U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS
ON THE COURTS DOCKET
TAWANA C. MARSHALL, CLERK

SEP - 1 2009

D. Michael Lynn
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

	§	
	§	
In re	§	**Chapter 11**
	§	
PILGRIM'S PRIDE CORPORATION, *et al.*,	§	**Case No. 08-45664 (DML)**
	§	
	§	
Debtors.	§	
	§	
	§	**JOINTLY ADMINISTERED**

ORDER PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AUTHORIZING AND APPROVING SETTLEMENT RESOLVING ASSERTED CLAIM OF F & S PRODUCE

(Related to Docket No. 2877)

Upon the motion, dated August 3, 2009 (the "Motion"), of Pilgrim's Pride Corporation and its affiliated debtors in the above-referenced chapter 11 cases, as debtors

and debtors in possession (collectively, the "Debtors"),[1] for an order, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing a compromise and settlement on the terms set forth in a letter agreement dated July 16, 2009 between the Debtors and F & S Produce Co., Inc. ("F & S") (the "Agreement"), a copy of which is annexed hereto as Exhibit A, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that, pursuant to Bankruptcy Rule 9019, the Agreement is approved; and it is further

[1] The Debtors in these cases are PPC; PFS Distribution Company; PPC Transportation Company; To-Ricos Ltd ; To-Ricos Distribution, Ltd.; Pilgrim's Pride Corporation of West Virginia, Inc.; and PPC Marketing, Ltd.

ORDERED that the Debtors are authorized to take any and all actions reasonably necessary or appropriate to consummate the Agreement and perform any and all obligations contemplated therein; and it is further

ORDERED that nothing in this Order nor any action taken by the Debtors in furtherance of the implementation hereof shall be deemed an approval of the assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that this Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

END OF ORDER

EXHIBIT A

Agreement

Weil, Gotshal & Manges llp

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DIRECT LINE
212-310-8429

July 16, 2009

Mr. Eric A. Browndorf
Cooper Levenson April Niedelman & Wagenheim, PA
1125 Atlantic Avenue
Atlantic City, NJ 08401

Re: *In re Pilgrim's Pride Corporation, et al.*, Case No. 08-45664, United States Bankruptcy Court for the Northern District of Texas

Dear Mr. Browndorf:

Reference is made herein to the above-referenced chapter 11 cases of Pilgrim's Pride Corporation ("PPC") and its affiliated debtors (collectively, the "Debtors")[1] commenced on December 1, 2008 (the "Commencement Date") and being jointly administered in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court") under the caption *In re Pilgrim's Pride Corporation, et al.*, Case No. 08-45664 (the "Bankruptcy Cases").

As of the Commencement Date, the Debtors' records reflected several outstanding unpaid invoices from F & S Produce Co., Inc. ("F & S") dated on or after October 16, 2008 (the "Invoices"), in the aggregate amount of $253,980.86 (the "Claim").

All of the Invoices were claims for payment by F & S for deliveries to the Debtors of diced celery.

[1] The Debtors in these cases are PPC; PFS Distribution Company; PPC Transportation Company; To-Ricos, Ltd.; To-Ricos Distribution, Ltd.; Pilgrim's Pride Corporation of West Virginia, Inc.; and PPC Marketing, Ltd.

On December 3, 2008, the Court entered the Order Pursuant to Sections 105(a) and 1107(a) of the Bankruptcy Code to Establish Critical Vendor Payment Procedures [Docket No. 78] (the "Critical Vendors Order"), authorizing the Debtors to pay certain Critical Vendors (as such term is defined in the Critical Vendors Order). As disclosed in the Debtors' Initial Accounting of Payments Made Pursuant to the Order Establishing Critical Vendor Payment Procedures [Docket No. 1010], the Debtors paid F & S $77,857.39, which was the amount of the Claim that arose from deliveries of diced celery to the Debtors within 20 days of the Commencement Date (the "503(b)(9) Amount"). Payment of F & S's 503(b)(9) Amount thus reduced the Claim to $176,123.47 (the "Claim Balance").

