeting held on 27 February 2013, it was decided to freeze remuneration once again in 2013, leaving it intact for the fifth year running.

The following table itemises the remuneration received by each director in this respect in 2012:

| DIRECTORS | BOARD OF DIRECTORS | STRATEGY COMMITTEE | AUDIT COMMITTEE | NOMINATION AND REMUNERATION COMMITTEE | TOTAL |
|-----------------------------------|--------------------|-----------------------|-----------------------|---------------------------------------|-----------------------|
| Yiannis Petrides | €68,000 | €15,000 (Chairman) | €15,000 (Chairman) | €10,000 | €108,000 |
| Guillermo de la Dehesa | €68,000 | N/A | €10,000 | €15,000 (Chairman) | €93,000 |
| Juan José Guibelalde | €68,000 | N/A | €10,000 | €10,000 | €88,000 |
| Charles Larry Pope | €68,000 | N/A | N/A | €10,000 | €78,000 |
| Joseph W. Luter IV | €68,000 | €10,000 | N/A | N/A | €78,000 |
| Karim Michael Khairallah | €68,000 | N/A | N/A | €10,000 | €78,000 |
| Caleb Samuel Kramer | €68,000 | €10,000 | N/A | N/A | €78,000 |
| Luis Serrano | €68,000 | €10,000 | €10,000 | N/A | €88,000 |
| Pedro Ballvé Lantero | €68,000 | N/A | N/A | N/A | €68,000 |
| Robert A Sharpe II ⁽¹⁾ | - | - | - | - | |
| AGGREGATE | | | | | €757,000 ¹ |

2.6.2 Director remuneration in exchange for discharging executive duties and senior management remuneration

(i) Principles applied:

The remuneration policy followed with respect to executive directors is the same as that applied to senior management since the ultimate goal is to remunerate these professionals for their executive duties and

¹ Robert A Sharpe was appointed director at the General Shareholders' Meeting of 29 May 2012, which is why this director did not receive any remuneration whatsoever that year, as the amounts accrued in a given year are paid in the following year.

performance. It is therefore predicated on the premise that the fixed and variable components should be adequately balanced: the fixed component needs to be sufficient to compensate them for the responsibilities assumed and the specifics of each position while bonuses need to reward these professionals for their job performance as a function of the targets achieved. The sum of the two components should translate into a level of remuneration deemed competitive in terms of retaining or attracting the talent needed to manage the Company.

At present, the Company has two directors who perform executive duties, namely Pedro Jose Ballvé Lantero and Robert Alair Sharpe II, in the latter instance since his appointment to the Board in May 2012. The applicable remuneration policy is in all respects equivalent to how senior management is paid. In respect of this report, it is expressly noted that the remuneration attributed to Mr. Sharpe relates solely to the portion received in 2012 corresponding to his time in office, i.e., between 29 May and 31 December.

As it does every year, in 2012, the Board, at the recommendation of the Nomination and Remuneration Committee, reviewed executive remuneration policy with a view to keeping compensation in line with market pay at similar companies and to fine-tuning specific situations, as required, to ensure internal fairness, with the ultimate goal of endowing Campofrio with an optimal compensation structure in terms of retaining the talent needed to steer the Company. This review encompassed the review of the executive component of the remuneration of the Company's serving executive directors. In performing this review, both the Board and the Committee took into consideration the prevailing economic climate and compensation trends in light of the characteristics of the company and its international profile, which dictates taking a cross-border approach to setting remuneration criteria.

The structure of the compensation paid to directors for discharging executive duties and to the Company's senior officers comprises four concepts:

- (a) Fixed remuneration
- (b) Variable remuneration (bonuses)
- (c) Stock option plans
- (d) In-kind benefits

(ii) Fixed remuneration:

Fixed remuneration is designed to compensate the executive directors for their skills and knowledge and for the management responsibilities assumed. It is benchmarked against the compensation paid in the market by similarly-sized peer companies, while respecting the balance criteria in place to ensure internal fairness in relation to seniority and duties.

(iii) Variable remuneration (bonuses):

A fundamental part of the overall compensation package is the provision of bonuses designed to stimulate executives by setting ambitious but feasible targets. In this regard, each year the Nomination and Remuneration Committee carefully analyses the targets used as benchmarks and the extent to which these are achieved and the corresponding bonuses accrued. Depending on how ambitious the targets are considered to be, the Company establishes a wider or narrower band in order to prevent relatively minor shortfalls vis-à-vis targets from depriving beneficiaries of their entire bonuses, as this would ultimately have the effect of discouraging the Company's executive from agreeing to ambitious targets. In addition, the targets set need to be quantifiable and tied to the creation of value for the Company. They need to be readily measurable so that their delivery can be properly and objectively gauged.

