

Exhibit 1

Engagement Letter

American Appraisal Associates, Inc.
Park Central 7, 12750 Merit Drive, Dallas, TX 75251
direct 214 459 6410 / fax 972 994 0516



Leading / Thinking / Performing

September 15, 2009

Richard A. Cogdill
EVP, CFO, Secretary, Treasurer, and Director
Pilgrim's Pride Corporation
4845 US Highway 271 North
Pittsburg, Texas 75686-0093

Dear Mr. Cogdill:

We are pleased to have the opportunity to provide Pilgrim's Pride Corporation ("Pilgrim's Pride") with the valuation services described herein. This letter, when signed, will constitute an agreement ("Agreement") between American Appraisal Associates, Inc. ("American Appraisal") and Pilgrim's Pride subject to the terms and conditions set forth below.

The valuation process described below is referred to as the "Valuation" or the "Engagement" and any and all conclusions provided by American Appraisal are referred to as an "Opinion".

BACKGROUND

It is our understanding that Pilgrim's Pride is planning to emerge from bankruptcy protection under Chapter 11 of the United States Bankruptcy Code ("Chapter 11") and will require estimates of fair value of its tangible and intangible assets to assist with establishing an opening balance sheet as of the date of emergence, as well as for long-lived asset impairment purposes.

We will assemble a multi-discipline team for this project from our full-time staff of professionals. Our staff comprises individuals with bankruptcy experience, and we are familiar with your requirements under American Institute of Certified Public Accountants ("AICPA") Statement of Position 90-7 ("SOP 90-7"), *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* ("Fresh Start Accounting"), Statement of Financial Accounting Standards No. 141R (revised 2007), *Business Combinations* ("SFAS 141R"), No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and No. 157, *Fair Value Measurements* ("SFAS 157").

You have requested that American Appraisal prepare valuation analyses to express an Opinion of the fair values of the identified assets ("Identified Assets") to assist you with accounting for the emergence from Chapter 11.

USE

These valuation services are intended to assist Pilgrim's Pride in establishing a beginning balance sheet as Pilgrim's Pride emerges from Chapter 11, and for long-lived asset impairment purposes.

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Pilgrim's Pride may disclose our report in its entirety to its professionals who are assisting it in this Use, and as may be necessary in connection with bankruptcy court filings and/or in connection with the preparation of financial statements. We understand that, as a result of the plan confirmation process, a third party Plan Sponsor may be identified and that such Plan Sponsor may have an interest in becoming an additional Intended User of our work product. In that event, we will work with Pilgrim's Pride and the Plan Sponsor in good faith as may be necessary to amend or supplement this Agreement accordingly.

SCOPE OF THE WORK

We will accept the business enterprise value for Pilgrim's Pride as developed by you and your professionals in connection with the reorganization process.

Business Enterprise is defined as:

- The combination of all tangible assets (property, plant, and equipment and normal, debt-free working capital) and intangible assets of a continuing business. Alternatively, it is equivalent to the invested capital of the business; that is, the combination of the value of the stockholders' equity and interest-bearing debt.

Additionally, we will perform a calculation of the business enterprise value and undiscounted cash flows expected to result from the use and eventual disposition of the asset group, which we understand to be all the operating assets of Pilgrim's Pride. This is expected to fulfill the requirements of Step 1 of the SFAS 144 test of impairment.

Our work will be designed to assist Pilgrim's Pride in complying with the related accounting standards including:

- American Institute of Certified Public Accountants ("AICPA") Statement of Position 90-7 ("SOP 90-7"), *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*;
- Statement of Financial Accounting Standards No. 141 (revised 2007), *Business Combinations* ("SFAS 141R");
- Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142");
- Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*; and
- Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157").

Definition of Value

The Valuation will be based on the appropriate standard of fair value which is defined in SFAS 157, paragraph 5 as follows:

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- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Unless the facts and circumstances suggest otherwise, our opinion of fair value will be reported on the premise of *continued use*, which assumes the buyer and seller would contemplate the continued operation of the designated assets at their present locations as a part of current and forecast operations.

In developing our opinion of value, we will consider financial data pertaining to the present or prospective earning capacity of the operation in which designated assets are used. Based upon our study of the trends indicated, and after provision for adequate net working capital and other assets present, we will test whether prospective profits are adequate to justify ownership and arm's-length exchange of the designated assets between a willing buyer and a willing seller at the appraised value.

