

debtors in possession (collectively, the “Debtors”),¹ pursuant to section 105(a) of the Bankruptcy Code,² Bankruptcy Rule 9019, and Local Rule 9019.2, for approval of (i) alternative dispute resolution procedures for resolution of personal injury claims, a form of which is attached hereto as Exhibit A (the “ADR Procedures”) and (ii) related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion 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 the Debtors having provided notice of the Motion and Hearing (as defined below) to the Notice Parties; and the Court having held a hearing to consider the requested relief (the “Hearing”) with the appearances of all interested parties noted in the record of the Hearing; and certain objections to the ADR Procedures having been filed and withdrawn at the Hearing; and the Court having determined, based upon the legal and factual bases set forth in the Motion, that the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and the Court having determined that the Debtors have provided due and proper notice of the Motion and Hearing and no further notice is necessary; and the Court having found that the legal and factual bases set forth in the Motion establish just and sufficient cause to grant the requested relief herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted as provided herein; 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 herein and not otherwise defined shall have the meanings ascribed to them in the Motion.

ORDERED that the ADR Procedures, as set forth on Exhibit A, are approved in all respects pursuant to section 105(a) of the Bankruptcy Code, Bankruptcy Rule 9019 and Local Rule 9019.2; and it is further

ORDERED that the Debtors are authorized to take any and all steps that are necessary or appropriate to implement the ADR Procedures, including, without limitation, by implementing any settlements and judgments with respect to the PI Claims achieved under the terms of the ADR Procedures; and it is further

ORDERED that, except as specifically set forth *herein or* in a separate order of this Court, all Claimants (and any other persons or entities asserting an interest in the relevant PI Claim) are and shall continue to be enjoined from commencing or continuing any action or proceeding in any manner or any place, including this Court, seeking to establish, liquidate, collect or otherwise enforce any PI Claim against any of the Debtors or Non-Debtor Defendants other than (i) through the ADR Procedures described herein (or as otherwise agreed to by the parties) or (ii) pursuant to a chapter 11 plan or plans confirmed in the applicable Debtors' chapter 11 cases (collectively, the "ADR Injunction"); provided, however, that this ADR Injunction shall only apply to enjoin commencement or continuation of any action or proceeding against a Non-Debtor Defendant to the extent the Automatic Stay has been, or will have been, extended to such Non-Debtor Defendant pursuant to separate order of this Court; and it is further

ORDERED that the ADR Injunction shall expire with respect to a PI Claim only when the ADR Procedures have been completed with respect to such PI Claim and a Lift Stay Order or a Lift Stay Stipulation has been entered with respect to such PI Claim; provided, however, that except as expressly set forth herein or in a separate order of the Bankruptcy Court, the expiration of the ADR Injunction shall not extinguish, limit or modify the Automatic Stay or

any similar injunctions that may be imposed upon the confirmation or effectiveness of a plan or plans in the applicable Debtors' chapter 11 cases (a "Plan Injunction"), and the Automatic Stay and the Plan Injunction shall remain in place to the extent then in effect; and it is further

ORDERED that the Debtors are authorized, but not directed, to retain outside risk managers and professionals to assist in the evaluation of the merits of each PI Claim, in placing a dollar amount on each PI Claim, and in settling or otherwise resolving each PI Claim pursuant to the ADR Procedures; and it is further

ORDERED that the Debtors are authorized, but not directed, to pay or continue to pay the defense costs of any Non-Debtor Defendants incurred in connection with the PI Claims and the ADR Procedures; and it is further

ORDERED that the Debtors are authorized to enter, in their sole discretion, into Lift Stay Stipulations with Claimants to lift the Automatic Stay with respect to any PI Claim that has not been resolved pursuant to the Offer Exchange Procedure or the Mediation Procedure. The Debtors may file the Lift Stay Stipulations with the Court, without the need to file a motion for each Lift Stay Stipulation, upon eighteen (18) calendar days negative notice; and it is further

ORDERED that the Debtors are authorized to enter into Allowed Claim Stipulations with Claimants without further court approval where the amount of the claim sought to be allowed is equal to or less than \$150,000; provided, however, where the amount of the claim sought to be allowed is greater than \$150,000, the Debtors are authorized to file such Allowed Claim Stipulation with the Court upon fifteen (15) calendar days negative notice and without the need to file a motion with respect to such Allowed Claim Stipulation; and it is further

ORDERED that if a Claimant fails to comply with the ADR Procedures, negotiate in good faith or cooperate with the Debtors as may be necessary to effectuate the ADR

Procedures, this Court may, after notice and a hearing, *grant appropriate relief*, including, without limitation, awarding attorneys' fees, other fees and costs to the Debtors; and it is further

ORDERED that, only by filing a motion and showing cause, may any Claimant *obtain* relief from the ADR Procedures in order to directly request that the Automatic Stay be lifted to litigate its PI Claim. For purposes of this Order, the Court will consider the following factors in determining whether cause exists for a Claimant to be allowed to bypass the ADR Procedures:

- (a) whether litigation would lead to a prompt liquidation of the PI Claim;
 - (b) whether the ADR Procedures are unduly burdensome to the Claimant;
 - (c) whether the ADR Procedures clearly will not be beneficial to the Debtors;
 - (d) whether the ADR Procedures are duplicative of failed prior settlement efforts; and
 - (e) whether the ADR Procedures are not likely to lead to a consensual result;
- and it is further

