

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 30, 2005

PILGRIM'S PRIDE CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware **1-**
9273 **75-1285071**
(State or Other
Jurisdiction
Number)
of
Incorporation) (IRS Employer Identification No.)

0093 **4845 US Highway 271 North** **75686-**
Pittsburg, Texas
(Address of Principal Executive
Offices)
Code)

Registrant's telephone number, including area code: **(903) 434-1000**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01. Entry into a Material Definitive Agreement.

On December 31, 2005, the Board of Directors of Pilgrim's Pride Corporation (the "Company") adopted the Amended and Restated Pilgrim's Pride Corporation 2005 Deferred Compensation Plan (the "Amended Plan"), which amended and restated the Pilgrim's Pride Corporation 2005 Deferred Compensation Plan (the "Plan") originally adopted on December 21, 2004, in order to reflect additional guidance under the deferred compensation rules set forth in Section 409A of the Internal Revenue Code (the "Code"), including, but not limited to, clarifying the process for making deferral elections, the effect of revising deferral elections, updating distribution procedures and permitting termination distributions prior to retirement. Among the changes to the Plan, under the Amended Plan a participant may rescind or modify his deferral election to the extent permitted under Code Section 409A by filing the appropriate form provided by the Administrative Committee. In addition, the distribution procedures in the Amended Plan were modified by eliminating the requirement that a participant attain age fifty-five before being eligible to receive termination installment payments and by adding additional installment payment options. The Amended Plan also sets forth limited circumstances under which Code Section 409A would permit the Company to delay distributions. In terms of participating companies outside the United States, the Amended Plan provides the Administrative Committee with the authority to adopt additional plan rules to comply with the laws of a foreign jurisdiction. The changes to the Plan are generally effective retroactive to January 1, 2005.

The Company's Amended Plan is a nonqualified, unfunded deferred compensation and supplemental savings plan that permits a select group of management or highly compensated employees to defer the receipt of base salary or bonus. The Company has the ability to make contributions to a participant's account. A participant is always fully vested in the amounts deferred to the Amended Plan; however, any Company contributions are subject to a six year graded vesting schedule. A participant may elect to receive a distribution upon separation from service with the Company or a participating subsidiary, on a specified payment date or in connection with a "Hardship Distribution" as defined in the Amended Plan and, depending upon the participant's election, distributions will be paid as a lump sum or in quarterly installments over a specified period. Separate distribution elections may be made with respect to each plan year balance. Notwithstanding the foregoing to the contrary, if on a payment date the participant's vested account balance is \$50,000 or less, then the amount to be distributed will be paid in a lump sum. Amounts deferred under the Amended Plan are to be deemed to be invested in certain approved investments designated by the Oversight Committee of the Board of Directors, although the Oversight Committee in its discretion may grant each participant the right to designate how the funds in the participant's account shall be invested.

The Amended Plan is filed as Exhibit 10.1 to this Current Report and is incorporated herein by reference, and the foregoing summary is qualified in its entirety thereby.

As referenced in the Company's Proxy Statement for its 2006 Annual Meeting, on November 30, 2005, the Audit Committee pre-approved the Company entering into a services agreement, a transportation agreement and a ground lease agreement with Pat Pilgrim, the son of Lonnie "Bo" Pilgrim, the Company's Chairman and largest stockholder. Accordingly, the Company entered into a vendor service agreement and a transportation agreement on January 3, 2006 and a ground lease agreement on January 4, 2006 with Pat Pilgrim (collectively, the "Agreements"). The vendor service agreement, which is attached hereto as Exhibit 10.2 and incorporated herein by reference, provides that Pat Pilgrim will provide services to the Company as mutually agreed upon by the parties for specified fees and charges. The transportation agreement, which is attached hereto as Exhibit 10.3 and incorporated herein by reference, provides that Pat Pilgrim will provide motor contract carrier services to the Company for the transportation of grain products and other goods and will be compensated for each shipment in accordance with the rates set forth on IBIDTransport.com, a web-based rate management system, or based on the delivery destination of the cargo, the total number of tons of cargo hauled and the agreed upon rate as contained in the applicable purchase order. The ground lease agreement, which is attached hereto as Exhibit 10.4 and incorporated herein by reference, provides for Pat Pilgrim to lease certain land from the Company for rent payments of \$21,833.50 per year. Management believes the terms of each of the Agreements are substantially similar to those obtainable from unaffiliated parties.

The foregoing summary of the Agreements is qualified in its entirety by the terms and conditions of the Agreements.

Item 2.02. Results of Operations and Financial Condition.

The information in this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

On January 3, 2006, the Company issued a press release announcing that it had revised its previously issued earnings guidance for its first quarter of fiscal 2006.

The press release is furnished as Exhibit 99.1 to this Current Report.

Item 2.05. Costs Associated with Exit or Disposal Activities.

On December 30, 2005, the Company committed to the restructuring of its turkey operations described in the above-referenced press release, which will result in the Company ceasing the production of ground turkey and cooked turkey deli breast meat items at its Franconia, Pennsylvania further processing plant effective March 3, 2006. As referenced in the press release, the Company expects to take a charge for inventory valuation adjustments in its fiscal quarter ended December 31, 2005 that could be as much as \$4 million related to inventories and supplies of the restructured operations. In addition, the Company expects that it may dispose of equipment related to the restructured operations having a net book value of approximately \$6.2 million, which would result in additional charges being recorded during the remainder of fiscal 2006.

Forward-Looking Statements: Statements contained in this Current Report that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of the Company and its management, including the earnings guidance for the first quarter of fiscal 2006 and the Company's expectations regarding the financial effects of the restructuring of its Turkey operation, are forward-looking statements. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: matters affecting the poultry industry generally, including fluctuations in the commodity prices of feed ingredients, chicken and turkey; additional outbreaks of avian influenza or other diseases, either in the Company's flocks or elsewhere, affecting the Company's ability to conduct its operations and/or demand for the Company's poultry products; contamination of the Company's products, which has recently and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate; changes in laws or regulations affecting the Company's operations or the application thereof; competitive factors and pricing pressures or the loss of one or more of the Company's largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; management of the Company's cash resources, particularly in light of the Company's leverage, and restrictions imposed by and as a result of, the Company's leverage; and the impact of uncertainties of litigation as well as other risks described under "Risk Factors" in the Company's Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit**Number** **Description**

10.1	Amended and Restated Pilgrim's Pride Corporation 2005 Deferred Compensation Plan
10.2	Vendor Service Agreement
10.3	Transportation Agreement
10.4	Ground Lease Agreement
99.1	Press Release dated January 3, 2006

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PILGRIM'S PRIDE CORPORATION

Date: January 6,
2006

/s/ Richard A. Cogdill

Richard A. Cogdill
Executive Vice President, Chief Financial Officer,
Secretary and Treasurer

Exhibit Index

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PILGRIM'S PRIDE CORPORATION
2005 DEFERRED COMPENSATION PLAN
AMENDED AND RESTATED

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PILGRIM'S PRIDE CORPORATION
2005 DEFERRED COMPENSATION PLAN
AMENDED AND RESTATED
EFFECTIVE AS OF JANUARY 1, 2006

Pilgrim's Pride Corporation, a Delaware corporation (the "Company") has set forth its desire to establish this Deferred Compensation Plan (the "Plan") as an unfunded plan for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Company has decided to amend the Plan to reflect additional guidance under the Section 409A of the Internal Revenue Code, including, but not limited to, clarifying the making of deferral elections, the effect of revising deferral elections and permitting termination distributions prior to Retirement. These changes are generally effective retroactive to the original Effective Date of the Plan.

As of January 1, 2006, this amended and restated Plan is hereby adopted to read as follows:

ARTICLE I

TITLE AND DEFINITIONS

1.1 Definitions.

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

(a) "Account" or "Accounts" shall mean the Deferral Account and the Company Contribution Account and any Prior Plan Account.

(b) "Administrative Committee" shall mean the Administrative Committee appointed by the Board to administer the Plan in accordance with Article VII.

(c) "Base Salary" shall mean a Participant's annual base salary, excluding bonus, commissions, incentive and all other remuneration for services rendered to Company and a Participating Company and prior to reduction for any salary contributions to a plan established pursuant to Section 125 of the Code, Section 132(f) of the Code or qualified pursuant to Section 401(k) of the Code.