For the purpose of this valuation, we will require that management furnish us with prospective financial information ("PFI"). We will make no representation to the achievability of this PFI, as actual results may differ, and these differences could be material. However, we will perform certain procedures to determine that the PFI are reasonable and appropriate for use in the valuation process.

We understand that certain idled Pilgrim's Pride facilities presented in Exhibit D are currently classified as held for sale and that others may be disposed of in the near future. For the real and personal property related to these facilities, we will provide an opinion of the fair value on the premise of *in-exchange*.

The *in-exchange* premise of fair value is the estimated gross amount the property should realize if sold piecemeal on a negotiated basis, given a reasonable amount of time in which to find a purchaser. The property would be offered for sale in an "as-is, where-is" condition and location, with the seller assuming any costs to dismantle, crate, and remove. It is the amount that would be required to purchase from a dealer in used equipment.

In addition, we will provide fee simple estate value estimates for the owned properties.

Fee Simple Estate is defined as:

- An absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Effective Date of the Work

Our analysis will be prepared as of the fiscal year end (the "Valuation Date") which is September 26, 2009 with the expectation that it will also be used for Fresh Start Accounting purposes as of the date

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of emergence (which is anticipated to be on or about November 20, 2009). Should a third party Plan Sponsor be added via amendment or supplemental agreement as an additional Intended User of our report, we will address any additional needs the Plan Sponsor may have in the applicable separate written agreement.

Description of the Identified Assets

The Engagement will result in American Appraisal expressing its Opinion of the fair values of the Identified Assets described as follows:

1. **Real Property** – a valuation of owned real estate at certain operating facilities (presented in Exhibit B) and idled facilities (presented in Exhibit C), such as land, land improvements and buildings;
2. **Personal Property** – a valuation of the owned personal property at certain operating facilities (presented in Exhibit B) and idled facilities (presented in Exhibit C) such as machinery and equipment, production tooling, office furniture and equipment, computer equipment and vehicles; and
3. **Intangible Assets** – we anticipate that the Identified Assets to be valued may include trade names (Pilgrim's Pride, Con-Agra Chicken, Gold-Kist, Eat Well Stay Healthy), customer relationships (Gold Kist, plus a combination of Retail, Food Service, Prepared Foods, Export, Feed) and assembled workforce. While the workforce is not a separable asset under SFAS 141R, its value is required for the valuation of the customer relationships under the excess earnings method of the income approach.

Valuation Methodology

Our Valuation will consider the three (3) basic approaches to value: income, market and cost. To formulate our Opinion, we will evaluate the usefulness and results of each approach, as appropriate, based on the type of asset, the applicability of the approach to that asset and the nature of the data available to us.

The Engagement will include an integrated approach to the valuation of the Identified Assets set against the financial and economic perspective of the business. With regard to any excluded assets, we may require estimates of the fair value from Pilgrim's Pride. American Appraisal will rely on any such estimates of fair value without further verification of their accuracy and will not be responsible for the quality or accuracy of those estimates. It is understood that such estimates of fair value may have a significant impact on our Opinion with respect to the Identified Assets.

Statement of Work

We anticipate that our Engagement will include the following activities:

1. Discussions with appropriate management of Pilgrim's Pride regarding the historical and prospective nature of the business.