ORDERED that the Debtors maintain the right to seek modifications to the ADR Procedures or implement other dispute resolution procedures on motion to the Court, after notice and hearing; provided, however, that modifications consistent with the terms of the ADR Procedures may be implemented without further order of the Court upon consent of the Creditors' Committee; provided further, however, that modifications not comprising material changes to the ADR Procedures may be presented to the Court by the Debtors upon ten (10) days negative notice; and it is further

ORDERED that as soon as practicable after receipt, Debtors' counsel shall provide to counsel for the Creditors' Committee a copy of any documents Debtors' counsel receives from Claimants pursuant to the ADR Procedures; and it is further

ORDERED that within thirty (30) calendar days of entry of this Order, the Debtors shall (i) serve a copy of this Order and the ADR Procedures on all known potential Claimants who may be affected by the ADR Procedures, and (ii) publish notice of approval of the ADR Procedures in *The Wall Street Journal* and the *USA Today*; and it is further

ORDERED that nothing contained herein shall modify or be deemed to modify any party's rights or obligations under any insurance policy; 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

**MANDATORY ALTERNATIVE
DISPUTE RESOLUTION PROCEDURES**

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

In re

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

Debtors.

§
§
§
§
§
§
§
§
§
§
§

Chapter 11

Case No. 08-45664 (DML)

JOINTLY ADMINISTERED

**MANDATORY ALTERNATIVE DISPUTE RESOLUTION
PROCEDURES FOR PERSONAL INJURY CLAIMS**

I. NOTICE TO ALL CLAIMANTS

This document describes the mandatory alternative dispute resolution procedures (the “ADR Procedures”) for resolution of PI Claims (as defined below). The ADR Procedures were approved by the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”) by order entered on _____, 2009 [Docket No. __] (the “ADR Order”). If you hold a PI Claim (as defined below) against any of the following: Pilgrim's Pride Corporation, PFS Distribution Company, PPC Transportation Company, To-Ricos, Ltd., To-Ricos Distribution, Ltd., Pilgrim's Pride Corporation of West Virginia, Inc., PPC Marketing, Ltd. (collectively, the “Debtors”), or any of their predecessors in interest, including, without limitation, Gold Kist, Inc., Lovette Co., Lovette Transportation, Inc., ConAgra Poultry, ConAgra Foods, Inc., Pilgrim's Pride Corporation of Delaware, Inc., Hester Corporation, Pilgrim's Pride Corporation of Georgia, Inc. or any of the Debtors' or their predecessor in interest's current or former agents, representatives, drivers or employees with respect to whom the automatic stay imposed by section 362 of title 11 of the United States Code has been, or will have been, extended by this Court (together with the Debtors, the “Debtor Parties”), it is very important that you read and comply with the ADR Procedures; your failure to do so may result in the disallowance of your PI Claim. **If you have a lawyer, you should consult with your lawyer.**

If you hold a PI Claim (as defined below), you MUST participate in these ADR Procedures. Participation may be either by you or your representative or by a lawyer who has filed an appearance on your behalf with either the Bankruptcy Court or the court in which your previously-filed lawsuit or other proceeding is pending.

Nothing contained herein shall be deemed an admission of (i) liability on the part of the Debtor Parties or their insurers for any PI Claim (as defined below), or (ii) coverage under any policy of insurance.

II. ADMINISTRATION

The ADR Procedures will be implemented, administered, and coordinated by the Debtors' in-house risk management department, with the assistance of outside legal counsel. The Debtors are authorized to retain outside risk managers and professionals to assist in the evaluation of the merits of each PI Claim (as defined below), in placing a dollar amount on each PI Claim, and in settling or otherwise resolving each PI Claim (as defined below) pursuant to the ADR Procedures.

Within thirty (30) calendar days of entry of the ADR Order, the Debtors shall serve a copy of these ADR Procedures and the ADR Order on all known Claimants (as defined below) and publish notice of entry of the ADR Order. **If you hold a PI Claim (as defined below) but have not received a copy of these ADR Procedures by mail, you must still comply with the ADR Procedures; failure to do so may result in the disallowance of your PI Claim.**

III. CLAIMS SUBJECT TO ADR PROCEDURES

The ADR Procedures apply to any individual or entity (the "Claimant") holding a PI Claim (as defined below) against any of the Debtor Parties, including any claim which is related thereto by way of, without limitation, subrogation, contribution, or indemnification.

A "PI Claim" is any claim for liability against any of the Debtor Parties or their insurers for death or bodily injury, including but not limited to causes of action under tort, wrongful death, or negligence laws or theories, arising from or related to events occurring prior to December 1, 2008 (the "Commencement Date"). The term "PI Claim" includes claims for liability under the Texas non-subscriber work-injury program against any of the Debtor Parties or their insurers related to workplace injuries that occurred prior to the Commencement Date (the "Non-Subscriber PI Claims"). The term "PI Claim" does not include claims for liability related solely to property damage or worker's compensation claims with respect to which the Automatic Stay (as defined below) has already been lifted pursuant to the Bankruptcy Court's *Order Pursuant to Sections 105(a), 362(d), 363(b), 363(c) and 503(b) of the Bankruptcy Code (i) for Authorization to (a) Continue Their Workers' Compensation, Liability, Property, and Other Insurance Programs, (b) Pay All Obligations in Respect Thereof and (c) Enter into Premium Financing Agreements in the Ordinary Course of Business, and (ii) for Authorization of Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations*, entered on December 1, 2008 [Docket No. 75].