(d) "Beneficiary" or "Beneficiaries" shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Administrative Committee to receive the benefits specified hereunder in the event of the Participant's death. No beneficiary designation shall become effective until it is filed with the Administrative Committee. Any

designation shall be revocable at any time through a written instrument filed by the Participant with the Administrative Committee with or without the consent of the previous Beneficiary. No designation of a Beneficiary other than the Participant's spouse shall be valid unless consented to in writing by such spouse. If there is no such designation or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate (which shall include either the Participant's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant's estate duly appointed and acting in that capacity within 90 days after the Participant's death (or such extended period as the Administrative Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Administrative Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (i) to that person's living parent(s) to act as custodian, (ii) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (iii) if no parent of that person is then living, to a custodian selected by the Administrative Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Administrative Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor. Payment by the Company or a Participating Company pursuant to any unrevoked Beneficiary designation, or to the Participant's estate if no such designation exists, of all benefits owed hereunder shall terminate any and all liability of the Company and the Participating Company, as applicable.

(e) "Board of Directors" or "Board" shall mean the Board of Directors of the Company.

(f) "Bonuses" shall mean the bonuses determined as of the last day of the fiscal year of the Company, and payable only to an Eligible Employee employed by of the Company or a Participating Company on the first day of the next following Plan Year.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Administrative Committee and the Oversight Committee appointed by the Board to oversee and administer the Plan in accordance with Article VII.

(i) "Company" shall mean Pilgrim's Pride Corporation, a Delaware corporation, or any successor thereof, if its successor shall adopt this Plan.

(j) "Company Contribution Account" shall mean the bookkeeping account maintained by the Company or any Participating Company for each Participant that is credited with an amount equal to the Company Contribution Amount, if any, and earnings and losses on such amounts pursuant to Section 4.2.

(k) "Company Contribution Amount" shall mean the amount of the Company's or a Participating Company's matching contribution, if any, for a Participant under the Pilgrim's Pride Retirement Savings Plan that is required to be reduced for a Plan Year pursuant to the operation of Code Section 401(m) and any other nonelective contributions allocable to a Participant that are made by the Company or a Participating Company.

(l) "Compensation" shall include a Participant's Base Salary plus Bonuses paid in a Plan Year.

(m) "Deferral Account" shall mean the bookkeeping account maintained by the Administrative Committee for each Participant that is credited with amounts equal to (i) the portion of the Participant's Compensation that he or she elects to defer pursuant to Section 3.1, (ii) the amount of any Participant deferrals under the Pilgrim's Pride Retirement Savings Plan that is required to be reduced for a Plan Year pursuant to the operation of Code Section 401(k) and that may be deferred under this Plan in accordance with Code Section 409A, and (iii) earnings and losses pursuant to Section 4.1.

(n) "Disability" shall mean a Participant has, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than twelve (12) months, received at least three months of salary continuation benefits under the Company's or the Participating Company's long-term disability plan. This definition shall be interpreted consistent with Code Section 409A(a)(2)(C).

(o) "Distributable Amount" shall mean the vested balance in the Participant's Deferral Account and Company Contribution Account.

(p) "Early Distribution" shall mean an election by Participant in accordance with Section 6.2 to receive a withdrawal of amounts from his or her Deferral Account and Company Contribution Account prior to the time at which such Participant would otherwise be entitled to such amounts.

(q) "Effective Date" shall mean January 1, 2005 and covers amounts subject to deferral elections in 2004 and thereafter which would otherwise have been payable on or after January 1, 2005.

(r) "Eligible Employee" shall mean any Employee whose Compensation for a Plan Year is expected during the Initial Election Period (and each subsequent election period) to be equal to or greater than the dollar amount used to determine if an employee is highly compensated within the meaning of Code Section 414(q)(1)(B)(i), as adjusted. In addition, an "Eligible Employee" shall mean a former employee of a Participating Company for whom a Prior Plan Account is established. An employee whose Initial Election Period occurs after the first day of a Plan Year shall be an Eligible Employee if his or her Compensation for the remainder of the Plan Year is reasonably expected to equal or exceed such dollar amount if

Compensation is annualized. If, however, the actual Compensation of a Participant is less than such amount for a Plan Year, then such Participant shall not be an Eligible Employee for the next following Plan Year. In addition, the following Employees shall not be Eligible Employees:

(i) Any Employee who is a nonresident alien and who receives no earned income (within the meaning of Code Section 911(d)(2)) from the Company or any Participating Company which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)), unless the Employee is within a group or classification of nonresident alien Employees designated as eligible to participate in the Plan by the Board of Directors;

(ii) Any Employee who is employed on a temporary basis, is a leased employee, or an independent contractor; and

(iii) Any person who is not classified by the Company or any Participating Company on its payroll records as an Employee under Code Section 3121(d) (including, but not limited to, a person classified by the Company or any Participating Company as an independent contractor, a non-employee consultant or as an employee of any other entity), even if such classification is determined to be erroneous, or is retroactively revised by a governmental agency, by court order or as a result of litigation, or otherwise. In the event the classification of a person who was excluded from the definition of Eligible Employee under the preceding sentence is determined to be erroneous or is retroactively revised, the person shall nonetheless continue to be excluded from treatment as an Eligible Employee for all periods prior to the date the Company or any Participating Company specifically determines for purposes of eligibility to participate in the Plan that the classification of the person was erroneous or should be revised.

(s) "Employee" shall mean each person currently employed as a regular employee of the Company or any Participating Company and solely for the purpose of maintaining a Prior Plan Account, any person formerly employed by a Participating Company.

(t) "Fund" or "Funds" shall mean one or more of the investment funds selected by the Oversight Committee pursuant to Section 3.2(b).

(u) "Hardship Distribution" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant or of his or her spouse or dependent (as defined in Code Section 152(a)), loss of a Participant's property due to casualty, or other similar or extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that would constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, a Hardship Distribution may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, or (ii) by liquidation of the Participant's assets, to the extent the liquidation of assets would not itself cause severe financial hardship.

(v) "Initial Election Period" shall mean the 30-day period prior to the Effective Date of the Plan, or the 30-day period following the time an Employee shall be designated by the Company or a Participating Company as an Eligible Employee.

(w) "Interest Rate" shall mean, for each Fund, an amount equal to the net gain or loss on the assets of such Fund during each business day.

(x) "Key Employee" means a "key employee" as defined in Code Section 416(i) without regard to paragraph 5 thereof.

(y) "Oversight Committee" shall mean the Oversight Committee appointed by the Board to oversee the Plan in accordance with Article VII.

(z) "Participant" shall mean any Eligible Employee who becomes a Participant in this Plan in accordance with Article II.

(aa) "Participating Company" shall include any corporation that is included in a controlled group of corporations within the meaning of Code Section 414(b) that includes the Company, and any trade or business that is under common control with the Company within the meaning of Code Section 414(c) but only if the Board of Directors of the Company permits such entity to participate in the Plan and the board of the Participating Company adopts this Plan. Participating Companies and the dates as of which they adopt the Plan shall be identified on Schedule A, attached hereto.

(bb) "Payment Date" shall mean the date as soon as practicable following such Participant's Termination in the case of distributions without a Scheduled Withdrawal Date, but no later than the end of the calendar year in which the Participant's Termination occurred or, if later, the 15th day of the third calendar month following the Participant's Termination. In the case of a Scheduled Withdrawal Date, the Payment Date shall be the date as elected by the Participant in accordance with Section 6.1 of the Plan.

(cc) "Plan" shall mean the Pilgrim's Pride Corporation 2005 Deferred Compensation Plan as amended from time to time.

(dd) "Plan Year" shall mean the Plan Year beginning January 1, 2005 and ending December 31, 2005. Each subsequent Plan Year shall begin on January 1 and end on December 31.

(ee) "Prior Plan Account" shall mean the bookkeeping account maintained by the Administrative Committee for each Participant that is credited with amounts equal to (i) the accrued liability for benefits under any nonqualified plan of a Participating Company that is merged with or transferred to this Plan with the permission of the Board of Directors of the Company, and (ii) earnings and losses pursuant to Section 4.3.

(ff) "Retirement" shall mean the termination of employment with the Company or a Participating Company, as applicable, for any reason, other than death or Disability, on or after the Participant's 55th birthday, provided, however, that, to the extent Retirement is treated as a separation from service under Code Section 409A(a)(2)(A), in the case of a Key Employee, Retirement for purposes of the Plan shall not be earlier than six (6) months following the Participant's separation from service as determined pursuant to Treasury Regulations issued under Code Section 409A(a)(2)(A).

(g g) " S c h e d u l e d W i t h d r a w a l D a t e " s h a l l m e a n t h e d i s t r i b u t i o n d a t e e l e c t e d b y t h e P a r t i c i p a n t f o r a n i n - s e r v i c e w i t h d r a w a l o f a m o u n t s f r o m s u c h A c c o u n t s d e f e r r e d i n a g i v e n P l a n Y e a r , a n d e a r n i n g s a n d l o s s e s a t t r i b u t a b l e t h e r e t o , a s s e t f o r t h o n t h e e l e c t i o n f o r m f o r s u c h P l a n Y e a r .