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2. Assisting Pilgrim's Pride with an identification of intangible assets, based on the nature of Pilgrim's Pride's business, strategy, competitive advantages and other information.
3. Valuation of the identified intangible assets and an estimate of the remaining life of each intangible asset as derived from our analyses.
4. Review and analyses of historical and prospective operating and financial performance, including prospective financial information ("PFI") provided by management of Pilgrim's Pride and discussions with management to provide a thorough understanding of performance expectations of the business.
5. Discussions with Pilgrim's Pride management to ensure that all real and personal property data provided reconciles to the financial balance sheet.
6. Valuation of the personal property related to the idled facilities presented in Exhibit C assuming that a) all assets are to be valued under a value *in-exchange* premise; b) the cost approach will be the appropriate primary means for developing values; and c) that an analytical trending methodology can be supportably developed. Our Opinion will be prepared on an aggregate basis showing values by asset class and location.
7. Valuation of the identified owned real estate related to the idled facilities presented in Exhibit C assuming that a) all assets are to be valued under a value *in-exchange* premise; b) the market approach will be the appropriate primary means for developing Opinions of the fair value of improvements, buildings and land. For those idled properties held for sale, that are under a current contract we will report the contract offering. For those idled properties currently listed for sale, we will report the current asking price as provided. Our Opinions will be presented in a summary format.
8. For the operating facilities presented in Exhibit B, valuation of the personal property assuming that a) all assets are to be valued under a value in *continued-use* premise; b) the cost approach will be the appropriate primary means for developing values; and c) that an analytical trending methodology can be supportably developed. Our Opinion will be prepared on an aggregate basis showing values by asset class and location.
9. For the operating facilities presented in Exhibit B, valuation of the owned real estate assuming that a) all assets are to be valued under a value in *continued-use* premise; b) the cost approach will be the appropriate primary means for developing opinions of the fair value of improvements including buildings; c) where appropriate we will employ an analytical trending methodology, for the improvements, which can be supportably developed; d) a market analysis will be used to value the owned land which will include a collection of comparable sales, current 'askings' and discussions with area real estate professionals knowledgeable in land trends in the properties areas. We will use this data to bracket the land valuations; and e) for minor property sites, such as adjoining residences and vacant lots that adjoin the major plants we use the greater of the current assessed value or the stated historic net book value. Our opinions of value will be presented in a summary format.
10. For the operating facilities presented in Exhibit B, a review of real estate information and/or fixed asset accounting records provided by Pilgrim's Pride to ensure that the requisite details to value the assets is available. Although we have not reviewed complete real estate and/or fixed asset data, discussions with Pilgrim's Pride

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management suggest and/or our proposed scope and fee assume that the real estate and fixed asset data to be made available will be adequate for our purposes.

11. Site inspections of select operating and idled facilities presented in Exhibit D, as determined mutually with the management of Pilgrim's Pride and Ernst & Young LLP ("E&Y") to review the real estate and fixed asset data provided with local personnel. The inspections enhance the ability to collect relevant information such as real estate tax data, assessments of overall age, condition, maintenance policies and notes regarding current and future asset utilizations. For the sites that are not inspected, our analyses will assume that all supplied real estate and fixed asset data provide an accurate and complete depiction of the assets under consideration.
12. For those sites not visited, we will rely on information furnished by Pilgrim's Pride management in various forms, including a "property description survey", to be completed and returned to American Appraisal, with basic property data. This information will include, but is not limited to, complete building descriptions and gross square footage, condition reports, and identification of areas of utilization. Data on land improvements (paving, utilities, etc.) will include type and quantity. Land data required will include total site area and zoning, if applicable. Additionally, we will require the most recent property tax assessments and copies of any prior appraisal reports. We expect to work closely with Pilgrim's Pride engineers to obtain individual property plats, building drawings, and surveys that might exist for the facilities, and to establish replacement cost new for major property types including feed mills, hatcheries, and process plants. Also, we will work with your engineers to discuss production capacities and efficiencies at the plant sites, feed mills, hatcheries, and fresh processing facilities.
13. Review of lease data for leased real property to assess the potential significance of any leasehold interests. The results of our review will then be discussed with management of Pilgrim's Pride to determine the need to expand the scope of the Engagement.
14. A review and analysis of market data, if available, regarding comparable assets and liabilities, as appropriate.
15. The preparation of a report summarizing our methodology, scope, procedures, analyses, assumptions, underlying data and Opinion.

Access and Information

Successful execution and timely completion of the Valuation will require your assistance and the cooperative efforts from you and others within management of Pilgrim's Pride. Consequently, we will rely on you or your designee for access, information and assistance, as may reasonably be required.

TERMS AND CONDITIONS

This engagement is subject to the **Terms and Conditions** attached hereto as Exhibit A, and embodied herein by reference.

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Fee

Our fee for this engagement is \$493,000 plus expenses. Of this fee, \$115,000 represents the SFAS 144 work, while \$378,000 represents the Fresh Start Accounting work.

We will work with your bankruptcy counsel to be properly retained and compensated under this flat fee arrangement within the guidelines and requirements of all applicable statutes, local rules and relevant orders entered by the court in the pending Chapter 11 bankruptcy case addressing retention and payment of professionals.

