

Pilgrim's Pride Corporation
Bidding Procedures
for El Dorado, Arkansas Chicken Processing Complex
and Douglas, Georgia Chicken Processing Complex

Pilgrim's Pride Corporation ("PPC") and its affiliated debtors in the voluntary cases under chapter 11 of title 11 of the United States Code filed in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "Bankruptcy Court"), as debtors and debtors in possession (collectively, the "Debtors"), have announced an intention to offer for sale two chicken processing facilities and associated feed mills and hatcheries located in El Dorado, Arkansas and Douglas, Georgia, respectively (collectively, the "Facilities"). Set forth below are the bidding procedures (the "Bidding Procedures") to be employed in connection with an auction (the "Auction") for the sales (the "Sales") of the Facilities. At a hearing following the Auction (the "Sale Approval Hearing"), the Debtors will seek entry of orders (the "Sale Orders") from the Bankruptcy Court authorizing and approving the Sales of the Facilities to the Qualified Bidders (as defined below) that the Debtors determine to have made the highest or otherwise best bids and which the Debtors have, in their business judgment, determined to accept, if any (the "Successful Bidders").

Assets to be Sold

The Debtors will request authority to sell the following Facilities:

El Dorado, Arkansas Complex (the "El Dorado Facility")

The El Dorado Facility, located at 1902 South West Ave., El Dorado, Arkansas 71730, consists of a chicken processing plant capable of processing up to 5.5 million pounds of fresh and case ready chicken per week. It has an associated feed mill and a hatchery with a capacity of approximately 1,512,000 eggs per week. It would employ approximately 1,650 workers when operating at full capacity, is a union facility and is served by approximately 172 growers with approximately 598 houses. The El Dorado Facility has two kill and Meyn evisceration lines rated at 140 bpm each. The El Dorado Facility is in the process of being idled. The transferred assets will consist of the following items currently in existence at the El Dorado Facility (i) all fixed assets and real property, (ii) all equipment including rolling stock used primarily at the El Dorado Facility, (iii) all supplies, if any, (iv) all inventory, if any, (v) all leases and executory contracts applicable solely to the El Dorado Facility, for which the Successful Bidder will be required to, in the case of equipment leases that may not be assigned, to purchase the subject equipment from the applicable lessor at the appropriate lease buyout values, (vi) all licenses and permits of governmental agencies to the extent still in force and transferable and (vii) copies of certain records. Excluded assets will include the any asset previously used at the El Dorado Facility but removed, sold or relocated prior to the date hereof, all accounts receivable, cash, deposits with utilities and similar services, trademarks and service marks, trade dress, trade names, logos, Internet addresses and domain names, inventions, research and development information, pricing and cost information, business and marketing plans, advertising and promotional materials, recipes, formulas, trade secrets, customer lists, software, all other proprietary information and intellectual

property and any other assets identified by the Debtors as being excluded or proprietary to the Debtors.

Douglas, Georgia Complex (the "Douglas Facility")

The Douglas Facility, located at 113 McNeal Drive, Douglas, Georgia 31533-2415, consists of a chicken processing plant capable of processing up to 8.4 million pounds of fresh and case ready chicken per week. It has an associated feed mill and a hatchery with a capacity of approximately 2,042,000 eggs per week. It would employ approximately 1,300 workers when operating at full capacity, is a non-union facility and is served by approximately 160 growers with approximately 668 houses. The Douglas Facility has two kill and Meyn Maestro evisceration lines rated at 140 bpm each. The Douglas Facility is in the process of being idled. The transferred assets will consist of the following items currently in existence at the Douglas Facility (i) all fixed assets and real property, (ii) all equipment including rolling stock used at the Douglas Facility, (iii) all supplies, if any, (iv) all inventory, if any, (v) all leases and executory contracts applicable solely to the Douglas Facility, for which the Successful Bidder will be required to, in the case of equipment leases that may not be assigned, to purchase the subject equipment from the applicable lessor at the appropriate lease buyout values, (vi) all licenses and permits of governmental agencies to the extent still in force and transferable and (vii) copies of certain records. Excluded assets will include any asset previously used at the Douglas Facility but removed, sold or relocated prior to the date hereof, all accounts receivable, cash, deposits with utilities and similar services, trademarks and service marks, trade dress, trade names, logos, Internet addresses and domain names, inventions, research and development information, pricing and cost information, business and marketing plans, advertising and promotional materials, recipes, formulas, trade secrets, customer lists, software, all other proprietary information and intellectual property and any other assets identified by the Debtors as being excluded or proprietary to the Debtors.

