

Exhibit A

Changed Pages to Revised Proposed Disclosure Statement

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

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

DISCLOSURE STATEMENT FOR THE DEBTORS' AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The Bankruptcy Court has not approved this proposed disclosure statement as containing adequate information pursuant to section 1125(b) of the Bankruptcy Code for use in the solicitation of acceptances or rejections of the chapter 11 plan described herein and attached hereto. Accordingly, the filing and dissemination of this disclosure statement are not intended to be, and should not in any way be construed as, a solicitation of votes on the plan, nor should the information contained in this disclosure statement be relied on for any purpose until a determination by the Bankruptcy Court that the proposed disclosure statement contains adequate information.

The Debtors reserve the right to amend or supplement this proposed disclosure statement at or before the hearing to consider this disclosure statement.

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Dated: October ~~19~~21, 2009
Fort Worth, Texas

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I.

INTRODUCTION

The Debtors submit this Disclosure Statement pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”) to holders of claims and equity interests against the Debtors in connection with (i) the solicitation of acceptances of the Debtors’ amended joint plan of reorganization under the Bankruptcy Code, dated October ~~—~~21, 2009 (the “Plan”), filed by the Debtors with the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”) and (ii) the hearing to consider confirmation of the Plan (the “Confirmation Hearing”) scheduled for ~~11:00~~ 9:30 a.m. (prevailing Central Time). **UNLESS OTHERWISE DEFINED HEREIN, ALL CAPITALIZED TERMS CONTAINED HEREIN HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN.**

Annexed as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan (Exhibit A);
- Order of the Bankruptcy Court, dated [], 2009 (the “Disclosure Statement Order”), approving, among other things, this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (annexed without exhibits) (Exhibit B);
- Pilgrim’s Pride Corporation’s Annual Report on Form 10-K, as amended, for the fiscal year ended September 27, 2008 (annexed without exhibits) (Exhibit C);
- Pilgrim’s Pride Corporation’s Form 10-Qs for the quarters ending December 27, 2008, March 28, 2009 and June 27, 2009 (all annexed without exhibits) (Exhibit D);
- JBS USA Holdings, Inc. Form S-1, filed with the United States Securities and Exchange Commission (the “SEC”) on July 22, 2009 (annexed without exhibits) (Exhibit E);
- The Debtors’ Financial Projections (Exhibit F);
- The Debtors’ Liquidation Analysis (Exhibit G); and
- Organizational Chart (Exhibit H).

A Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims and Equity Interests that the Debtors believe may be entitled to vote to accept or reject the Plan.

On [], 2009, after notice and a hearing, the Bankruptcy Court entered the Disclosure Statement Order, approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable a hypothetical investor of the relevant classes to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

produce approximately 1.24 billion pounds of further-processed product per year. In fiscal year 2009, these plants are expected to operate at approximately 85% of capacity.

3. Lines of Business

PPC operates in two business segments as (i) a producer and seller of chicken products and (ii) a seller of other products.

4. Product Types—U.S.

PPC's chicken products consist primarily of:

(1) *Fresh Chicken*: Fresh chicken products, which are refrigerated (non-frozen) whole or cut-up chickens sold to the foodservice industry either pre-marinated or non-marinated. Fresh chicken also includes prepackaged case-ready chicken, which includes various combinations of freshly refrigerated, whole chickens and chicken parts in trays, bags or other consumer packs labeled and priced ready for the retail grocer's fresh meat counter.

PPC's fresh chicken business is a significant component of its sales and accounted for ~~\$3,591.8 million~~ approximately \$3.6 billion, or 50.7%, of its total U.S. chicken sales for fiscal 2008. In addition to maintaining sales of mature, traditional fresh chicken products, PPC's strategy is to shift the mix of its U.S. fresh chicken products by continuing to increase sales of faster-growing products, such as marinated whole chicken and chicken parts, and to continually shift portions of this product mix into the higher-value prepared chicken category. Most fresh chicken products are sold to established customers, based upon certain weekly or monthly market prices reported by the U.S. Department of Agriculture ("USDA") and other public price reporting services, plus a markup, which is dependent upon the customer's location, volume, product specifications and other factors. PPC believes its practices with respect to sales of fresh chicken are generally consistent with those of its competitors. The majority of these products are sold pursuant to agreements with varying terms that either set a fixed price for the products or set a price according to formulas based on an underlying commodity market, subject in many cases to minimum and maximum prices.

(2) *Prepared Chicken*: Prepared chicken products, which are products such as portion-controlled breast fillets, tenderloins and strips, delicatessen products, salads, formed nuggets and patties and bone-in chicken parts. These products are sold either refrigerated or frozen and may be fully cooked, partially cooked or raw. In addition, these products are breaded or non-breaded and either pre-marinated or non-marinated. During fiscal 2008, ~~\$2,522.1 million~~ approximately \$2.5 billion of PPC's U.S. chicken sales were in prepared chicken products to foodservice customers and retail distributors, as compared to ~~\$1,861.7 million~~ approximately \$1.9 billion in fiscal 2004. These numbers reflect the impact of PPC's historical strategic focus for growth in the prepared chicken markets and its acquisition of Gold Kist. The market for prepared chicken products has experienced, and PPC believes will continue to experience, greater growth and higher average sales prices than fresh chicken products. Also, the production and sale in the U.S. of prepared chicken products reduce the impact of the costs of feed ingredients on our profitability. Feed ingredient costs are the single largest component of PPC's total U.S. cost of sales, representing approximately 38.1% of its total U.S. cost of sales for fiscal 2008. The production of feed ingredients is positively or negatively affected primarily by the global level of supply inventories, demand for feed ingredients, the agricultural policies of the U.S. and foreign governments and weather patterns throughout the world. As further processing is performed, feed ingredient costs become a decreasing percentage of a product's total production cost, thereby reducing their impact on PPC's profitability. Products sold in this form enable PPC to charge a premium, reduce the impact of feed ingredient costs on its profitability and improve and stabilize its profit margins.

PPC establishes prices for its prepared chicken products based primarily upon perceived value to the customer, production costs and prices of competing products. The majority of these products are sold pursuant to agreements with varying terms that either set a fixed price for the products or set a price according to formulas based on an underlying commodity market, subject in many cases to minimum and maximum prices. Many times, these prices are dependent upon the customer's location, volume, product specifications and other factors.

(3) *Export and Other Chicken Products:* Export and other chicken products, are primarily parts and whole chicken, either refrigerated or frozen for U.S. export or domestic use, and prepared chicken products for U.S. export. PPC's export and other products consist of whole chickens and chicken parts sold primarily in bulk, non-branded form, either refrigerated to distributors in the U.S. or frozen for distribution to export markets, and branded and non-branded prepared chicken products for distribution to export markets. In fiscal 2008, approximately \$933.2 million, or 13.2%, of PPC's total U.S. chicken sales were attributable to U.S. chicken export and other products. These exports and other products, other than the prepared chicken products, have historically been characterized by lower prices and greater price volatility than PPC's more value-added product lines.

5. Markets for Chicken Products—U.S.

PPC's chicken products are sold primarily to foodservices customers, retail customers and export and other product customers.

Foodservice: The foodservice market principally consists of chain restaurants, food processors, broad-line distributors and certain other institutions located throughout the continental U.S. PPC supplies chicken products ranging from portion-controlled refrigerated chicken parts to fully-cooked and frozen, breaded or non-breaded chicken parts or formed products.

PPC believes it is positioned to be the primary or secondary supplier to national and international chain restaurants who require multiple suppliers of chicken products. Additionally, PPC believes it is well suited to be the sole supplier for many regional chain restaurants. Regional chain restaurants often offer better margin opportunities and a growing base of business.

PPC believes it has operational strengths in terms of full-line product capabilities, high-volume production capacities, research and development expertise and extensive distribution and marketing experience relative to smaller and non-vertically integrated producers. While the overall chicken market has grown consistently, PPC believes the majority of this growth in recent years has been in the foodservice market. According to the National Chicken Council, from 2003 through 2007, sales of chicken products to the foodservice market grew at a compounded annual growth rate of approximately 7.5%, versus 6.6% growth for the chicken industry overall. Foodservice growth, outside of any temporary effects resulting from the current recessionary impacts being experienced in the U.S., is anticipated to continue as food-away-from-home expenditures continue to outpace overall industry rates.

Foodservice-Prepared Chicken: PPC's prepared chicken sales to the foodservice market were ~~\$2,033.5 million~~ approximately \$2.03 billion in fiscal 2008 compared to ~~\$1,647.9 million~~ approximately \$1.65 billion in fiscal 2004, a compounded annual growth rate of approximately 5.4%. In addition to the significant increase in sales created by the acquisition of Gold Kist, PPC attributes this growth in sales of prepared chicken to the foodservice market to a number of factors. First, there has been significant growth in the number of foodservice operators offering chicken on their menus and in the number of chicken items offered. Second, foodservice operators are increasingly purchasing prepared chicken products, which allow them to reduce labor costs while providing greater product consistency, quality and variety across all restaurant locations.

There is a strong need among larger foodservice companies for a limited-source supplier base in the prepared chicken market. A viable supplier must be able to ensure supply, demonstrate innovation and new product development and provide competitive pricing. PPC has been successful in becoming a supplier of choice by being the primary or secondary prepared chicken supplier to many large foodservice companies for various reasons. Through vertical integration, PPC manages the breeding, hatching and growing of chickens. PPC also manages the processing, preparation, packaging, sale and distribution of its product lines, which PPC believes has made it one of the highest quality, lowest-cost producers of chicken in North America. PPC's further processing facilities, with a wide range of capabilities, are particularly well-suited to the high-volume production as well as low-volume custom production runs necessary to meet both the capacity and quality requirements of the foodservice market. In addition, PPC has established a reputation for dependable quality, highly responsive service and excellent technical support. As a result of the experience and reputation developed with larger customers, PPC has increasingly become the principal supplier to mid-sized foodservice organizations.

PPC's in-house product development group follows a customer-driven research and development focus designed to develop new products to meet customers' changing needs. PPC's research and development personnel often work directly with institutional customers in developing products for these customers. PPC is a leader in using advanced processing technology, which enables it to better meet its customers' needs for product innovation, consistent quality and cost efficiency.

Foodservice-Fresh Chicken: PPC produces and markets fresh, refrigerated chicken for sale to U.S. quick-service restaurant chains, delicatessens and other customers. These chickens have the giblets removed, are usually of specific weight ranges and are usually pre-cut to customer specifications. They are often marinated to enhance value and product differentiation. By growing and processing to customers' specifications, PPC is able to assist quick-service restaurant chains in controlling costs and maintaining quality and size consistency of chicken pieces sold to the consumer. PPC's fresh chicken products sales to the foodservice market were ~~\$2,550.3 million~~ approximately \$2.55 billion in fiscal 2008 compared to ~~\$1,328.9 million~~ approximately \$1.33 billion in fiscal 2004, a compounded annual growth rate of approximately 17.7%.

Retail: The retail market consists primarily of grocery store chains, wholesale clubs and other retail distributors. PPC concentrates its efforts in this market on sales of branded, prepackaged cut-up and whole chicken and chicken parts to grocery store chains and retail distributors. For a number of years, PPC has invested in both trade and retail marketing designed to establish high levels of brand name awareness and consumer preferences.