At present, the Company has the following variable remuneration schemes in effect:

- (a) The Ordinary Short-Term Variable Remuneration Plan: The Annual Remuneration Plan establishes the mechanisms for determining the annual sum payable in accordance with the target achievement bands designed and approved by the Board of Directors each year as a function of the Company's annual results and individual job performance with respect to the targets set.

In 2012, the benchmark performance indicators included certain specific profit metrics as well as targeted execution of specific projects. At the time of drafting this report, the degree of achievement of the targets and corresponding accruals were pending assessment by the Nomination and Appointments Committee.

- (b) The Extraordinary Long-Term Variable Remuneration Plan was established in conjunction with the Campofrio-Groupe Smithfield merger and in keeping with the terms agreed by the

parties in the protocol signed in conjunction with this same merger; accordingly, in 2009, the Board of Directors established a three-year (2009-2011) pay scheme, delivery of which was based on accumulated EBITDA and the performance of other financial indicators over this three-year term, in keeping with the long-term business plan approved on the occasion of the merger, settlement of which, to the extent that the plan targets were met, took place in 2012, following verification of the degree of delivery. In addition to the Group's senior management (which includes for these purposes Mr. Robert Sharpe), just Pedro Ballvé, in his capacity as Executive Chairman of the Board of Directors, was a beneficiary of this plan. Of the total accrued and paid in respect of delivery of the plan targets, 1,591,273.89 euros corresponded to Pedro Ballvé.

Both schemes, the Ordinary Short-Term and Extraordinary Long-Term Variable Remuneration Plans, established the amount receivable in the event that the defined targets were 100% achieved as a percentage of fixed pay.

In 2012 the Board of Directors approved a new extraordinary remuneration plan with the goal of unlocking the value creation potential associated with implementation of the 2012-2014 Business Plan and, specifically, factoring in the various productivity measures and investment programmes contemplated therein. The amounts accruable are determined by means of a formula that combines company profitability metrics, the cost of capital and anticipated shareholder value creation on the basis of enabling management to participate, precisely, in the value created for shareholders in order to prevent the perception of unreasonable bonuses when the company has failed to generate reasonable value for its shareholders. To the extent that the related targets are achieved, this bonus will be paid to its beneficiaries in 2015.

(iv) Stock option plans

As part of the Extraordinary Long-Term Remuneration Plan referred to in section (iii) (b) above in connection with the merger, 140,000 stock options were granted to Pedro Jose Ballvé Lantero, in his capacity as Executive Chairman of the Board of Directors, and 160,000 stock options were granted to Robert A Sharpe. These stock options entitle their holders to acquire one share for every option held. They can be exercised until 31 December 2016. They can also be "*net-cash settled*".

In addition, in May 2012, the shareholders approved a new stock option plan designed to motivate its beneficiaries to the fullest extent possible in

their capacity as vehicles of value creation for the Company, reinforcing their vested interests in the Company and its targets, thereby encouraging delivery of the Company's medium-term earnings and other strategic targets, all in the best interests of the Company and its shareholders. Under the umbrella of this plan, 185,421 stock options were granted to Pedro Jose Ballvé Lantero, in his capacity as Executive Chairman of the Board of Directors, and 173,378 were granted to Robert A Sharpe. These stock options entitle their holders to acquire one share for every option held. They can be exercised between 1 January 2015 and 31 December 2019. They can also be "*net-cash settled*".

(v) In-kind benefits

As do the other senior officers, the executive directors receive some of their remuneration in the form of in-kind benefits such as health, life and disability insurance. They are also given the use of a company car. These benefits are considered to be in line with market practice.

The following table illustrates the remuneration received, in addition to the amounts received under the long-term remuneration plan referred to in section 2.6.2 (iii) b above, by Pedro Jose Ballvé Lantero, in his capacity as Executive Chairman of the Board of Directors, and by Robert A Sharpe, in his capacity as CEO, in 2012, noting that in the case of Mr. Sharpe, the amounts shown relate solely to the portion received in 2012 in respect of his term of office as director, i.e., from 29 May to 31 December.

| | Fixed remuneration | Variable remuneration (bonuses) | Stock Options | In-kind benefits |
|---------------|--------------------|---------------------------------|---------------|------------------|
| Pedro Ballvé | €914,742 | €360,180 | N/A | €171,693.54 |
| Robert Sharpe | €385,000 | €..... | €..... | €65,306 |

2.7 Remuneration policy for 2013

In terms of future remuneration policy, as of the date of authorising this report for issue, neither the Board nor the Nomination and Remuneration Committee has any plans to change prevailing policy, having already confirmed the maintenance in 2013 of the fixed sums paid to the directors in their capacity as board and board committee members, as disclosed in section 2.6.1 above. It has also been decided to freeze the remuneration paid to the two executive directors for the performance of their executive duties.