You need not have commenced a litigation, lawsuit or other proceeding against a Debtor Party or their insurers to have a PI Claim. However, in addition to following the ADR Procedures set forth below, you must (if you have not already done so) file a proof of claim in the Debtors' chapter 11 cases by June 1, 2009 -- the deadline that has been established by the Bankruptcy Court for filing general unsecured claims (the "Bar Date"). If you have not already, you should soon receive instructions for filing a proof of claim. Alternatively, instructions for filing a proof of claim are also available at

the following website: <http://www.kccllc.net/pilgrimspride>. Any proof of claim filed after the Bar Date may not be allowed and may be forever barred from consideration or payment, whether or not litigation is then pending.

IV. ADR INJUNCTION AND AUTOMATIC STAY

Upon approval of the ADR Procedures by the Bankruptcy Court, except as specifically set forth in a separate order of the Court, all Claimants (and any other persons or entities asserting an interest in the relevant PI Claim) shall be and shall continue to be, as applicable, enjoined from commencing or continuing any action or proceeding in any manner or any place, including the Bankruptcy Court, seeking to establish, liquidate, collect or otherwise enforce any PI Claim against any Debtor Party other than (i) through the ADR Procedures described herein (or as otherwise agreed by the parties) or (ii) pursuant to a chapter 11 plan or plans confirmed in the applicable Debtors' chapter 11 cases (collectively, the "ADR Injunction").

The ADR Injunction shall expire with respect to a PI Claim only when the ADR Procedures have been completed with respect to such PI Claim. Except as expressly set forth herein or in a separate order of the Bankruptcy Court, the expiration of the ADR Injunction shall not extinguish, limit or modify the automatic stay established by section 362 of the Bankruptcy Code (the "Automatic Stay") or any similar injunctions that may be imposed upon the confirmation or effectiveness of a plan or plans in the applicable Debtors' chapter 11 cases (a "Plan Injunction"), and the automatic stay and the Plan Injunction shall remain in place to the extent then in effect.

V. THE ADR PROCEDURES

A. Offer Exchange Procedure.

The first stage of the ADR Procedures will be the following offer exchange procedure, requiring the parties to exchange settlement offers and thereby providing the opportunity to resolve the PI Claims on a consensual basis without any further litigation (the "Offer Exchange Procedure").

1. Confirmation of Loss.

At any time prior to the Bar Date, a Claimant shall submit a sworn statement describing all damages allegedly sustained by the Claimant and providing necessary information and attaching documentary proof, if any, substantially in the form attached hereto as Exhibit 1 (the "Confirmation of Loss Form"). The completed Confirmation of Loss Form must be returned to the Debtors at the address specified in Part VII hereof **along with a copy of the Claimant's proof of claim**. A Claimant may include a settlement offer in a Confirmation of Loss Form.

Any Claimant who does not timely return a completed Confirmation of Loss Form, unless otherwise agreed to by the Debtors, (i) shall be disqualified from participating

in the ADR Procedures, (ii) shall not be entitled to relief from the automatic stay of section 362 of the Bankruptcy Code, and (iii) may have its PI Claim disallowed.

Participation in the ADR Procedures shall in no way alter the requirement that each Claimant also timely file a proof of claim in these Bankruptcy Cases; failure to timely file a proof of claim may result in the disallowance of the Claimant's PI Claim against the Debtors without further order of the Bankruptcy Court.

2. Evaluation of Claims.

The Debtors shall evaluate each PI Claim based upon all relevant factors under traditional tort principles of damages and nonbankruptcy law applicable to each PI Claim, which factors may include: the circumstances surrounding the occurrence which gave rise to the PI Claim; the type and nature of the PI Claim and damages; the type, nature and extent of the diagnosed injury; medical and other out-of-pocket costs and expenses; questions of medical causation; number and age of dependents; job history; information concerning settlements and/or jury verdicts and judgments obtained in comparable cases in the same and in other jurisdictions; and any other relevant criteria generally utilized in the settlement of litigated tort cases. In fostering attempts at settlement, the Debtors may consider, in addition to other factors, their local and national settlement and litigation experience with respect to comparable claims. The Debtors shall review all materials submitted and in such consideration shall not be bound by the rules governing the admission of evidence in courts of law. As a general rule, and subject to any agreement by the Debtors and the Claimant to the contrary, PI Claims will be processed in the order Confirmation of Loss Forms are received by the Debtors.

3. Debtors' Response.

Within thirty (30) calendar days after the Debtors' receipt of a Confirmation of Loss Form, or as soon thereafter as is practicable, the Debtors shall determine what response is appropriate with respect to the relevant PI Claim and shall serve a response on the Claimant and its counsel, if one is identified (the "Debtors' Response"). The Debtors' Response shall either: (a) request additional information; (b) deny liability on the PI Claim; (c) accept the PI Claim as set forth in the Confirmation of Loss Form; (d) make an offer to settle the PI Claim (the "Debtors' Offer"); or (e) request mediation of the PI Claim (as set forth below).

a. Additional Information. The Debtors may request supplemental documentation or clarification of information supplied in the Confirmation of Loss Form to assist in a good faith evaluation of any particular PI Claim. In the event the Debtors request such additional information, the time period within which the Debtors may otherwise respond to the Confirmation of Loss Form shall be extended until thirty (30) calendar days after the supplemental information is provided. The PI Claim will not be processed further until the additional information requested has been provided.

