

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

In re

PILGRIM’S PRIDE CORPORATION, *et al.*,

Debtors.

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Chapter 11

Case No. 08-45664 (DML)

JOINTLY ADMINISTERED

**ORDER PURSUANT TO SECTION 105 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019 AUTHORIZING AND APPROVING THE THIRD
STIPULATION BETWEEN THE DEBTOR AND FM INSURANCE COMPANY**

(Relates to Docket No. ___)

Upon the motion, dated November 4, 2009 (the “Motion”), of Pilgrim’s Pride Corporation (“PPC”) and its affiliated debtors in the above-referenced chapter 11 cases, as

debtors and debtors in possession (collectively, the “Debtors”),¹ pursuant to sections 105(a) of the Bankruptcy Code² and Bankruptcy Rule 9019 to authorize and approve the Debtors entering into a Third Stipulation Between the Debtor and FM Insurance Company with Respect to Final Payments for Pre-Petition Loss (Gainesville Property) (the “Stipulation”), between PPC, as Debtor, and FM Insurance Company, a copy of which is attached hereto as Exhibit A, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the record of the Hearing, and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and their estates; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

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

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

ORDERED that pursuant to Section 105 of the Bankruptcy Code and Bankruptcy Rule 9019, the Stipulation is fair and equitable and is hereby authorized and approved; and it is further

ORDERED that the Debtors are authorized to execute, deliver, implement and fully perform any and all obligations, instruments and papers and to take any and all actions reasonably necessary or appropriate to consummate the Stipulation and perform any and all obligations contemplated therein; and it is further

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

END OF ORDER

EXHIBIT A

Stipulation

WHEREAS, on April 27, 2007, the Debtor sustained a pre-petition loss at a certain processing plant owned and operated by the Debtor and located at 920 Queen City Parkway, Gainesville, Georgia (the “Gainesville Property”) involving a roof collapse which caused damage to the building, equipment, and its contents (the “Gainesville Loss”);

WHEREAS, during the term of November 1, 2006 to November 1, 2007, the Policy, which applies to the Gainesville Loss, provided a total aggregate limit of available coverage of \$3.3 Billion, but subject to a \$1 Million deductible;

WHEREAS, on or about July 12, 2007, FM Global advanced \$2 Million toward the property damage claims under the Policy to the Debtor against the Gainesville Loss, as requested by the Debtor (the “First Advance”);

WHEREAS, on or about April 13, 2009, FM Global advanced another \$1.5 Million toward the property damage claims and another \$500,000 toward time element damages for the period April, 2007 to June, 2007 under the Policy, as requested by the Debtor (the “Second Advance”);

WHEREAS, on or about September 28, 2009, FM Global advanced another \$448,469.64 toward the property damage claims and another \$2,659,827.36 toward time element damages for the period April, 2007 to June, 2007 under the Policy, as requested by the Debtor (the “Third Advance”);

WHEREAS, the Debtor and FM Global have reached agreement on the final adjustment of all claims associated with the Gainesville Loss;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree and stipulate as follows:

1. The First, Second and Third Advances made to the Debtor by FM Global under the Policy for property and time element damages, in the total amount of \$7,108,297 have

been fairly, fully and finally adjusted by the parties, their respective agents, independent adjusters and attorneys based upon information provided by the Debtor to FM Global to date.

2. After application of the \$1 Million deductible, as well as deduction of the First, Second and Third Advances made to the Debtor by FM Global pursuant to the terms and conditions of the Policy, the Debtor is entitled to a final payment on account of all claims associated with the Gainesville Loss in the sum of \$1 Million, which consists of \$951,195.36 for property damage, and \$48,804.64 for time element damage for the period April 2007 to June, 2007 (the "Final Payment").
3. FM Global agrees that within ten (10) calendar days of its receipt of a final, non-appealable order of the Bankruptcy Court granting a motion to approve the specific provisions of this Stipulation, it shall make payment to the Debtor in the amount of the Final Payment.
4. In consideration for the foregoing, the Debtor agrees not to assert any further or additional claims of any kind or nature on account of the Gainesville Loss against FM Global or the Policy.
5. The Debtor and FM Global further agree that their respective agent and/or counsel shall have the authority to promptly prepare, execute and file an appropriate motion to approve this Stipulation (which motion shall be filed by the Debtor, with appropriate notice to all required parties and as otherwise required by local rule and the Bankruptcy Court) with the Bankruptcy Court.
6. Nothing contained in this Stipulation shall operate to modify or amend the terms and provisions contained in the Policy at issue in this matter.
7. This Stipulation shall be effective upon approval by the Bankruptcy Court.

8. Neither this Stipulation nor any of its terms may be modified, altered, amended or waived, except in writing signed by the parties hereto.
9. This Stipulation shall be binding upon and inure to the assigns, representatives and successors of the parties hereto.
10. The Bankruptcy Court shall retain exclusive jurisdiction, even after the effective date of the Confirmed Plan, to hear any matter relating to, or adjudicate any dispute that arises under, this Stipulation.
11. This Stipulation may be executed in counterparts by facsimile, each of which shall be deemed an original, and all of which when taken together shall constitute one document.

PILGRIM'S PRIDE CORPORATION,

**FACTORY MUTUAL INSURANCE
COMPANY,**

By: /s/ Mark A. Lawrence

By: /s/ Kevin P. Brekka

Name: Mark A. Lawrence

Name: Kevin P. Brekka

Its: Vice President, Risk Management
Duly Authorized

Its: Assistant Vice President, Senior Counsel
Duly Authorized

Dated: November 3, 2009

Dated: November 3, 2009