On December 10, 2008, F & S delivered a letter (the "December 10 Letter") to the Debtors stating that it had delivered "perishable agricultural commodities" to the Debtors and that such goods were "subject to the statutory trust authorized by Section 5(c) of the Perishable Agricultural Commodities Act, 1930 [7 U.S.C. 499e(c)]" ("PACA"). The letter further states that F & S "retains a trust claim over these commodities, all inventories accrued or other products derived from these commodities, and any receivables or proceeds from the sale of these commodities until full payment is received."

On April 13, 2009, F & S filed a proof of claim in the Bankruptcy Cases in the amount of $196,973.47, with such claim having claim number 1731 (the "April 13 Proof of Claim"). On an unknown date, F & S filed another proof of claim in the Bankruptcy Cases in the amount of $274,830.86 (the "Unknown Date Proof of Claim," and, together with the April 13 Proof of Claim, the "Proofs of Claim").

F & S has asserted that PACA requires that the Claim Balance should immediately be paid in full. The Debtors dispute that PACA applies to the Claim. Nonetheless, the Debtors believe it is in the best interest of their estates to avoid protracted litigation on this issue. Accordingly, F & S and the Debtors (each a "Party," and together, the "Parties") agree as follows:

1. Upon an order of the Bankruptcy Court approving the terms of this Letter Agreement becoming final and non-appealable, the Debtors shall promptly pay F & S the amount of $140,000 (the "Settlement Amount"). The Debtors shall remit payment by check to the following address:

F & S Produce Company, Inc.
c/o Lori Maddalena
PO Box 489
913 Bridgeton Avenue
Rosenhayn, NJ 08352

2. Upon payment of the Settlement Amount, the April 13 Proof of Claim shall be deemed satisfied and the Unknown Date Proof of Claim shall be expunged.

3. Other than payment of the Settlement Amount, F & S and its affiliates, successors and assigns, and its past, present and future members, officers, directors, partners, principals, agents, insurers, servants, employees, representatives, administrators, executors, trustees and attorneys (collectively, the "F & S Parties"), shall have no further right to payment from the Debtors, their affiliates, their estates or their respective successors or assigns (collectively, the "Debtor Parties"). Except as set forth in this letter agreement, the F & S Parties hereby irrevocably waive any and all claims (as defined in section 101(5) of the Bankruptcy Code), against any of the Debtor Parties, and are hereby barred from asserting any and all claims whatsoever, whether known or unknown, presently existing, whether or not asserted, and whether found in fact or law or in equity, in existence as of the execution of this letter agreement by the Parties.

4. Nothing contained herein is an acknowledgment or an admission by the Debtors of PACA liability.

[*Remainder of page intentionally left blank.*]

The Parties agree that this Letter Agreement is sufficient evidence of the Parties' agreement. Each person who executes this Letter Agreement on behalf of a Party hereto represents that he is duly authorized to execute this Letter Agreement on behalf of such Party. This Letter Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Letter Agreement may be executed by facsimile or PDF signatures, and such facsimile or PDF signatures will be deemed to be as valid as an original signature whether or not confirmed by delivering the original signatures in person, by courier or mail.

COOPER LEVENSON APRIL NIEDELMAN & WAGENHEIM, PA	**WEIL, GOTSHAL & MANGES LLP**
Eric A. Browndorf COOPER LEVENSON APRIL NIEDELMAN & WAGENHEIM, PA 1125 Atlantic Avenue Atlantic City, NJ 08401 Telephone: (609) 572-7538 Facsimile: (609) 344-0939 Attorneys for F & S Produce	Stephen A. Youngman (22226600) Martin A. Sosland (18855645) Vance L. Beagles (00787052) WEIL, GOTSHAL & MANGES LLP 200 Crescent Court, Suite 300 Dallas, Texas 75201 Telephone: (214) 746-7700 Facsimile: (214) 746-7777 -and- Gary T. Holtzer (*pro hac vice*) WEIL, GOTSHAL & MANGES LLP 767 Fifth Avenue New York, New York 10153 Telephone: (212) 310-8000 Facsimile: (212) 310-8007 Attorneys for Debtors and Debtors in Possession