b. Denial of Liability. If liability is denied by the Debtors, the Debtors shall provide a statement to the Claimant specifying the basis for the denial. Upon such denial of liability by the Debtors, the Offer Exchange Procedure shall be terminated and the

Claimant and the Debtors shall immediately proceed to mediation under the Mediation Procedure (as defined below).

c. Acceptance of PI Claim. If, upon review of the Confirmation of Loss Form, the Debtors agree with the Claimant on all issues, the Debtors may accept the PI Claim as asserted in the Confirmation of Loss Form. In such event, the PI Claim shall be allowed as set forth in Section V.G. below.

d. Debtors' Offer. After reviewing the Confirmation of Loss Form, the Debtors may make a written good faith offer of settlement based upon their evaluation of such PI Claim. The Debtors' Offer shall include a brief statement of the Debtors' determinations.

4. Claimant's Reply.

Each Claimant shall have ten (10) business days after receipt of the Debtors' Offer within which to reply. The Claimant's reply (the "Claimant's Reply") shall be in writing and signed by the Claimant or an authorized representative, unless otherwise agreed by the Debtors. The PI Claim will not be processed further until the Claimant's Reply is received, unless otherwise agreed by the Debtors.

If the Debtors' Offer is accepted, the PI Claim shall be allowed as set forth in Section V.E. below. If the Debtors' Offer is rejected, the Claimant shall make a good faith counteroffer in the Claimant's Reply simultaneously with the rejection of the Debtors' Offer (the "Claimant's Counteroffer").

5. Last Exchange.

In the event a Claimant's Reply is served on the Debtors and contains a Claimant's Counteroffer, the Debtors shall respond to the Claimant's Counteroffer within ten (10) business days after receiving the Claimant's Reply by serving on the Claimant and its counsel, if any, a final response (the "Debtors' Final Response"). The Debtors' Final Response shall either accept the Claimant's Counteroffer or reject it and extend a final offer of settlement (the "Final Offer"). If the Debtors' Final Response contains a Final Offer, the Claimant shall have ten (10) business days from receipt of the Debtors' Final Response to either accept or reject the Final Offer in writing. If the Final Offer is rejected, there will be no further requirement for exchange and consideration of offers of settlement and the PI Claim shall be immediately referred to mediation, which shall be governed by the Mediation Procedure (as defined below). If the Final Offer is accepted, the PI Claim shall be allowed as set forth in Section V.G. below.

6. Compliance with Timing Requirements.

Failure by the Debtors to comply with any of the time requirements under the Offer Exchange Procedures shall entitle the Claimant to seek to terminate, by written notice to the Debtors and their counsel, and motion filed with the Bankruptcy Court, the Offer Exchange Procedure, and allow the Claimant to request that the PI Claim immediately be referred to the Mediation Procedure (as defined below).

B. Mediation

If a PI Claim is not resolved pursuant to the Offer Exchange Procedure, the second stage of the ADR Procedures will be mediation, and the following mediation procedures will apply (the “Mediation Procedure”). Any party may be represented by legal counsel, although the participation of legal counsel shall not be required to conduct the Mediation Procedure.

1. Referral to Mediation.

A PI Claim may be referred to mediation (i) upon the occurrence of an event set forth in Section V.A. above that allows either the Debtors or the Claimant to compel referral of the PI Claim to mediation, or (ii) consensually by the Debtors and the Claimant at any time after service of the Confirmation of Loss Form. A PI Claim shall be referred to mediation immediately, notwithstanding the failure to complete the Offer Exchange Process, upon the Court’s approval of a disclosure statement with respect to the Debtors’ chapter 11 plan or plans if the Offer Exchange Procedure is commenced more than thirty (30) days prior to the commencement of the hearing on the disclosure statement.

2. Appointment of a Mediator.

Except as set forth below, all mediations will be conducted in one of three locations: (i) Atlanta, Georgia, (ii) Dallas, Texas, or (iii) Richmond, Virginia (collectively, the “Mediation Locations”). Within thirty (30) days after the referral to mediation has occurred, the Claimant shall choose one of the following individuals to conduct the mediation (the “Mediator”); provided, however, that a holder of a Non-Subscriber PI Claim must select one of the specialized mediators (the “Specialized Mediator”):

Atlanta, Georgia

William S. Allred, Esq. Gino M. Brogdon, Esq. Scott Young, Esq. Bay Mediation and Arbitration Services, LLC 5775 Glenridge Drive Atlanta, GA 30328 Tel: (404) 252-2230	William S. Goodman, Esq. Jim Hiers, Esq. Arthur Glaser, Esq. Henning Mediation and Arbitration Service, Inc. 3350 Riverwood Pkwy. Suite 75 Atlanta, GA 30339 Tel: (770) 955-2252
Richard M. Strauss, Esq. MediateOne, Inc. 5920 West Andechs Summit Duluth, GA 30097 Tel: (678) 475-1178	Michael E. Fisher, Esq. 926 Plymouth Road NE Atlanta, GA 30306 Tel: (404) 607-9350
Patricia M. Killingsworth, Esq. 1364 Rainier Falls Drive NE	

