

**EXHIBIT D**

**Summary of New Employee Incentive Plans**

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The following is a summary of the material terms of the Short Term Management Incentive Plan and the Long Term Incentive Plan.

#### ***1. Short Term Management Incentive Plan***

The Debtors have incorporated the Short Term Management Incentive Plan (the “STIP”) into the Plan, and seek to have such program approved in the Confirmation Order and to be implemented by the Reorganized PPC as of the Effective Date. Regular, full-time salaried, exempt employees of the Reorganized PPC and its affiliates who are selected by the administering committee are eligible to participate in the STIP.

The principal features of the STIP are summarized below, but the summary is qualified in its entirety by reference to the STIP itself, which is in substantially the form attached to the Plan as Exhibit D-1.

The STIP is being included in the Plan in order to preserve the Reorganized PPC’s federal income tax deduction for incentive compensation paid to certain executive officers based on the attainment of established performance goals. Accordingly, the STIP has been structured in a manner such that payments under the plan to individuals covered by Section 162(m) of the Internal Revenue Code of 1986 (as amended, the “IRC”), can satisfy the requirements for “performance-based” compensation, within the meaning of Section 162(m) of the IRC.

#### **Administration**

A committee of the Reorganized PPC’s Board of Directors (the “STIP Committee”), consisting solely of members who are “outside directors,” within the meaning of Section 162(m) of the IRC, will administer the STIP with respect to bonus awards granted under the STIP that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the IRC. The STIP Committee will have the authority to interpret all provisions of the STIP, to adopt, amend, and rescind rules pertaining to the administration, interpretation and application of the STIP, and to make all other determinations necessary or advisable for the administration of the STIP, and to reduce, in its discretion, the amount of any bonus awards otherwise payable under the STIP. While it is anticipated that the Reorganized PPC’s Board of Directors will delegate all aspects of administration of the STIP to the STIP Committee, the STIP provides that the Reorganized PPC’s Board of Directors may exercise the rights and duties of the STIP Committee under the STIP except with respect to matters which under Section 162(m) of the IRC are required to be determined in the sole and absolute discretion of the STIP Committee.

#### **Eligibility**

Regular, full-time salaried exempt employees of the Reorganized PPC and any of its affiliates who, in the opinion of the STIP Committee, are employees whose performance can contribute to the successful management and financial success of the Reorganized PPC or an affiliate are eligible to be selected by the STIP Committee to participate in the STIP. The Reorganized PPC estimates that approximately 3,000 employees are eligible to participate in the STIP. The STIP Committee will determine which employees will be participants in the STIP.

## **STIP Operation**

Under the STIP, the STIP Committee may grant bonus awards that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the IRC and awards that are not intended to so qualify. Awards granted under the STIP are payable upon achievement of performance goals established by the STIP Committee.

For awards to covered employees that are intended to qualify as performance-based compensation under Section 162(m) of the IRC, within the earlier of 90 days after commencement of a performance period or the expiration of 25% of the performance period, the STIP Committee will designate or approve the following in writing in connection with the grant of an award:

- the performance period, which may consist of one or more periods of times, and which may be of varying and overlapping durations (for instance, the STIP Committee may determine that the bonus award may have a performance period that coincides with the fiscal year);
- objectively determined performance goals applicable to the performance periods;
- the maximum amount that may be paid upon achievement of the performance goals.

## **Performance Goals**

The performance goals, which, for purposes of awards to covered employees that are intended to qualify as performance-based compensation under Section 162(m) of the IRC, must be objectively determinable and substantially uncertain at the time they are established, will be set by the STIP Committee. Depending on the performance criteria used to establish the performance goals, the performance goals may be expressed in terms of overall Reorganized PPC's performance or the performance of an affiliate of the Reorganized PPC, or division or business unit of the Reorganized PPC or an affiliate. The performance goals may be measured in absolute terms or as compared to any incremental increase or as compared to the results of a peer group. The following performance criteria may be considered for purposes of awards that are intended to qualify as "performance-based" compensation under 162(m) of the IRC: interest, taxes, depreciation, amortization, restructuring costs or rental expenses; sales; economic value-added; cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow return on capital; earnings per share of common stock (including earnings before any one or more of the following: interest, taxes, depreciation, or amortization); return on equity; return on capital; total stockholder return; return on invested capital; return on assets or net assets; return on sales; income or net income (either before or after taxes); operating earnings; operating income reductions or savings or expense management; funds from operations; appreciation in the fair market value of shares of common stock; working capital; market share; productivity; expense; operating efficiency; customer satisfaction; and safety record.

## **Adjustments**

At the time of grant, the STIP Committee may specify one or more objectively determinable adjustments that may be made to one or more of the performance goals.

## **Annual Award Limit**

The maximum aggregate amount that may be paid under all awards granted under the STIP that are intended to constitute performance-based compensation under Section 162(m) of the IRC to a covered employee during any fiscal year may not exceed \$10,000,000. The Reorganized PPC does not currently

intend to grant individual awards that approach the maximum allowable amount, but is asking for approval of this maximum amount to preserve necessary flexibility over the next five years.

### **Payment of Awards; Form of Payment**

Following completion of each performance period and prior to the distribution of any payment for an award granted under the STIP, the STIP Committee will determine whether the performance goals for the performance period were satisfied. Awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code will be paid as soon as practicable after the STIP Committee has certified in writing that the participant has met the applicable performance goals unless the participant is eligible and authorized to defer receipt of the payment. In the case of awards to covered employees that are intended to qualify as performance-based compensation under Section 162(m) of the IRC, the STIP Committee retains the discretion to reduce (but not increase) the amount otherwise payable under an award granted pursuant to the STIP (including a reduction to zero).

Awards may be paid, at the option of the STIP Committee, in cash, or common stock of the Reorganized PPC, or in any combination of the foregoing.

### **Termination of Employment**

If a participant's employment with the Reorganized PPC or any of its affiliates is terminated for any reason other than death or disability prior to the end of a performance period, the participant will not have a right to payment with respect to the award, unless expressly authorized by the STIP Committee and doing so will not have the effect of preventing the award from qualifying as performance-based compensation under Section 162(m) of the IRC.

### **Amendment and Termination**

The STIP Committee or the Reorganized PPC's Board of Directors may amend, suspend or terminate the STIP at any time and from time to time. An amendment will be subject to stockholder approval only if such approval is necessary to maintain the STIP in compliance with Section 162(m) of the IRC. The STIP Committee or the Reorganized PPC's Board of Directors may not modify performance goals or adjustments applicable to any outstanding awards to the extent such modification would cause the award to fail to constitute qualified performance-based compensation.

### **Effective Date**

The STIP is effective with respect to the Reorganized PPC's fiscal year beginning September 27, 2009. The STIP will remain in effect subject to termination by the Reorganized PPC's Board of Directors or the STIP Committee at any time. Awards may be granted once the STIP becomes effective, but any awards that are intended to constitute performance-based compensation under Section 162(m) of the IRC that are granted before the STIP is approved by Debtors' stockholders will not be paid unless and until the STIP is approved.

## **2. *Long Term Incentive Plan***

The Debtors have incorporated the Long Term Incentive Plan (the "LTIP") into this Plan, and seek to have such program approved in the Confirmation Order and to be implemented by the Reorganized PPC as of the Effective Date. The LTIP will be applicable to certain of the Reorganized

PPC's employees and board members, and may entitle such employees and board members to New Debtors Common Stock and annual cash bonuses.

The principal features of the LTIP are summarized below, but the summary is qualified in its entirety by reference to the LTIP itself, which is in substantially the form attached to the Plan as Exhibit D-2.

The LTIP is intended to assist the Reorganized PPC in recruiting and retaining the best available personnel and to link the personal interests of the Reorganized PPC's key employees, consultants and directors to those of the Reorganized PPC's stockholders by providing such individuals with an incentive to generate superior returns to such stockholders.

### **Shares Subject to the LTIP**

The Plan provides for issuance of an aggregate number of shares of common stock in the Reorganized PPC equal to the lesser of (i) a number of shares equal to the quotient arrived at by dividing \$50,000,000 by the average of the per share closing prices on the Pink OTC Markets, or if the shares are not then traded on the Pink OTC Markets, on the principal exchange, market or quotation system on which the shares are then traded or listed, of the shares during the 10 consecutive trading days ending on (and including) the trading day immediately preceding the effective date of PPC's emergence from bankruptcy under Chapter 11 of the United States Bankruptcy Code, and (ii) 10,000,000 shares, which will be held by the Reorganized PPC and may be issued for the purposes of granting awards pursuant to the LTIP, all of which may be issued pursuant to the exercise of "incentive stock options" within the meaning of Section 422 of the IRC.