Except as otherwise provided in definitive documentation with respect to the Sales, all of the Debtors' rights, title and interest in and to the Facilities will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against in accordance with section 363 of the Bankruptcy Code.

The Bidding Process

The Debtors shall (i) determine whether any person is a Qualified Bidder (as defined below), (ii) provide reasonable assistance to Qualified Bidders in conducting their due diligence investigations, (iii) receive offers from Qualified Bidders and (iv) in consultation with the court appointed mediator, the Official Committee of Unsecured Creditors and the Bank of Montreal and CoBank Lending Groups, negotiate any offers made to purchase the Facilities. Any person who wishes to participate in this bidding process must be a Qualified Bidder. Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind to any person who is not determined to be a Qualified Bidder.

Following the Bid Deadline (as defined below) the Debtors will submit the highest bid received to the CoBank and Bank of Montreal Lending Groups for their approval, along with the

Debtors' recommendation based on its business judgment as to whether or not the bid should be accepted. Although there is no minimum bid, the Debtors current view is that a proposed sale of either the El Dorado facility or the Douglas facility for less than the appraised value of the respective facilities would not be a sale the Debtors could recommend the lending groups approve.

To facilitate the Auction and assist the Debtors and other interested parties in assessing the terms of each bid, prospective bidders must utilize the form Asset Purchase Agreement attached as Exhibit A (the "Form Asset Purchase Agreement"), to prepare their bids and mark all proposed changes to such agreement as part of their bid.

Bid Deadline

Any person or entity wanting to participate in the Auction must submit a Qualified Bid (as defined below) on or before **May 15, 2009 at 12:00 noon (prevailing Central Time)** (the "Bid Deadline") in writing, to the following parties: (i) Pilgrim's Pride Corporation, 4845 US Highway 271 N, Pittsburg, TX 75686 (Attn: Rick Cogdill and William Snyder); (ii) Weil, Gotshal & Manges LLP, 200 Crescent Court, Suite 300, Dallas, TX 75201 (Attn: Stephen Youngman and Victoria Vron), attorneys for the Debtors; (iii) Baker & McKenzie LLP, 2300 Trammell Crow Center, 2001 Ross Avenue, Dallas, TX 75201 (Attn: Crews Lott, Esq.), attorneys for the Debtors; (iv) Fulbright & Jaworski L.L.P., 2200 Ross Avenue, Suite 2800, Dallas, TX 75201-2784 (Attn : Louis R. Strubeck Jr., Esq.), attorneys for the Debtors' prepetition Co-Bank Agent; (iv) Chapman & Cutler, 111 W. Monroe, Chicago, Illinois 60603 (Attn: James E. Spiotto, Esq.), attorneys for the Debtors' postpetition DIP Agent; and (v) Andrews Kurth LLP, 1717 Main Street, Suite 3700, Dallas, Texas 75201 (Attn: Jason S. Brookner, Esq.), attorneys for the Official Committee of Unsecured Creditors.

Due Diligence

The Debtors may afford any potential bidder the opportunity to conduct a reasonable due diligence review and site visits in the manner determined by the Debtors in their discretion, subject to such limitations as the Debtors may determine to be necessary or advisable for antitrust or competitive reasons in their business judgment. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline.

The Debtors either have provided or will provide to all parties that have either expressed an interest in purchasing the Facilities or who the Debtors believe may have an interest in purchasing the Facilities (each an "Interested Party" and, collectively, the "Interested Parties") certain information in connection with the proposed Sale, including, among other things, these proposed Bidding Procedures and the Form Asset Purchase Agreement. Should any Interested Party desire additional or further information, such Interested Party will first be required to enter into a confidentiality agreement satisfactory to the Debtors in their business judgment. Upon execution of the confidentiality agreement, the Interested Party will be given access to relevant and confidential information that consists of a description of the facilities; phase I environmental assessments, title commitments or policies and surveys, if any, in Debtor's possession; fixed asset listing and appraisals, subject to the Debtors' right to exclude such access for antitrust, proprietary or competitive reasons in their business judgment. If an Interested Party desires to

obtain additional information, the Interested Party must next submit an expression of interest in making a Qualified Bid, which would include a minimum starting price range. Provided the Interested Party's submitted price range is acceptable to the Debtors and evidence satisfactory to the Debtors and the mediator of the Interested Party's financial wherewithal to complete the transaction and fund the working capital build-up necessary to operation of the facilities, the Interested Party shall then be entitled to a physical plant inspection, copies of certain executory contracts, unexpired leases, licenses and permits assumed by the Debtors and to be assigned in connection with the purchase of the facilities, and such other diligence as might reasonably be requested, subject to the Debtors' right to exclude or limit information disclosed for antitrust, proprietary or competitive reasons in the Debtors' business judgment.