Atlanta, GA 30329 Tel: (404) 982-5965	
--	--

Dallas, Texas

Gary Berman, Esq. 2017 Young Street Dallas, TX 75201 Tel: (214) 526-7500	John Hughes, Esq. 4524 Knollridge Aledo, TX 76008 Tel: (214) 526-7500
Webb Baird, Esq. 101 West Houston St. Paris, TX 75460 Tel: (903) 737-8850	Jay Zeleskey, Esq. Zeleskey Mediators 8117 Preston Road, Suite 300 Dallas, TX 75225 Tel: (214) 706-9080
Mary Burdin, Esq. Burdin Mediators 4514 Cole Avenue, Suite 1450 Dallas, TX 75205 Tel: (214) 528-1411	

Richmond, Virginia

Philip Blackburn, Esq. Philip Blackburn P.O. Box 1103 Lexington, VA 24450 Tel: (877) 673-4668	Hon. Robert L. Harris, Sr., John H. Obrion, Jr., Hon. Jay T. Swett Hon. Diane M. Strickland The McCammon Group The Reynolds Building 6641 W. Broad Street, Suite 400, Richmond, VA 23230 Tel: (804) 343-0922
---	--

Specialized Mediators

Hon. David Kelton David Kelton 4350 Beltway Drive Addison, TX 75001 Tel: (972) 991-2222	Hon. Frank Andrews Frank Andrews 145 Lonesome Road P.O. Box 410 Hunt, TX 78024 Tel: (830) 238-4716
---	---

Ray F. Grisham, Esq. Ray F. Grisham 124 South Crockett Sherman, TX 75090 Tel: (903) 892-9131	Webb Baird 102 West Houston St. Paris, TX 75460 Tel: (903) 737-8851
Hon. Paul Davis Paul Davis P.O. Box 5601 Austin, TX 78763 Tel: (512) 343-8175	

If the amount of the PI Claim listed on the Confirmation of Loss Form does not exceed \$20,000, the Claimant and the Debtors may mutually agree to conduct the mediation at a location other than one of the Mediation Locations. In such event, the Claimant and the Debtors shall work in good faith to select a Mediator who is acceptable to both the Debtors and the Claimant.

All Mediators shall be impartial and neutral. No Mediator shall have any financial or personal interest in or relation to the proceedings or, except where otherwise agreed by the parties, in any related matters.

3. Mediation Conference.

Generally, PI Claims will be mediated by the Mediator in the order received by him or her to the extent practicable. As soon as practicable, but no later than thirty (30) calendar days, after selection of the Mediator, the Mediator shall schedule an initial conference or videoconference (the "Mediation Conference") with the parties or their respective authorized representatives or series of such conferences or videoconferences as reasonably determined by the Mediator. The Mediator shall provide at least fifteen (15) calendar days notice of the date, time and place of the Mediation Conference to the Debtors and the Claimant, and their respective counsel. The Mediation Conference shall be in the nature of a settlement conference. The Mediator may review the PI Claim and the positions of the parties, the prior negotiations between the parties, and all correspondence between the parties during the Offer Exchange Procedure. At least five (5) business days before the Mediation Conference, the Claimant shall serve on the Mediator Claimant's Mediation Statement (as defined below). The Debtors shall file with the Mediator the Debtors' Mediation Statement (as defined below), and a copy of the Confirmation of Loss Form, Debtors' Response, Claimant's Reply and Debtors' Final Response. The Mediation Conference may last more than one day and may be adjourned as necessary.

"Claimant's Mediation Statement" means the confidential statement sworn to by Claimant submitted to the Mediator containing a detailed itemization or computation of Claimant's alleged damages, including the type and nature of the PI Claim and alleged damages; the type, nature and extent of the diagnosed injury; and medical and out-of-pocket costs and expenses, and shall include any and all documentary evidence of all claims for lost wages, property damage, any other economic loss and medical expenses. It shall also summarize any expert testimony relating to alleged damages and identify all experts.

“Debtors’ Mediation Statement” means the confidential statement submitted to the Mediator by the Debtors, detailing the Debtors’ position with respect to factual and legal assertions raised by a PI Claim.

4. Appearance at Mediation Conference.

The Claimant or its representative and representatives of the Debtors shall each appear at the Mediation Conference with authority to settle the PI Claim. The parties may request the Mediator to allow the attendance of any other person who may assist in the resolution of the parties’ dispute. Counsel for the parties in interest, including any of the Debtors’ insurers, may attend and participate in the Mediation Conference. If any party noticed appears at the Mediation Conference without proper authority to settle its PI Claim or fails to appear at the Mediation Conference without giving at least five days prior notice to all parties, the parties appearing shall have the right to petition the Bankruptcy Court to assess costs and attorneys’ fees against the party that did not appear.

5. Confidentiality of Mediation Procedure.

All meetings and proceedings, including any statements made and evidence introduced during the Mediation Procedure shall be confidential among the parties and the Mediator, and no party shall disclose the contents of such meetings and proceedings without the prior written consent of each of the other parties. Any and all statements made and evidence introduced at these meetings and proceedings shall not be subject to discovery in any subsequent proceeding unless they are otherwise independently discoverable under applicable rules, nor may the Mediator serve or be called as a witness in any subsequent proceeding relating to the PI Claim.

6. Conclusion of Mediation Procedure/Mediated Statement.

The Mediator will work with all parties towards reaching a settlement. The Mediator shall not have any authority to impose a settlement upon the parties. Unless otherwise agreed to by the Claimant and the Debtors in writing, the mediation process will terminate ninety (90) calendar days following appointment of the Mediator. A settlement reached pursuant to Mediation Procedure shall be allowed as set forth in Section V.G. below.