(h h) " T e r m i n a t i o n " m e a n s t h e d a t e o f a P a r t i c i p a n t ' s s e p a r a t i o n f r o m s e r v i c e i n c l u d i n g R e t i r e m e n t , w i t h t h e C o m p a n y a n d a n y P a r t i c i p a t i n g C o m p a n y , p r o v i d e d t h a t , i n t h e c a s e o f a K e y E m p l o y e e , T e r m i n a t i o n o t h e r t h a n a s a r e s u l t o f d e a t h o r D i s a b i l i t y s h a l l b e d e e m e d t o b e t h e d a t e s i x (6) m o n t h s f o l l o w i n g s e p a r a t i o n f r o m s e r v i c e a s d e t e r m i n e d p u r s u a n t t o T r e a s u r y R e g u l a t i o n s i s s u e d u n d e r C o d e S e c t i o n 4 0 9 A (a) (2) (A) .

(i i) " T r u s t " s h a l l m e a n t h e P i l g r i m ' s P r i d e C o r p o r a t i o n D e f e r r e d C o m p e n s a t i o n P l a n T r u s t .

(j j) " T r u s t e e " s h a l l m e a n W e l l s F a r g o B a n k (T e x a s) N . A .

(k k) " Y e a r s o f S e r v i c e " s h a l l m e a n a " y e a r o f s e r v i c e " a s s u c h t e r m i s d e f i n e d i n t h e P i l g r i m ' s P r i d e R e t i r e m e n t S a v i n g s P l a n a s i n e f f e c t J a n u a r y 1 , 2 0 0 5 , a s a m e n d e d f r o m t i m e t o t i m e .

PARTICIPATION1.1 Enrollment.

An Eligible Employee shall become a Participant in the Plan by completing the requirements as set forth below:

(a) electing to defer a portion of his or her Compensation in accordance with Section 3.1;

(b) completing an investment preference form as set forth in Section 3.2;

(c) filing a life insurance application form along with his or her deferral election form or investment preference form; and

(d) complying with such medical underwriting requirements as determined by the life insurance carrier selected by the Company.

2.2 Participation.

An Eligible Employee who completes the requirements of the preceding Section 2.1 shall commence participation in this Plan as of the first day of the month in which Compensation is deferred, a Company Contribution Amount is credited or a Prior Plan Account is established, whichever occurs first. In the event it is determined by the Committee that a proposed life insurance policy for a Participant cannot be obtained in a cost efficient manner after medical underwriting requirements have been met, no policy will be obtained. Notwithstanding any provision to the contrary, if it is determined or reasonably believed, based on a judicial or administrative determination or an opinion of Company's legal counsel that a Plan Participant is not an Eligible Employee following his or her initial enrollment, such individual shall cease to be a Participant and, to the extent permitted by Code Section 409A, his or her Distributable Amount shall be paid to him or her in a lump sum as soon as practicable after the determination is made that he or she is not an Eligible Employee.

DEFERRAL AND INVESTMENT ELECTIONS3.1 Elections to Defer Compensation.

(a) Initial Election Period. Subject to the provisions of Article II, each Eligible Employee may elect to defer a portion of his or her Compensation by filing with the Administrative Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Administrative Committee, no later than the last day of his or her Initial Election Period.

(b) General Rule. The amount of Compensation which an Eligible Employee may elect to defer is limited to such Compensation earned on or after the time at which the Eligible Employee elects to defer in accordance with Section 3.1(a) and shall be a flat dollar amount or percentage which shall not exceed 100% of the Eligible Employee's Compensation, provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy the Participant's Social Security Tax obligation (including Medicare) on the amount of Compensation prior to any deferral election under this Plan, income tax and employee benefit plan withholding requirements as determined in the sole and absolute discretion of the Administrative Committee.

(c) Duration of Compensation Deferral Election. An Eligible Employee's initial election to defer Compensation must be made prior to the Effective Date and is to be effective with respect to Compensation received after such deferral election is processed but only through the last day of the Plan Year. Thereafter, a Participant may commence, renew, increase, decrease or terminate a deferral election with respect to Compensation for any subsequent Plan Year by filing a new election not less than 15 days prior to the beginning of the next Plan Year or such earlier date as determined by the Administrative Committee, which election shall be effective on the first day of the next following Plan Year. In the case of an Employee who becomes an Eligible Employee after the Effective Date, such Eligible Employee shall have 30 days from the date he or she first becomes an Eligible Employee to make an Initial Election with respect to Compensation. Such election shall be effective for the remainder of the Plan Year, in the event the Plan Year has commenced.

(d) Elections other than Elections during the Initial Election Period. Subject to the limitations of Section 3.1(b) above, any Eligible Employee who failed to file an initial election or whose prior Compensation deferral election has expired may elect to again defer Compensation, by filing an election on a form provided by the Administrative Committee to defer Compensation as described in Sections 3.1(b) and 3.1(c) above. An election to defer Compensation must be filed in a timely manner in accordance with Section 3.1(c).

(e) Rescission or Modification of Deferral Election. As permitted under Code Section 409A and the relevant transition rules in Section 885(f) of the American Jobs Creation Act of 2004 and Treasury Regulations issued thereunder a Participant may (i) rescind his or her deferral election by filing a rescission election in accordance with the policies and procedures established by the Administrative Committee or (ii) modify his deferral election by filing a

revised deferral election on a form provided by the Administrative Committee. A Participant's rescission election shall become effective retroactive to the first day of the Plan Year in which the rescission election is made and a revised deferral election will become effective on the first pay period following the date the election is implemented in the Company's or the Participating Company's payroll system. Once a rescission election is filed with the Administrative Committee, the Participant will be unable to elect to participate in the Plan until the next following Plan Year.

(f) Ineligibility. A Participant whose actual Compensation is below the threshold for a Plan Year shall cease to be an Eligible Employee for the next following Plan Year, and any election to defer Compensation for such Plan Year shall be null and void unless, in the Administrative Committee's sole and exclusive determination, the Participant is likely to be an Eligible Employee in such succeeding Plan Year.

(g) Irrevocable Election. Except as permitted under paragraph (e) above, once made Compensation deferral elections shall remain in force for the applicable Plan Year unless the Participant ceases to be an Eligible Employee, in which case contributions made while an Eligible Employee shall remain in the Plan until distribution as elected in accordance with Article VI.

3.2 Investment Elections.

(a) At the time of making the deferral elections described in Section 3.1, and effective with the establishment of a Prior Plan Account for a Participant, the Participant shall select, on a form provided by the Oversight Committee, from among the types of Funds selected by the Oversight Committee in which the Participant's Account will be deemed to be invested in for purposes of determining the amount of earnings or losses to be credited to that Account. In making the selection pursuant to this Section 3.2, the Participant may specify that all or any multiple of his or her Account be deemed to be invested, in whole percentage increments, in one or more of the Funds provided under the Plan as communicated from time to time by the Oversight Committee. A Participant may change the selection made under this Section 3.2 by following such procedures and formats as the Administrative Committee shall authorize. If a Participant fails to elect a type of Fund under this Section 3.2, he or she shall be deemed to have elected the money market type of Fund.

(b) Although the Participant may designate the type of investments, the Committee shall not be bound by such designation. The Oversight Committee shall select from time to time, in its sole and absolute discretion, commercially available investments of each of the types communicated by the Oversight Committee to the Participant pursuant to Section 3.2(a) above, which shall be the Funds. The Interest Rate of each such commercially available investment Fund shall be used to determine the amount of earnings or losses to be credited to Participant's Account under Article IV.

DEFERRAL ACCOUNTS AND TRUST FUNDING4.1 Deferral Accounts.

The Administrative Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("Fund subaccounts"), each of which corresponds to a Fund elected by the Participant pursuant to Section 3.2(a). A Participant's Deferral Account shall be credited as follows:

(a) On the fifth business day after amounts are withheld and deferred from a Participant's Compensation, the Administrative Committee shall credit the Fund subaccounts of the Participant's Deferral Account with an amount equal to Compensation deferred by the Participant in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Compensation that the Participant has elected to be deemed to be invested in a certain type of Fund shall be credited to the Fund subaccount corresponding to that Fund;

(b) Each business day, each Fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund subaccount as of the prior day plus contributions credited that day to the Fund subaccount by the Interest Rate for the corresponding fund selected by the Oversight Committee pursuant to Section 3.2(b).

(c) In the event that a Participant elects for a given Plan Year's deferral of Compensation to have a Scheduled Withdrawal Date, all amounts attributed to the deferral of Compensation for such Plan Year shall be accounted for in a manner which allows separate accounting for the deferral of Compensation and investment gains and losses associated with such Plan Year's deferral of Compensation.