Each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Facilities prior to making any such bid; that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets in making its bid; and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Facilities, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures.

Qualified Bids

To qualify as a "Qualified Bidder," a bidder must submit a "Qualified Bid" for one or both Facilities by the Bid Deadline. To constitute a Qualified Bid, a bid must:

- (i) contain a mark-up of the Form Asset Purchase Agreement that reflects the following terms and conditions:
 - (a) an "as is, where is" sale with no representations or warranties as to the pre-Sale operation, environmental conditions or any other condition of the applicable Facility,
 - (b) no indemnities or other contingent liabilities or survival of representations and warranties,
 - (c) no purchase price adjustment provisions and
 - (d) any proposed changes thereto;
- (ii) identify the potential bidder and the officer(s) or authorized agent(s) who will appear on behalf of such bidder;
- (iii) provide substantive evidence, satisfactory to the Debtors in their reasonable discretion of the bidder's financial wherewithal and operational ability to consummate the proposed transaction and fund the working capital build-up necessary to operation of the facilities;

- (iv) provide that the bid shall not be conditioned on the outcome of unperformed due diligence by the bidder, any board approval that has not already been obtained, or any financing contingency;
- (v) include the Qualified Bidder's Good Faith Deposit (as defined below);
- (vi) provide that the bidder's offer is irrevocable until consummation of a transaction involving any other bidder for the applicable Facility;
- (vii) contain a markup of the Sale Order that is attached to the Motion that the bidder would request the Debtors to seek Court approval of at the Sale Approval Hearing; and
- (viii) identify all executory contracts and unexpired leases that the Qualified Bidder will want assumed and assigned and provide evidence of its ability to provide adequate assurance of future performance of such contracts and leases (an "Adequate Assurance Package"). The Adequate Assurance Package may be provided to any affected contract or lease party in the event the Qualified Bid is accepted by the Debtors.

All Qualified Bids will be considered, but the Debtors reserve their right to reject any or all bids. However, bids that are unconditional and contemplate sales that may be consummated on or soon after the June 16, 2009 hearing are preferred.

Good Faith Deposits

Bidders will be required to submit good faith deposits (the "Good Faith Deposits") with the Debtors on or before the Bid Deadline. Such Good Faith Deposits shall be equal to ten percent (10%) of the cash purchase price for each Facility as to which a bid is being submitted. Good Faith Deposits of all Qualified Bidders shall be held in a separate interest-bearing account for the Debtors' benefit until consummation of a transaction involving any other bidder for the applicable Facility. If a Successful Bidder fails to consummate an approved Sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder, and such Good Faith Deposit shall irrevocably become property of the Debtors without affecting or reducing any of the Debtors' other rights or claims against such party. All other deposits will be returned to the respective Qualified Bidders within eleven (11) days following the Sale Approval Hearing.

The Auction

Following the Bid Deadline, the Debtors will continue to negotiate the terms and conditions of any Qualified Bid, in consultation with the Unsecured Creditors' Committee, the Court appointed mediator and the Bank of Montreal and CoBank Lender Groups. The Debtors will present the highest or otherwise best bid received for each Facility to their senior lender groups and the Creditors' Committee, along with the Debtors' recommendation in their business judgment as to whether a bid should be considered a Qualified Bid and whether it may be accepted. In the event either the senior lender groups, or the Debtors, in their business judgment, determine that no acceptable Qualified Bids for either of the Facilities has been received by the

Bid Deadline, the Debtors will schedule a status conference with the Court on the Motion for May 26, 2009 at 10:30 a.m.

