



Swift & Company®

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SWIFT CELEBRATES 150 YEARS OF MEAT INDUSTRY EXCELLENCE
Gus Swift's legacy of meat industry innovation lives on

JUNE 24, 2005 – GREELEY, COLO. – In 2005, a typical 16-year-old might be anxious about passing the driver's license exam, getting a part-time job and spending some quality time at the beach. Gustavus Swift celebrated his 16th birthday in 1855 by taking his first big step in an illustrious career spent revolutionizing how the world processes, sells and consumes meat.

Born June 24, 1839, in Sagamore, Mass., Gus Swift actually embarked on his journey into meat industry history at the tender age of 14. Not a fan of formal education, young Gus dropped out after eight years of schooling to seek employment. After trying a number of odd jobs, he began working full-time in his brother Noble's butcher shop at 14.

Two years later, with a \$20 loan from his father, Gus started on his own business, buying his first heifer. He sold the meat to generate profits to buy more livestock and, eventually, open his own store in 1859 in Eastham, Mass.

By the time Swift passed away in 1903, he had grown his company into a global powerhouse, employing more than 21,000 people and processing more than two million cattle, four million hogs and two million sheep annually. Today, Swift is the second-largest processor of beef and pork products in the world, and has more than \$10 billion in annual sales.

Among Swift's many contributions to the food industry, two stand out in particular:

- His process of disassembling livestock carcasses along a conveyor belt revolutionized the ways meat could be processed to feed a growing nation. His model was replicated – in reverse – by automobile pioneer Henry Ford as he began to mass-produce cars.
- Swift's refrigerated rail car – introduced in 1881 – brought top-quality meat affordably from the livestock markets in Chicago to the large population centers on the East Coast.

Swift forever changed the way the U.S. meat industry operated. At the end of the Civil War, the primary way of bringing meat to market was to load livestock into specialized rail cars that transported them from Texas and points West to regional meat processing centers. There they would be slaughtered by wholesalers and delivered to nearby butcher shops for retail sale. Other options were smoking the meat or packing it in barrels of salt for shipment.

Shipping livestock by rail was a process loaded with inefficiencies. Many animals, already weakened by the "drive" to the rail station, died in transit. Others lost weight and the quality of the meat deteriorated. In addition, transporting the whole animal meant that the more than 50 percent of the animal that was considered inedible also must be shipped.

Gus Swift didn't tolerate inefficiency, so he decided to process cattle in Chicago and ship only dressed carcasses east. His first successful experiment involved shipping

cut beef in the winter with railcar doors open to the elements to keep the meat cool. But the challenge was to find a way to provide a beef supply year round.

The refrigerated railcar

Numerous challenges arose during the invention process for the refrigerated railcar. If carcasses were not packed tightly, the weight of the swinging loads could cause the cars to come off the tracks on turns, creating terrible accidents. But if the car was packed tightly, the ice-chilled air could not circulate and keep the carcasses cool. Swift solved the problem by building special compartments at the front and rear of the railcars, packing them with ice and salt brine. The train's forward movement forced air through the ice compartments and a series of strategically placed vents circulated the cooled air around the carcasses. Swift's refrigerated railcar was born.

Unfortunately, the ice packed in the cars in Chicago would not last the entire trip to New York or Boston. So Swift entered the ice business, setting up a series of five stations along the route to the East that cut and stored ice. Each ton of beef required a ton of ice to be available at each station. In addition, once the beef arrived in the East, refrigerated storage facilities were required. So, again, Swift designed and built them. His business grew and in 1894, for the first time, the number of dressed carcasses shipped east outnumbered live cattle.

Creating the Swift brand

Swift also had to overcome numerous marketing challenges. Most people purchased beef from their local butcher who probably slaughtered the animal the same day. Customers wondered how this week-old beef could be safe. Because Swift was one

of the first businessmen to understand the power of the brand, he launched an advertising campaign to assure the public of his product's wholesomeness and safety.

Many of the public misconceptions regarding the safety of the week-old meat were fostered by butchers in the East who didn't want to carry Swift's products because they threatened to change the way butchers did business. So Swift marketed aggressively, opening his own stores in many of these Eastern cities and developing his own distribution network.

Swift's efforts were successful and his business volume began to grow, leading Gus and brother Edwin to incorporate Swift & Company in 1885 and add packing plants in St. Louis, Omaha, St. Joseph, St. Paul and Fort Worth.

Turning waste into profits

Swift provided the meat processing industry with another lesson about controlling waste. In the early days of butchering, much of the animal was wasted. But the economy of scale found in Swift's large meatpacking houses meant that every part of the animal provided a product opportunity. Swift built a research and development facility and introduced new meat products such as a variety of canned meat cuts. Using carcass byproducts, Swift was soon in the business of making soap, gelatin, margarine, glue, fertilizer, furniture stuffing, paint brushes and tennis racket strings.

After Gus Swift's death, the company continued to grow and innovate. In 1915, Swift implemented its "Safety First" campaign that led to a 50 percent reduction in accidents at its processing plants.

By 1923, Swift & Company was producing approximately 15 percent of the total meat and allied products manufactured in the United States. And in 1970, Swift's ProTen tendered beef was reported to be the largest dollar sales, branded food item in the world.

Continuing the tradition of innovation

Swift & Company today continues the tradition of leadership, innovation and excellence fostered by Gus Swift when he began building his dream 150 years ago.

Following are several Swift food safety firsts:

- **First ISO 9002 Certified* pork plant in America.**

Because of its food safety excellence, Swift & Company had the first pork plant in America that was ISO 9002 Certified.* Since its 1999 certification, another Swift pork plant also has been certified – giving Swift the only two ISO 9002 certified plants in the U.S.

** The International Organization for Standardization (ISO) is a network of national standards institutes from 140 countries working in partnership with international organizations, governments, and industry, business and consumer representatives.*

- **First Probiotic Feeding Program**

Swift & Company was the first major beef processor to implement a probiotic feeding program – a revolutionary natural feed ingredient. It is proven to reduce the level of E. Coli in the digestive tracts of live cattle by 50% compared to a standard diet.

- **First 100% Raw Material Testing of Ground Beef**

Swift & Company was first in the meat industry to institute E.Coli 0157H7 testing

on 100% of beef trim and/or ground beef by lot. Full testing began at all Swift facilities in summer, 2002.

- **First In-line Product Enhancement**

Swift & Company was the first meat producer to inject products with solutions before packaging. This results in less handling and repackaging, and thus a safer product. It also reduces air exposure during processing, which increases shelf life.

Swift & Company also has established an employee safety record that is the envy of the meat industry. The company not only is committed to operating the safest meat processing plants in the industry – which it does – but it has amassed a safety record that is rapidly approaching the standard for all industries.

In the area of product innovation, Swift recently opened the meat industry's newest, most state-of-the-art product innovation facility on its Greeley, Colo., campus. In conjunction with the company's new value-added processing capacity at its beef plant in Greeley, Swift has developed the resources to continue the tradition of creativity and customer responsiveness that Gus Swift used to revolutionize the global meat industry 150 years ago.

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Swift & Company is the world's second-largest processor of fresh beef and pork products, and the leading beef processor in Australia. Founded in 1855, Swift has more \$10 billion in annual sales and more than 20,000 employees worldwide.