Any shares subject to an award that terminate, expire or are settled in cash will be available again for grant under the LTIP. Shares tendered or withheld as payment of the exercise price under an award or as a tax withholding for a payment of an award will also be available again for future grant under the LTIP. Shares issued by the Reorganized PPC to assume or substitute for outstanding awards of an entity acquired by the Reorganized PPC or related entities will not be counted against the shares available for issuance under the LTIP. The payment of dividend equivalent rights in cash will not be counted against the number of shares available for issuance under the LTIP. The shares ultimately distributed under the LTIP may consist of authorized and unissued shares, treasury shares or shares purchased on the open market.

### **Administration**

The LTIP will be administered by the Board of Directors of the Reorganized PPC unless such Board of Directors chooses to delegate administration responsibilities to be constituted in such a manner that will satisfy applicable law and stock exchange rules (the Board of Directors acting in this capacity or any committee appointed to so act are referred to herein as the "LTIP Committee"). The LTIP Committee will determine which eligible individuals are to receive awards under the LTIP, the type or types of award granted, the time or times when such awards are made, exercise price, grant price, purchase price, award restrictions, and vesting schedules. The LTIP Committee will also determine whether the exercise price of an award will be paid in cash, shares, other awards, or other property, and whether an award may be canceled, forfeited, or surrendered. The LTIP Committee may amend the terms of the LTIP and outstanding awards, except that no amendment will be effective without stockholder approval if stockholder approval is required by applicable laws or by the listing standards of the principal exchange on which the Reorganized PPC's common stock is traded, and amendments to outstanding awards may not materially and adversely impact the rights of a participant without the participant's prior written consent. The LTIP Committee does not have the authority to accelerate or delay issuance of shares under

an award if the acceleration or delay would be considered a deferral of compensation under Section 409A of the IRC, except to the extent that such acceleration or delay may, in the LTIP Committee's discretion, take effect in a manner that will not cause any person to incur taxes, interest or penalties under Section 409A of the IRC.

### **Equity Awards**

The LTIP provides for the following types of awards:

*Stock Options.* The LTIP provides for the grant of incentive stock options, or "ISOs," within the meaning of Section 422 of the IRC, and non-qualified stock options, or "NSOs," to employees, directors and consultants. ISOs may only be granted to employees of the Reorganized PPC or its subsidiaries. Options are granted with terms determined by the LTIP Committee, provided that ISOs are subject to statutory ISO limitations. Thus, the LTIP Committee determines the exercise price for a stock option within the terms and conditions of the LTIP Committee and applicable law, provided that the exercise price may not be less than 100% of the fair market value of the Reorganized PPC's common stock on the date of grant. Any person who owns more than 10% of the total combined voting power of all classes of the Reorganized PPC's stock and the stock of any parent or of any of the Reorganized PPC's subsidiaries (referred to herein as a "10% owner") may not be granted an ISO unless the exercise price is at least 110% of the fair market value of the Reorganized PPC's common stock on the date of grant. "Fair market value" is defined in the LTIP.

Options granted under the LTIP will vest at the rate specified by the LTIP Committee. The LTIP Committee may also substitute a stock appreciation right for a stock option any time before the option is exercised.

The term of any stock option granted under the LTIP may not exceed ten years, and the term of any ISO granted to a 10% owner may not exceed five years. However, if a participant's employment with the Reorganized PPC ends within ten years from the date an ISO is granted to him or her, the ISO may not expire later than three months after the participant ceases working for the Reorganized PPC, unless the participant terminates employment on account of disability or death, in which case the ISO may not expire later than one year after the date employment terminates.

Participants in the LTIP may pay the exercise price for the shares of stock underlying the granted options in cash, in shares of the Reorganized PPC's common stock held by the participant, or in other property of the participant that is acceptable to the LTIP Committee. The option may also be exercised through a broker-dealer sale and remittance procedure pursuant to which the participant effects a same day exercise of the option and sale of the purchased shares in order to cover the exercise price for the purchased shares and the applicable withholding taxes. In addition, the LTIP Committee may provide financial assistance to a participant who wishes to exercise his or her outstanding options, provided that the participant is not an executive officer or member of the Reorganized PPC's Board of Directors, by allowing the participant to deliver an interest-bearing promissory note in the amount of the exercise price and any associated withholding taxes.

*Restricted Stock.* A restricted stock award is a right to receive shares of the Reorganized PPC's common stock that are subject to restrictions established by the LTIP Committee. Participants who are granted restricted stock awards under the LTIP Committee may have restrictions on transferability, voting rights and the right to receive dividends on restricted stock awarded under the LTIP. The price that participants will pay for each share of restricted stock will be set by the LTIP Committee and will be paid in a form approved by the LTIP Committee, which may be cash, services rendered or to be rendered to the Reorganized PPC or a related entity, or in another form of payment.

*Stock Appreciation Rights.* Stock appreciation rights, or “SARs,” typically provide for payments to the holder based upon increases in the price of the Reorganized PPC’s common stock from the date the SAR was granted to the date that the right is exercised. Unlike an option, the participant is not required to pay an exercise price to exercise a SAR, but simply receives the net amount of the increase in the stock price. The LTIP Committee may elect to settle SARs in cash, in common stock, or in a combination of cash and common stock. The term of a SAR may not exceed ten years.

*Performance Share Awards.* Performance share awards are awards of shares of Reorganized PPC’s common stock due to satisfaction of performance criteria and assessment of the recipient’s contributions, responsibilities and other compensation as determined by the LTIP Committee, as of a specified date or dates or over a period or periods determined by the LTIP Committee.

*Performance Stock Units.* Performance stock units are denominated in unit equivalent of shares of the Reorganized PPC’s common stock and/or units of value, including dollar value of shares of the Reorganized PPC’s common stock. They may provide for payment based on specific performance criteria and assessment of the recipient’s contributions, responsibilities and other compensation determined by the LTIP Committee, as of a specified date or dates or over a period or periods determined by the LTIP Committee.

*Dividend Equivalent Rights.* Dividend equivalent rights are rights to receive the equivalent value, in cash or common stock, of dividends paid on shares that are subject to any award under the LTIP. If dividend equivalent rights are granted, they would be credited as of the dividend payment dates, if any, that occur between an award’s date of grant and date of exercise, vesting, or expiration, as determined by the LTIP Committee. Dividend equivalents are converted to cash or shares by a formula, at a time and with the limitations that are set by the LTIP Committee.

*Restricted Stock Units.* Restricted stock units are denominated in unit equivalent of shares of the Reorganized PPC’s common stock and are typically awarded to participants without payment of consideration. They are subject to vesting conditions based upon a schedule or performance criteria established by the LTIP Committee. Unlike restricted stock, the stock underlying restricted stock units will not be issued until the restricted stock units have vested. In addition, recipients of restricted stock units generally have no voting or dividend rights until the vesting conditions are satisfied. Restricted stock units may be settled in shares of the Reorganized PPC’s common stock, cash or a combination of both.

*Performance Bonus Awards.* Performance bonus awards are cash bonuses that are paid upon achievement of performance goals that are established by the LTIP Committee as of a specified date or dates or over a period or periods determined by the LTIP Committee. These awards are intended to comply with IRS requirements under Section 162(m) of the IRC for performance-based compensation.

*Other Awards.* The LTIP Committee may make other types of awards under the LTIP as long as the awards are consistent with the terms of the LTIP, and they involve either issuance of shares, vesting based on the passing of time, occurrence of one or more events, satisfaction of performance criteria, or issuance of another security which derives its value from the value of the Reorganized PPC’s common stock.