PPC utilizes numerous marketing techniques, including advertising, to develop and strengthen trade and consumer awareness and increase brand loyalty for consumer products marketed under the Pilgrim's Pride® brand. PPC's co-founder and senior chairman, Lonnie "Bo" Pilgrim, is the featured spokesperson in its television, radio and print advertising, and a trademark cameo of a person wearing a Pilgrim's hat serves as the logo on all of PPC's primary branded products. As a result of this marketing strategy, Pilgrim's Pride® is a well-known brand name in a number of markets. PPC believes its efforts to achieve and maintain brand awareness and loyalty help to provide more secure distribution for its products. PPC also believes its efforts at brand awareness generate greater price premiums than would otherwise be the case in certain markets. PPC also maintains an active program to identify consumer preferences. The program primarily consists of discovering and validating new product ideas, packaging designs and methods through sophisticated qualitative and quantitative consumer research techniques in key geographic markets.

Due to internal growth and the impact of both the Gold Kist and ConAgra Chicken acquisitions, PPC's sales to the retail market from fiscal 2004 through fiscal 2008 grew at a compounded

annual growth rate of 15.8% and represented 22.0% of the net sales of its U.S. chicken operations in fiscal 2008.

Retail-Prepared Chicken: PPC sells retail-oriented prepared chicken products primarily to grocery store chains located throughout the U.S. PPC's prepared chicken products sales to the retail market were \$518.6 million in fiscal 2008 compared to \$213.8 million in fiscal 2004, a compounded annual growth rate of approximately 24.8%. PPC believes that its growth in this market segment will continue as retailers concentrate on satisfying consumer demand for more products that are quick, easy and convenient to prepare at home.

Retail-Fresh Chicken: PPC's prepackaged retail products include various combinations of freshly refrigerated, whole chickens and chicken parts in trays, bags or other consumer packs labeled and priced ready for the retail grocer's fresh meat counter. PPC's retail fresh chicken products are sold in the midwestern, southwestern, southeastern and western regions of the U.S. Its fresh chicken sales to the retail market were ~~\$1,041.4 million~~ approximately \$1.04 billion in fiscal 2008 compared to \$653.8 million in fiscal 2004, a compounded annual growth rate of approximately 12.3% resulting primarily from its acquisition of Gold Kist in 2007. PPC believes the retail prepackaged fresh chicken business will continue to be a large and relatively stable market, providing opportunities for product differentiation and regional brand loyalty.

Export and Other Chicken Products: PPC's export and other chicken products, with the exception of its exported prepared chicken products, consist of whole chickens and chicken parts sold primarily in bulk, non-branded form either refrigerated to distributors in the U.S. or frozen for distribution to export markets. In the U.S., prices of these products are negotiated daily or weekly and are generally related to market prices quoted by the USDA or other public price reporting services. PPC sells U.S.-produced chicken products for export to Eastern Europe, including Russia; the Far East, including China; Mexico; and other world markets.

Historically, PPC has targeted international markets to generate additional demand for its dark chicken meat, which is a natural by-product of its U.S. operations given PPC's concentration on prepared chicken products and the U.S. customers' general preference for white chicken meat. PPC also has begun selling prepared chicken products for export to the international divisions of its U.S. chain restaurant customers. PPC believes that U.S. chicken exports will continue to grow as worldwide demand increases for high-grade, low-cost meat protein sources. Also included in this category are chicken by-products, which are converted into protein products and sold primarily to manufacturers of pet foods.

6. Markets for Other Products—U.S.

PPC's other products consist of: (a) other types of meat protein along with various other staples purchased and sold by PPC's distribution centers as a convenience to its chicken customers who purchase through the distribution centers; and (b) the production and sale of table eggs, commercial feeds and related items, live hogs and proteins.

The following table sets forth, for the periods beginning with fiscal 2004, net sales attributable to each of PPC's primary product lines and markets served with those products. PPC based the table on its internal sales reports and its classification of product types and customers.

in order to construct new sewage and solid waste disposal facilities at a poultry by-products plant in Camp County, Texas. The original proceeds from the issuance of the revenue bonds would continue to be held by the trustee of the bonds until PPC drew on the proceeds for the construction of the facility. PPC had not drawn on the proceeds or commenced construction of the facility prior to the Commencement Date. The filing of the chapter 11 Cases constituted an event of default under the revenue bonds. As a result of the event of default, the trustee had the right to accelerate all obligations under the bonds such that they would become immediately due and payable, subject to an automatic stay of any action to collect, assert or recover a claim against PPC and the application of applicable bankruptcy law. In December 2008, the holders of the bonds tendered the bonds for remarketing, which was not successful. As a result, the trustee, on behalf of the holders of the bonds, drew upon the letters of credit supporting the bonds. The resulting reimbursement obligation was converted to borrowings under the Prepetition BMO Credit Agreement and secured by PPC's domestic chicken inventories. On January 29, 2009, PPC obtained approval from the Bankruptcy Court to use the original proceeds of the bond offering held by the trustee to repay and cancel the revenue bonds. PPC received the proceeds of the bond offering from the trustee in March 2009 and immediately repaid and cancelled the revenue bonds.

In addition, PPC is also a party to a number of lease agreements backing certain industrial revenue bonds ("IRBs") issued by various municipalities. The IRBs were issued to fund construction of facilities in these municipalities, which in turn were leased to PPC. The lease payments on the facilities satisfy the amounts due on the bonds. As of the Commencement Date, PPC had at least \$39.2 million outstanding pursuant to IRBs held by third parties.¹

5. Trade Debt

As of the Commencement Date, the Debtors' books and records reflected approximately \$200 million of accrued and outstanding claims related to prepetition purchases of goods and services in the ordinary course of business, including claims of the Debtors' growers, vendors, common carriers, catchers and haulers, sales brokers and other providers of goods and services.

E. Common Stock

As of the Commencement Date, PPC had over 74 million shares of common stock outstanding. Through two limited partnerships and related trusts and voting agreements, Lonnie "Bo" Pilgrim, his wife Patricia Pilgrim, and his son, Lonnie "Ken" Pilgrim, control 62.225% of the voting power of PPC's outstanding common stock as of the Commencement Date.

IV.

OVERVIEW OF CHAPTER 11 CASES

A. Significant Events Leading to the Commencement of the Chapter 11 Cases

During the 12 months prior to the Commencement Date, the underlying economics of the poultry industry had deteriorated dramatically. Profitability in the chicken industry was materially affected by the commodity prices of feed ingredients. The Debtors' financial difficulties were attributable to a number of different factors, each of which is discussed below.

¹ As of the Commencement Date, these IRBs were supported by letters of credit. In addition, as of the Commencement Date, PPC had approximately \$138.05 million outstanding pursuant to certain IRBs held by certain of PPC's wholly owned subsidiaries. PPC does not account for these obligations on its balance sheet and does not factor in the intercompany IRB debt in its aggregate amount of outstanding secured debt.

Pride Corporation, et al., Case No. 08-45664 (DML), before the Honorable D. Michael Lynn. Since the Commencement Date, the Debtors have continued to operate their businesses and manage their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

As part of the filing of the Chapter 11 Cases, the Debtors filed typical “first day” motions seeking relief designed to minimize disruption to the Debtors’ businesses and to facilitate reorganization. Those first day motions and the orders entered by the Bankruptcy Court are discussed generally below. Although the motions and orders are described as “first day,” not all of the relief was actually granted on the first day of the Chapter 11 Cases.

1. Case Administration

The Bankruptcy Court entered a number of procedural orders to streamline and simplify the administration of the Chapter 11 Cases. These orders: (a) authorized the joint administration of the Chapter 11 Cases, allowing most documents to be filed in the lead case; (b) granted an extension of time to file the Debtors’ schedules of assets and liabilities and statements of financial affairs; (c) established notice procedures for sending notices to parties-in-interest; (d) authorized the Debtors’ to employ Weil, Gotshal & Manges LLP as general counsel, Lazard as investment banker, Baker & McKenzie LLP as special counsel, Kurtzman Carson Consultants as claims agent, Gardere Wynne Sewell LLP as special counsel, CRG Partners as financial advisor, and William Snyder as CRO; and (e) authorized the Debtors to continue using other professionals in the ordinary course of their businesses under defined circumstances.

2. Critical Obligations

To allow the Debtors to maintain ~~there~~their operations during the Chapter 11 Cases, the Bankruptcy Court authorized certain payments on pre-petition obligations. The Bankruptcy Court allowed the Debtors to satisfy certain outstanding pre-petition obligations including those related to: (a) wages, compensation, and employee benefits; (b) sales, use, property and other types of taxes; (c) growers, haulers, catchers, feed ingredient suppliers, and sales brokers; (d) goods and services ordered pre-petition but delivered post-petition; (e) critical trade vendors; (f) customers and customer programs; and (g) common carrier fees, logistics coordinator fees, warehouse fees, freight forwarding fees and repairmen fees.

3. Business Operations

The Bankruptcy Court granted the Debtors the authority to continue certain business operations. Among other things, the Bankruptcy Court (a) authorized the Debtors² to continue certain workers’ compensation and other insurance policies and (b) prohibited the Debtors’ utilities service providers from altering, refusing or discontinuing service upon the establishment of certain procedures for determining adequate assurance of payment.

4. Financial Operations

The Bankruptcy Court authorized the Debtors to maintain their existing bank accounts and forms and to continue their centralized cash management system.

C. Debtor-in-Possession Financing

On December 31, 2008, the Bankruptcy Court granted final approval authorizing the debtors to enter into the DIP Credit Agreement. The DIP Credit Agreement provided aggregate funding of up to \$450 million on a revolving basis, which was subsequently reduced to \$350 million in connection with the third amendment thereto. The obligations under the DIP Credit Agreement bore interest at 8% plus

the greater of prime rate, average federal funds rate plus 0.5%, or the London Interbank Offered Rate plus 1%. The borrowings under the DIP Credit Agreement have been repaid in full during the course of the Chapter 11 Cases, but the Borrowers may still draw upon the commitments under DIP Credit Agreement until the termination of the DIP credit facility.

Throughout the Chapter 11 Cases, the Bankruptcy Court has entered certain orders approving amendments to the DIP Credit Agreement. On April 14, 2009, the Bankruptcy Court approved the first amendment to the DIP Credit Agreement, in connection with the idling of certain of the Debtors' facilities. On June 15, 2009, the Bankruptcy Court approved a second amendment to the DIP Credit Agreement, in connection with certain technical amendments to the DIP Credit Agreement and to enable the Debtors to enter into a postpetition surety facility, including posting of additional collateral. On August 11, 2009, the Bankruptcy Court approved a third amendment to the DIP Credit Agreement to permit the Debtors to enter into certain hedging transactions and to invest in certain interest bearing accounts and government securities. The term of the DIP Credit Agreement currently extends through December 1, 2009.