Nevertheless, the Board and the Nomination and Remuneration Committee are aware of the importance of keeping remuneration competitive relative to market terms and trends and the best practices followed by the governing bodies of the companies it tracks most closely, just as it benchmarks senior management pay. This requires continually checking that compensation, particularly bonuses, is compatible with shareholder value creation, all against the backdrop of the Company's sustainable development pledge.

Within this policy, the Board's criterion is to continue to earmark a significant percentage of compensation to performance-based pay by establishing targets to be met during the terms of all applicable compensation schemes.

Specifically with respect to 2013, the annual variable remuneration plan targets, extending the basic principles of the last plan, are benchmarked to the Company's profitability targets and the level of effective execution of the key strategic initiatives planned for 2013.

Madrid, 27 February 2013

CAMPOFRIO FOOD GROUP S.A.

**PROPOSALS BY THE BOARD OF DIRECTORS OF AGREEMENTS TO
SUBMIT TO THE GENERAL SHAREHOLDERS MEETING TO BE HELD ON
MAY 23, 2013**

First.- Analysis and approval, where applicable, of the Annual Accounts (Balance sheet, Profit and loss account, Statement on changes in equity, Cash flow statement and Notes to the accounts) and Management Reports, individual and consolidated, corresponding to the fiscal year closed on December 31, 2012, proposal of application of results corresponding to fiscal year 2012 and reclassification of voluntary reserve into goodwill reserve and legal reserve.

The Board proposes to the General Shareholders Meeting the approval of the Annual Accounts (Balance sheet, Profit and loss account, Statement on changes in equity, Cash flow statement and Notes to the accounts) and Management Reports, individual and consolidated for the fiscal year closed on December 31, 2012, both for Campofrío Food Group, S.A. as well as its consolidated group audited by the entity Ernst & Young Auditores.

The Board of Directors proposes to apply the results of fiscal year 2012 (5.065 Thousands Euros) in the terms indicated under section 3 of the Notes to the accounts, and to reclassify 193 thousands Euros deriving from voluntary reserves into goodwill reserve (4.751 thousands Euros) and legal reserve (507 thousands Euros).

Second.- Analysis and approval, where applicable, of the Board of Directors management corresponding to year 2012.

The Board of Directors proposes the approval of its management during fiscal year 2012.

Third.- Analysis and approval, where applicable, of the reelection of the company's external auditors.

It is proposed to re-elect the external Ernst&Young S.L. with CIF B-78980506, address at Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, registered in Registro Mercantil de Madrid at Tomo 12.749, Libro 0, Folio 215, Sección 8ª, Hoja M-23123, Inscripción 116 and in the Registro Oficial de Auditores de Cuentas with number S0530, as external auditor of the Company and its Consolidated Group for a period of 3 years, comprising the fiscal years ending from 2013 to 2015, both inclusive.

Fourth.- Analysis and approval, where applicable, of the formulation of the updated balance sheet pursuant to the provisions of Spanish Law 16/2012 "which adopts several tax measures aimed at consolidating the public finances and fostering economic growth"

Proposed is the approval of the balance sheet closing on 31 of December of 2012 attached as Annex, as an updated balance sheet under the terms provided for in Spanish Law 16/2012 "which adopts several tax measures aimed at consolidating the public finance system and fostering economic growth". Furthermore, said update was carried out on the basis of the Draft Order approving form 108 "Flat Rate Tax on the Revaluation of Assets under Law 16/2012 for Taxpayers subject to Personal Income Tax". And, thus, in expectation of the applicable legal effects of the possible entry into effect of said Order

Further proposed is the empowerment of the Board of Directors to undertake and verify the full execution of the balance sheet update for the interpretation, application, enforcement and implementation of the applicable regulations in effect and, particularly, in implementation of the Draft Order approving form 108 "Flat Rate Tax on the Revaluation of Assets under Law 16/2012 for Taxpayers subject to Personal Income Tax".

Fifth.- Non-binding vote on the Annual Report on the compensation policy for directors.

According to "Ley de Economía Sostenible", the Board proposes to the General Shareholders Meeting the approval on this non-binding resolution on the report approved by the Board of Directors on the recommendation of the

Appointments and Compensation Committee regarding the compensation policy for directors, which provides the criteria and basis for determining the compensation of its members in FY 2012 and in 2013, an overall summary as to how the compensation policy was applied during the financial year, as well as the details of the individual salaries earned by the directors. The full text thereof has been provided to shareholders as part of the report of the aforementioned committee together with the other documentation for this general meeting.