*Performance-Based Awards.* Performance-based awards include awards other than options or SARs that comply with IRS requirements under Section 162(m) of the IRC for performance-based compensation. The LTIP Committee may designate employees as “covered employees” whose compensation for a given fiscal year may be subject to the limit on deductible compensation imposed by

Section 162(m) of the IRC. The LTIP Committee may grant to covered employees awards that are paid, vest or become exercisable upon the attainment of Reorganized PPC's performance criteria established by the LTIP Committee that are related to one or more performance goals as applicable to the Reorganized PPC or any of the Reorganized PPC's subsidiaries, divisions or operating units, or the performance of an individual. The following performance criteria may be considered for purposes of awards that are intended to qualify as "performance-based" compensation under 162(m) of the IRC: revenue; earnings or net earnings (including earnings before any one or more of the following: interest, taxes, depreciation, or amortization); sales; economic value-added; cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow return on capital; earnings per share of common stock (including earnings before any one or more of the following: interest, taxes, depreciation, amortization, restructuring costs or rental expenses); return on equity; return on capital; total stockholder return; return on invested capital; return on assets or net assets; return on sales; income or net income (either before or after taxes); operating earnings; operating income or net operating income; operating profit or net operating profit; operating or net profit margin; cost reductions or savings or expense management; funds from operations; appreciation in the fair market value of shares of common stock; working capital; market share; productivity; expense; operating efficiency; customer satisfaction; and safety record.

At the time of grant, the LTIP Committee may specify one or more objectively determinable adjustments set forth in the LTIP that may be made to one or more of the performance goals.

No participant in the LTIP may receive more than 5 million shares of common stock per fiscal year pursuant to awards granted under the LTIP that are intended to comply with Section 162(m) of the IRC. The maximum cash amount paid during any fiscal year for awards that are intended to comply with Section 162(m) of the IRC (including performance bonus awards) to a single participant is \$10 million. If an award is canceled, the canceled award will continue to count against the maximum number of shares that the participant who was granted the award may receive for the fiscal year in which the cancellation occurs.

### **Eligibility**

The individuals eligible to participate in the LTIP include the Reorganized PPC's officers and other employees, members of the Reorganized PPC's Board of Directors and any consultants hired by the Reorganized PPC, as well as employees, members of the boards of, and any consultants to, the Reorganized PPC's affiliates, except that only employees of the Reorganized PPC or its subsidiaries may be granted ISOs.

### **Change in Control**

The LTIP contains a change in control provision, which may result in the accelerated vesting of outstanding awards. In the event of a change in control of the Reorganized PPC (for example, acquisition by merger or asset sale), each award outstanding under the LTIP will immediately vest, unless the award is converted, assumed or replaced by the successor corporation. In connection with a change in control, the LTIP Committee may permit a participant to exercise his or her awards during a period of time determined by the LTIP Committee. A change in control is generally defined as:

- a direct or indirect sale or other disposition of all or substantially all the assets of the Reorganized PPC other than to a direct or an indirect subsidiary of the Reorganized PPC;
- the consummation of any transaction (including, without limitation, any merger, consolidation or recapitalization) to which the Reorganized PPC is a party, the result of which is that immediately after the transaction the stockholders of the Reorganized PPC immediately prior to



the transaction hold less than 50.1% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Reorganized PPC that survives the transaction;

- the direct or indirect acquisition of more than 50% of the total voting stock of the Reorganized PPC;
- during any two consecutive years, individuals who at the beginning of the two-year period constituted the members of the Reorganized PPC's Board of Directors (together with any new directors whose election or nomination was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of the two-year period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Reorganized PPC's Board of Directors then in office; or
- the adoption of a plan for the liquidation or dissolution of the Reorganized PPC.

### **Adjustment Upon Changes in Capitalization**

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, other distribution (other than normal cash dividends) of assets to the Reorganized PPC's stockholders, or any other change affecting the Reorganized PPC's common stock other than certain equity restructurings enumerated in the LTIP, the LTIP Committee will make appropriate adjustments in the number and type of shares subject to the LTIP, the terms and conditions of any award outstanding under the LTIP, and the grant or exercise price of any such award. In the case of certain equity restructurings specified in the LTIP, the number and types of securities subject to each outstanding award and the grant or exercise price will be adjusted without any discretion on the part of the LTIP Committee.

### **Amendment and Termination of the LTIP**

With the approval of the Reorganized PPC's Board of Directors, the LTIP Committee may suspend or terminate the LTIP, or any part thereof, at any time and for any reason. With the approval of the Reorganized PPC's Board of Directors, the LTIP Committee may also amend the LTIP from time to time, except that the LTIP Committee may not, without prior stockholder approval, amend the LTIP in any manner which would require stockholder approval to comply with any applicable laws, regulations or rules. No action by the Reorganized PPC's Board of Directors, the LTIP Committee or the Reorganized PPC's stockholders may alter or impair any award previously granted under the LTIP without the consent of the participant. Unless terminated earlier, the LTIP shall terminate ten years from the date of its approval by the Reorganized PPC's stockholders, except that ISOs may not be granted following the tenth anniversary of the date the Reorganized PPC's Board of Directors adopted the LTIP.

### **Repricing of Certain Awards**

The LTIP permits the LTIP Committee in its sole discretion to amend the terms of any outstanding option or SAR under the LTIP to reduce its exercise price and to cancel and replace any outstanding options or SARs with grants having a lower exercise price.

**EXHIBIT D-1**

**Short Term Management Incentive Plan**

**PILGRIM'S PRIDE CORPORATION  
SHORT-TERM MANAGEMENT INCENTIVE PLAN**

Pilgrim's Pride Corporation, a Delaware corporation (the "Company"), hereby establishes the Pilgrim's Pride Corporation Short-Term Management Incentive Plan (the "Plan"). The purpose of the Plan is to advance the interests of Pilgrim's Pride Corporation and its stockholders by establishing a direct relationship between the payment of bonuses to certain of the officers and other employees of the Company or its Affiliates (as this term is hereinafter defined) and the financial success of the Company in order to enhance stockholder value.

**ARTICLE I.**

**DEFINITIONS**

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

Section 1.1 – Affiliate. "Affiliate" means any entity (a) in which the Company has a significant equity interest, or (b) that directly or through one or more intermediaries is controlled by the Company, in each case, as determined by the Committee.

Section 1.2 – Board. "Board" means the Board of Directors of the Company.

Section 1.3 – Bonus Award. "Bonus Award" shall be a bonus award granted pursuant to and in accordance with the terms and conditions of this Plan.

Section 1.4 – Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.5 – Committee. "Committee" shall mean the Compensation Committee of the Board, or such other committee or subcommittee as may be appointed by the Board in accordance with Section 5.1 hereof.

Section 1.6 – Common Stock. "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Company.

Section 1.7 – Director. "Director" shall mean a member of the Board.

Section 1.8 – Disability. "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determined physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant shall not be considered to have incurred a Disability unless he or she furnishes proof of such impairment, such as a treating physician's written certification, sufficient to satisfy the Board in its discretion.

Section 1.9 – Eligible Individual. “Eligible Individual” shall mean a regular full-time salaried, exempt employee of the Company or any Affiliate who, in the opinion of the Committee, is a employee whose performance can contribute to the successful management and financial success of the Company or an Affiliate.

Section 1.10 – Fair Market Value. “Fair Market Value” shall have the meaning ascribed to such term in the Long Term Incentive Plan.

Section 1.11 – GAAP. “GAAP” shall mean United States generally accepted accounting principles.

Section 1.12 – Long Term Incentive Plan. “Long Term Incentive Plan” shall mean the Pilgrim’s Pride Corporation Long Term Incentive Plan, as amended from time to time.

Section 1.13 – Participant. “Participant” shall mean any Eligible Individual selected by the Committee, in its sole discretion, to be granted the right to earn a Bonus Award.

Section 1.14 – Performance Goals. “Performance Goals” shall have the meaning set forth in Section 2.2 hereof.

Section 1.15 – Performance Period. “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and payment of, a Bonus Award.

Section 1.16 – Qualified Performance-Based Compensation. “Qualified Performance-Based Compensation” means any compensation that is intended to qualify as “qualified performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

## **ARTICLE II.**

### **BONUS AWARDS**

Section 2.1 – Participants; Bonus Awards. The Committee, in its sole discretion, may grant Bonus Awards with regard to any given Performance Period to one or more of the Eligible Individuals the Committee selects. At the time a Bonus Award is granted pursuant to this Section 2.1, the Committee shall specify the maximum bonus amount to be paid upon the achievement of the Performance Goals established in accordance Section 2.2 hereof, subject to Section 2.4 hereof.