D. Appointment of Statutory Committees and Fee Review Committee

1. Creditors' Committee

On December 7, 2008, the United States Trustee appointed the Creditors' Committee, which retained the law firm of Andrews Kurth, LLP as its counsel and Moelis & Company LLC ("Moelis") as its financial advisor. The current members of the Creditors' Committee are: AlaTrade Foods, LLC, The Bank of New York Mellon Trust, Calamos Advisors LLC, HSBC Bank USA, National Association, International Paper Company, Newly Weds Foods, Inc., Oaktree Capital Management, L.P., Pension Benefit Guaranty Corp., and the United Food & Commercial Workers International Union and its various local affiliates, including the Retail, Wholesale, and Department Store Union (collectively, the "UFCW").

2. Equity Committee

In February 2009, an *ad hoc* shareholders group (which included the members of the Equity Committee) requested that the United States Trustee appoint an official committee of equity security holders in the Debtors' cases. This request was declined, and the *ad hoc* shareholders group filed a motion with the Bankruptcy Court under section 1102 of the Bankruptcy Code seeking an order compelling the United States Trustee to appoint an official committee of equity security holders. Despite opposition by the Creditors' Committee and the United States Trustee, and after a full day evidentiary hearing, the motion to compel appointment of an official equity committee was granted by order of the Bankruptcy Court. The Creditors' Committee initially appealed the Bankruptcy Court's order, but subsequently dismissed the appeal upon the United States Trustee's appointment of the Equity Committee (described below). The professionals for the *ad hoc* shareholders group (including current legal counsel for the Equity Committee) have advised the Debtors that they intend to seek payment for their services as a "substantial contribution" under section 503(b)(4) of the Bankruptcy Code, which allows for compensation to be paid for professional services in certain circumstances. The Debtors have been advised that the total compensation that will be sought by the professionals for the *ad hoc* shareholders group may exceed \$700,000. The Debtors have not yet evaluated the merits of the request and reserve the right to challenge any such request.

On June 18, 2009, the United States Trustee appointed the Equity Committee, which retained the law firm of Brown Rudnick LLP as co-counsel, and Kelly Hart & Hallman, LLP as co-counsel and. The Equity Committee's application to retain Houlihan Lokey Howard & Zukin Capital, Inc. as its financial advisor is currently pending before the Bankruptcy Court. The current members of the Equity Committee are M & G Investment Management Ltd. and Michael Cooper.

- temporarily suspend the cash component of PPC's driver recognition program;
- suspend PPC's tuition reimbursement program until the Plan becomes effective;
- implement an "E-Payroll" system;
- standardize the number of paid holidays;
- provide for certain raises for bargaining unit employees and the payment by PPC of fees for the unions' professional advisors subject to review of invoices by PPC;
- extend all current agreements expiring during the remainder of 2009 and 2010 for an additional two years from expiration;
- to the extent that the Plan contains exculpation or release provisions for PPC and its officers and employees, the Plan will include the same exculpation or release provisions with respect to the Unions; and
- provide that any plan of reorganization will provide for the assumption of PPC's agreements with the unions, as they modify the current collective bargaining agreements.

On October 13, 2009, the Bankruptcy Court entered an order approving PPC's settlement agreements with the UFCW, BCTW, and USW. PPC will seek further court action with respect to the proposed modifications of PPC's collective bargaining agreements with the IBT should it become necessary or appropriate to do so.

H. 2009 Performance Bonus Plans

During the Chapter 11 Cases, PPC's board of directors approved an incentive plan for the fiscal year 2009 for approximately 80 employees and executives, including senior vice presidents and above (who currently are not included in any incentive plan), vice presidents, complex managers and select manager-level employees (the "Key Employees") tasked with assisting the Debtors in their Chapter 11 Cases to incentivize the Key Employees to see the Debtors through a successful exit from bankruptcy. The amounts to be paid to the Key Employees are linked to the Debtors' earnings before interest, taxes, depreciation, amortization and restructuring costs ("EBITDAR") in the third and fourth quarters of fiscal 2009 and the successful emergence of the Debtors from bankruptcy (participants are also required to still be employed on the date immediately preceding the Debtors' emergence from bankruptcy). Key Employees eligible to receive payments under this incentive plan who also participate in PPC's Performance Incentive Plan or who are parties to the Key Employee Incentive Compensation Agreements will receive only the highest amount payable under any of the three arrangements. On September 29, 2009, the Bankruptcy Court entered an order approving the incentive plan for Key Employees.

I. Exclusivity

Pursuant to section 1121(b) of the Bankruptcy Code, the Debtors had an Exclusive Filing Period during the first 120 days after the commencement of their Chapter 11 Cases, ~~the Debtors had an exclusive right to propose and file a chapter 11 plan (the "Plan Period")~~. They also had ~~a period of an~~ Exclusive Solicitation Period during the first 180 days after the commencement of their Chapter 11 Cases to obtain acceptance of such plan, during which time competing plans may not be filed ~~(the "Solicitation Period")~~. On March 26, 2009, the Bankruptcy Court entered an order extending the Debtors' Plan Period

2. Securities Litigation

On October 29, 2008, Ronald Acaldo filed a purported class action suit in the U.S. District Court for the Eastern District of Texas, Marshall Division, against PPC and individual defendants Lonnie “Bo” Pilgrim, Lonnie “Ken” Pilgrim, J. Clinton Rivers, Richard A. Cogdill and Clifford E. Butler (the “Acaldo Case”). The complaint alleged that PPC and the individual defendants violated §§10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The complaint sought unspecified injunctive relief and an unspecified amount of damages.

On November 13, 2008, Chad Howes filed suit in the U.S. District Court for the Eastern District of Texas, Marshall Division, against PPC and individual defendants Lonnie “Bo” Pilgrim, Lonnie “Ken” Pilgrim, J. Clinton Rivers, Richard A. Cogdill and Clifford E. Butler (the “Howes Case”). The allegations in the Howes Case complaint are identical to those in the Acaldo Case complaint, as are the class allegations and relief sought. The defendants were never served with the Howes Case complaint.

On December 29, 2008, the Pennsylvania Public Fund Group filed a Motion to Consolidate the Howes Case into the Acaldo Case, and filed a Motion to be Appointed Lead Plaintiff and for Approval of Lead Plaintiff's Selection of Lead Counsel and Liaison Counsel. Also on that date, the Pilgrim's Investor Group (in which Mr. Acaldo is a part) filed a Motion to Consolidate the Howes Case into the Acaldo Case and a Motion to be Appointed Lead Plaintiff. The Pilgrim's Investor Group subsequently filed a Notice of Non-Opposition to the Pennsylvania Public Fund Group's Motion for Appointment of Lead Plaintiff. Mr. Howes did not seek to be appointed lead plaintiff.

On May 14, 2009, the court consolidated the Acaldo Case and the Howes Case and renamed the style of the case, “*In re: Pilgrim's Pride Corporation Securities Litigation*.” On May 21, 2009, the court granted the Pennsylvania Public Fund Group's Motion for Appointment of Lead Plaintiff. Thereafter, on June 26, 2009, lead plaintiff filed a consolidated (and amended) complaint. The consolidated complaint dismissed PPC and Clifford E. Butler as defendants. In addition, the consolidated complaint added the following directors as defendants: Charles L. Black, S. Key Coker, Blake D. Lovette, Vance C. Miller, James G. Vetter, Jr., Donald L. Wass, Linda Chavez, and Keith W. Hughes. The directors are indemnified by PPC and have insurance to offset the defense costs and damages, which coverage is being provided by the carriers under a reservation of rights by the insurance carriers.

The consolidated complaint alleges four causes of action: violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, solely against Lonnie “Bo” Pilgrim, Clint Rivers, and Richard A. Cogdill (referred as the “Officer Defendants”). Those claims assert that, during the Class Period of May 5, 2008 through October 28, 2008, the defendants, through various financial statements, press releases and conference calls, made material misstatements of fact and/or omitted to disclose material facts by purportedly failing to completely impair the goodwill associated with the Gold Kist acquisition. The consolidated complaint also asserts claims under Section 11 of the Securities Act of 1933, as amended, against all defendants, asserting that, statements made in the registration statement relating to the May 14, 2008 secondary offering of PPC common stock were materially false and misleading for their failure to completely impair the goodwill associated with the Gold Kist acquisition. Finally, the consolidated complaint asserts a violation of Section 15 of the Securities Act of 1933, as amended, against the Officer Defendants only, claiming that the Officer Defendants were controlling persons of PPC and the other defendants in connection with the Section 11 violation. By the consolidated complaint, the lead plaintiff seeks certification of the class, undisclosed damages, and costs and attorneys' fees.

On July 27, 2009, defendants filed a motion to dismiss the consolidated class action complaint. That motion is still pending.

4. ERISA Litigation

In re Pilgrim's Pride Stock Investment Plan ERISA Litigation, No. 2:08-cv-472-TJW, is pending in the United States District Court for the Eastern District of Texas, Marshall Division, against defendants Lonnie "Bo" Pilgrim, Lonnie "Ken" Pilgrim, Clifford E. Butler, J. Clinton Rivers, Richard A. Cogdill, Renee N. DeBar, the Compensation Committee, and other unnamed defendants.

This case is the consolidation of two putative class actions filed by Kenneth Patterson and Denise Smalls, respectively, pursuant to section 502 of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1132 (the "Patterson Case"). During the Chapter 11 Cases, the Debtors sought to extend the bankruptcy stay to the Patterson Case. The Debtors' motion was denied by the Bankruptcy Court without prejudice.

Plaintiffs allege generally that the individual defendants breached fiduciary duties of prudence and loyalty owed to participants and beneficiaries of the PPC Retirement Savings Plan and the To-Ricos, Inc. Employee Savings and Retirement Plan (together, the "Savings Plan") due to the Savings Plan's allegedly imprudent investment in the PPC common stock, and the defendants' alleged failure to provide accurate information to participants and beneficiaries. Patterson and Smalls object to the releases set forth in the Plan to the extent they are interpreted to release claims in the Patterson Case.

Deadlines in the Patterson Case have been adjourned until January 15, 2010 to allow the parties to pursue mediation. If mediation is unsuccessful, the parties will submit a proposed briefing schedule to the court to address the deadlines for filing an amended complaint, for continuing discovery on expert and non-expert issues (including but not limited to class certification), for submission of a motion to dismiss, and for briefing on class certification. If mediation is unsuccessful, it is anticipated that plaintiffs will seek certification of a class of all persons or entities who were participants in or beneficiaries of the Savings Plan at any time between May 5, 2008 through the present and whose accounts held PPC common stock or units in PPC common stock, and will seek actual damages in the amount of any losses the Savings Plan suffered, to be allocated among the participants' individual accounts as benefits due in proportion to the accounts' diminution in value, attorneys' fees, an order for equitable restitution and the imposition of constructive trust, and a declaration that each of the defendants have breached their fiduciary duties to the Savings Plan participants.

The likelihood of an unfavorable outcome or the amount or range of any possible loss to the Debtors cannot be determined at this time. PPC has a liability insurance policy in place that is potentially available to offset the defense costs and damages in the Patterson Case, which coverage is being provided under a reservation of rights.