Sixth.- Analysis and approval, where applicable, of the delegation of powers in favour of the Board of Director to construe, apply, give effect to, and carry out, those resolutions passed by the General Meeting which require it, including any corrections which may be required to comply with any necessary requirements either to give effect to them or to register them.

In relation to all the agreements previously adopted, it is proposed to delegate in the Board of Directors of the Company so that they may, with the faculty to in turn delegate to any of its members or the Secretary of the Board, appear before the relevant Mercantile Registries, the Spanish Securities Exchange Commission (CNMV), and any other relevant authorities, official bodies, entities public or private, to sign to such effect any documents, either public or private and fulfilling any bureaucratic proceeding or action that is required or convenient for the execution of the preceding agreements, and specifically to the establishment, clarification, precision, modification or interpretation of its content in all of the conditions of the same that were not foreseen by the General Shareholders Meeting, formalizing any complementary documents that may be required, as well as to rectify any errors or omissions that may be appreciated or indicated by the Spanish Securities Exchange Commission (CNMV), the Mercantile Registry and/or any other relevant authorities, agencies or entities.

Seventh.- Analysis and approval, where applicable, of the authorisation to execute in public deeds those General Meeting resolutions which so require or which have to be registered in Public Registers, and to give effect to such resolutions.

It is proposed to grant faculties to Mr. Pedro Ballve Lantero and to Mr. Alfredo Sanfeliz Mezquita, so that either indistinctly may execute the agreements adopted during this Shareholders Meeting, extending to such effect any public or private documents that may be required, and duly registering them in the

Public Registries and carrying out any complementary actions that may be needed

Approved by the Board of Directors meetings of Campofrio Food Group S.A. held on April 16th, 2013.

The Secretary of the Board

ANNEX

CAMPOFRÍO FOOD GROUP, S.A. Updated Balance Sheet in the terms established by Law 16/2012 (*) (Thousands of euros)

| ASSETS | 12.31.12 | Revaluation | 12.31.12 Revalued | EQUITY AND LIABILITIES | 12.31.12 | Revaluation | 12.31.12 Revalued |
|---|------------------|---------------|----------------------|--|------------------|---------------|----------------------|
| Non-current assets | | | | Equity | | | |
| Intangible assets | 99,195 | | 99,195 | Capital and reserves | 102,221 | | 102,221 |
| Property, plant and equipment | 167,888 | 14,428 | 182,316 | Issued capital | 411,129 | | 411,129 |
| Investment in group companies and associates | 1,024,893 | | 1,024,893 | Share Premium | 68,041 | 13,707 | 81,748 |
| Financial investments | 4,419 | | 4,419 | Reserves | (18,685) | | (18,685) |
| Deferred tax assets | 41,002 | | 41,002 | Treasury shares and equity investments | (47,632) | | (47,632) |
| | 1,337,397 | 14,428 | 1,351,825 | Profit or loss brought forward | 5,065 | | 5,065 |
| | | | | Profit for the year | | | |
| | | | | | 520,139 | 13,707 | 533,846 |
| Current assets | | | | Grants, donations and bequests received | 6,283 | | 6,283 |
| Non-current assets held for sale | 769 | | 769 | | 526,422 | | 540,129 |
| Inventories | 170,098 | | 170,098 | Non-current liabilities | | | |
| Trade and other receivables | 76,270 | | 76,270 | Provisions | 45,014 | | 45,014 |
| Investments in group companies and associates | 70,479 | | 70,479 | Borrowings | 553,410 | | 553,410 |
| Financial investments | 1,565 | | 1,565 | Deferred tax liabilities | 16,860 | | 16,860 |
| Accruals | 166 | | 166 | | 615,284 | | 615,284 |
| Cash and cash equivalents | 152,867 | | 152,867 | Current liabilities | | | |
| | 472,214 | | 472,214 | Provisions | 10,113 | | 10,113 |
| | | | | Borrowings | 51,987 | | 51,987 |
| | | | | Payables to group companies and associates | 285,924 | | 285,924 |
| | | | | Trade and other payables | 319,881 | 721 | 320,602 |
| | | | | | 667,905 | 721 | 668,626 |
| TOTAL ASSETS | 1,809,611 | 14,428 | 1,824,039 | TOTAL EQUITY AND LIABILITIES | 1,809,611 | 14,428 | 1,824,039 |

(*) Law 16/2012, adopting several tax measures aimed at the consolidation of public finances and the promotion of economic activity and in the Draft order adopting model108 "Single valuation tax on revaluation of assets according to Law 16/2012 for taxpayers of personal income tax withholdings".