Section 2.2 – Performance Goals. For each Performance Period with regard to which one or more Eligible Individuals is selected by the Committee to receive a Bonus Award, the Committee shall establish in writing one or more objectively determinable Performance Goals for such Bonus Award, based upon one or more of the following performance criteria, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to the results of a peer group: revenue; earnings or net earnings (including earnings before or after any one or more of the following: interest, taxes, depreciation,

amortization, restructuring costs or rental expenses); sales; economic value-added; cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow return on capital; earnings per share of Common Stock (including earnings before any one or more of the following: interest, taxes, depreciation, or amortization); return on equity; return on capital; total stockholder return; return on invested capital; return on assets or net assets; return on sales; income or net income (either before or after taxes); operating earnings; operating income or net operating income; operating profit or net operating profit; operating or net profit margin; cost reductions or savings or expense management; funds from operations; appreciation in the Fair Market Value of shares of Common Stock; working capital; market share; productivity; expense; operating efficiency; customer satisfaction; and safety record.

In addition, for Bonus Awards not intended to qualify as Qualified Performance-Based Compensation, the Committee may establish Performance Goals based on other performance criteria as it deems appropriate in its sole discretion. Depending on the performance criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of an Affiliate, a division or business unit. The Committee, in its sole discretion, may specify different Performance Goals for each Bonus Award. For Bonus Awards that are intended to constitute Qualified Performance-Based Compensation, the Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of determining whether and to what extent the specified Performance Goal has been achieved for the Performance Period to the extent the Committee elects not to determine achievement of the Performance Goal in accordance with GAAP or in the event determination of achievement in accordance with GAAP would not satisfy the requirements of Section 162(m) of the Code.

Section 2.3 – Adjustments to Performance Goals. For each Bonus Award, the Committee, in its discretion, may, at the time of grant, specify in the Bonus Award that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals established under Section 2.2 hereof. Such adjustments may include or exclude one or more of the following: items that are extraordinary or unusual in nature or infrequent in occurrence, including one-time or non-recurring items; items related to a change in accounting principles under GAAP; items related to financing activities; expenses for restructuring or productivity initiatives; other non-operating items; items related to acquisitions, including transaction-related charges and amortization; items attributable to the business operations of any entity acquired by the Company during the Performance Period; items related to the disposal of a business or segment of a business; items related to discontinued operations that do not qualify as a segment of a business under GAAP; taxes; stock-based compensation; non-cash items; and any other items of significant income or expense which are determined to be appropriate adjustments.

Section 2.4 – Award Limit. The maximum aggregate amount of all Bonus Awards intended to constitute Qualified Performance-Based Compensation granted to a Participant with regard to any fiscal year shall not exceed \$10,000,000. For purposes of this Section 2.4, Bonus Award payments made in shares of Common Stock shall count against the aggregate Bonus Award limit based upon the Fair Market Value of such shares on the date the Bonus Award is paid. For purposes of Bonuses Awards awarded in the Company's fiscal year beginning September 27, 2009, the amount of the Bonus Awards for achieving 100% of target shall be in accordance with the schedule attached hereto as Attachment A.

Section 2.5 – Other Incentive Awards. The Plan is not the exclusive means for the Committee to award incentive compensation to Participants and does not limit the Committee from making additional discretionary incentive awards. No employee of the Company or any Affiliate has a guaranteed right to any discretionary bonus as a substitute for a Bonus Award in the event that Performance Goals are not met.

### **ARTICLE III.**

#### **PAYMENT OF BONUS AWARD**

Section 3.1 – Form of Payment. Each Participant's Bonus Award may be paid, at the option of the Committee, in cash, or in Common Stock, or in any combination of cash and Common Stock. Bonus Award payments made in Common Stock shall be made in accordance with the provisions of the Long Term Incentive Plan.

Section 3.2 – Certification. Following the completion of each Performance Period and, subject to Section 3.4, prior to the distribution of any payment for a Bonus Award intended to constitute Qualified Performance-Based Compensation that is granted under the Plan with respect to such Performance Period, the Committee shall certify in writing whether the applicable Performance Goals were achieved for the Performance Period to which the Bonus Award relates.

Section 3.3 – Negative Discretion. In determining the amount payable to a Participant with respect to the Participant's Bonus Award that is intended to qualify as Qualified Performance-Based Compensation, the Committee shall have the right, in its sole discretion, to reduce or eliminate (but not increase) the amount otherwise payable under the Bonus Award to take into account recommendation of the Chief Executive Officer of the Company and such additional factors, if any, that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period. In the case of Bonus Awards that are not intended to qualify as Qualified Performance-Based Compensation, the Committee shall retain the right, in its sole discretion, to reduce, increase or eliminate, the amount otherwise payable under the under the Bonus Award. Anything to the contrary in the foregoing notwithstanding, in no event shall any such reduction or elimination of the amount payable under a Bonus Award contemplated in the foregoing sentences increase the amount payable under a Bonus Award that is intended to qualify as a Qualified Performance-Based Compensation.

Section 3.4 – Timing of Payment. Unless otherwise determined by the Committee, each Bonus Award shall be paid as soon as practicable after the Committee certifies in writing that the Performance Goals specified for such Bonus Award were in fact satisfied; provided, however, that unless the Participant is eligible for (as determined by the Committee in its sole discretion) and has elected to defer receipt of a portion or all of the payment of the Bonus Award in accordance with the terms of the applicable deferred compensation plan of the Company, any Bonus Award that has been earned shall be paid within such period that would allow the payment to satisfy the "short-term deferral period," within the meaning of Section 409A of the Code.

Section 3.5 – Employment Termination. If a Participant's employment with the Company (or any of its Affiliates, as applicable) is terminated for any reason other than death

or Disability prior to the end of the Performance Period to which a Bonus Award relates, all of the Participant's rights under the Plan shall terminate and the Participant shall not have any right to receive any further payments with respect to any Bonus Award granted under the Plan; provided, however, that the Committee may, in its sole discretion, provide for full or partial payment of the Bonus Award upon a Participant's employment termination for any reason prior to the completion of a Performance Period to which a Bonus Award relates, provided the payment of the Bonus Award is made in compliance with Section 409A of the Code, and, in the case of a Bonus Award that is intended to qualify as Qualified Performance-Based Compensation, such payment would not prevent the Bonus Award to so qualify. The Committee, in its discretion, may determine what portion, if any, of the Participant's Bonus Award under the Plan should be paid if the Participant's employment has been terminated by reason of death or Disability.

#### **ARTICLE IV.**

##### **SECTION 162(M) OF THE CODE**

Section 4.1 – Qualified Performance-Based Compensation. The Committee, in its discretion, may determine whether a Bonus Award is to qualify as Qualified Performance-Based Compensation, and may take such actions as it may deem necessary to ensure that such Bonus Award will so qualify. Any such Bonus Award shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) and any Treasury Regulations or rulings issued thereunder that are requirements for qualifications as Qualified Performance-Based Compensation, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

##### Section 4.2 – Performance Goals.

(a) The Committee may, in its discretion, establish the specific Performance Goal or Goals under Section 2.2 hereof that must be achieved in order for a Participant to become eligible to receive a Bonus Award payment (including any specific adjustments to be made under Section 2.3 hereof). The Performance Goals (including any adjustments) shall be established in writing by the Committee; provided, however, that the achievement of such Performance Goals shall be substantially uncertain at the time such Performance Goals are established in writing.

(b) With respect to any Bonus Award that the Committee determines should qualify as Qualified Performance-Based Compensation, the applicable Performance Goals described in Section 2.2 hereof (including any adjustments to be made under Section 2.3 hereof) shall be established in writing no later than the 90th day following the commencement of the Performance Period to which the Performance Goals relate; provided, however, that in no event shall the Performance Goals be established after 25% of the Performance Period (as scheduled in good faith at the time the Performance Goals are established) has elapsed.

## ARTICLE V.

### ADMINISTRATION

#### Section 5.1 – Committee.

(a) For Bonus Awards that are intended to qualify as Qualified Performance-Based Compensation, the Committee shall consist solely of two or more Directors appointed by and holding office at the pleasure of the Board, each of whom constitutes an “outside director” within the meaning of Section 162(m)(4)(C) of the Code and the Treasury Regulations thereunder. In the case of Bonus Awards that are not intended to constitute Qualified Performance-Based Compensation, the Committee may consist of two or more Directors appointed by and holding office at the pleasure of the Board; provided, that, to the extent permitted by applicable law, the Committee may also consist of one or more officers of the Company in the case of Bonus Awards not intended to constitute Qualified Performance-Based Compensation granted to Eligible Individuals who are not (i) subject to Section 16 of the Exchange Act of 1934, as amended, (ii) officers of the Company who have been appointed to serve on the Committee as contemplated hereunder.