On October 9, 2009, David Simmons, Carla Simmons, Patty L. Funkhouser, and Dickie L. Funkhouser (collectively, "Funkhouser") filed a putative class action, styled *Simmons et al v. Pilgrim, et al.*, Action No. 2:09-CV-121, against Lonnie A. Pilgrim, Lonnie "Ken" Pilgrim, Clifford Butler, O.B. Goolsby, Richard A. Cogdill, S. Key Coker, Blake D. Lovette, Vance C. Miller, James G. Vetter, Donald L. Wass, Charles L. Black, Linda Chavez, J. Clinton Rivers, Keith W. Hughes, Don Jackson, the Administrative Committee of the Pilgrim's Pride Retirement Savings Plan, Renee DeBar, Jane Brookshire, Gerry Evenwel, the Prudential Retirement Insurance and Annuity Company, and other unnamed defendants in the United States District Court for the Northern District of West Virginia, alleging that the fiduciaries breached their duties to the participants and beneficiaries by, among other things, amending the PPC Retirement Savings Plan, allowing imprudent investments in PPC common stock, failing to collect the Debtors' delinquent employer contributions and failing to file unsecured and priority claims on behalf of the 401(k) plan or otherwise protect the rights of 401(k) participants in the Chapter 11 Cases (the "Funkhouser Action"). It is anticipated that plaintiffs will seek certification of a class of all persons or entities who were participants or

<u>Class</u>	<u>Description</u>	<u>Treatment</u> ⁸	<u>Entitled to Vote</u>	<u>Estimated Amount of Allowed Claims or Allowed Equity Interests in Class</u> ⁹	<u>Estimated Recovery</u>
Unclassified	Administrative Expenses Claims (other than ordinary course claims and those claims set forth below)	Paid in full in Cash	No	\$20,000,000 ¹⁰	100%
Unclassified	Professional Compensation and Reimbursement Claims	Paid in Cash, in full at the time specified in the order of the Bankruptcy Court approving final fee applications of professionals	No	Undetermined	100%
Unclassified	Indenture Trustee Fee Claims	Paid in full in Cash	No	De minimus	100%
Unclassified	DIP Claims	Paid in full in Cash	No	\$0	100%
Unclassified	Priority Tax Claims	Either (a) paid in full in Cash on Effective Date with postpetition interest, if applicable, (b) paid in full in Cash with postpetition interest, if applicable, semi-annually with interest over a period of up to 5 years, or (c) as otherwise provided by the Bankruptcy Court to provide payment in full	No	\$15,000,000	100%
Class 1(a)	Priority Non-Tax Claims against PPC	Paid in full in Cash	No	\$35,000,000	100%

⁸ Unless otherwise stated, all payments under the Plan will be made on (a) the later of (i) the Effective Date and (ii) when the applicable Claim or Equity Interest is Allowed, or (b) as otherwise agreed by the Debtors/Reorganized Debtors and the holder of such Claim or Equity Interests.

² The estimated amount of Allowed Claims and Allowed Equity Interests represents the Debtors' estimate of Claims and Equity Interests that the Debtors believe will ultimately be Allowed. The actual amount of Allowed Claims and Allowed Equity Interests may be higher or lower than the Debtors' estimate. ~~The~~ Various creditor groups assert that they hold Claims that exceed the amounts estimated by the Debtors. For example, certain growers assert that they hold Administrative Expense Claims in excess of \$120 million. The Debtors dispute such Claims and believe that the amount of Allowed Administrative Expense Claims asserted by these growers will be determined to be significantly less, if anything. Nonetheless, the Debtors intend to satisfy all Allowed Claims in full (unless otherwise agreed to by the holder of such Allowed Claim), and make distributions to Allowed Equity Interests even if the aggregate amount of such claims or equity interests is significantly greater than the Debtors' estimate.

¹⁰ Exclusive of ordinary course Administrative Expense Claims.

5. Other Secured Claims against PPC, PFS Distribution Company, PPC Transportation Company, To-Ricos, To-Ricos Distribution, Pilgrim's Pride Corporation of West Virginia, Inc., and PPC Marketing, Ltd. (Classes 5(a)-(g))

The claims in Classes 5(a)-(g) consist of all Secured Claims other than Secured Tax Claims in Classes 4(a)-(g). Based upon the Debtors' Schedules and the proofs of claim filed in the Chapter 11 Cases, Class 5(a)-(g) claims include those creditors who hold mechanic liens or certain IRBs against the Debtors. The Debtors estimate that the aggregate amount of Other Secured Claims is \$27 million.

Classes 5(a) through (g) are unimpaired by the Plan. Each holder of an allowed Other Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an allowed Other Secured Claim agrees to a less favorable treatment, at the sole option of the relevant Reorganized Debtor, (i) each Allowed Other Secured Claim will be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable nonbankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such claim prior to the stated maturity of such claim from and after the occurrence of a default, or (ii) each holder of an Allowed Other Secured Claim will receive, in full satisfaction of such Allowed Other Secured Claim, either (a) cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, (b) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's interest in such Collateral, (c) the Collateral securing such Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (d) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. In the event the Debtors or Reorganized Debtors elect to treat a Claim under clause (a) or (b) of this Section, the liens securing such Other Secured Claim will be deemed released.

6. Note Claims against PPC (Classes 6(a)-(c))

The claims in Classes 6(a)-(c) are claims arising under the Senior Notes, the Senior Subordinated Notes, and the ~~Senior~~ Subordinated Notes, respectively. The Debtors estimate that the aggregate amount of the Note Claims is \$739 million as of November 21, 2009.

Classes 6(a) through (c) are unimpaired by the Plan. Each holder of an allowed Note Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan

Except to the extent that a holder of an Allowed Note Claim agrees to a less favorable treatment, each holder of an Allowed Note Claim will receive as soon as reasonably practicable after the later of the Effective Date and the date the Note Claim becomes Allowed (i) Cash in an amount equal to (a) the principal amount of such Allowed Note Claim plus (b) accrued and unpaid postpetition interest at the non-default, contract rate, or (ii) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code.

The Creditors' Committee, the Indenture Trustees and certain of the holders of Note Claims believe that holders of allowed Note Claims are also entitled to receive default interest on overdue principal and overdue interest. The Debtors estimate that the default interest from the Commencement Date through the end of 2009 on overdue principal and overdue interest for all three series of Note Claims would total approximately \$17 million. The Debtors have been advised by one of the Indenture Trustees that its estimate of the total default interest is higher than \$17 million. The Debtors dispute liability for such

default interest. The Debtors agree, however, that in the event this dispute is not resolved prior to the Effective Date, the Debtors will pay the undisputed portion of the Note Claims to the applicable Indenture Trustee as soon as reasonably practical after the later of the Effective Date or the date when the applicable Indenture Trustee and the Debtors or Reorganized Debtors, as applicable, reach an agreement as to the undisputed amount of the Note Claims, and the remaining amounts, if any, will be paid when they are allowed by order of the Bankruptcy Court or when agreement is reached settling any dispute relating to such amounts.

Nothing in the Plan or this Disclosure Statement is intended to disturb the provisions of section 510(a) of the Bankruptcy Code or the subordination provisions in applicable agreements.

Halcyon Distressed Master Fund L.P. and Halcyon Master Fund L.P. (collectively, "Halcyon") believe that under the 7 5/8% Indenture, the Senior Subordinated Notes and the Subordinated Notes are contractually subordinated to the Senior Note Claims. Halcyon further believes that under the 9 1/4% Indenture, the Subordinated Notes are contractually subordinated to the Senior Subordinated Note claims. Halcyon believes that these subordination provisions have the effect of prohibiting the holders of Senior Subordinated Notes and Subordinated Notes from receiving any recovery until the Senior Notes are paid in full as provided under the 7 5/8% Indenture. Similarly, Halcyon believes that these subordination provisions have the effect of prohibiting the holders of the Subordinated Notes from receiving any recovery until the Senior Subordinated Notes are paid in full as provided in the 9 1/4% Indenture. To the extent the Plan does not provide for payment in full in accordance with the applicable Indentures of either the Senior Notes or the Senior Subordinated notes, all parties' rights to seek to enforce the subordination provisions contained in the applicable Indentures or to oppose confirmation of the Plan are reserved.

- 7. General Unsecured Claims against PPC, PFS Distribution Company, PPC Transportation Company, To-Ricos, To-Ricos Distribution, Pilgrim's Pride Corporation of West Virginia, Inc., and PPC Marketing, Ltd (Classes 7(a)-(g))*

The Debtors estimate that, following completion of the claims reconciliation process, the aggregate amount of allowed claims in Classes 7(a)-(g) will be approximately \$180 million, after deducting duplicate claims, claims not supported by the Debtors' books and records, claims that have already been reduced by agreement of the parties or order of the Bankruptcy Court and claims that are subject to other objections. The claims in Classes 7(a)-(g) consist of unsecured claims, including trade claims, claims based on rejection of leases or executory contracts, prepetition personal injury and prepetition litigation, and other general unsecured claims.

Classes 7(a) through (g) are unimpaired by the Plan. Each holder of an Allowed General Unsecured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed General Unsecured Claim agrees to less favorable treatment, each holder of an Allowed General Unsecured Claim will receive, in full satisfaction of such claim, cash equal to (i) the full amount of such Allowed General Unsecured Claim plus (ii) postpetition interest on such Allowed General Unsecured Claim from the Commencement Date through the later of the Effective Date and the date such General Unsecured Claim becomes Allowed at either the federal judgment rate, the contract rate, or the post-judgment rate, as applicable, or such other rate as determined by the Bankruptcy Court to be necessary to satisfy the requirements of section 1124 of the Bankruptcy Code, on or as soon as reasonably practicable after the later of (a) the Effective Date, and (b) the date the General Unsecured Claim becomes Allowed; *provided, however*, that if a holder of a General Unsecured Claim believes that it is entitled to contract rate interest, it must have either (x) attached the

relevant contract to its Proof of Claim or (y) filed a supplemental or a new Proof of Claim solely for the purpose of attaching such relevant contract.

If a reference with respect to a Claim has been withdrawn to a district court, nothing in this Disclosure Statement or the Plan limits such district court's ability to adjudicate such Claim.

8. Intercompany Claims (Class 8)

The claims in Class 8 consist of claims that each of the Debtors may have against each other.

Class 8 is not impaired by the Plan. Each holder of an Intercompany Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Intercompany Claim accepts less favorable treatment, each Intercompany Claim will be reinstated and carried forward for financial reporting and tax purposes, as may be further determined by the Debtors in consultation with the Debtors' auditors and tax accountants.

9. Flow Through Claims against PPC, PFS Distribution Company, PPC Transportation Company, To-Ricos, To-Ricos Distribution, Pilgrim's Pride Corporation of West Virginia, Inc., and PPC Marketing, Ltd (Classes 9(a)-(g))

The claims in Classes 9(a)-(g) consist of (a) claims arising from obligations to Debtors' customers incurred in the ordinary course of business, and (ii) claims of present or former employees, officers or directors of any of the Debtors in his or her capacity as such, (i) for current or future wages, salary, commissions, or benefits, or (ii) with respect to any employment, severance or workers' compensation program that has not been rejected or otherwise terminated under the Plan or pursuant to another order of the Bankruptcy Court.