4.2 Company Contribution Account.

The Administrative Committee shall establish and maintain a Company Contribution Account for each Participant under the Plan. Each Participant's Company Contribution Account shall be further divided into separate Fund subaccounts corresponding to the Fund selected by the Participant pursuant to Section 3.2(a). A Participant's Company Contribution Account shall be credited as follows:

(a) On the fifth business day after a Company Contribution Amount is made, the Administrative Committee shall credit the Fund subaccounts of the Participant's Company Contribution Account with an amount equal to the Company Contribution Amount, if any, which the Participant selected to be deemed to be invested in a certain type of Fund shall be credited to the corresponding investment Fund subaccount; and

(b) Each business day, each Fund subaccount of a Participant's Company Contribution Account shall be credited with earnings or losses in an amount equal to that

determined by multiplying the balance credited to such Fund subaccount as of the prior day plus contributions credited that day to the Fund subaccount by the Interest Rate for the corresponding Fund selected by the Oversight Committee pursuant to Section 3.2(b).

4.3 Prior Plan Account.

The Administrative Committee shall establish and maintain a Prior Plan Account for each Participant under the Plan whose benefit under this Plan includes amounts accrued under the prior nonqualified deferred compensation plan of a Participating Company, to the extent permitted by the Board. Each Participant's Prior Plan Account shall be further divided into Fund subaccounts, each of which corresponds to a Fund elected by the Participant pursuant to Section 3.2(a). A Participant's Prior Plan Account shall be credited as follows:

(a) On the fifth business day after accrued benefits are assumed by this Plan, the Administrative Committee shall credit the Fund subaccounts of the affected Participant's Prior Plan Account with an amount equal to such accrued benefits in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's prior plan accrued benefit that the Participant has elected to be deemed to be invested in a certain type of Fund shall be credited to the Fund subaccount corresponding to that Fund;

(b) Each business day, each Fund subaccount of a Participant's Prior Plan Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund subaccount as of the prior day to the Fund subaccount by the Interest Rate for the corresponding fund selected by the Oversight Committee pursuant to Section 3.2(b).

4.4 Trust Funding.

(a) The Company has created a Trust with the Trustee. The Company shall cause the Trust to be funded each year. The Company and any Participating Company shall contribute to the Trust the sum of: (i) an amount equal to the amount deferred by each Participant; and (ii) the aggregate amount of Company Contribution Amounts for the Plan Year. The Participating Company shall contribute to the Trust an amount equal to the amount accrued by each Participant under any nonqualified deferred compensation plan of the Participating Company that is merged with or transferred to this Plan.

(b) Although the principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and any Participating Company and shall be used exclusively for the uses and purposes of Plan Participants and Beneficiaries as set forth therein, neither the Participants nor their Beneficiaries shall have any preferred claim on, or any beneficial ownership in, any assets of the Trust prior to the time such assets are paid to the Participants or their Beneficiaries. Benefits and all rights created under this Plan shall be unsecured contractual rights of Plan Participants and Beneficiaries against the Company and any Participating Company. Any assets held in the Trust will be subject to the claims of Company's and any Participating Company's general creditors under federal and state law in the event its or their becoming "insolvent" as defined in Section 4(a) of the Trust or any successor section.

(a) The assets of the Plan and Trust shall never inure to the benefit of the Company or any Participating Company and the same shall be held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and for deferring reasonable expenses of administering the Plan and Trust.

ARTICLE I

VESTING

A Participant shall be 100% vested in his or her Deferral Account and Prior Plan Account. A Participant shall be vested in his or her Company Contribution Amount as follows.

Years of Service	Percentage
Less than 2	0 %
2	20 %
3	40 %
4	60 %
5	80 %
6 or more	100 %

DISTRIBUTIONS6.1 Distribution of Deferred Compensation and Company Contributions.

(a) Distribution Election. During each annual enrollment, under rules and on the distribution form prescribed by the Administrative Committee, a Participant may elect the timing and form of distribution with respect to the "Plan Year Balance" credited to his or her Account. For purposes of a distribution election, a Participant's Plan Year Balance shall mean any deferrals of Compensation, vested Company Contributions made during a Plan Year, and any earnings on such deferrals of Compensation and Company Contribution Amounts. On the distribution form a Participant may elect to receive his Plan Year Balance on a Scheduled Withdrawal Date. With respect to that portion of Participant's Account for which a Scheduled Withdrawal Date is not selected then such vested amounts shall become payable on the Payment Date after the first to occur of the Participant's (i) Termination or (ii) death.

(b) Form of Distribution.

(1) If on a Payment Date a Participant's vested Account balance is \$50,000 or less, then notwithstanding any election to the contrary the amount to be distributed shall be paid to the Participant (and after his or her death to his or her Beneficiary) in a lump sum distribution.

(2) In the case of a Participant with a vested Account balance of more than \$50,000 on a Payment Date then the Plan Year Balance(s), as applicable to such Payment Date, shall be paid to the Participant (and after his or her death his or her Beneficiary) in the form selected by the Participant in accordance with the options set forth below:

(i) Termination.

(A) A lump sum distribution beginning on the Participant's Payment Date.

(B) Substantially equal quarterly installment beginning on the Participant's Payment Date over a period of five, ten, fifteen, or twenty years.

(C) If no election regarding the form of distribution has been made with respect to a Plan Year Balance, the payment of which will occur at Termination, then the amount to be distributed shall be paid to the Participant (and after his or her death to his or her Beneficiary) in quarterly installments over a period of ten years.

(ii) Scheduled Withdrawal Date.

(A) A lump sum distribution beginning on the Scheduled Withdrawal Date.

160; (B) Substantially equal quarterly installments beginning on the Scheduled Withdrawal Date over a period of one, two, three, four, or five years.

(C) If no election regarding the form of distribution has been made with respect to a Plan Year Balance, the payment of which will occur on a Scheduled Withdrawal Date, then the amount to be distributed shall be paid to the Participant (and after his or her death to his or her Beneficiary) in quarterly installments beginning on the Scheduled Withdrawal Date over a period of five years.

(c) Scheduled Withdrawal Dates. A Participant who has elected a Scheduled Withdrawal Date for a distribution while still in the employ of the Company and any Participating Company shall receive a distribution from his or her Account on such date, but only if he meets the requirements of 6.1(b)(2) above and only with respect to each Plan Year Balance as shall have been selected by the Participant to be subject to such Scheduled Withdrawal Date in accordance with Section 1.1(gg) of the Plan. A Participant's Scheduled Withdrawal Date with respect to a Plan Year Balance can be no earlier than two years from the first day of the Plan Year for which the deferrals of Compensation and Company Contribution Amounts are made; provided, however, that with respect to the Plan Year that includes the Effective Date, the Scheduled Withdrawal Date can be no earlier than 18 months from the Effective Date of the Plan. A Scheduled Withdrawal Date shall be a date certain, rather than an event, in accordance with Code Section 409A. In the event a Participant terminates employment with the Company and any Participating Company prior to the occurrence of a Scheduled Withdrawal Date (other than by reason of death), the portion of the Participant's Account associated with a Scheduled Withdrawal Date which has not been paid in full prior to such Termination, shall be distributed in accordance with the payment method selected by or applicable to the Participant in connection with his or her Termination.

(d) Modification. A Participant may elect to modify the form of benefit or extend the time of distribution with respect to a specific Plan Year Balance provided that such modification or extension is (x) made on a form provided by the Administrative Committee, (y) filed with the Administrative Committee at least twelve (12) months prior to his or her original Payment Date or Scheduled Withdrawal Date, and (z) any change to a distribution election relating to a distribution (other than for death or Disability) shall be effective only to the extent the first payment pursuant to the changed election is deferred for a period of at least five (5) years from the date payment would have otherwise been made. In addition, any change to a Participant's form of benefit or time of distribution shall not become effective for a period of twelve (12) months from the date the form requesting such modification is received by the Administrative Committee. A Participant shall have the right to modify his or her elections up to two times with respect to a specific Plan Year Balance.

(e) Distribution for Termination of Employment due to Death. In the case of a Participant who dies while employed by the Company or any Participating Company, the Participant's vested Account balance shall be paid to the Participant's Beneficiary in a lump sum unless the Participant has a valid election to receive installments. In addition, a death benefit, payable as a lump sum, shall be paid to the Beneficiary in an amount that is equal to the lesser of (i) \$50,000 and (ii) 25% of the Participant's vested Account balance as of the date of death.

(f) Post-Termination Death Benefit. In the event a Participant who has begun receiving quarterly installments dies after his or her Termination and at the time of death still has a vested balance in his or her Account, the vested balance of such Account shall continue to be paid in quarterly installments in accordance with the election(s) previously made by the Participant.

(g) Earnings. The Participant's Account shall continue to be credited with earnings pursuant to Section 4.1 of the Plan until all vested amounts credited to his or her Account under the Plan have been distributed.