7. Mediation Report.

At the conclusion of the Mediation Conference or the final adjournment after any continuation thereof, the parties shall sign a written report (the “Mediation Report”) before the Mediator stating:

- a. that the Claimant and the Debtors have completed the mediation process in good faith and otherwise complied with the Mediation Procedure; and either
- b. that the PI Claim has been settled, subject to Bankruptcy Court approval and the terms of the settlement; or

- c. that the Claimant intends to pursue Litigation (as defined below) of the PI Claim.

No Claimant may proceed with Litigation (as defined below) without completing the Mediation Procedure and obtaining the Mediation Report. If any party does not comply with the Mediation Procedure or refuses to sign the Mediation Report, the Mediator shall prepare and sign the Mediation Report, which shall indicate the non-compliance by one or both of the parties with the Mediation Procedure. Within ten (10) calendar days of the conclusion of the Mediation Conference, the Mediator shall mail a copy of the Mediation Report completed and signed to the Debtors and the Claimant.

8. Fees and Costs of Mediator.

Mediation fees and costs shall be paid by the Debtors (or applicable insurance provider); provided, however, that if the Claimant ultimately receives a settlement or judgment on its PI Claim in the form of, or partially in the form of, an allowed claim against the Debtors' estates (even if the mediation was unsuccessful), half of the fees and costs of the mediation shall be setoff from such allowed claim. Each party shall bear the cost and expense of its own counsel, experts, witnesses, and prosecution. Nothing herein shall prejudice the right of the Debtors to seek insurance coverage for any PI Claim or any fees and costs of defending such PI Claim, including payment of the mediation fees and costs.

C. Relief from Automatic Stay/ Litigation in Federal Court

1. Relief from Automatic Stay.

Completion of the Offer Exchange Procedure and the Mediation Procedure is a prerequisite for a Claimant to obtain relief from the Automatic Stay in the Bankruptcy Court. Except as provided below, the Automatic Stay shall remain in effect against each Claimant until relief from the Automatic Stay is granted by the Bankruptcy Court with respect to the relevant PI Claim. No Claimant shall be granted relief from the Automatic Stay to commence or continue any action, suit or trial, to proceed with discovery, or to pursue its PI Claim in a non-bankruptcy forum until the Claimant has completed the Offer Exchange Procedure and the Mediation Procedure, and filed a motion for such relief as provided below. The procedure for obtaining relief from the Automatic Stay shall be made subject to the following terms and conditions:

- a. When Motion for Relief from Automatic Stay May be Heard. In the event a PI Claim has not been liquidated and allowed upon completion of the Offer Exchange Procedure and the Mediation Procedure, the Claimant shall have the right to seek relief from the Automatic Stay by filing a motion for relief from the Automatic Stay with the Bankruptcy Court; provided, however, that if a Claimant already has a motion to lift the Automatic Stay pending with the Bankruptcy Court, such Claimant does not need to file a new motion or refile and reserve the pending motion. The motion shall be served upon the Debtors and their counsel. Unless otherwise sought by the Claimant, the motion and the hearing on same shall be subject to Local Bankruptcy Rule 4001 for the Northern District of Texas, Fort Worth Division.

b. Claimant's Certificate. A Claimant's motion seeking relief from the Automatic Stay must include as an attachment, a certification signed by Claimant or its attorney certifying that Claimant has completed the ADR Procedure and that despite Claimant's good faith participation in such process the PI Claim remains unresolved and unliquidated. In the absence of this certification, the Bankruptcy Court shall deny Claimant's motion.

c. No Waiver of Defenses. The submission of any PI Claim to the ADR Procedure shall not constitute or serve as a waiver or release of any defenses or claims which the Debtors may have with respect to a Claimant's request for modification of the Automatic Stay. The Debtors may oppose a Claimant's request for relief from the Automatic Stay on the basis that the Claimant has not participated in the ADR Procedure in good faith, or for any other appropriate reason. Moreover, the submission of any PI Claim to the ADR Procedure shall not constitute or serve as a waiver or release of any claim or defense which may otherwise be available to the Debtors or their insurers at law or in equity in defending against any PI Claim in the event that the Automatic Stay is modified by order of the Bankruptcy Court.

d. Stipulation to Lifting Automatic Stay. Notwithstanding the foregoing, after completion of the ADR Procedure, the Debtors and the Claimant may stipulate to the lifting of the Automatic Stay and present an agreed proposed Lift Stay Order (as defined below) to the Bankruptcy Court. Such Lift Stay Order may be entered on eighteen (18) calendar days notice without a hearing if no objections are received from parties-in-interest.

2. Litigation in U.S. District Court for the Northern District of Texas.

Any Claimant who has complied in good faith with and completed the Offer Exchange Procedure and the Mediation Procedure, including obtaining a Mediation Report and an order of the Bankruptcy Court lifting the Automatic Stay (the "Lift Stay Order"), may pursue its PI Claim against the Debtor Parties only in the United States District Court for the Northern District of Texas, Fort Worth Division (the "District Court") or another court, as otherwise determined by the District Court, as provided in section 157(b)(5) of title 28 of the United States Code (Judiciary and Judicial Procedure) (such action is referred to herein as a "Litigation"). All pending state court PI Claim actions will be removed to the District Court or another court, as otherwise determined by the District Court, upon the later of (i) entry of the Lift Stay Order and (ii) the Debtors' compliance with Rule 9027 of the Federal Rule of Bankruptcy Procedure.