Classes 9(a) through (g) are unimpaired by the Plan. Each holder of a Flow-Through Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

The legal, equitable, and contractual rights of each holder of a Flow-Through Claim, if any, will be unaltered by the Plan and will be satisfied in the ordinary course of business at such time and in such manner as the applicable Reorganized Debtor is obligated to satisfy each Flow-Through Claim (subject to the preservation and flow-through of all Avoidance Actions and defenses with respect thereto, which will be fully preserved).

10. Equity Interests in PPC (Class 10(a))

Class 10(a) is impaired by the Plan. Each holder of an Allowed Equity Interest in Class 10(a) is entitled to vote to accept or reject the Plan.

On and as of the Effective Date, each share of PPC Common Stock issued and outstanding immediately prior to the Effective Date (other than any shares of PPC Common Stock held in the treasury of the PPC or any subsidiary thereof immediately prior to the Effective Date and each share of restricted stock of PPC as to which any conditions to vesting shall not have lapsed or shall not have been satisfied at or immediately prior to the Effective Date, which will be cancelled without any conversion thereof and no distribution will be made with respect thereto) (the "Existing Shares") will be cancelled and converted

automatically into the right to receive, on the Effective Date or as soon as reasonably practical thereafter, a number of fully paid and nonassessable shares of New PPC Common Stock equal to the Share Conversion Factor.

For purposes of the Plan, “Share Conversion Factor” means the number determined by application of the following formula:

SCF	=	$(0.36 \times \text{NNS}) / \text{NES}$
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where:

NNS	=	The number of shares necessary to cause SCF to be 1, or such other number of shares agreed in writing by the parties. It is currently anticipated that 214,281,636 shares of New PPC Common Stock will be issued on the Effective Date, although the Debtors may revise this number prior to the Effective Date.
NES	=	The total number of Existing Shares
SCF	=	Share Conversion Factor

The shares of New PPC Common Stock distributable pursuant to the Plan are subject to conversion to JBS USA Common Stock in accordance with the Mandatory Exchange Transaction described in Section V(F) “Conversion of New PPC Common Stock to JBS USA Common Stock.”

There are risks associated with both the New PPC Common Stock and the JBS USA Common Stock as described in Section VIII “Certain Risk Factors.” In addition, there are specific risks associated with the Mandatory Exchange Transaction as described in Section VIII(B) “Risks Related to the Mandatory Exchange Transaction.”

11. Equity Interests in PFS Distribution Company, PPC Transportation Company, To-Ricos, To-Ricos Distribution, Pilgrim’s Pride Corporation of West Virginia, Inc., and PPC Marketing, Ltd Class 10(b)-(g)

Classes 10(b) through (g) are unimpaired by the Plan. Each holder of an Allowed Equity Interest in Classes 10(b) through (g) is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

The Equity Interests in Classes 10(b) through (g) will be reinstated in their entirety pursuant to the Plan.

C. Claim Resolution Process

1. Allowance of Claims and Equity Interests

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are “allowed” may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an “allowed” claim or “allowed” equity interest simply means that

In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim, or Disputed Claim, the amount so estimated will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim. The objection, estimation and resolution procedures set forth in Article VII of the Plan are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

~~5. No Interest Pending Allowance~~

~~Unless necessary to satisfy the requirements of section 1124 of the Bankruptcy Code, to the extent that a disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Claim will not be entitled to any interest thereon from the Effective Date to the date such Claim becomes Allowed.~~

D. Timing and Manner of Distributions

1. Timing of Distributions

Except as otherwise provided for in the Plan, distributions on account of Allowed Claims will be made by the applicable Disbursing Agent on the Effective Date or as soon thereafter as practicable. If any portion of a Claim is disputed, no payment or distribution provided under the Plan will be made on account of any portion of such Claim unless and until the disputed portion of such Claim is resolved.

After the Effective Date, if a disputed Claim becomes allowed, the applicable Disbursing Agent will pay the holder of that claim 20 days after the order allowing the disputed Claim becomes a final order, or as soon thereafter as practicable, or such earlier date as agreed to by the Reorganized Debtors, in accordance with the provisions of the Plan.

Distributions made under the Plan in respect of Claims for which the Debtors have insurance will be made in accordance with the provisions of any applicable insurance policy. To the extent any portion of an Allowed Claim is not covered by any of the Debtors' insurance policies, whether or not because of deductible or self-insured retention obligations of the Debtors or Reorganized Debtor, such uninsured portion will be paid by the Debtors or Reorganized Debtor pursuant to the plan. Nothing contained in the Plan constitutes a waiver of any cause of action that the Debtors or the Reorganized Debtors may hold against any other entity, including insurers under any of the Debtors' or Reorganized Debtors' insurance policies.

Notwithstanding anything set forth in the Plan to the contrary, no distributions of Cash less than \$25 is required to be made under the Plan to any holder of a Claim unless a request for such payment is made in writing to the Disbursing Agent.

2. Delivery of Distributions

(a) General. Subject to Bankruptcy Rule 9010, all distributions to a holder of an Allowed Claim or Allowed Equity Interest will be made to the address of the holder thereof as set forth (i) on such holder's Proof of Claim, or if no Proof of Claim has been filed, (ii) on the Schedules filed with the Bankruptcy Court, (iii) on the books and records of the Debtors or their agents, or (iv) in a letter of transmittal by such holder, unless the Debtors have been notified in writing of a change of address.

5. Change in Control Agreements¹³

PPC entered into change in control agreements with (i) each of Lonnie “Ken” Pilgrim, Chairman, Richard A. Cogdill, the Chief Financial Officer, and certain other key officers in October 2008 and (ii) each of Don Jackson and certain other key officers in September 2009, to be effective on the Effective Date (collectively, the “Change in Control Agreements”). The Change in Control Agreements have an initial term of three years. The Change in Control Agreements are being assumed by the Reorganized Debtors. The Change in Control Agreements have two triggers: (1) a change in control (the “Change in Control”) and (2) separation from Pilgrim’s Pride. The change of ownership of PPC pursuant to the Plan will qualify as the first trigger for the first two years following the Effective Date.

Generally, the Change in Control Agreements provide that, except in the case of Dr. Jackson, any stock options and other equity awards held by the executives will become fully vested and exercisable upon a Change in Control (however, no such awards will be outstanding as of the Change in Control) and that, if PPC terminates an executive’s employment for reasons other than “cause” or if the executive resigns for “good reason” (as these terms are defined in the Change in Control Agreements) within a specified time period following a Change in Control then the executive will be entitled to certain severance benefits. The employment period is 24 months in the case of Mr. Pilgrim and Dr. Jackson and 18 months in the case of Mr. Cogdill. Upon the termination of an executive’s employment during the employment period, the Change in Control Agreements provide:

- For a lump sum severance payment that includes the executive’s target annual bonus for the fiscal year in which the termination occurs, prorated through the date of termination, and an amount based on the sum of the executive’s annual base salary and target annual bonus, multiplied by 3.0 in the case of Mr. Pilgrim and Dr. Jackson and by 2.5 in the case of Mr. Cogdill.
- That the executives may be entitled to receive a tax gross-up payment to compensate them for specified excise taxes, if any, imposed on the severance payment.
- Up to 18 months of PPC-paid COBRA premiums.
- In the case of Dr. Jackson, any stock option and other equity awards held by him will become fully vested and exercisable.

In addition, the Change in Control Agreements provide that, for a period of 24 months in the case of Mr. Pilgrim and Dr. Jackson and 18 months in the case of Mr. Cogdill, from the date of any termination of the executive’s employment that results in a severance payment under the executive’s Change in Control Agreement, the executive will not (a) divulge confidential information regarding the Company, (b) solicit or induce employees of the Company to terminate their employment with the Company, or (c) seek or obtain any employment or consulting relationship with any specified competitor of the Company.

In addition to the Change in Control Agreements described above, on the Effective Date, the Reorganized Debtors will enter into change in control or severance agreements with certain employees, as agreed with the Plan Sponsor.

¹³ The description of the Change in Control Agreements herein is for summary purposes only and in case of any conflict between a Change in Control Agreement and this Disclosure Statement, the Change in Control Agreement will govern.

remain unchanged and nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any other Entity in any further proceedings involving the Debtors, and (v) nothing contained herein will prejudice in any manner the rights of the Debtors, including, without limitation, the right to seek a further extension of the exclusive periods under section 1121(d) of the Bankruptcy Code.

I. Effects of Confirmation on Claims and Equity Interests

1. Vesting of ~~Asset~~Assets

Upon the Effective Date, all property of the Debtors' estates will vest in the Reorganized Debtors free and clear of all claims, liens, encumbrances, charges, and other interests, except as provided in the Plan. From and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided in the Plan.

2. Discharge of Claims and Termination of Equity Interests

The rights afforded to claimants and equity holders in the Plan, and the payments and distributions made thereby, will be in exchange for and in complete satisfaction, discharge and release of all existing debts and claims of any kind, nature or description whatsoever against the Debtors. A Disputed Claim will not be discharged until it is disallowed or allowed by the Bankruptcy Court or another court of competent jurisdiction, and if allowed, until a distribution to the holder of such allowed claim is made pursuant to the Plan. All holders of existing claims against the Debtors will be enjoined from asserting against the Debtors, or any of their assets or properties, any other or further claim based upon any act or omission, transaction or other activity that occurred prior to the Effective Date, whether or not such holder has filed a proof of claim. In addition, on and after the Effective Date, each holder of a claim against the Debtors will be forever precluded and enjoined from prosecuting or asserting any discharged claim against the Debtors.

3. Discharge of Debtors

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise expressly provided in the Plan, each holder (as well as any trustee or agent on behalf of any holder) of a Claim and any affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, rights, and liabilities that arose prior to the Effective Date; *provided, however*, that a Disputed Claim will not be discharged until it is disallowed or allowed by the Bankruptcy Court or another court of competent jurisdiction, and if allowed, until a distribution to the holder of such allowed claim is made pursuant to the Plan. As provided in section 524 of the Bankruptcy Code, such discharge will void any judgment against the Debtors, their estates, or any successor thereto at any time obtained to the extent it relates to a Claim discharged. Upon the Effective Date, all persons will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any discharged Claim against the Debtors, the estates, or any successor thereto.

4. Injunction or Stay

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold Claims against or Equity Interests in the Debtors and all other parties in

and to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, each holder of a Claim or Equity Interest that does not vote to accept the Plan, will release and discharge unconditionally and forever each of (a) the Debtors and the Reorganized Debtors, (b) the Chief Restructuring Officer, (c) the Committees, (d) the agents and lenders under the Prepetition BMO Credit Agreement, (e) the agents and lenders under to the Prepetition CoBank Credit Agreement, (f) the agents and lenders under the DIP Credit Agreement, (g) Pilgrim Interests, Ltd. (solely in its capacity as guarantor under the Guarantee Agreements), (h) the Plan Sponsor, and (i) the present and former directors, officers, employees, affiliates, agents, financial advisors, investment bankers, attorneys, and representatives of each of the foregoing, as applicable, from any and all claims or causes of action that exist as of the Effective Date and arise from or relate to, in any manner, in whole or in part, the operation of the business of the Debtors, the subject matter of, or the transaction or event giving rise to, the Claim or Equity Interest of such holder, the business or contractual arrangements between any Debtor and such holder, any restructuring of such Claim or Equity Interest prior to the Chapter 11 Cases, or any act, omission, occurrence, or event in any manner related to such subject matter, transaction or obligation, or arising out of the Chapter 11 Cases, including, but not limited to, the pursuit of confirmation of the Plan, the consummation thereof, the administration thereof, or the property to be distributed thereunder; *provided*, that the foregoing shall not operate as a waiver of or release from any causes of action arising out of the willful misconduct, gross negligence, fraud, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or *ultra vires* acts of any such person or entity; *provided further* that the foregoing will not operate as a waiver of or a release of any causes of action held by a Governmental Unit against any non-Debtor existing as of the Effective Date based on any securities laws of the United States or any domestic state.