(b) Unless otherwise provided in the Company’s certificate of incorporation or by-laws or in the charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee shall be filled by the Board.

Section 5.2 – Duties and Powers of Committee. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan, and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Section 162(m) of the Code are required to be determined in the sole and absolute discretion of the Committee.

Section 5.3 – Determinations of the Committee or the Board. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No members (or former members) of the Committee or the Board shall be personally liable for any action, inaction, determination or interpretation made in good faith with respect to the Plan or any Bonus Award, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation. The Committee may employ such accountants, legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any counsel or consultant and any computation received from any consultant or agent.

Section 5.4 – Majority Rule; Unanimous Written Consent. The Committee shall act by a majority of its members in office. The Committee may act either by majority vote at a meeting or by a written consent or other written instrument signed by all of the members of the Committee.



## ARTICLE VI.

### OTHER PROVISIONS

Section 6.1 – Amendment, Suspension or Termination of the Plan. This Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee. However, with respect to Bonus Awards granted under the Plan which the Committee determines should constitute Qualified Performance-Based Compensation, no action of the Board or the Committee may modify the Performance Goals (or adjustments) applicable to any outstanding Bonus Award, to the extent such modification would cause the Bonus Award to fail to constitute Qualified Performance-Based Compensation.

Section 6.2 – Effective Date. This Plan shall be effective with respect to the Company's fiscal year beginning September 27, 2009, subject to, and conditioned upon, the issuance of an order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, or another court having jurisdiction over the case pending under Chapter 11 of the United States Bankruptcy Code wherein the Company is debtor and debtor-in-possession, approving the terms of this Plan in the form hereof. The Committee may grant Bonus Awards at any time on or after the date the Plan becomes effective, provided that any Bonus Award that is intended to constitute Qualified Performance-Based Compensation shall not be paid unless and until the Plan is approved by the Company's stockholders in accordance with Section 6.3 hereof.

Section 6.3 – Approval of Plan by Stockholders.

(a) This Plan shall be submitted for the approval of the Company's stockholders as soon practicable following the date the Plan becomes effective.

(b) The Plan shall be subject to reapproval by the stockholders of the Company not later than the first stockholder meeting that occurs in the fifth year following the year in which the stockholders last approved the Plan, as required under the Treasury Regulations pursuant to Section 162(m) of the Code. In the event that the Plan is not so reapproved, no Bonus Award that is granted after the date contemplated by the foregoing sentence and that is intended to constitute Qualified Performance-Based Compensation shall become payable.

Section 6.4 – No Fiduciary Relationship. The Board and the officers of the Company shall have no duty to manage or operate in order to maximize the benefits granted to the Participants hereunder, but rather shall have full discretionary power to make all management and operational decisions based on their determination of their respective best interests. This Plan shall not be construed to create a fiduciary relationship between such Board or the officers of the Company and the Participants.

Section 6.5 – Governing Law. This Plan, and all controversies arising thereunder or related thereto, shall be governed by and construed in accordance with the laws of the State of Texas without regard to principles of conflict of laws that would apply any other law.

Section 6.6 – No Employment Guarantee. Nothing in this Plan shall be construed as an employment contract or a guarantee of continued employment. The rights of any Participant shall only be those as are expressly set forth in this Plan.

Section 6.7 – General Creditor Status. The Participants shall, in no event, be regarded as standing in any position, if at all, other than as a general creditor of the Company with respect to any rights derived from the existence of the Plan and shall receive only the Company's unfunded and unsecured promise to pay benefits under the Plan.

Section 6.8 – Nonalienation of Benefits. Except as expressly provided herein, no Participant or his beneficiaries shall have the power or right to transfer, anticipate, or otherwise encumber the Participant's interest under the Plan. The Company's obligation under this Plan are not assignable or transferable except to a corporation that acquires all or substantially all of the assets of the Company or any corporation into which the Company may be merged or consolidated. The provisions of the Plan shall inure to the benefit of each Participant and his beneficiaries, heirs, executors, administrators or successors in interest.

Section 6.9 – Severability. If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

Section 6.10 – Code Section 409A. The grant and payment of the Bonus Awards are intended to be exempt from Section 409A of the Code under the short-term deferral exception available under Section 409A of the Code, or, to the extent the receipt of payment of the Bonus Awards is deferred in accordance with Section 3.4 hereof, are intended to comply with Section 409A of the Code, and the Plan shall be administered, and any ambiguities thereunder shall be interpreted, consistent with the foregoing. In furtherance of this interest, any provision in the Plan to the contrary notwithstanding, the Committee may amend the terms of the Plan and/or of an outstanding Bonus Award, or take such other action the Committee determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding Bonus Award from or to allow any such Bonus Award to comply with Section 409A of the Code, but only to the extent that any such amendments or action by the Board would not violate Section 409A of the Code. Anything in the foregoing to the contrary notwithstanding, - the Company shall have no liability to a Participant or any other party if the Bonus Award that is intended to be exempt from or comply with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto. The Company makes no representation that any Bonus Award is exempt from or complies with Section 409A of the Code.

Section 6.11 – Tax Withholding. The Company shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any taxable event concerning a Participant arising in connection with a Bonus Award.

\* \* \* \*

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Pilgrim's Pride Corporation on \_\_\_\_\_, 2009.

\* \* \* \* \*

I hereby certify that the foregoing Plan was approved by the stockholders of Pilgrim's Pride Corporation on \_\_\_\_\_, 2009 and by the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, pursuant to a joint Chapter 11 plan of reorganization pursuant to Section 1121(a) of the United States Code, on \_\_\_\_\_, 2009.

Executed on this \_\_\_\_ day of \_\_\_\_\_, 2009.

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Corporate Secretary

ATTACHMENT A

<b>FY2010 Approved Target Bonus Award Amounts (% of Base Salary)</b>	
CEO & CFO	100%
EVP Operations	75%
EVP Sales and Marketing	75%
EVP Human Resources	70%
SVP and SRVP	70%
VP	40%
Complex Manager Grade 11	30%
Other Grade 11 and 12	30%
Grade 10	25%
Grade 9	20%
Grade 8	15%
Grade 7	10%
Grade 6	10%
Grade 5	8%
Grade 4	8%
Grade 1, 2 & 3	5%

**EXHIBIT D-2**

**Long Term Incentive Plan**

## PILGRIM'S PRIDE CORPORATION

### LONG TERM INCENTIVE PLAN

#### ARTICLE 1. PURPOSES OF THE PLAN

The purposes of the Pilgrim's Pride Corporation Long Term Incentive Plan (the "Plan") are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success and enhance the value of the Company's business by linking the personal interests of the Directors, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders.

#### ARTICLE 2. DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Affiliate" means (a) a Subsidiary, (b) any entity in which the Company has a significant equity interest, or (c) any entity that directly or through one or more intermediaries is controlled by the Company, in each case, as determined by the Committee.

2.2 "Award" means an Option, an award of Restricted Stock, a Stock Appreciation Right, an award of Performance Shares, an award of Performance Stock Units, a Dividend Equivalent Right, an award of Restricted Stock Units, a Performance Bonus Award, a Performance-Based Award or any other right or benefit, including any other Award under Article 8, granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing the terms and conditions of an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change in Control" shall mean the occurrence of any of the following events:

(a) a direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) of all or substantially all the assets of the Company and its subsidiaries taken as a whole to any "person" or "group" (as such terms are used in Section 13(d)(3) of the Exchange Act) as an entirety or substantially as an entirety in one transaction or series of transactions;

(b) the consummation of any transaction (including, without limitation, any merger, consolidation or recapitalization) to which the Company is a party the result of which is that immediately after such transaction the stockholders of the Company immediately prior to

such transaction hold less than 50.1% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the person surviving such transaction;

(c) any “person” or “group” (as such terms are used in Section 13(d)(3) of the Exchange Act) becomes the ultimate “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of more than 50% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Company on a fully-diluted basis;

(d) during any period of two consecutive years, individuals who at the beginning of such period constituted the members of the Board (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board then in office; or

(e) the adoption of a plan for the liquidation or dissolution of the Company.

The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.6 “Code” means the U.S. Internal Revenue Code of 1986, as amended.

2.7 “Committee” means the committee of the Board appointed or described in Article 12 to administer the Plan.