The quoted fees include our providing remaining useful lives for the real and personal property assets at the asset category level. If remaining useful lives by asset line item or other further breakdown are required, we will provide Pilgrim's Pride management with a supplemental fee estimate for these additional services.

Our flat fee quote was developed based on our review of the information provided, our understanding of your requirements and the availability of accurate and complete records. This fee quote anticipates issuing a draft report for review and a final report as well as responding to customary and usual review questions from Pilgrim's Pride and its designated advisors or auditors. Changes in scope, delay in the confirmation process, or involvement in subsequent reviews beyond customary and usual work effort will likely result in fees exceeding the amounts stated above. In the event such additional work is required, we will confer with Pilgrim's Pride and document any related additional fees and associated terms and conditions in an amended or supplemental written agreement.

We will invoice Pilgrim's Pride on a monthly basis, except to the extent otherwise required by any applicable statute, rule or order entered in the bankruptcy case. Our time-keeping and billing practice will comply with all applicable statutes, rules or orders. We will prepare interim and final fee applications pursuant to instructions from Pilgrim's Pride and its counsel. Pilgrim's Pride bankruptcy counsel will carry out the noticing, filing and service of our fee application and will present such fee applications to the Bankruptcy Court on our behalf to the extent appropriate under common practice.

Should we be asked to provide additional services not contemplated above on an hourly rather than flat fee basis (such as testimony or litigation support in connection with the confirmation process), our fees for such additional services will be invoiced at the following hourly rates (based on actual time incurred plus expenses):

Staff Level	Hourly Rates*
Managing Director	\$435 - \$575
Director	\$340 - \$445
Senior Manager	\$265 - \$350
Manager	\$225 - \$240
Senior Consultant	\$185 - \$200

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Consultant	\$150 - \$165
Associate	\$135 - \$145

We will invoice Pilgrim's Pride for reimbursement of our actual out-of-pocket cost, without markup, and will comply with any applicable local rules or guidelines or orders of the Bankruptcy Court applicable to Pilgrim's Pride's Chapter 11 case. Expenses include reasonable costs for travel, meals and associated expenses, online charges, phone charges and similar expense items.

Pilgrim's Pride has the right to cancel this engagement at any time and will only be obligated to pay our fees and expenses incurred up to the date of cancellation at the rates set forth above. Our compensation is not contingent in any way upon our opinions, or upon any subsequent event related to them. We reserve the right to withhold deliverables if any issued invoice remains unpaid. Any applicable excise, sales, use or value-added taxes shall be the responsibility of Pilgrim's Pride and will be added to the invoice if paid on Pilgrim's Pride's behalf.

TIMING, DELIVERABLES AND STAFFING

Timing Commitments

Our work product will be delivered in three (3) stages. Within eight (8) weeks after the signed engagement letter and all requested data is received we will provide our preliminary Opinion. Shortly thereafter, you will receive a draft report for your review and comment. Finally, after discussing your input on the draft report, we will prepare and deliver the final report incorporating your review comments, as appropriate. Our final report is to be completed no later than November 15, 2009.

Deliverable

We will deliver a draft and final written valuation report setting forth our opinion of value for the Identified Assets. The report will not necessarily include a comprehensive submission of all information considered in developing our Opinion. However, all information considered in developing our final Opinion will be retained in our work files.

The content of our report will include the following:

- The identification of Pilgrim's Pride as our client;
- A description of the purpose of the Engagement, intended use and users of the report, along with any restrictions on its use;
- A description of the Identified Assets that were valued;
- The definition and premise of value on which our Opinion is based;
- The Valuation Date;
- The scope of our Engagement and our Opinion;

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- A description of the valuation methodology and the reasoning underlying the choice of methodology;
- A description of our primary assumptions and conditions; and
- A clear and concise Opinion, by asset category and location. Note: This proposal does not include an allocation of values down to the individual asset line items in the fixed asset accounting record. If such an allocation is required, we will work with Pilgrim's Pride management to develop an appropriate scope of work and additional professional fee estimate for these services.

Staffing

Edward H. Belanger will be assigned as the Project Manager for this Engagement. Mr. Belanger will be responsible for coordinating the activities of American Appraisal and will serve as your primary contact for this project. Assisting Mr. Belanger will be Christopher M. Sytsma for the valuation of the personal property and William A. Dean for the valuation of the real property. Additional detailed information on your client service team is presented in Appendix E.