Certain growers and certain participants in the Debtors' 401(k) plan believe that the releases of non-debtors set forth in this section are inappropriate and impair the claims of holders of General Unsecured Claims.¹⁵ The Debtors disagree and believe such releases are appropriate and supported by prevailing case law.

[If the releases of non-debtors set forth in Section 10.8 of the Plan are approved by the Bankruptcy Court, they will affect the ability of any entity to seek recovery against any applicable insurance policy with respect to any released claims.](#)

9. *Releases by Debtors and Reorganized Debtors*

Upon the Effective Date, and in consideration of the services provided to the Debtors by such persons, each Debtor and Reorganized Debtor will release and discharge unconditionally and forever each of (a) the present and former directors, officers, employees, affiliates, agents, financial advisors, investment bankers, attorneys, and representatives of the Debtors (including the Chief Restructuring Officer), (b) the Committees, (c) the agents and lenders under the Prepetition BMO Credit Agreement, (d) the agents and lenders under to the Prepetition CoBank Credit Agreement, (e) the agents and lenders under the DIP Credit Agreement, (f) Pilgrim Interests, Ltd. (solely in its capacity as guarantor under the Guarantee Agreements), (g) the Plan Sponsor (except with respect to the Plan Sponsor's obligations under the Stock Purchase Agreement), and (h) the present and former directors, officers, employees, affiliates, agents, financial advisors, investment bankers, attorneys, and representatives of each of the foregoing in clauses (b) through (g) of this

¹⁵ [To the extent releases in Section 10.8 of the Plan are not approved as proposed, holders of Claims and/or Equity Interests may assert claims against parties claiming indemnification from the Reorganized Debtors. The amount of such claims may materially increase the Reorganized Debtors' post-Effective Date obligations.](#)

~~Section 10.9, paragraph~~, as applicable, from any and all claims or causes of action that exist as of the Effective Date and arise from or relate to, in any manner, in whole or in part, the operation of the business of the Debtors, the business or contractual arrangements between any Debtor and any such person or entity, or any act, omission, occurrence, or event in any manner related to such subject matter, transaction or obligation, or arising out of the Chapter 11 Cases, including, but not limited to, the pursuit of confirmation of the Plan, the consummation thereof, the administration thereof, or the property to be distributed thereunder; *provided*, that the foregoing will not operate as a waiver of or release from any causes of action arising out of the willful misconduct, gross negligence, fraud, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or *ultra vires* acts of any such person or entity.

10. Avoidance Actions

From and after the Confirmation Date, the Debtors will retain the exclusive right to pursue, prosecute and enforce any and all Avoidance Actions, equitable subordination actions or recovery actions under sections 105, 502(d), 510, 542 through 551, and 553 of the Bankruptcy Code that belonged to the Debtors or Debtors in Possession prior to the Confirmation Date, other than with respect to any cause of action or Avoidance Action released in the Plan, in the Confirmation Order, or in any other Final Order of the Bankruptcy Court. On the Effective Date, the Debtors' right to pursue, prosecute and enforce the actions listed in the immediately preceding sentence will transfer to the Reorganized Debtors, which on and after the Effective Date shall have the exclusive right to pursue, prosecute and enforce such actions.

11. Retention of Causes of Action/Reservation of Rights

Except as provided in Sections 10.7 and 10.9 of the Plan, from and after the Confirmation Date, the Debtors will retain the right to pursue, prosecute and enforce any rights or causes of action that the Debtors have under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Claims against any Entity, to the extent such Entity asserts a crossclaim, a counterclaim, and/or a Claim for setoff that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors, or representatives, (ii) any and all Claims and causes of action for turnover of any property of the Debtors' estates, (iii) any and all Claims and causes of actions that are listed on the Debtors' Schedules, and (iv) any and all Claims and causes of action that are subject to pending litigation in either the Bankruptcy Court or a non-bankruptcy forum. On the Effective Date, the Debtors' right to pursue, prosecute and enforce the actions listed in the immediately preceding sentence will transfer to the Reorganized Debtors, which on and after the Effective Date will have the exclusive right to pursue, prosecute and enforce such actions. Nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or causes of action that the Debtors or the Reorganized Debtors may have.

Nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any claim, cause of action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim. After the Confirmation Date, the Debtors and the Reorganized Debtors, as applicable, will have, retain, reserve, and be entitled to assert all such claims, causes of action, rights of setoff, and other legal or equitable defenses that the Debtors had immediately prior to the Commencement Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' and the Reorganized Debtors' legal and equitable rights respecting any Claim may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

12. Limitation on Exculpation and Releases of Professionals

Nothing in Sections 10.7, 10.8 or 10.9 of the Plan is intended to (i) be construed to release or exculpate any entity from fraud, malpractice, criminal conduct, intentional unauthorized misuse of confidential information that causes damages, or *ultra vires* acts, or (ii) limit the liability of the professionals of the Debtors, the Reorganized Debtors, and the Committees to their respective clients pursuant to the relevant provisions of the Code of Professional Responsibility.

J. Dissolution of Statutory Committees and Fee Review Committee

On the ~~Effective Date~~ later of the Effective Date and entry of a Final Order resolving the remaining disputes among the parties regarding payment of default interest on the Note Claims and any resulting dispute over subordination provisions of the applicable Indentures, the Committees will be dissolved and the members thereof will be released and discharged of and from all further authority, duties, responsibilities and obligations relating to and arising from and in connection with the Chapter 11 Cases; *provided, however*, that in the event the Confirmation Order is appealed, any Committee may elect to delay its dissolution until the conclusion of the appeal so as to participate in such appeal. On the Effective Date, the retention or employment of all attorneys, financial advisors, accountants and other agents of the Creditors' Committee and Equity Committee will terminate other than for purposes of (i) filing, prosecuting and objecting to applications for final allowances of compensation for professional services rendered and reimbursement of expenses incurred in connection therewith, and (ii) participating in any appeal of the Confirmation Order. To the extent not discharged and released on or prior to the Confirmation Date, on the eleventh (11th) day following the entry of an order in respect of the last of any outstanding fee applications, the Fee Review Committee will be released and discharged from its obligations pursuant to the Order Granting Motion for (I) Appointment of a Fee Review Committee and (II) Amendment of the Interim Compensation Order [Docket No. 1624].

K. Jurisdiction and Choice of Law

On and after the Effective Date, the Bankruptcy Court will have exclusive jurisdiction over all matters arising out of, arising under, and related to the Chapter 11 Cases and the Plan pursuant to, and for the purpose of, sections 105(a) and 1142 of the Bankruptcy Code, including, without limitation:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, the allowance of Claims resulting therefrom and any disputes with respect to executory contracts or unexpired leases relating to the facts and circumstances arising out of or relating to the Chapter 11 Cases;

(b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;

(c) To ensure that distributions to holders of Allowed Claims and Allowed Equity Interests are accomplished as provided herein;

(d) To consider Claims and Equity Interests or the allowance, classification, priority, compromise, estimation, or payment of any Claim or Equity Interest;

(e) To enforce the terms of the ADR Procedures Order and hear any matter arising from the alternative dispute resolution procedures established therein;

section, the discussion of the valuation analysis should be read in conjunction with the discussion of the transaction with the Plan Sponsor and certain risk factors contained in Articles V and VIII.

Pursuant to the SPA, the Plan Sponsor has agreed to purchase 64% of the New PPC Common Stock for \$800 million. The remaining 36% of the New PPC Common Stock would be valued at \$450 million, resulting in an aggregate estimated total equity value of ~~\$1,250 million~~ 1.25 billion, before contemplation of any potential synergies as discussed in Section V(H)¹⁶. Based upon the anticipated net debt at the Effective Date, of ~~\$1,486 million~~ 1.486 billion, Lazard's estimate of the enterprise value is ~~\$2,736 million~~ 2.736 billion (excluding approximately \$50 million in estimated restricted cash). This estimate was based in part on information provided by the Debtors, solely for purposes of the Plan, as of November 21, 2009.¹⁷ For purposes of this valuation, Lazard assumes that no material changes that would affect value occur between the date of the Disclosure Statement and the Assumed Effective Date.

Lazard's analysis addresses the estimated enterprise value of Pilgrim's Pride, as reflected by the estimated equity value of the Reorganized PPC, assuming the Plan is approved and becomes effective. It does not address other aspects of the proposed reorganization, the Plan or any other transactions and does not address the Debtors' underlying business decision to effect the reorganization set forth in the Plan. Lazard's estimated total equity and enterprise values do not constitute a recommendation to any holder of Allowed Claims or Allowed Equity Interests as to how such person should vote or otherwise act with respect to the Plan. Lazard has not been asked to, nor did Lazard, express any view as to what the value of the Debtors' securities will be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated total equity and enterprise values set forth herein do not constitute an opinion as to fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

THE ASSUMED ENTERPRISE VALUE, AS OF NOVEMBER, 21 2009, REFLECTS WORK PERFORMED BY LAZARD ON THE BASIS OF INFORMATION AVAILABLE TO LAZARD CURRENT AS OF THE DATE OF THIS DISCLOSURE STATEMENT. ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT LAZARD'S CONCLUSIONS, NEITHER LAZARD NOR THE DEBTORS HAVE ANY OBLIGATION OR INTENT TO UPDATE, REVISE OR REAFFIRM ITS ESTIMATE. THE PROJECTIONS USED IN THE VALUATION ANALYSIS ALSO ASSUME THAT GENERAL ECONOMIC, FINANCIAL, AND MARKET CONDITIONS AS OF THE EFFECTIVE DATE WILL NOT DIFFER FROM THOSE PREVAILING AS OF THE DISCLOSURE STATEMENT.

With respect to the Projections prepared by the management of the Debtors, Lazard assumed that such Projections were reasonably prepared in good faith and on a basis reflecting the Debtors' most accurate currently available estimates and judgments as to the future operating and financial performance of Pilgrim's Pride. Lazard's estimates of equity and enterprise value, assumes that Pilgrim's Pride will achieve its Projections in all material respects. If the business performs at levels above or below those set forth in the Projections, and/or levels of certain Allowed Claims are lower or higher than previously anticipated, it may have a material impact on the value of New PPC Common Stock. However, pursuant to the terms of the SPA, the initial allocation of New PPC Common Stock will not change.

¹⁶ The views regarding any synergies that may be created through the transaction with the Plan Sponsor are the views of the Plan Sponsor and have not been independently verified by either the Debtors or Lazard.

