

**TERM SHEET
(FOR DISCUSSION PURPOSES ONLY)**

**SURETY CREDIT FACILITY
PILGRIM'S PRIDE CORPORATION**

Dated as of May, 2009

Liberty Mutual Insurance Company, its affiliates and co-sureties, if any ("Liberty" or "Surety"), agree to make available to Pilgrim's Pride Corporation and its debtor affiliates (collectively, the "Debtors" or "Principals"), as debtors and debtors in possession in the voluntary chapter 11 cases pending in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), Case No. 08-45664 (MDL) (the "Bankruptcy Cases"), surety credit (the "Surety Credit") upon the terms and conditions set forth in this Term Sheet.

I. Surety Credit Facility

Liberty Agrees to provide the Debtors with up to the aggregate sum of Eighteen Million Dollars (\$18,000,000) in Surety Credit, with the issuance of such bonds under the Surety Credit Facility (hereinafter sometimes the "Facility") being on the terms and conditions outlined in the documents comprising Exhibit 1 hereto.

Collateral. Liberty currently holds Letter of Credit Number S202563 issued by Merrill Lynch Bank USA in the face amount of Six Million (\$6,000,000) Dollars (the "Existing Letter of Credit"), of which \$3,818,407.26 remains as available collateral ("Existing Collateral") following Liberty's draws on the Existing Letter of Credit in the aggregate amount of \$2,181,592.74 to pay the claims in the amounts and under the bonds set forth on Exhibit C-1 in the documents comprising Exhibit 1 (the "Paid Bond Claims"). The Debtors will arrange for an increase of \$6,181,592.74 to the Existing Collateral, which increase will take the form of either an increase in the Existing Letter of Credit, the issuance of a new clean irrevocable letter of credit or new clean irrevocable letters of credit, or pledge of cash (the Existing Collateral along with such other letters of credit or cash collectively the "Collateral"). In the event that the Debtors elect to pledge cash as part of the required collateral increase, Debtors shall execute and deliver to Liberty a Pledge Agreement, in a form acceptable to Liberty in its sole and absolute discretion.

The Collateral shall be held by Liberty on a "spread of risk" basis securing the payment of all Surety Loss (hereinafter defined) until such time as all obligations bonded by Liberty have been fully paid or performed and all bonds issued by Liberty for the benefit of the Debtors have been released, replaced, discharged or terminated without Surety Loss. At all times, the amount of collateral supporting the Facility shall not be less than Ten Million Dollars (\$10,000,000) (the "Collateral Threshold"). In the event that Liberty draws on any of the Collateral, and upon written request of Liberty, the Debtors shall within five (5) business days arrange for the replenishment of the Collateral (in form of cash or letter of credit, as discussed above) to the extent necessary to meet the Collateral Threshold. Failure to so maintain the Collateral Threshold shall constitute an Event of Default under the Surety Credit Documents.

II. Surety Credit Documents

The Debtors will be required to execute and deliver Surety Credit Documents in favor of Liberty, which in substance shall be reasonably satisfactory to Liberty in its sole and absolute discretion. This documentation will include, but not be limited to, the following:

1. The General Agreement of Indemnity dated December 24, 2002 (the "Indemnity Agreement")-and the Addendum to General Agreement of Indemnity (the "Addendum"), in the form attached as **Exhibit 1**.

2. Such other and further documents as Surety may require in its sole and absolute discretion, including, but not limited to a Pledge Agreement in form satisfactory to Surety in its sole and absolute discretion in the event Debtors elect to pledge cash in lieu of delivering a additional letter of credit, or letter of credit increase, to Surety. .

III. Requisite Deliveries for Closing

As conditions to Closing, the Debtors shall deliver to Liberty the following (which for purposes of this Term Sheet shall be the "Requisite Deliveries"):

1. An order of the Bankruptcy Court (the "Approval Order") approving the assumption by the Debtors of all pre-petition bonded obligations and indemnity obligations to Surety, including, without limitation, the obligations of Indemnitors under the Indemnity Agreement (collectively, the "Obligations").

2. Surety Credit Documents of the form described herein duly authorized and executed; and

3. A clean irrevocable letter of credit in the form described herein or a Pledge Agreement (in form satisfactory to Surety in its sole and absolute discretion) in the event Debtors elect to pledge cash in lieu of delivering a additional letter of credit, or letter of credit increase, to Surety.

IV. Miscellaneous

1. Court Approval. Liberty's entry into this Term Sheet is expressly conditioned upon the Debtors obtaining the permission of the Bankruptcy Court to do so. Accordingly, the Debtors will file a Motion seeking entry of an Approval Order and permitting: (a) execution of such documents as may be reasonably required by Liberty; and (b) the delivery of the Requisite Deliveries to Liberty, which Motion shall be heard as soon as the Court's schedule and the applicable case management order allows.

2. Closing Date. Closing of the transactions contemplated by this Term Sheet shall occur upon the later to occur of (i) the date of entry of the Approval Order and (ii) the date the Debtors has delivered the Requisite Deliveries to Liberty (the "Closing").

3. Reservation of Rights. Nothing herein shall be deemed an estoppel, waiver or modification of any party's rights or defenses and the parties hereby reserve all of their rights under the bond(s), the Indemnity Agreement, at law or in equity.

IN WITNESS WHEREOF, this Term Sheet is executed by the parties on the day and date first set forth above.

SURETY:

LIBERTY MUTUAL INSURANCE COMPANY

By: _____

Its: _____

PRINCIPAL/INDEMNITORS:

PIGRIM'S PRIDE CORPORATION

By: _____

Its: _____

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY, AND NOTHING CONTAINED HEREIN SHALL BE CONSTRUED AS AN OFFER TO PROVIDE SURETY CREDIT OR ASSISTANCE IN ANY FORM.