2.8 “Common Stock” means the common stock of the Company, par value \$0.01 per share, and such other securities of the Company that may be substituted for the Common Stock pursuant to Article 11.

2.9 “Company” means Pilgrim’s Pride Corporation, a Delaware corporation.

2.10 “Consultant” means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to the Company or any Affiliate; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities; and (c) the consultant or adviser is a natural person.

2.11 “Covered Employee” means an Employee who is, or could be, a “covered employee” within the meaning of Section 162(m) of the Code.

2.12 “Director” means a member of the Board, or as applicable, a member of the board of directors of a Subsidiary.

2.13 “Disability” means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determined physical

or mental impairment for a period of not less than ninety (90) consecutive days. A Participant shall not be considered to have incurred a Disability unless he or she furnishes proof of such impairment, such as a treating physician's written certification, sufficient to satisfy the Board in its discretion. Notwithstanding the foregoing, for purposes of Incentive Stock Options granted under the Plan, "Disability" means the Participant is disabled within the meaning of Section 22(e)(3) of the Code.

2.14 "Dividend Equivalent Right" means a right granted to a Participant pursuant to Section 8.3 hereof to receive the equivalent value (in cash or Shares) of dividends paid on the Shares.

2.15 "Effective Date" shall have the meaning set forth in Section 13.1 hereof.

2.16 "Eligible Individual" means any person who is an Employee, a Consultant or a Director, as determined by the Committee.

2.17 "Employee" means a full time or part time employee of the Company or any Affiliate, including an officer or Director, who is treated as an employee in the personnel records of the Company or Affiliate for the relevant period, but shall exclude individuals who are classified by the Company or Affiliate as (a) leased from or otherwise employed by a third party, (b) independent contractors or (c) intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise. A Participant shall not cease to be an Employee in the case of (i) any vacation or sick time or otherwise approved paid time off in accordance with the Company or an Affiliate's policy or (ii) transfers between locations of the Company or between the Company and/or any Affiliate. Neither services as a Director nor payment of a director's fee by the Company or an Affiliate shall be sufficient to constitute "employment" by the Company or any Affiliate.

2.18 "Equity Restructuring" shall mean a nonreciprocal transaction between the company and its stockholders, such as a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the Shares (or other securities of the Company) or the price of Shares (or other securities) and causes a change in the per share value of the Shares underlying outstanding Awards.

2.19 "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

2.20 "Fair Market Value" means, as of any given date, (a) if Shares are traded on any established stock exchange, the closing price of a Share as quoted on the principal exchange on which the Shares are listed, as reported in the *Wall Street Journal* (or such other source as the Company may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred; or (b) if Shares are not traded on an exchange but are regularly quoted on a national market or other quotation system, the closing sales price on such date as quoted on such market or system, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported; or (c) in the absence of an established market for the Shares of the type described in (a) or (b) of this Section 2.20, the fair market value established by the Committee acting in good faith.



2.21 “Incentive Stock Option” means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.22 “Independent Director” means a Director of the Company who is not an Employee.

2.23 “Non-Employee Director” means a Director of the Company who qualifies as a “Non-Employee Director” as defined in Rule 16b-3(b)(3) under the Exchange Act, or any successor rule.

2.24 “Non-Qualified Stock Option” means an Option that is not intended to be an Incentive Stock Option.

2.25 “Option” means a right granted to a Participant pursuant to Article 5 to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.26 “Participant” means any Eligible Individual who, as an Independent Director, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.27 “Performance-Based Award” means an Award granted pursuant to Article 9.

2.28 “Performance Bonus Award” has the meaning set forth in Section 8.5 hereof.

2.29 “Performance Criteria” means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: revenue; earnings or net earnings (including earnings before or after any one or more of the following: interest, taxes, depreciation, or amortization); sales; economic value-added; cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow return on capital; earnings per share of Common Stock (including earnings before any one or more of the following: interest, taxes, depreciation, amortization, restructuring costs or rental expenses); return on equity; return on capital; total stockholder return; return on invested capital; return on assets or net assets; return on sales; income or net income (either before or after taxes); operating earnings; operating income or net operating income; operating profit or net operating profit; operating or net profit margin; cost reductions or savings or expense management; funds from operations; appreciation in the Fair Market Value of shares of Common Stock; working capital; market share; productivity; expense; operating efficiency; customer satisfaction; and safety record, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.30 “Performance Goals” means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance, the performance of an Affiliate, the performance of a division or a business unit of the Company or

an Affiliate, or the performance of an individual. The Committee, in its discretion, may, to the extent consistent with, and within the time prescribed by, Section 162(m) of the Code, appropriately adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

2.31 “Performance Period” means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance-Based Award.

2.32 “Performance Share” means a right granted to a Participant pursuant to Section 8.1 hereof, to receive Shares, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.33 “Performance Stock Unit” means a right granted to a Participant pursuant to Section 8.2 hereof, to receive Shares, the payment of which is contingent upon achieving certain Performance Goals or other performance-based targets established by the Committee.

2.34 “Plan” means this Pilgrim’s Pride Corporation Long Term Incentive Plan, as it may be amended from time to time.

2.35 “Qualified Performance-Based Compensation” means any compensation that is intended to qualify as “qualified performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

2.36 “Restricted Stock” means Shares awarded to a Participant pursuant to Article 6 that are subject to certain restrictions and may be subject to risk of forfeiture.

2.37 “Restricted Stock Unit” means an Award granted pursuant to Section 8.4 hereof and shall be evidenced by a bookkeeping entry representing the equivalent of one Share.

2.38 “Section 409A Compliance” shall have the meaning assigned to it in Section 10.6 hereof.

2.39 “Securities Act” shall mean the U.S. Securities Act of 1933, as amended.

2.40 “Share” means a share of Common Stock.

2.41 “Stock Appreciation Right” or “SAR” means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.42 “Subsidiary” means any “subsidiary corporation” as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder or any other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

### **ARTICLE 3. SHARES SUBJECT TO THE PLAN**

#### **3.1 Number of Shares.**

(a) Subject to Article 11 and Section 3.1(b) hereof, the aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan is the lesser of (i) a number of Shares equal to the quotient arrived at by dividing \$50,000,000 by the the average of the per share closing prices on the Pink OTC Markets, or if the Shares are not then traded on the Pink OTC Markets, on the princiipal exchange, market or quotation system on which the Shares are then traded or listed, of the Shares during the 10 consecutive trading days ending on (and including) the trading day immediately preceding the effective date of the Company's emergence from bankruptcy under Chapter 11 of the United States Bankruptcy Code, and (ii) 10,000,000 Shares, all of which may be issued upon the exercise of Incentive Stock Options.

(b) To the extent that an Award terminates, expires, lapses for any reason, or is settled in cash, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. Additionally, any Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award. To the extent permitted by applicable law or any exchange rule, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against Shares available for grant pursuant to this Plan. The payment of Dividend Equivalent Rights in cash in conjunction with any outstanding Awards shall not be counted against the Shares available for issuance under the Plan. Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Article 11, where it is intended to comply with Section 162(m) of the Code, the maximum number of Shares with respect to one or more Awards that may be granted to any one Participant during any fiscal year shall be 5,000,000 Shares and the maximum amount that may be paid in cash during any fiscal year with respect to any Award (including, without limitation, any Performance Bonus Award) shall be \$10,000,000. To the extent required by Section 162(m) of the Code, in applying the foregoing limitation with respect to a Participant, if any Award is canceled, the canceled Award shall continue to count against the maximum number of Shares with respect to which an Award may be granted to a given Participant.