(h) Delayed Distribution. A Participant's Payment Date may be delayed under the following circumstances:

(1) if the Company's income tax deduction under Code Section 162(m) would be limited or eliminated; provided, however, that amount to be distributed will be paid at the earliest date the Company or any Participating Company reasonably anticipates that the deduction will not be limited or eliminated or, if sooner, the calendar year of the Participant's Termination;

(2) for a period of six months after the Participant's Termination (except for death or Disability), if the Participant is a Key Employee. Key Employees shall be determined by including employees of the Company and any Participating Company, including nonresident alien employees;

(3) if the amount to be distributed from the Participant's Account would violate a loan covenant to which the Company or any Participating Company is a party, and the violation is expected to cause material harm to the Company or a Participating Company provided, however, that the distribution will occur at the earliest date it is reasonable to expect that the payment will not cause material harm;

(4) if the amount to be distributed from the Participant's Account is reasonably likely to violate federal or applicable state securities laws; provided, however, that the distribution will occur at the earliest date the Company and any Participating Company reasonably anticipate that the distribution will not cause a violation; and

(5) if the amount to be distributed from the Participant's Account is subject to a bona fide dispute; provided, however, that the distribution occurs during the first calendar year in which the Participant, the Company and any Participating Company enter into legally binding settlement agreement or pursuant to a final non-appellable judgment or other binding decision.

6.2 Hardship Distribution

A Participant shall be permitted to elect a Hardship Distribution from his or her vested Accounts in accordance with Section 1.1(u) of the Plan prior to the Payment Date, subject to the following restrictions:

(a) The election to take a Hardship Distribution shall be made by filing a form provided by and filed with the Administrative Committee prior to the end of any calendar month.

(b) The Administrative Committee shall have made a determination that the requested distribution constitutes a Hardship Distribution in accordance with Section 1.1(u) of the Plan.

(c) The amount determined by the Administrative Committee as a Hardship Distribution (which may not exceed the amount necessary to satisfy such emergency plus the amount necessary to pay taxes reasonably anticipated as a result of the distribution) shall be paid in a single cash lump sum as soon as practicable after the end of the calendar month in which the Hardship Distribution election is made and approved by the Administrative Committee.

(d) If a Participant receives a Hardship Distribution, then to the extent permitted under Code Section 409A the Participant will be ineligible to participate in the Plan for the balance of the Plan Year in which the Hardship Distribution was paid and the following Plan Year.

6.3 Taxes.

All distributions shall be reduced by an amount that the Administrative Committee reasonably determines is necessary to be withheld and paid over to satisfy federal, state, local and foreign tax authorities pursuant to Section 8.3.

6.4 Inability to Locate Participant.

In the event that the Administrative Committee is unable to locate a Participant or Beneficiary within two years following the required Payment Date, the entire amount allocated to the Participant's Deferral Account, Company Contribution Account and Prior Plan Account shall be forfeited. If, after such forfeiture, the Participant or Beneficiary later claims such benefit, such benefit, to the extent vested, shall be reinstated without interest or earnings.

6.5 Distributions from Prior Plan Account.

In the event that a Participant has a Prior Plan Account, then all distribution options with respect to amounts credited to such Prior Plan Account shall be distributed in accordance with this Article 6, except with respect to a Participant who is not a current employee and is in pay status with respect to such Prior Plan Account at the time such Account is initially credited with an accrued benefit under the prior plan. In such case, the distribution made in effect at the time the Prior Plan Account is credited under this Plan shall continue in accordance with the provisions of said prior plan, as provided on Schedule B.

ADMINISTRATION7.1 The Committees.

Two committees, the Administrative Committee and the Oversight Committee, shall be appointed by, and serve at the pleasure of, the Board of Directors. The number of members comprising each Committee shall be determined by the Board, which may from time to time vary the number of members. Any member of a Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member of a Committee by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of either Committee shall be filled promptly by the Board.

7.2 Committee Action.

A Committee shall act at meetings by the affirmative vote of a majority of its members. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of a Committee and such written consent is filed with the minutes of the proceedings of such Committee. A member of a Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The Chairman or any other member or members of a Committee designated by the Chairman may execute any certificate or other written direction on behalf of such Committee. Any member of a Committee may execute documents or provide written directions on behalf of the entire Committee.

7.3 Powers and Duties of the Administrative Committee.

The Administrative Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan except with respect to the powers and duties of the Oversight Committee as described in Section 7.4, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

- (a) To construe and interpret the terms and provisions of this Plan;
- (b) To compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;
- (c) To maintain all records that may be necessary for the administration of the Plan;
- (d) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;
- (e) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof; and

(f) To review decisions made by the Company with respect to claims.

7.4 Powers and Duties of the Oversight Committee.

The Oversight Committee, on behalf of the Participants and their Beneficiaries, shall be charged with the general administration of the Plan, except with respect to the powers and duties of the Administrative Committee as described in Section 7.3, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(a) To select the Funds in accordance with Section 3.2(b) hereof;

(b) To appoint a Plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Oversight Committee may from time to time prescribe; and

(c) To take all actions necessary for the administration of the Plan, including determining whether to hold or discontinue the Policies.

7.5 Construction and Interpretation.

The Administrative Committee shall have full and exclusive discretion to construe and interpret the terms and provisions of this Plan, which interpretations or construction shall be final and binding on all parties, including but not limited to the Company, the Oversight Committee and any Participant or Beneficiary. The Administrative Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

7.6 Information.

To enable the Committees to perform their functions, the Company and each Participating Company shall supply full and timely information to the Committees on all matters relating to the Compensation of all Participants, their death or other events which cause termination of their participation in this Plan, and such other pertinent facts as a Committee may require.

7.7 Compensation, Expenses and Indemnity.

(a) The members of a Committee shall serve without compensation for their services hereunder.

(b) Each Committee is authorized at the expense of the Company and each Participating Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid equally by the Company and each Participating Company, subject to an agreement between the Company and each Participating Company to the contrary.

(c) To the extent permitted by applicable state law, the Company and each Participating Company shall indemnify and hold harmless the Administrative and Oversight Committees and each member thereof, the Board of Directors and any delegate of a Committee who is an employee of the Company and any Participating Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company and any Participating Company, or provided by the Company and any Participating Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law. The liability under this Section 7.7(c) shall be joint and several among the Company and any Participating Companies.

7.8 Annual Statements.

Under procedures established by the Administrative Committee, a Participant shall receive a statement with respect to such Participant's Accounts on an annual basis. In addition, a Participant may obtain access to Account information through telephonic and electronic means, including the Internet, as permitted by the Company.

7.9 Disputes.

(a) Claim.

A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") must file a written request for such benefit with the Company, setting forth his or her claim. The request must be addressed to the President of the Company at its then principal place of business.

(b) Claim Decision.

Upon receipt of a claim, the Company shall advise the Claimant that a reply will be forthcoming within thirty (30) days and shall, in fact, deliver such reply within such period. The Company may, however, extend the reply period for an additional thirty (30) days for special circumstances.

If the claim is denied in whole or in part, the Company shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial; (ii) the specific reference to pertinent provisions of this Plan on which such denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation of why such material or such information is necessary; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (v) the time limits for requesting a review under subsection (c).

(c) Request For Review.

Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Administrative Committee review the determination of the Company. Such request must be addressed to the Administrative Committee, c/o the Secretary of the Company, at its then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Administrative Committee. If the Claimant does not request a review within such sixty (60) day period, he or she shall be barred and estopped from challenging the Company's determination.

(d) Review of Decision.

Within thirty (30) days after the Administrative Committee's receipt of a request for review, after considering all materials presented by the Claimant, the Administrative Committee will inform the Participant in writing, in a manner calculated to be understood by the Claimant, of the decision setting forth the specific reasons for the decision containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the thirty (30) day time period be extended, the Administrative Committee will so notify the Claimant and will render the decision as soon as possible, but no later than sixty (60) days after receipt of the request for review.

MISCELLANEOUS8.1 Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company or any Participating Company. No assets of the Company or any Participating Company shall be held in any way as collateral security for the fulfilling of the obligations of the Company or any Participating Company under this Plan. Any and all of the Company's and any Participating Company's assets shall be, and remain, the general unpledged, unrestricted assets of the Company and any Participating Company. The Company's and any Participating Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company or any Participating Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors. It is the intention of the Company and any Participating Company that this Plan be unfunded for purposes of the Code and for purposes of ERISA.

8.2 Restriction Against Assignment.

The Company and any Participating Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, commute, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Administrative Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Administrative Committee shall direct.

8.3 Withholding.

There shall be deducted from each payment made under the Plan or any other Compensation payable to the Participant (or Beneficiary) all applicable federal, state, local or foreign taxes which are required to be withheld by the Company or any Participating Company in respect to such payment or this Plan. The Company and any Participating Company shall have the right to reduce any payment (or compensation) by the amount of cash sufficient to provide the amount of said taxes.