¹⁷ If the Plan is approved by the Bankruptcy Court, the Debtors expect to emerge from chapter 11 by the end of December 2009 (the "Assumed Effective Date"). Lazard does not expect the estimated enterprise value of ~~\$2,736 million~~ 2.736 billion to change materially between November 21, 2009 and the Assumed Effective Date.

Such estimates do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly higher or lower than the amounts set forth herein. The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimated equity and enterprise values set forth herein are not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Neither the Debtors, Lazard, nor any other person assumes responsibility for their accuracy. In addition, the valuation of newly issued securities, such as New PPC Common Stock is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, the operating performance of the Debtors, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by prepetition constituents (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors which generally influence the prices of securities such as supply/demand imbalances and levels of liquidity in the secondary market.

THE ESTIMATES OF EQUITY AND ENTERPRISE VALUES DETERMINED BY LAZARD REPRESENT ESTIMATES AND DO NOT REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE IMPUTED ESTIMATE OF THE EQUITY VALUE OF THE REORGANIZED PPC ASCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. ANY SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE IMPUTED ESTIMATE OF THE EQUITY VALUE FOR THE REORGANIZED PPC ASSOCIATED WITH LAZARD'S VALUATION ANALYSIS.

D. Corporate Governance and Management of the Reorganized Debtors

1. Initial Board of Directors

The identity of the initial board of directors for each Debtor will be disclosed in the Plan Supplement; provided; however, that the identity of the independent director of the Reorganized PPC to be designated by the Plan Sponsor will be disclosed no later than 3 calendar days before the Confirmation Hearing.

Pursuant to the Stockholders Agreement and the Restated Certificate of Incorporation, on the Effective Date, the board of directors of Reorganized PPC will consist of 9 members comprised as follows:

- (i) 6 members, including the Chairman of the Board, will be designated by the Plan Sponsor (the "Plan Sponsor Designees"). The chief executive officer of Reorganized PPC will be appointed to the initial board of directors of Reorganized PPC and will be included in the Plan Sponsor Designees. In addition, it is currently expected that the Plan Sponsor Designees will also include Wesley Mendonça Batista (the current president and chief executive officer of JBS USA), Joesley Mendonça Batista (the current chief executive officer of JBS Brazil and the president of its board of directors), and José Batista Junior (the current director of JBS USA, LLC and JBS Brazil).
- (ii) 2 members (the "Equity Directors") will be designated by the Equity Committee. The Equity Directors will qualify as "independent directors" pursuant to the

definition set forth in Section 303A.02 of the New York Stock Exchange Listed Company Manual.

- (iii) 1 member will be Lonnie “Bo” Pilgrim.

From and after the Effective Date, the members of the board of directors of Reorganized PPC and its affiliates will be selected and determined in accordance with the provisions of the respective organizational documents and applicable law.

2. Officers

As of the Effective Date, the officers of the Debtors shall be the officers of the Reorganized Debtors.

3. Consulting Agreement

In connection with the Plan, PPC and Lonnie A. “Bo” Pilgrim (“Mr. Pilgrim”) have entered into a consulting agreement, dated September 16, 2009 (the “Consulting Agreement”), which will become effective on the Effective Date. The salient terms of the Consulting Agreement are as follows:⁴⁷¹⁸

- Mr. Pilgrim will provide services to the Reorganized PPC that are comparable in the aggregate with the services provided by him to PPC prior to the Effective Date;
- Mr. Pilgrim will be compensated for services rendered to Reorganized PPC at a rate of \$1.5 million a year for a term of 5 years;
- Mr. Pilgrim will be subject to customary non-solicitation and non-competition provision; and
- Mr. Pilgrim and his spouse will be provided with medical benefits (or will be compensated for medical coverage) that are comparable in the aggregate to the medical benefits afforded to employees of Reorganized PPC.

4. Management Incentive Plans

(a) Short Term Management Incentive Plan

During the Chapter 11 Cases, PPC’s board of directors approved, subject to approval of the Plan by the Bankruptcy Court, and in the case of awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Internal Revenue Code (“162(m) Awards”), subject to approval by the shareholders, the Short Term Management Incentive Plan — an annual incentive program for the use of the Reorganized Debtors providing for the grant of bonus awards payable upon achievement of specified performance goals (the “STIP”). The STIP permits the grant of 162(m) Awards and bonus awards that are not intended to so qualify. Regular, full-time salaried, exempt employees of the Reorganized Debtors and its affiliates who are selected by the administering committee are eligible to participate in the STIP. The maximum aggregate amount that may be paid pursuant to 162(m) Award to a participant in any fiscal year may not exceed \$10,000,000. Awards may be granted once the STIP becomes effective, but any 162(m) Awards that are granted before the STIP is approved by PPC’s stockholders will not be paid unless and until the STIP is approved by the stockholders. The STIP, substantially in the form

⁴⁷¹⁸ The description of the Consulting Agreement herein is for summary purposes only and in case of any conflict between the Consulting Agreement and this Disclosure Statement, the Consulting Agreement will govern.

of Exhibit D-1 of the Plan, is being submitted to stockholders of PPC for separate approval in connection with the Plan. Exhibit D to the Plan sets forth a summary of material terms of the STIP.

(b) Long Term Incentive Plan

During the Chapter 11 Cases, PPC's board of directors approved, subject to approval by shareholders of PPC and of the Plan by the Bankruptcy Court, an omnibus long-term incentive plan ("LTIP") for the use of the Reorganized Debtors providing for the grant of a broad range of long-term equity-based and cash-based awards to the Reorganized Debtors' officers and other employees, members of the Reorganized Debtors' board of directors and any consultants to the Reorganized Debtors, as well as to employees of and any consultants to the Reorganized Debtors' subsidiaries. The equity-based awards that may be granted under the LTIP include "incentive stock option," within the meaning of the Internal Revenue Code, non-qualified stock option, stock appreciation rights, restricted stock awards and restricted stock units. Performance-based awards under Section 162(m) of the Internal Revenue Code, which are payable upon satisfaction of pre-established performance goals, may also be granted in order to preserve the deductibility of these awards for federal income tax purposes. The LTIP 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 (and including) the trading immediately preceding the Effective Date, and (ii) 10,000,000 shares, all of which may be issued pursuant to the exercise of "incentive stock options." The LTIP, substantially in the form of Exhibit D-2 of the Plan, is being submitted to stockholders of PPC for separate approval in connection with the Plan. Exhibit D to the Plan sets forth a summary of material terms of the LTIP.

E. Description of Certain Securities to be Issued Pursuant to the Plan

~~1. New PPC Common Stock~~

On the Effective Date, the existing common stock of PPC will be cancelled and the New PPC Common Stock will be issued to holders of Allowed Equity Interests and the Plan Sponsor. The Restated Certificate of Incorporation will authorize Reorganized PPC to issue 800,000,000 shares of common stock, par value \$.01 per share, and 50,000,000 shares of preferred stock, par value \$.01 per share, with Reorganized PPC's Board of Directors being empowered, without stockholder approval, to cause preferred stock to be issued with such rights, preferences and limitations as it may determine. *See* Restated Certificate of Incorporation attached to the Plan as Exhibit C.

In the event JBS USA completes the Offering, or any other initial public offering of the JBS USA Common Stock and the offered shares are listed on a national securities exchange, then, at any time during an Exchange Window (as defined below) falling within the period commencing on the date of the closing of the Offering or such other offering and ending two years and 30 days from the Effective Date, JBS USA will have the right to deliver written notice of the mandatory exchange of the New PPC Common Stock to Reorganized PPC at its principal place of business. Upon delivery to Reorganized PPC of notice of the Mandatory Exchange Transaction each share of New PPC Common Stock held by stockholders other than JBS USA will automatically, without any further action on behalf of Reorganized PPC or any of the Exchanged Holders, be transferred to JBS USA in exchange for a number of duly authorized, validly issued, fully paid and non-assessable shares of JBS USA Common Stock equal to the Exchange Offer Ratio (as defined below). The Mandatory Exchange Transaction will be effected in compliance with all applicable laws. An "Exchange Window" is a period of time beginning on the 6th trading day after the first day on which both Reorganized PPC and JBS USA will have each made their respective annual or quarterly

reports or earnings releases relating to the immediately preceding fiscal quarter or year, as applicable, and ending on the last day of the fiscal quarter during which the first day of the Exchange Window fell.

The Exchange Offer Ratio is a fraction, the numerator of which is the average volume-weighted daily trading price per share on the principal Exchange for the New PPC Common Stock and the denominator of which is the average volume-weighted daily trading price per share on the principal exchange for the JBS USA Common Stock, in each case for the Measurement Period. The “Measurement Period” is a number of consecutive trading days which is equal to twice the number of consecutive trading days between (i) the first date on which both JBS USA and Reorganized PPC shall have both made their respective annual or quarterly reports or earnings releases and (ii) the date on which JBS USA delivers to Reorganized PPC the notice of the Mandatory Exchange Transaction.

JBS USA believes that the offer and sale of both the New PPC Common Stock and the JBS USA Common Stock under the circumstances provided in the Plan and summarized above will satisfy the requirements of section 1145(a) of the Bankruptcy Code. Under the terms of the SPA, the Debtors and the Plan Sponsor have agreed to seek a finding of the Bankruptcy Court in the Confirmation Order that the offer and sale of both the New PPC Common Stock and the JBS USA Common Stock will satisfy the requirements of section 1145(a) of the Bankruptcy Code.

F. Exit Financing

The Debtors are working with various lenders and financial institutions to secure an exit facility (the “Exit Facility”) that would provide funding for plan distributions and working capital for the Reorganized Debtors. The Exit Facility, as currently contemplated, will provide a senior secured financing facility (the “Exit Credit Facility”) in an aggregate principal amount of at least \$~~1,650,000,000~~, 1.65 billion to include a three-year revolving credit facility, in an aggregate principal amount of at least \$~~500,000,000~~ 500 million (the “Exit Revolving Credit Facility”); a three year Term A loan facility in an aggregate principal amount of at least \$~~375,000,000~~ 375 million (the “Term A Loan Facility”); and a five-year term B loan facility in an aggregate principal amount of at least \$~~775,000,000~~ 775 million (the “Term B Loan Facility”). As contemplated, a portion of the Exit Revolving Credit Facility, of at least \$~~200,000,000~~ 200 million, will be available for the issuance of standby letters of credit and trade letters of credit. On August 11, 2009, the Bankruptcy Court entered an order authorizing the Debtors to enter into certain mandate, commitment and fee letters in connection with the Exit Facility and to pay certain fees related thereto. The terms of the Exit Facility itself will be approved as part of confirmation of the Plan. The material terms of the Exit Facility are attached to the Plan as Exhibit A and will be filed as part of the Plan Supplement. Any merger or consolidation of Reorganized PPC with the Plan Sponsor will require consent of the required lenders to the Exit Credit Facility or a refinancing of the Exit Facility.

VIII.

CERTAIN RISK FACTORS

HOLDERS OF EQUITY INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND RELATED DOCUMENTS, REFERRED TO OR INCORPORATED BY REFERENCE IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THIS SECTION PROVIDES INFORMATION REGARDING POTENTIAL RISKS IN CONNECTION WITH THE PLAN, THE FINANCIAL PROJECTIONS AND OTHER RISKS THAT COULD IMPACT THE REORGANIZED DEBTORS’ FUTURE FINANCIAL CONDITION AND OPERATIONS,

The Mandatory Exchange Transaction is required to be effected in compliance with all applicable laws in accordance with Section 8.2(a) of the Restated Certificate of Incorporation.