#### **ARTICLE 4. ELIGIBILITY AND PARTICIPATION**

4.1 Eligibility. Each Eligible Individual shall be eligible to be granted one or more Awards pursuant to the Plan.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all Eligible Individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Eligible Individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in countries outside the United States in which the Company and its Affiliates operate or have Eligible Individuals, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Affiliates shall be covered by the Plan; (ii) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable laws of jurisdictions outside of the United States; (iv) establish subplans and modify exercise procedures and other terms and procedures and rules, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this Plan as appendices), including adoption of rules, procedures or subplans applicable to particular Affiliates or Participants residing in particular locations; *provided, however,* that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3 hereof; and (v) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and subplans with provisions that limit or modify rights on death, disability or retirement or on termination of employment, available methods of exercise or settlement of an Award, payment of income, social insurance contributions and payroll taxes, the shifting of employer tax liability to the Participant, the withholding procedures and handling of any Share certificates or other indicia of ownership which may vary with local requirements. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

#### **ARTICLE 5. STOCK OPTIONS**

5.1 General. The Committee is authorized to grant Options to Eligible Individuals on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement; provided that, subject to Section 5.2(c) hereof, the per Share exercise price for any Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part; *provided* that the term of

any Option granted under the Plan shall not exceed ten years. The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation: (i) cash or check, (ii) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Committee may require (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which the Award shall be exercised, (iii) promissory note bearing interest at no less than such rate as shall then preclude the imputation of interest under the Code), (iv) other property acceptable to the Committee (including through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, or (v) any combination of the foregoing methods of payment. The Committee shall also determine the methods by which Shares shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option, or continue any extension of credit with respect to the exercise price of an Option with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Stock Options. Incentive Stock Options shall be granted only to Employees of the Company or any Subsidiary, and the terms of any Incentive Stock Options granted pursuant to the Plan, in addition to the requirements of Section 5.1 hereof, must comply with the provisions of this Section 5.2.

(a) Expiration. Subject to Section 5.2(c) hereof, an Incentive Stock Option shall expire and may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant’s termination of employment as an Employee; and

(iii) One year after the date of the Participant’s termination of employment or service on account of Disability or death. Upon the Participant’s Disability or death, any Incentive Stock Options exercisable at the Participant’s Disability or death may be

exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Stock Option or dies intestate, by the person or persons entitled to receive the Incentive Stock Option pursuant to the applicable laws of descent and distribution.

(b) Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(c) Ten Percent Owners. An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Notice of Disposition. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Right to Exercise. During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

(f) Failure to Meet Requirements. Any Option (or portion thereof) purported to be an Incentive Stock Option, which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.

5.3 Substitution of Stock Appreciation Rights. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have to right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; *provided*, that such Stock Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable.

## **ARTICLE 6. RESTRICTED STOCK AWARDS**

6.1 Grant of Restricted Stock. The Committee is authorized to make Awards of Restricted Stock to any Eligible Individual selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

6.2 Purchase Price. At the time of the grant of an Award of Restricted Stock, the Committee shall determine the price, if any, to be paid by the Participant for each Share subject to the Award of Restricted Stock. To the extent required by applicable law, the price to be paid

by the Participant for each Share subject to the Award of Restricted Stock shall not be less than the par value of a Share (or such higher amount required by applicable law). The purchase price of Shares acquired pursuant to the Award of Restricted Stock shall be paid either: (i) in cash at the time of purchase; (ii) at the sole discretion of the Committee, by services rendered or to be rendered to the Company or an Affiliate; or (iii) in any other form of legal consideration that may be acceptable to the Committee in its sole discretion and in compliance with applicable law.

6.3 Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.4 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited; *provided, however*, that the Committee may (a) provide in any Restricted Stock Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

6.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

## **ARTICLE 7. STOCK APPRECIATION RIGHTS**

### **7.1 Grant of Stock Appreciation Rights.**

(a) A Stock Appreciation Right may be granted to any Eligible Individual selected by the Committee. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement, provided that the term of any Stock Appreciation Right shall not exceed ten years.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount equal to the product of (i) the excess of (A) the Fair Market Value of the Shares on the date the Stock Appreciation Right is exercised over (B) the Fair Market Value of the Shares on the date the Stock Appreciation Right was granted and (ii) the number of Shares with respect to which the Stock Appreciation Right is exercised, subject to any limitations the Committee may impose.

7.2 Payment and Limitations on Exercise.

(a) Subject to Section 7.2(b) hereof, payment of the amounts determined under Section 7.1(b) hereof shall be in cash, in Shares (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Committee.

(b) To the extent any payment under Section 7.1(b) hereof is effected in Shares, it shall be made subject to satisfaction of all provisions of Article 5 pertaining to Options.

**ARTICLE 8. OTHER TYPES OF AWARDS**

8.1 Performance Share Awards. Any Eligible Individual selected by the Committee may be granted one or more Awards of Performance Shares which shall be denominated in a number of Shares and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.2 Performance Stock Units. Any Eligible Individual selected by the Committee may be granted one or more Performance Stock Unit awards which shall be denominated in unit equivalents of Shares and/or units of value including dollar value of Shares and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.3 Dividend Equivalent Rights.

(a) Any Eligible Individual selected by the Committee may be granted Dividend Equivalent Rights based on the dividends declared on the Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalent Rights shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

(b) Dividend Equivalent Rights granted with respect to Options or SARs that are intended to be Qualified Performance-Based Compensation shall be payable, with respect to pre-exercise periods, regardless of whether such Option or SAR is subsequently exercised.

8.4 Restricted Stock Units. The Committee is authorized to make Awards of Restricted Stock Units to any Eligible Individual selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Stock Units shall become fully



vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to Section 10.5(b), transfer to the Participant one unrestricted, fully transferable Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. Alternatively, settlement of a Restricted Stock Unit may be made in cash or any combination of cash and Shares, as determined by the Committee, in its sole discretion, at the time of grant of the Restricted Stock Units. Methods of converting Restricted Stock Units into cash may include, without limitation, a method based on the average Fair Market Value of Shares over a series of trading days. A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement evidencing the grant of the Restricted Stock Unit.

8.5 Performance Bonus Awards. Any Eligible Individual selected by the Committee may be granted one or more Performance-Based Awards in the form of a cash bonus (a "Performance Bonus Award") payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee.

8.6 Other Awards. The Committee is authorized under the Plan to make any other Award to an Eligible Individual that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) a right with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or (iii) any other security with the value derived from the value of the Shares. The Committee may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Participants on such terms and conditions as determined by the Committee from time to time.

8.7 Term. Except as otherwise provided herein, the term of any Award of Performance Shares, Performance Stock Units, Dividend Equivalent Rights, Restricted Stock Units and any other Award granted pursuant to this Article 8 shall be set by the Committee in its discretion.

8.8 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Performance Shares, Performance Stock Units, Restricted Stock Units and any other Award granted pursuant to this Article 8; *provided, however*, that such price shall not be less than the par value of a Share on the date of grant, unless otherwise permitted by applicable state law.

8.9 Exercise upon Termination of Employment or Service. An Award of Performance Shares, Performance Stock Units, Dividend Equivalent Rights, Restricted Stock Units and any other Award granted pursuant to this Article 8 shall only be exercisable or payable while the Participant is an Employee, Consultant or Director, as applicable; *provided, however*, that the Committee in its sole and absolute discretion may provide that an Award of Performance

Shares, Performance Stock Units, Dividend Equivalent Rights, Restricted Stock Units or any other Award granted pursuant to this Article 8 may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change in Control of the Company, or because of the Participant's retirement, death or disability, or otherwise; *provided, however*, that any such provision with respect to Performance Shares or Performance Stock Units shall be subject to the requirements of Section 162(m) of the Code that apply to Qualified Performance-Based Compensation.

8.10 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Shares or a combination of both, as determined by the Committee.

8.11 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement.

## **ARTICLE 9. PERFORMANCE-BASED AWARDS**

9.1 Purpose. The purpose of this Article 9 is to provide the Committee the ability to qualify Awards, other than Options and SARs, and that are granted pursuant to Articles 6 and 8 as Qualified Performance-Based Compensation. If the Committee, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in Articles 6 or 8; *provided, however*, that the Committee may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9.

9.2 Applicability. This Article 9 shall apply only to those Covered Employees selected by the Committee to receive Performance-Based Awards that are intended to qualify as Qualified Performance-Based Compensation. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

9.3 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 6 or 8 which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the

amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.4 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company or an Affiliate on the day a Performance-Based Award for the appropriate Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved. In determining the amount earned under a Performance-Based Award, the Committee may reduce or eliminate the amount of the Performance-Based Award earned for the Performance Period, if in its sole and absolute discretion, such reduction or elimination is appropriate.

9.5 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

## **ARTICLE 10. PROVISIONS APPLICABLE TO AWARDS**

10.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

10.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

10.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or an Affiliate, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or an Affiliate. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the Committee (or the Board in the case of Awards granted to

Independent Directors). The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Stock Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including, but not limited to, members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or an Affiliate to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

10.4 Beneficiaries. Notwithstanding Section 10.3 hereof, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee prior to the Participant's death.