CONCLUSION

We appreciate the opportunity to provide valuation services to Pilgrim's Pride and look forward to working with you on this Engagement. To authorize us to proceed as outlined herein, please sign below and return the executed copy to dhillrichs@american-appraisal.com.

This document shall remain open and valid for signature for thirty (30) days from the issue date. If you have any questions or comments, please contact me at 214 459 6410 or Mr. Belanger at 214 459 6407.

Very truly yours,

Douglas J. Hillrichs
Vice President and Managing Director

September 15, 2009

Client of Record: Pilgrim's Pride Corporation

Signature:

Name: Richard A. Cogdill

Title: CFO, Sec. & Treas.

Date: 9/16/09

- cc: Gary Tucker – Pilgrim's Pride
 Terry Lee – Pilgrim's Pride
 Christopher Rexroat – American Appraisal
 Edward H. Belanger – American Appraisal
 Christopher M. Sytsma – American Appraisal
 William A. Dean – American Appraisal



Exhibit A

Terms and Conditions



Terms and Conditions

Entire Agreement – This is the entire Agreement between American Appraisal and Pilgrim's Pride Corporation and supersedes any prior oral or written agreements, and may only be modified in writing. Any purchase order covering this engagement is only for Pilgrim's Pride Corporation's internal needs and shall not modify this Agreement.

Client of Record and Limited Reliance – Only the signed Client of Record, Pilgrim's Pride Corporation, is the Intended User of, and may rely on, American Appraisal's report. Pilgrim's Pride Corporation may not substitute this reliance for its own due diligence. Pilgrim's Pride Corporation may disclose a complete copy of our report to its auditor, tax, or legal advisors. However, no third party shall have the right of reliance on the report and neither receipt nor possession of the report by any third party shall create any express or implied third-party beneficiary rights.

Confidentiality – American Appraisal shall maintain the confidentiality of Pilgrim's Pride Corporation's information and will not disclose or use it for any purpose other than Pilgrim's Pride Corporation's engagement. This excludes information: (i) available to the public, (ii) already in American Appraisal's possession, or (iii) from a party having no confidentiality obligation to Pilgrim's Pride Corporation. American Appraisal may include Pilgrim's Pride Corporation's name and logo in its client list, with proper reference.

Engagement Limits – American Appraisal's report may only be used for the specific purpose and premise of value stated in this Agreement and the report, and may not be referenced in any SEC filing without American Appraisal's prior written consent.

Independent Contractor – American Appraisal shall perform as an independent contractor with no authority to bind or obligate Pilgrim's Pride Corporation in any way, and reserves the right to use subcontractors.

Information Provided by Pilgrim's Pride Corporation – American Appraisal will not independently verify information provided by Pilgrim's Pride Corporation, its advisors, or third parties acting at Pilgrim's Pride Corporation's direction. American Appraisal will assume and rely on the accuracy and completeness of all such information.

Retention – All files, documents and work papers developed during the engagement will be retained for five years. During this retention period Pilgrim's Pride Corporation shall have full access to these documents, subject only to reasonable notification. If lawfully compelled to disclose any documents, American Appraisal will provide Pilgrim's Pride Corporation written notice so that it may seek a protective remedy, if applicable. Work papers for engagements canceled or abandoned prior to producing a final report will be destroyed.

Indemnification – American Appraisal shall indemnify Pilgrim's Pride Corporation for losses and reasonable attorneys' fees associated with any bodily injury or property damage caused by American Appraisal's personnel or representatives in connection with this engagement, except to the extent caused by Pilgrim's Pride Corporation's negligence or misconduct. American Appraisal personnel will comply with all safety instructions.

Pilgrim's Pride Corporation shall indemnify American Appraisal for all reasonable attorneys' fees that American Appraisal incurs as a result of becoming part of, or named in, an administrative or legal dispute in connection with this engagement, except to the extent caused by American Appraisal's negligence or misconduct. Pilgrim's Pride Corporation shall have the right to approve American Appraisal's counsel in any such proceeding.

Environmental Policy – American Appraisal will not investigate, nor assume responsibility for, the existence or impact of any contamination or hazardous substance related to property or assets valued in this engagement.

Governing Law – This Agreement is governed by the laws of Pilgrim's Pride Corporation's state as addressed above.