If more than one Qualified Bid is received that may be acceptable to the Debtors, the Debtors may, in their discretion, schedule and conduct an Auction to be held on or about June 13, 2009 at 10:00 a.m. in Weil, Gotshal & Manges LLP's Dallas office. In the event of an Auction, any bidder submitting a Qualified Bid may appear and submit its highest or best bid at the Auction. The Auction may be adjourned without further notice by announcement at the Auction.

As an alternative to an auction, in consultation with the Court appointed mediator, the Debtors may proceed with private negotiations of the terms and conditions of any Qualified Bid in lieu of holding an auction.

Auction Procedures

Prior to the start of the any Auction, the Debtors will advise all Qualified Bidders of what they believe to be the highest or otherwise best Qualified Bid with respect to the Facilities (the "Highest Bid"). Only Qualified Bidders are eligible to participate in the Auction. The Creditors' Committee, the Bank of Montreal and CoBank Lending Groups and their respective counsel and advisors shall be permitted to attend the Auction. Bidding at the Auction for each Facility shall begin with the Highest Bid as determined by the Debtors, and shall subsequently continue in such minimum increments as the Debtors determine.

Bidding will continue with respect to the Auction until the Debtors determine that they have received the highest or otherwise best bid(s) for the applicable Facility. After the Debtors so determine, they will close the Auction. The Debtors will then determine, in their business judgment, whether to accept such bids(s) (the "Successful Bid"). The Debtors will also then determine and announce whether there is a second acceptable highest or otherwise best bid(s) (the "Backup Bid"). In determining which bid is a Successful Bid, if any, economic considerations shall not be the sole criteria upon which the Debtors may base their decision and the Debtors shall take into account all factors they believe to be relevant in an exercise of their business judgment.

Reservation of Rights

a. Entering into a Stalking Horse Agreement with a Qualified Bidder

The Debtors reserve their right to, in their business judgment and after consultation with the Creditors' Committee and the court appointed mediator, determine that a Qualified Bid justifies entering into a "stalking horse" agreement for a particular Facility, and may decide to pursue such sale either in connection with the Auction or pursuant to another sale process.

b. Determination of Highest or Best Bid

The Debtors reserve the right to (i) determine in their reasonable discretion which bid is the highest or best bid and (ii) reject at any time prior to entry of a Court order approving an offer, without liability, any offer that the Debtors in their reasonable discretion deem to be (x)

inadequate or insufficient, (y) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or procedures set forth therein or herein, or (z) contrary to the best interests of the Debtors and their estates.

The selection of a Successful Bidder, if any, shall be within the reasonable business judgment of the Debtors and subject to the approval of the Bankruptcy Court. Economic considerations shall not be the sole criteria upon which the Debtors may base their decision. In assessing whether a bid constitutes a higher or better offer, the Debtors shall consider, among other things, the net economic effect upon the Debtors' estates. The presentation of a particular bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court at the Sale Approval Hearing. At or before the Sale Approval Hearing the Debtors may impose such other terms and conditions on the Qualified Bidders as the Debtors may determine to be in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

b. Modification of Bidding Procedures

The Debtors reserve the right to (i) extend the deadlines set forth in the Bidding Procedures and/or adjourn any Auction at the Auction and/or the Sale Approval Hearing in open court without further notice, (ii) withdraw their offer to sell one or both Facilities at any time prior to or during the Auction, (iii) reject any or all bids if, in the Debtors' reasonable business judgment, no bid is for a fair and adequate price.

c. Closing with Backup Offeror(s)

If for any reason the entity or entities that submit(s) the highest or otherwise best bid(s) fails to consummate the purchase of a Facility, the offeror of the Backup Bid will automatically be deemed to have submitted the highest or best bid and to the extent such offeror and the Debtors consent, the Debtors and such offeror are authorized to effect the sale of such Facility, to such offeror(s) as soon as is commercially reasonable. If such failure to consummate the purchase is the result of a breach by the winning offeror, the Debtors reserve the right to seek all available damages from the defaulting offeror.

Sale Approval Hearing

The Sale Approval Hearing will be held on **June 16, 2009 at 10:30 a.m.** at the United States Bankruptcy Court for the Northern District of Texas, Eldon B. Mahon U.S. Courthouse, 501 W. Tenth Street, Fort Worth, Texas, before the Honorable D. Michael Lynn, United States Bankruptcy Judge. The Sale Approval Hearing may be adjourned, from time to time, without further notice to creditors or parties in interest other than by announcement of the adjournment in open Court or on the Court's docket.

Dated: [____], 2009