8.4 Amendment, Modification, Suspension or Termination.

The Board may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive

effect to reduce any amounts allocated to a Participant's Accounts. In the event that this Plan is terminated, the amounts allocated to a Participant's Accounts shall be distributed to the Participant or, in the event of his or her death, his or her Beneficiary in a lump sum as soon as is practicable in accordance with the termination and distribution procedures set forth in Code Section 409A and the regulations thereunder.

8.5 Governing Law.

This Plan shall be construed, governed and administered in accordance with the laws of the State of Texas to the extent not preempted by ERISA.

8.6 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committees, the Company and each Participating Company. The Administrative Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

8.7 Payments on Behalf of Persons Under Incapacity.

In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Administrative Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Administrative Committee may direct that such payment be made to any person found by the Administrative Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committees, the Company and each Participating Company.

8.8 Limitation of Rights and Employment Relationship.

Neither the establishment of the Plan and Trust nor any modification thereof, nor the creating of any fund or account, nor the payment of any benefits shall be construed as giving to any Participant, or Beneficiary or other person any legal or equitable right against the Company, a Participating Company or the Trustee of the Trust except as provided in the Plan and Trust; and in no event shall the terms of employment of any Employee or Participant be modified or in any way be affected by the provisions of the Plan and Trust.

8.9 Severability.

If any provision of this Plan is held to be invalid or unenforceable, the remaining provisions shall be effective.

8.10 Gender.

Unless the context clearly indicates otherwise, the masculine gender shall include the feminine, the singular shall include the plural, and the plural the singular.

8.11 No Enlargement of Employee Rights.

(a) This Plan is strictly a voluntary undertaking on the part of the Company and a Participating Company and shall not be deemed to constitute a contract between the Company or any Participating Company and any Employee, or to be consideration for, or an inducement to, or a condition of, the employment of any Employee.

(b) Nothing contained in this Plan or the Trust shall be deemed to give any Employee the right to be retained in the employ of the Company or any Participating Company or to interfere with the right of the Company or any Participating Company to discharge or retire any Employee at any time.

(c) No Employee, or any other person, shall have any right to or interest in any portion of the Trust, and no Employee or any other person shall be entitled to rely upon any representations, whether oral or in writing, any prospectus or other document, which are inconsistent with this Plan document.

8.12 Addresses.

Each Participant or Eligible Employee shall be responsible for furnishing the Administrative Committee with his or her correct current address and the correct current name and address of his or her Beneficiary or Beneficiaries.

8.13 Interpretation.

Article and Section headings are for convenient reference only and shall not be deemed to be part of the substance of this instrument or in any way to enlarge or limit the content of any Article or Section.

8.14 No Implied Rights or Obligations.

The Company, in establishing and maintaining this Plan as a voluntary and unilateral undertaking, expressly disavows the creation of any rights in Employees, Eligible Employees, Participants, or Beneficiaries or any obligations on the part of the Company or a Participating Company, except as expressly provided herein.

8.15 Participants Outside of the United States.

The Administrative Committee may adopt additional Plan rules in any jurisdiction outside of the United States in which participation in the Plan may be subject to additional or modified terms as may be required or advised to comply with local securities, exchange control, or tax laws or regulations or similar factors which may apply to the Participant, the Company or any Participating Company with respect to the Plan, including but not limited, different rules governing (i) the amount of Compensation that may be deferred under Article III, (ii) the ability of a Participant to rescind or modify a deferral or distribution election, or (iii) the time and form in which a Participant may elect to receive a distribution.

SCHEDULE A
PARTICIPATING COMPANIES

Name of
Company
of Participation

To - Ricos ,
Inc .
1 , 2 0 0 5

Pilgrim's Pride
Corporation
2 0 0 5
of West Virginia , Inc .

January 1 ,

PFS Distribution
Company
1 , 2 0 0 5

PPC Transportation
Company
1 , 2 0 0 5

Pilgrim's Pride
Affordable
1 , 2 0 0 5
Housing Corporation

PPC Marketing
Ltd .
January 1 , 2 0 0 5

S C H E D U L E B

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VENDOR
SERVICE AGREEMENT

THIS SERVICE AGREEMENT ("Agreement") is entered into effective this 28th day of Dec., 2005 (the "Effective Date"), by and between Pilgrim's Pride Corporation, a Delaware corporation with its headquarters at 4845 Hwy. 271 North, Pittsburg, Texas 75686 ("Pilgrim's Pride") and Pat Pilgrim d/b/a Pat Pilgrim Farms (the "Vendor"), whose address is 1535 Loop 179, Pittsburg, TX 75686, referred to in this Agreement separately as a "Party" or collectively as the "Parties".

WITNESSETH:

WHEREAS, Pilgrim's Pride desires Vendor to provide services as mutually agreed upon by the Parties as more fully set forth in Exhibit "A" attached hereto and incorporated herein by reference (the "Services"); and

WHEREAS, Vendor is experienced in all facets of the Services and is agreeable to providing such Services for Pilgrim's Pride.

NOW, THEREFORE, in consideration of the mutual promises contained herein and subject to all terms and conditions hereof, Pilgrim's Pride and Vendor agree as follows:

1. Scope of Vendor's Authority.

Pilgrim's Pride authorizes Vendor to provide the Services specified on Exhibit "A" attached hereto and incorporated herein by reference. Vendor shall not commence said Services without the authorization of Pilgrim's Pride.

2. Fees and Charges.

In consideration of the Services performed by Vendor, Pilgrim's Pride agrees to pay Vendor the service fees and other charges as specified on Exhibit "B" attached hereto and incorporated herein by reference within 30 days from the later of i) the date of receipt of invoice at the following listed address or ii) upon acceptance of the Services as being satisfactory to Pilgrim's Pride. All invoices must be sent to Pilgrim's Pride at the following address:

Pilgrim's Pride Corporation
P. O. Box 5000
Pittsburg, Texas 75686
Attn: Accounts Payable

3. Term and Termination.

- 3.1. The Initial Term of this Agreement is up to one (1) calendar year, beginning on the Effective Date and ending on December 31st of the year in which such Agreement is executed by the Parties. This Agreement will automatically renew for another one (1) year term on each January 1st following the Effective Date (the "Renewal Term"), unless otherwise terminated in accordance with the provisions of this section.
- 3.2. Either Party may terminate this Agreement, with or without cause, by giving the other Party sixty (60) days prior written notice of termination using the notice procedure described in Section 11 below.
- 3.3. This Agreement may be terminated by either Party by providing written notice of "Immediate Termination" to the other Party in any of the following circumstances:
- 3.3.1. if a Party fails to pay any amount owed to the other Party under this Agreement within ten (10) days after receipt of written "Late Notice" demanding payment; or
- 3.3.2. if a Party fails to cure a breach of a material provision of this Agreement, other than non-payment of any amount owed to the other Party hereunder, within thirty (30) calendar days after receipt of written notice demanding cure.
- 3.4. This Agreement will be terminated immediately by Pilgrim's Pride in any of the following circumstances:
- 3.4.1. If Vendor becomes the subject of an insolvency or bankruptcy proceeding or makes an assignment of all or substantially all of its assets for the benefit of its creditors;
- 3.4.2. If Vendor has not provided any Services to Pilgrim's Pride during the previous calendar year.
- 3.5. Upon termination of this Agreement, Vendor shall return to Pilgrim's Pride all originals and copies of documents provided by Pilgrim's Pride for purposes of this Agreement.

4. Representations of Vendor.

Vendor represents and warrants as follows:

- 4.1. It will comply with all applicable laws, rules and regulations governing the provision of Services and the performance of its duties under this Agreement.

4.2 It is duly authorized and licensed to perform the Services and its duties hereunder in each jurisdiction in which it will act.

4.3 It will maintain insurance requirements per Section 5 below and agrees that Pilgrim's Pride can withhold payment for Services if and for so long as it fails to comply with Section 5.

5. Insurance.

Vendor agrees to maintain in effect insurance coverage with reputable insurance companies covering worker's compensation and employer liability (or other reasonable equivalent, as solely determined by Pilgrim's Pride's Risk Management Department, such as excess employer's indemnity insurance or excess worker's compensation) excess insurance, auto liability, commercial general liability, including product liability/completed operations, all with such limits as are sufficient to protect Vendor and Pilgrim's Pride from the liabilities insured against by such coverage. Vendor's insurance described herein shall be primary and not contributory with Pilgrim's Pride's insurance with respect to obligations resulting from the negligence of Vendor.

Vendor shall have the following minimum requirements on their Certificate of Insurance.

General Liability
General Aggregate \$2,000,000
Products/Completed Operations \$1,000,000
And/or Professional Liability \$1,000,000 (if applicable)
Each Occurrence \$1,000,000

Automobile Liability
Combined Single Limit \$1,000,000

Workers Compensation Statutory

Employers' Liability
Each Accident \$100,000
Policy Limit \$500,000
Each Employee \$100,000

Pilgrim's Pride Corporation is to be listed as an Additional Insured on General Liability and Auto policies. A 30-day notice of cancellation is also required. Pilgrim's Pride Corporation reserves the right to modify these requirements as deemed necessary for the risk presented to Pilgrim's Pride Corporation.