10.5 Stock Certificates; Book Entry Procedures.

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing Shares pursuant to the exercise or vesting of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All certificates evidencing Shares delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state local, securities or other laws, including laws of jurisdictions outside of the United States, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any certificate evidencing Shares to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant

to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.6 Accelerated Vesting and Deferral Limitations. The Committee shall not have the discretionary authority to accelerate or delay issuance of Shares under an Award that constitutes a deferral of compensation within the meaning of Section 409A of the Code, except to the extent that such acceleration or delay may, in the discretion of the Committee, be effected in a manner that will not cause any person to incur taxes, interest or penalties under Section 409A of the Code ("Section 409A Compliance").

10.7 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

## **ARTICLE 11. CHANGES IN CAPITAL STRUCTURE**

### 11.1 Adjustments.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the Shares or the price of the Shares other than an Equity Restructuring, the Committee shall make such adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3 hereof); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per Share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 11.1(a) hereof or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Committee, in its sole and absolute discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of

the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 11.1 the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria (including Performance Criteria consistent with the requirements of Section 162(m) of the Code, in the case of Awards that are intended to constitute Qualified Performance-Based Compensation) included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 11.1(a) and 11.1(b) hereof:

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted. The adjustments provided under this Section 11.1(c)(i) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(ii) The Committee shall make such equitable adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3 hereof).

11.2 Acceleration Upon a Change in Control. Notwithstanding Section 11.1 hereof, and except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company and a Participant, if a Change in Control occurs and a Participant's Awards are not converted, assumed, or replaced by a successor entity, then immediately prior to the Change in Control such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change in Control, the Committee may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including, but not limited to, the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time as the Committee, in its sole and absolute discretion, shall determine. In the event that the terms of any agreement between the Company or any Affiliate and a Participant contains provisions that conflict with and are more restrictive than the provisions of this Section 11.2, this Section 11.2 shall prevail and control and the more restrictive terms of such agreement (and only such terms) shall be of no force or effect.

11.3 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of Shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

## **ARTICLE 12. ADMINISTRATION**

12.1 Committee. Unless and until the Board delegates administration of the Plan to a Committee as set forth below, the Plan shall be administered by the full Board, and for such purposes the term "Committee" as used in this Plan shall be deemed to refer to the Board. The Board, at its discretion or as otherwise necessary to comply with the requirements of Section 162(m) of the Code, Rule 16b-3 promulgated under the Exchange Act or to the extent required by any other applicable rule or regulation, may delegate administration of the Plan to a Committee consisting of two or more members of the Board. Unless otherwise determined by the Board, the Committee shall consist solely of two or more members of the Board each of whom is an "outside director," within the meaning of Section 162(m) of the Code, a Non-Employee Director and an "independent director" under the rules of the New York Stock Exchange (or other principal securities market on which Shares are traded); provided that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Notwithstanding the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in this Plan shall be deemed to refer to the Board and (b) the Committee may delegate its authority hereunder to the extent permitted by Section 12.5 hereof. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3

under the Exchange Act or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. Except as may otherwise be provided in the certificate of incorporation or bylaws of the Company or in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment; Committee members may resign at any time by delivering written notice to the Board; and vacancies in the Committee may only be filled by the Board.

12.2 Action by the Committee. Unless otherwise established by the Board or in the certificate of incorporation or bylaws of the Company or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

- (a) Designate Participants to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Participant;
- (c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any reload provision, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines; *provided, however,* that the Committee shall not have the authority to accelerate the vesting or waive the forfeiture of any Performance-Based Awards intended to qualify as Qualified Performance Based-Compensation;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;



(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

12.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

12.5 Delegation of Authority. To the extent permitted by applicable law, the Board may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than (a) Employees who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. For the avoidance of doubt, provided it meets the limitation in the preceding sentence, this delegation shall include the right to modify Awards as necessary to accommodate changes in the laws or regulations, including in jurisdictions outside the United States. Any delegation hereunder shall be subject to the restrictions and limits that the Board specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.5 shall serve in such capacity at the pleasure of the Board.

### **ARTICLE 13. EFFECTIVE AND EXPIRATION DATE**

13.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's stockholders (the "Effective Date"). The Plan will be deemed to be approved by the stockholders if it is approved either:

(a) By a majority of the votes cast at a duly held stockholder's meeting at which a quorum representing a representing a majority of outstanding voting stock is, either in person or by proxy, present and voting on the plan; or

(b) By a method and in a degree that would be treated as adequate under Delaware law in the case of an action requiring stockholder approval.

13.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after the tenth anniversary of the Effective Date, except that no Incentive Stock Options may be granted under the Plan after the earlier of the tenth anniversary of (a) the date the Plan is approved by the Board or (b) the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

## **ARTICLE 14. AMENDMENT, MODIFICATION, AND TERMINATION**

14.1 Amendment, Modification, and Termination. Subject to Section 15.14 hereof, with the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval shall be required for any amendment to the Plan that (i) increases the number of shares available under the Plan (other than any adjustment as provided by Article 11), or (ii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant. Notwithstanding any provision in this Plan to the contrary, approval of the stockholders of the Company shall not be required for any amendment to an Option or SAR providing for a reduction to the per Share exercise price of the Shares subject to such Option or SAR below the per Share exercise price as of the date the Option or SAR, as applicable, is granted, including, by way of a grant of an Option or SAR in exchange for, or in connection with, the cancellation or surrender of an Option or SAR having a higher per Share exercise price.

14.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 15.14 hereof, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant; *provided, however*, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Participant.

## **ARTICLE 15. GENERAL PROVISIONS**

15.1 No Rights to Awards. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Eligible Individuals, Participants or any other persons uniformly.

15.2 No Stockholders Rights. Except as otherwise provided herein, a Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award, including the right to vote or receive dividends, until the Participant becomes the record owner of such Shares, notwithstanding the exercise of an Option or other Award.

15.3 Withholding. The Company or any Affiliate, as appropriate, shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy U.S. federal, state, and local taxes and taxes imposed by jurisdictions outside of the United States (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan or to take such other action as may be necessary in the opinion of the Company or an Affiliate, as appropriate, to satisfy withholding obligations for the payment of taxes. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be

repurchased from the Participant of such Award within six months (or such other period as may be determined by the Committee) after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's U.S. federal, state, local and non-U.S. income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. No Shares shall be delivered hereunder to any Participant or other person until the Participant or such other person has made arrangements acceptable to the Committee for the satisfaction of the tax obligations with respect to any taxable event concerning the Participant or such other person arising as a result of this Plan.

15.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Affiliate.

15.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

15.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

15.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

15.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

15.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

15.10 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

15.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

15.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all applicable laws, rules, and regulations of the United States and jurisdictions outside the United States, and to such approvals by government agencies, including government agencies in jurisdictions outside of the United States, in each case as may be required or as the Company deems necessary or advisable. Without limiting the foregoing, the Company shall have no obligation to issue or deliver evidence of title for Shares subject to Awards granted hereunder prior to: (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and (ii) completion of any registration or other qualification with respect to the Shares under any applicable law in the United States or in a jurisdiction outside of the United States or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective. The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. The Company shall be under no obligation to register pursuant to the Securities Act, as amended, any of the Shares paid pursuant to the Plan. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act, as amended, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

15.13 Governing Law. The Plan and all Award Agreements, and all controversies arising thereunder or related thereto, shall be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflict of laws that would apply to any other law.

15.14 Section 409A. Except as provided in Section 15.15 hereof, to the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the

Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

15.15 No Representations or Covenants with respect to Tax Qualification. Although the Company may endeavor to (1) qualify an Award for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States (*e.g.*, incentive stock options under Section 422 of the Code or French-qualified stock options) or (2) avoid adverse tax treatment (*e.g.*, under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, anything to the contrary in this Plan, including Section 15.14 hereof, notwithstanding. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.

\* \* \* \* \*

I hereby certify that the foregoing Plan was duly adopted by the Board of Directors of Pilgrim's Pride Corporation on \_\_\_\_\_, 2009.

\* \* \* \* \*

I hereby certify that the foregoing Plan was approved by the stockholders of Pilgrim's Pride Corporation on \_\_\_\_\_, 2009 and by the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, pursuant to a joint Chapter 11 plan of reorganization pursuant to Section 1121(a) of the United States Code, on \_\_\_\_\_, 2009.

Executed on this \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Corporate Secretary