The Exchange Offer Ratio is a fraction, the numerator of which is the average volume-weighted daily trading price per share on the principal Exchange for the New PPC Common Stock and the denominator of which is the average volume-weighted daily trading price per share on the principal exchange for the JBS USA Common Stock, in each case for the Measurement Period. The "Measurement Period" is a number of consecutive trading days which is equal to twice the number of consecutive trading days between (i) the first date on which both JBS USA and Reorganized PPC shall have both made their respective annual or quarterly reports or earnings releases and (ii) the date on which JBS USA delivers to Reorganized PPC the notice of the Mandatory Exchange Transaction.

As a result of the Mandatory Exchange Transaction, stockholders should carefully read and consider the information provided in Section V(B) and the risk factors contained below regarding the Plan Sponsor and the JBS Common Stock, as the shares of New PPC Common Stock may in the future be exchanged for shares of JBS USA Common Stock without the consent or election of such stockholder.

For more information about the Plan Sponsor and its business, a copy of the Plan Sponsor's Registration Statement on Form S-1 filed with the SEC on July 22, 2009 is attached hereto as Exhibit E. These documents were prepared by, and are the responsibility of JBS. JBS intends to include more recent financial statements with the Plan Supplement. However, there is no assurance that the more recent financial statements, ~~if included~~, will not include information that is materially different from that included in the Registration Statement on Form S-1 attached hereto as Exhibit E. The Debtors disclaim any responsibility for the accuracy or completeness of these documents.

2. *The market price of the JBS Common Stock may adversely affect the market price for New PPC Common Stock*

If JBS USA completes the Offering, or any other initial public offering of the JBS USA Common Stock prior to the expiration of the deadline for their exercise of the Mandatory Exchange Transaction, the market price of the JBS USA Common Stock may influence the market price of the New PPC Common Stock. For example, the market price of the New PPC Common Stock could become more volatile and could be depressed by (a) lack of trading activity in New PPC Common Stock as a result of investors' anticipation of JBS USA's potential exercise of the Mandatory Exchange Transaction, (b) possible sales by holders of New PPC Common Stock who do not wish to receive shares of JBS USA Common Stock, and (c) hedging or arbitrage trading activity that may develop involving New PPC Common Stock and JBS USA Common Stock.

3. *Holders of New PPC Common Stock will bear the full risk of a decline in the market price of New PPC Common Stock*

The number of shares of JBS USA Common Stock that holders of New PPC Common Stock will receive upon JBS USA's exercise of the Mandatory Exchange Transaction will be equal to the Exchange Offer Ratio (as defined above). As a result, the number of shares that holders of New PPC Common Stock will receive in JBS USA is not fixed, but instead will depend on the market values of both companies during a specified period of time. The aggregate market value of the JBS USA Common Stock deliverable upon the consummation of the Mandatory Exchange Transaction may be less than the aggregate market value of the New PPC Common Stock originally received pursuant to the Plan. Accordingly, holders of New PPC Common Stock will bear the full risk of a decline in the market price of New PPC Common Stock. Any such decline could be substantial.

C. Voting/Election Deadline

After carefully reviewing the Plan, this Disclosure Statement and (if you are entitled to vote) the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by checking the appropriate box in the enclosed Ballot. Please note that the Ballot for Equity Interests in PPC also contains a separate vote to accept or reject the STIP and the LTIP, both of which are described in more detail in Section VII(D)(4). Please complete and sign your Ballot (copies will not be accepted) and return it in the envelope provided. You must provide all of the information requested by the appropriate Ballot. Failure to do so may result in disqualification of your vote on such Ballot. Each Ballot has been coded to reflect the class of Equity Interests it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

In order for your vote to be counted, your Ballot (or the Master Ballot cast on your behalf) must be actually *received* by the voting agents at the following address before the Voting Deadline of ~~[-], on~~ ~~[-]~~December 1, 2009 at 5:00 p.m. (prevailing Central Time):

Pilgrim's Pride Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

If a Ballot is damaged or lost, you may contact the Debtors' voting agents at the numbers set forth above. Any Ballot that is executed and returned but which does not indicate an acceptance or rejection of the Plan will not be counted. Any Ballot received after the voting deadline will not be counted. If the return envelope included with your Solicitation Package is addressed to your Nominee, please allow enough time for your Nominee to submit your vote on a Master Ballot. Ballots or copies of Ballots should not be delivered to the Debtors or the Committees or their respective counsel.

D. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of Equity Interests is determined by calculating the amount of the Allowed Equity Interests voting to accept, based on the actual total Allowed Equity Interests voting. Acceptance requires an affirmative vote of at least two-thirds in dollar amount of the Allowed Equity Interests voting.

XIII.

CONFIRMATION OF THE PLAN

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. The Confirmation Hearing is scheduled for ~~[-], on~~ ~~[-]~~December 8, 2009 at 9:30 a.m. (prevailing Central Time), before the Honorable D. Michael Lynn, 501 West Tenth Street, Fort Worth, TX 76102-3643. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

B. Objections to Confirmation

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Federal Rules of Bankruptcy Procedure, must set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the particular Debtor or Debtors, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon and received no later than ~~[-]~~ December 1, 2009 at 4:00 p.m. (prevailing Central Time) by: (i) Pilgrim's Pride Corporation, 4585 US Highway 271 North, Pittsburg, Texas 75868-0093 (William K. Snyder, CRO); (ii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Victoria Vron, Esq.); (iii) Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, TX 75201 (Attn: Stephen A. Youngman, Esq.); (iv) the Office of the United States Trustee for the Northern District of Texas, 1100 Commerce Street, Room 976 Dallas, TX 75242 (Attn: Lisa Lambert, Esq. and Erin Schmidt, Esq); (v) Andrews Kurth LLP, 1717 ~~Mainstreet~~ Main Street, Suite 3700, Dallas, Texas 75201 (Attn: Jason S. Brookner, Esq. and Jonathan I. Levine, Esq.), and (vi) Brown Rudnick LLP, ~~Seven Times Square, New York, New York 10036~~ One Financial Center, Boston, Massachusetts 02111 (Attn: Steven D. Pohl, Esq. and Jeremy ~~Coffee~~ Coffey, Esq.).

The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served by ~~[-]~~ Prevailing December 1, 2009 at 4:00 p.m. (prevailing Central Time), ~~on [-]~~ 2009, in the manner described in the Disclosure Statement Order attached hereto as Exhibit B.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation—Consensual Plan

1. *Elements of 1129(a) of the Bankruptcy Code*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129(a) of the Bankruptcy Code have been satisfied, including the following requirements:

- The Plan complies with the applicable provisions of the Bankruptcy Code;
- The Debtors have complied with the applicable provisions of the Bankruptcy Code;
- The Plan has been proposed in good faith and not by any means prohibited by law;
- Any payment made or promised by the Debtors or by a person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;
- The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtors, affiliates of the Debtors participating in the Plan with the Debtors, or a

successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors, and the nature of any compensation for such insider;

- With respect to each class of claims or equity interests, each holder of an impaired claim or impaired equity interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's claim or equity interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of [the "Best Interests Test" in Section VIII\(C\)\(2\)](#) below;
- Unless the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each class of claims or equity interests has either accepted the Plan or is not impaired under the Plan;
- Unless the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that allowed undisputed Administrative Expense and Allowed Other Priority Claims will be paid in full on the Effective Date and that Allowed Priority Tax Claims will receive on account of such claims deferred Cash payments, over a period not exceeding six (6) years after the date of assessment of such claims, of a value, as of the Effective Date, equal to the allowed amount of such claims;
- At least one class of impaired claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim in such class;
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further of financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility" [in Section VIII\(C\)\(3\)](#) below;
- All fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid, or the Plan provides for the payment of all such fees on the Effective Date; and
- The Plan provides for the continuation after the Effective Date of payment of all retiree benefits (as defined in section 1114 of the Bankruptcy Code), at the level established pursuant to subsection 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits.

2. ~~D.~~ *Best Interests Tests/Liquidation Analysis*

As described above, section 1129(a)(7)(A) of the Bankruptcy Code requires that each holder of an impaired claim or equity interests either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

As stated in Section VI above, the Debtors will pay all creditors in full with interest. Since the Plan provides for full payment to creditors and a certain recovery to holders of Allowed Equity Interests, the amount proposed to be paid is not less than the amount creditors and stakeholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. In fact, as reflected in the Liquidation Analysis attached hereto as Exhibit G, holders of impaired Claims and Equity Interests would receive less in a chapter 7 liquidation than under the Plan.

3. ~~E.~~ *Feasibility*

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, the Debtors have prepared projections described in section IV above. Based upon such projections, the Debtors believe that they will be able to make all payments required pursuant to the Plan, and therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

D. ~~F.~~ **Requirements for Confirmation—Non-Consensual Plan**

TheIf all the requirements of section 1129(a) of the Bankruptcy Code, which are discussed above in Section VIII(C), are met other than section 1129(a)(8), the Bankruptcy Court may confirm a plan of reorganization over the rejection or deemed rejection of the plan of reorganization by a class of claims or equity interests if the plan of reorganization “does not discriminate unfairly” and is “fair and equitable” with respect to such class.

1. *No Unfair Discrimination*

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be “fair.”

The Debtors believe that under the Plan all impaired classes of Claims and Equity Interests are treated in a manner that is fair and consistent with the treatment of other classes of Claims and Equity Interests having the same priority. Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any impaired class of Claims or Equity Interests.

2. *Fair and Equitable Test*

This test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. The test sets forth different standards for what is fair and equitable, depending on the type of claims or interests in such class. In order to demonstrate that a plan is fair and equitable, the plan proponent must demonstrate:

- *Secured Creditors.* With respect to a class of secured claims, the plan provides: (i) that the holders of secured claims retain their liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property, or (ii) for the sale, subject to section 363 of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this paragraph, or (iii) that the holders of secured claims receive the "indubitable equivalent" of their allowed secured claim.
- *Unsecured Creditors.* With respect to a class of unsecured claims: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim, or (ii) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115, subject to the requirements of subsection (a)(14) of section 1129.
- *Holders of Equity Interests.* With respect to a class of equity interests: (i) the plan provides that each holder of an equity interest receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest, or (ii) the holder of any interest that is junior to the interests of the class of equity interests will not receive or retain under the plan on account of such junior interest any property.

The Debtors believe the Plan will satisfy the "fair and equitable" requirement.

E. ~~G.~~ Reservation of "Cram Down" Rights

The Bankruptcy Code permits the Bankruptcy Court to confirm a chapter 11 plan of reorganization over the dissent of any class of claims or equity interests as long as the standards in section 1129(b) are met. This power to confirm a plan over dissenting classes – often referred to as "cram down" – is an important part of the reorganization process. It assures that no single group (or multiple groups) of claims or interests can block a restructuring that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

The Debtors each reserve the right to seek confirmation of the Plan, notwithstanding the rejection of the Plan by Class 10(a) (Equity Interests in PPC).