The certificate holder address should read as follows:

Pilgrim's Pride Corporation
Attn: Risk Management
4845 Hwy. 271 N
P.O. Box 93
Pittsburg, TX 75686

6. Indemnification.

6.1. Each Party shall indemnify and hold harmless the other Party and all of its directors, officers, employees and agents (the "Indemnitees") from and against any claims, losses, damages, liens, judgments, awards, penalties or other costs or expenses (including, but not limited to, any reasonable attorneys' fees), and defend, at such Party's cost, each Indemnitee against any threatened, pending or initiated claim, action, litigation, suit, arbitration, mediation or proceeding, arising out of or connected with a violation of law by such Party, a breach of such Party's obligations under this Agreement, or any negligence or willful misconduct by any employee, agent, contractor or other representative of such Party. Parties shall notify each other as soon as reasonably practicable of any such claim, action, litigation, suit, arbitration, mediation or proceeding and provide the other Party with reasonable assistance in the defense thereof; provided that such delay or failure to deliver any such notice shall not relieve either Party's obligations under this provision except to the extent such delay or failure materially prejudices either Party's obligations hereunder.

6.2. Termination of this Agreement shall not relieve either Party of its respective obligations of indemnification under this section.

7. Confidentiality.

Vendor acknowledges that its employees and other representatives will be exposed to confidential and proprietary information of Pilgrim's Pride during the ordinary course of providing the services contemplated by this Agreement. Vendor agrees to use its best efforts and to cause its employees and other representatives to use the same degree of care to maintain the confidentiality of such information as it would and/or does with respect to its own proprietary and confidential business information. Vendor agrees to refrain from disclosing any part of Pilgrim's Pride's confidential and proprietary information to a third party. Vendor further agrees not to use any confidential and proprietary business information of Pilgrim's Pride for any purpose other than the performance of the Services described hereunder.

8. Audit.

Vendor shall keep accurate books of account and records covering all transactions involving the products and/or services provided by Vendor. Pilgrim's Pride, or its authorized representatives, shall have the right, during normal business hours, to examine such books and records to the extent necessary to determine Vendor's compliance with the supply of the products and/or services under this Agreement. All such books and records shall be kept available during the term of business relationship and for at least three (3) years after their creation.

9 . No Gratuities.

Neither Party will offer or provide to the employees, agents or other representatives of the other Party any favors, gratuities, gifts, payments, or anything of value, whether or not in an attempt to influence such person's administration of the provisions of Agreement or to otherwise gain unfair advantage individually and/or relative to competing suppliers/vendors.

Additionally, each Party will immediately report to the other Party any requests made for favors, gratuities, gifts, payments, or anything of value by employees, agents or other representatives of such Party and will cooperate with respect to any inquiry or investigation being conducted related to such activities or alleged activities. Pilgrim's Pride has established its PRIDE Line with the toll-free number of 1-888-536-1510 to report any unethical conduct.

10 . Amendment and Waiver.

10.1 This Agreement and the Exhibits attached hereto contain the entire agreement between the Parties with respect to the subject matter hereof and shall not be amended except in a writing duly signed by both Parties to this Agreement.

10.2 The failure of either Party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not constitute a waiver of such Party's rights to insist upon strict adherence to such term or provision on a subsequent occasion. Any of the terms or provisions of this Agreement may be waived at any time, and from time to time, in writing by the Party entitled to the benefit thereof without impairing or diminishing any other term or provision hereof. Waiver by either Party of a breach of any term or provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.

11 . Notice.

All notices, requests and other communications ("Notices") required or permitted to be given under this Agreement shall be given in writing and shall be deemed duly delivered if delivered personally with receipt acknowledged, if delivered by an overnight delivery service such as UPS or FedEx, or by United States registered or certified first class mail, postage paid, return receipt requested, addressed to the Parties at the following addresses, or such other address as any Party may specify hereinafter by giving notice to the other Party in accordance with the procedure outlined in this section:

I f t o P i l g r i m ' s P r i d e :

Pilgrim's Pride Corporation
4845 Hwy. 271 N
Pittsburg, Texas 75686
Attn: Risk Management - Contracts
Telephone: 903-434-1000

I f t o V e n d o r :

Pat Pilgrim
1535 Loop 179
Pittsburg, TX 75686
Telephone: 903-856-0316

Notices shall be deemed duly received on the date of confirmed delivery.

1 2 . A s s i g n m e n t .

Except for merger, sale or acquisition of Pilgrim's Pride, neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party. All representations, covenants and warranties of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successor or permitted assigns. Nothing in this Agreement is intended or shall be construed to confer upon or give to any person or entity other than Pilgrim's Pride and Vendor any right, remedy or claim hereunder.

1 3 . S e v e r a b i l i t y .

If any provision of this Agreement shall be declared invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

1 4 . D i s p u t e R e s o l u t i o n .

If a dispute arises from or relates to transactions between the Parties, the Parties shall endeavor to settle the dispute first through direct discussions and negotiations. If the dispute cannot be settled through direct discussions, the Parties shall endeavor to settle the dispute by mediation under the Mediation Rules of the American Arbitration Association before recourse to the arbitration procedures contained in this Agreement. If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the Parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by binding arbitration in Dallas, Texas or such other location as agreed upon by the Parties. The arbitration will be conducted in accordance with the procedures in this document and the Rules of the American Arbitration Association in effect on the date of the engagement letter, or such other rules and procedures as the Parties may designate by mutual agreement. In the event of a conflict, the provisions of this document will control.

The arbitration shall be conducted by a single arbitrator as agreed upon by the Parties. If the Parties cannot agree on a single arbitrator, the arbitration will be conducted before a panel of three arbitrators, one selected by each Party and the third arbitrator selected by the Parties' two arbitrators from a panel provided by the American Arbitration Association. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the agreement between the Parties and the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The individual arbitrator or the arbitration panel shall have no power to award non-monetary or equitable relief of any sort. The arbitrator/panel shall also have no power to award (a) damages inconsistent with any applicable agreement between the Parties or (b) punitive damages or any other damages not measured by the prevailing Party's actual damages; and the Parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator/panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the Party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The Parties and the arbitrator/panel may disclose the existence, content or results of the arbitration only as provided in the Rules or by the Parties. Before making any such disclosure, a Party shall give written notice to all other Parties and shall afford such Parties a reasonable opportunity to protect their interests.

The result of the arbitration will be binding on the Parties, and judgment on the arbitration award may be entered in any court having jurisdiction. The prevailing Party in any dispute that is resolved by this dispute resolution process shall be entitled to recover from the other Party reasonable attorneys' fees, costs and expenses incurred by the prevailing Party in connection with such dispute resolution process.

15. Jurisdiction and Venue.

The provision for products and/or services between the Parties will be deemed to have been made and will be construed and interpreted in accordance with the laws of the State of Texas. If any matters in dispute are required to be settled by litigation, such trials will be decided by a judge. THE PARTIES WAIVE TRIAL BY JURY IN ANY SUCH ACTION(S) AND CONFIRM THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THEIR BUSINESS TRANSACTIONS. For any such action(s) related to their business transactions or enforcement of any arbitration, the Parties submit themselves to the jurisdiction of the state or federal courts located in Dallas, Texas.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed by their respective duly authorized officers as of the date first written above.

PILGRIM'S PRIDE CORPORATION PAT PILGRIM d/b/a Pat Pilgrim Farms:

By: /s/ Richard A. Cogdill

By: /s/ Pat Pilgrim

Name: Richard A. Cogdill

Name: Pat Pilgrim

Title: Exec. V.P., CEO, Sec. & Treas.

Title: Owner PPF

Date: 1/3/06

Date: 12-28-05

/s/ TT

Tim Thomas (Initials)
Sr. V.P. - Procurement

E X H I B I T A

S E R V I C E S

V e n d o r a g r e e s t o p r o v i d e t h e f o l l o w i n g " S e r v i c e s : "

· A n y S e r v i c e s r e q u e s t e d b y P i l g r i m ' s P r i d e a n d m u t u a l l y a g r e e d u p o n b y
t h e P a r t i e s .

S e r v i c e A g r e e m e n t F I N A L 1 2 - 1 9 - 0 5 . d o c

F E E S A N D C H A R G E S

----- fees are as follows:

S e r v i c e A g r e e m e n t F I N A L 1 2 - 1 9 - 0 5 . d o c



TRANSPORTATION AGREEMENT

This Agreement for transportation of Goods (the "Agreement") is made and entered into effective the 28th day of Dec., 2005, (the "Effective Date"), by and between PILGRIM'S PRIDE CORPORATION, a Delaware corporation ("Shipper"), and PAT PILGRIM d/b/a PAT PILGRIM FARMS, ("Carrier").