3. Recovery on Any Judgment.

Upon removal of the PI Claim action to District Court, a Claimant may prosecute to judgment a PI Claim in the District Court or another court, as may be determined by the District Court. Enforcement of any judgment against the Debtors, however, shall take place only before the Bankruptcy Court pursuant to the terms of any chapter 11 plan or plans confirmed in the Debtors' chapter 11 cases. A Claimant, however, may pursue recovery of any judgment against the Debtors' insurers.

D. Duty to Negotiate in Good Faith

During the period of these ADR Procedures, the Claimant and the Debtors shall negotiate in good faith in an attempt to reach an agreement for the compromise of the Claimant's PI Claim.

E. Admissibility of ADR Proceedings

Other than as expressly provided herein, the submission of any PI Claim to the ADR Procedures, the positions of the parties during compliance with the ADR Procedures, and any other admissions made during the ADR Procedures, shall not be admissible for any purpose in any cause, matter or proceeding including, without limitation, trial by any party or third party, or any proceeding under 11 U.S.C. § 502, and are expressly determined by the provisions herein not to be admissions by either party. Such positions and statements shall remain confidential among the parties and any Mediator and protected by Rule 408 of the Federal Rules of Evidence. A person serving as a Mediator shall not testify as a witness or be subject to any discovery in any subsequent proceeding concerning the same or any other PI Claim.

F. Discovery

In order to avoid undue expense or delay, any materials, testimony or other evidence submitted by either party during the course of the ADR Procedures, and of the kind normally available in discovery proceedings may, upon written agreement of the parties, be treated as if submitted in pretrial discovery proceedings.

G. Payment of Any Settlement or Judgment and Bankruptcy Court Approval

If you hold a PI Claim with respect to which settlement has been reached through the ADR Procedures or judgment has been entered in a Litigation, please read the following carefully. To the extent the Debtors' insurance policies are not available to pay the amount of such settlement or judgment (because of the Debtors' deductible obligations or otherwise), you will not receive a cash payment but only an allowed general unsecured claim in the Debtors' estates to be treated and paid pursuant to a confirmed chapter 11 plan.

Specifically, payment of any settlement or judgment of PI Claims under the ADR Procedures shall be governed by the following procedures:

1. To the extent not paid from insurance, payment of any settlement of or judgment on a PI Claim against the Debtors shall be in the form of an allowed general unsecured claim (the "GUC") to be paid in the amount and form as set forth in a plan or plans confirmed in the Debtors' chapter 11 cases.
2. The Debtors and the Claimant shall enter into a stipulation, agreement and order ("Allowed Claim Stipulation") allowing the GUC in the amount of

the deficiency between any settlement or judgment on a PI Claim against the Debtor and the amount of available insurance coverage.

3. All Allowed Claim Stipulations shall include a release of all claims relating to the underlying occurrence, including the PI Claim against the Debtor Parties and the Debtors' insurers.
4. Bankruptcy Court approval will not be required for any Allowed Claim Stipulation that seeks to allow a claim in an amount equal to or less than \$150,000.
5. Bankruptcy Court approval will be required for any Allowed Claim Stipulation that seeks to allow a claim in an amount in excess of \$150,000. The Allowed Claim Stipulation may be entered by the Bankruptcy Court if a written objection thereto is not timely interposed.
6. Nothing contained herein shall in any way affect the liability of any insurance company that is legally liable for all or any portion of a PI Claim under its insurance policies with the Debtors.

H. Administrative Convenience Settlement Offer

The Debtors may, at any given time, if they believe it economically beneficial and administratively convenient, waive for certain Claimants the requirement that a Claimant complete a Confirmation of Loss Form and follow exactly each of these ADR Procedures, and by appropriate resolution from time to time, offer to settle a PI Claim for amounts approximating the cost of administering such PI Claim in lieu of incurring the cost and expense thereof.

VI. FAILURE TO COMPLY WITH ADR PROCEDURES

If, absent express waiver by the Debtors, a Claimant fails to comply with the ADR Procedures, negotiate in good faith or cooperate with the Debtors as may be necessary to effectuate the ADR Procedures, the Bankruptcy Court may, after notice and a hearing, find such conduct to be in violation of the ADR Order or an abandonment of or failure to prosecute the PI Claim, or both. Upon such findings, the Bankruptcy Court may, among other things, disallow and expunge the PI Claim, in whole or in part, or grant such other or further remedy deemed just and appropriate under the circumstances, including, without limitation, awarding attorneys' fees, other fees and costs to the Debtors.

VII. NOTICE

Whenever notice or service of papers is required under the ADR Procedures, it shall be given in the manner provided in the relevant section, by first class mail, postage prepaid, as follows:

If to the Debtors:

Mark A. Lawrence
Pilgrim's Pride Corporation
4945 US Hwy. 271 N.
Pittsburg, Texas 75686

with a copy to Debtors' counsel:

Vance L. Beagles
Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201

EXHIBIT 1

CONFIRMATION OF LOSS FORM

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

In re

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

Debtors.

§
§
§
§
§
§
§
§
§
§
§

Chapter 11

Case No. 08-45664 (DML)

JOINTLY ADMINISTERED

CONFIRMATION OF LOSS FORM¹

PLEASE NOTE THAT IF YOU HOLD A PERSONAL INJURY CLAIM ("PI CLAIM"), YOUR PARTICIPATION IN THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURE IS MANDATORY. YOU MUST COMPLETE AND RETURN THIS FORM NO LATER THAN JUNE 1, 2009 ("THE BAR DATE"). IF YOU FAIL TO RETURN A COMPLETED FORM WITHIN THIS TIME, YOU WILL BE DISQUALIFIED FROM PARTICIPATING IN THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURE. IN SUCH EVENT, YOU WILL NOT BE ENTITLED TO SEEK RELIEF FROM THE AUTOMATIC STAY OF SECTION 362 OF THE BANKRUPTCY CODE IN THE DEBTORS' CHAPTER 11 CASES TO LIQUIDATE YOUR CLAIM AND YOUR CLAIM MAY BE DISALLOWED.

THE ORIGINAL OF THIS COMPLETED CONFIRMATION OF LOSS FORM MUST BE SENT BY MAIL OR HAND DELIVERY TO THE FOLLOWING PARTIES SO THAT IT IS RECEIVED ON OR BEFORE THE BAR DATE:

Mark A. Lawrence
Pilgrim's Pride Corporation
4945 US Hwy. 271 N.
Pittsburg, TX 75686

Vance L. Beagles
Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201

¹ Any capitalized terms not defined herein shall have the meaning ascribed to them in the Mandatory Alternative Dispute Resolution Procedures for Personal Injury Claims.

Name of Claimant(s): _____

Address where notices to Claimant(s) should be sent:

Claimant(s)' Telephone No.: _____

Email Address (if Claimant(s) prefers to receive notices by email): _____

I. PI CLAIM: (Attach additional sheets if necessary)

1. Have you filed a proof of claim with the Bankruptcy Court? _____

PLEASE NOTE THAT YOU MUST INCLUDE A COPY OF YOUR PROOF OF
CLAIM WITH THIS FORM

a. Total Amount of PI Claim asserted: \$ _____

b. Date proof of claim was filed: _____

2. Date of event giving rise to the PI Claim: _____

3. Description of event(s) giving rise to PI Claim:

4. Description and type of damages sustained by Claimant:

5. Have you filed a lawsuit outside of the Bankruptcy Court seeking recovery on the PI Claim? _____

a. If so, in what court is your lawsuit pending, and what is the style (title) and case number of that lawsuit: _____

b. Who have you sued in the lawsuit? _____

c. Have you obtained a judgment? _____

d. If so, describe the judgment (date of judgment, award, etc.) _____

6. a. Has a lawsuit been filed against you concerning the event that resulted in the PI Claim? _____

b. If so, in what court is that lawsuit filed and what is the style (title) and case number of that lawsuit? _____

c. Has a judgment been entered against you? _____

d. If a judgment has been entered against you, please explain: _____

II. GENERAL INFORMATION

7. a. In your opinion, what is the amount of your claim (place a dollar amount on each component of your claim, i.e. personal injury, medical expenses, property damages, lost wages, etc.): _____

b. Briefly explain how damages have been calculated: _____

8. If there is any other information that you would like to provide to assist in determining if your settlement offer for the injury which you have incurred is fair, please do so in the following space:

III. SETTLEMENT OFFER

9. YOU MAY INCLUDE AN OFFER FOR WHICH YOU WOULD SETTLE YOUR PI CLAIM. PLEASE NOTE THAT IF YOUR OFFER IS ULTIMATELY ACCEPTED BY THE DEBTORS AND INSURANCE IS NOT SUFFICIENT TO COVER THE ENTIRE AMOUNT OF THE SETTLED PI CLAIM, YOU WILL RECEIVE ONLY AN ALLOWED GENERAL UNSECURED CLAIM AGAINST THE DEBTORS, TO BE SATISFIED IN ACCORDANCE WITH ANY CHAPTER 11 PLAN OR PLANS CONFIRMED IN THE DEBTORS' CHAPTER 11 CASES.

- a. Amount for which you offer to settle the PI Claim (if any):

(i) Bodily injury: \$ _____
(ii) Medical expenses: \$ _____
(iii) Property damage: \$ _____
(iv) Lost wages: \$ _____

ATTENTION

TO SUPPORT YOUR CLAIM, PLEASE ATTACH TO THIS FORM COPIES OF ALL MEDICAL RECORDS AND RECEIPTS FOR EXPENSES ASSOCIATED WITH YOUR CLAIM FOR DAMAGES; FAILURE TO DO SO MAY RESULT IN DELAYS IN THE PROCESSING OF YOUR PI CLAIM.

You may attach a supplemental answer sheet if there is not sufficient space on this form for you to answer any of the above questions.

Please indicate the question number(s) referred to in any such supplement. Also indicate on this form that the answer is supplemented.

You have the right to further supplement the information furnished herein at any time before settlement.

All claims submitted will be handled, to the extent practicable, in the order in which they are submitted.

Please sign and date the declaration provided below.

DECLARATION:

I, THE UNDERSIGNED, HEREBY DECLARE UNDER PENALTY OF PERJURY THAT I
AM AUTHORIZED TO MAKE THIS CLAIM AND THAT THE FOREGOING
INFORMATION IS TRUE, ACCURATE AND COMPLETE.

NAME _____

SIGNATURE _____

DATE _____