R E C I T A L S :

WHEREAS, Carrier is an independent contractor engaged in the business of transporting freight in intrastate and interstate commerce and desires to provide motor contract carrier services to Shipper for the transportation of chickens and other goods, which are considered general commodities ("cargo" or "Commodities") under Federal Highway Administration Permit No. _____ issued to Carrier by the Federal Highway Administration Division of the Department of Transportation a copy of which is attached hereto as Exhibit "1" and made a part hereof, and

WHEREAS, Shipper desires Carrier from time to time to provide motor contract carrier services of transportation, as set forth in Exhibit A attached hereto and incorporated by reference herein, to Shipper's customers of certain Commodities sold by Shipper.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge; Carrier and Shipper agree as follows:

A R T I C L E 1

Section 1.1 Subject to the terms and provisions hereof, Shipper agrees to tender to Carrier an indeterminable number of Shipments (hereinafter defined) during the term of this Agreement, but not less than three (3) per year, and Carrier agrees to provide Suitable Equipment (hereinafter defined) to transport said Shipments, provided the booking procedures set forth in Section 1.4 herein are followed and Carrier agrees to transport such shipments in accordance with the terms and conditions stated herein.

Section 1.2 A Shipment shall consist of a full trailer load of Commodities. Suitable Equipment means (i) a refrigerated trailer that is at least 48 feet long and 102 inches wide, that will haul a minimum of 45000 pounds gross weight of product, with each said trailer being clean, insect and rodent free, odor free, water tight and uncontaminated by prior use, not ever having been used for transportation or storage of toxic chemicals of any kind, including, without limitation, insecticides, rodenticides, and/or hazardous materials, substances or chemicals, unless otherwise agreed upon in writing by waiver of specified materials executed by Shipper's Sr. Vice President of Quality Control and Vice President of Risk Management, at Shipper's sole discretion, prior to Shipment; and (ii) a tractor power unit with sufficient power for towing the trailer, in good operating condition and repair, and with a driver experienced in handling the transportation of Commodities with such a rig and trailer and with a good driving record.

Section 1.3 Carrier shall furnish to Shipper a copy of the United States Department of Transportation General Motor Carrier Safety Administration Form MCS-150, Form MCS-90, and Form BMC-91X filed by Carrier as well as subsequent updates for the duration of the business relationship.

Section 1.4 When Shipper desires Carrier to transport a Shipment, Shipper will notify Carrier by e-mail, Electronic Data Interchange (EDI), verbally and/or by facsimile, specifying the load, the destination, and the date by which the load must reach the destination. Carrier will either accept or reject the opportunity to transport the Shipment by return e-mail, EDI, and/or facsimile to the Shipper in Section 13.4. If Carrier accepts, Carrier will be bound by the terms of this Agreement with respect to each such Shipment. If Carrier rejects, the rejected load will be considered as an allocated load to the Carrier in accordance with Shipper obligations to award Carrier primary coverage of said lane.

Section 1.5. Time is of the essence in Carrier's performance of its obligations hereunder, and Carrier agrees to provide timely communication relative to load tenders and to transport all Shipments with prompt and reasonable dispatch in accordance with scheduled delivery dates set by Shipper and its customers, as communicated to Carrier as set forth in Section 1.4 herein, subject, however, to compliance by Carrier with applicable laws and regulations and to conditions beyond Carrier's control.

ARTICLE 2

Compensation

Section 2.1. Carrier shall be compensated for each Shipment in accordance with the rates set forth on IBIDTransport.com, a web-based rate management system, or based on the delivery destination of the cargo, the total number of tons of cargo hauled by Carrier and the agreed upon rate as contained in the applicable purchase order. The fees paid to Carrier shall be no more favorable than the fees paid by Shipper to any other third party carrier. User name and password will be issued by Ilens Logistics Group at the request of Pilgrim's Pride. Carrier agrees that "P. C. Miller v.14" shortest miles option shall be utilized as the basis for computing the mileage from the point of origination of a shipment to the point of destination of a Shipment. Any deviation from this aforementioned method must be approved in advance in writing by Shipper.

Section 2.2. Carrier represents and warrants that, during the term of this Agreement, the rates agreed upon hereunder as may be modified in accordance with the terms hereof from time to time, together with all charges, surcharges, rebates, discounts, incentives and allowances agreed upon by the parties (collectively, "Pricing Terms"), offered to Pilgrim's Pride under this Agreement, are and will remain as favorable as, or better than the Pricing Terms offered by Carrier to any other shipper shipping similar products in like quantities. In the event that Carrier at any time agrees, in writing or otherwise, to Pricing Terms with another shipper that are in any way more favorable than the Pricing Terms agreed to with Pilgrim's Pride, Carrier shall promptly notify Pilgrim's Pride in writing and offer such terms to Pilgrim's Pride. In the event Pilgrim's Pride accepts such modified terms, the parties shall promptly prepare and execute an amendment to this Agreement reflecting such revised terms. Carrier (or its applicable subsidiary) shall annually on the anniversary of this Agreement, certify to Pilgrim's Pride that Carrier remains in compliance with this provision.

Section 2.3. At the time the Shipment is fully delivered, an invoice covering that Shipment will be generated by Carrier and delivered to Shipper, in accordance with the rates Carrier places in IBID, or based on the delivery destination of the cargo, the total number of tons of cargo hauled by Carrier and the agreed upon rate as contained in the applicable purchase order. The invoice will be due and payable thirty (30) days from the date of receipt of the invoice, provided that on or before said date Shipper has received from Carrier (i) duly executed receipt(s) from whom delivery was made concerning the applicable invoice, and (ii) such other supporting materials as Shipper may reasonably require.

Section 2.4. Carrier shall maintain complete and accurate records of each Shipment and all transactions under this Agreement, including all supporting documentation and proof of delivery, and in a manner consistent with generally acceptable accounting procedures. Within two (2) days notice by Shipper, Carrier shall provide Shipper and/or its representatives with access to and the right to examine all records involving any transaction related to the Agreement. Such right shall be for the period covered by this Agreement and until the expiration of five (5) years after termination of this Agreement.

ARTICLE 3

Payment of Rates and Charges

Section 3.1. Within thirty (30) days after Shipper's receipt of Carrier's delivery receipt, Shipper shall pay Carrier the rates and charges applicable to the shipment of cargo. In exchange for Shipper's guarantee of prompt payment, (i) agrees not to contact Shipper's customers, consignors, consignees or any party other than Shipper concerning payment for transportation services; and, (ii) agrees to indemnify, defend, and hold Shipper, its customers, consignors, and consignees harmless from any claim or demand made by any subcontractor of Carrier or other party for payment for transportation services related to a shipment of cargo tendered under this Agreement.

Section 3.2 Any claim for overpayment or underpayment for transportation services provided pursuant to this Agreement shall be presented by the party asserting the claim to the other party within sixty (60) days of discovery of the claim, but in no event will any such claim(s) be asserted more than one hundred eighty (180) days after the delivery of the shipment or shipments giving rise to any such claim. Claims shall be supported by appropriate documentation showing the amount of the overcharge or the undercharge, as the case may be. The Parties shall pay, deny, or make a firm compromise offer within forty-five (45) days of receiving a claim.

Section 3.3 Carrier will pay all licenses, fees, taxes, fuel tax payments, road tax, equipment use fees or taxes, equipment license fees, driver's license fees, tolls and any other fees and fines that may be assessed on its equipment or its operations.

ARTICLE 4

Term

Section 4.1 This Agreement shall be continuously in effect beginning as of the Effective Date, unless terminated as herein provided.

Section 4.2 Either party may terminate this Agreement for any reason by giving the other party at least thirty (30) days prior written notice.

ARTICLE 5

Acceptance of Commodities, Risk of Loss and Claims

Section 5.1 Carrier, by accepting Shipper's Commodities for transportation, whether or not by signing an original Bill of Lading or accepting an electronic shipping document in lieu of an original Bill of Lading, acknowledges that the Commodities are in good condition except for any exceptions written on these documents. All shipments shall be transported under the bill of lading utilized by Shipper or such other documents that Shipper and Carrier may mutually agree in writing to use. To the extent the terms and conditions of any bill of lading, purchase order, invoice or other document or instrument conflict with any provision of this Agreement, the terms of this Agreement will control.

Section 5.2 Handling procedures for claims for loss, damage and delays (but specifically not salvage rights as set forth in Section 5.3 below and claims handling resolution) will be in accordance with 49 C.F.R. 370. The form for loss/damage claims to be utilized by the parties shall be the form attached hereto as Exhibit "2." For claims purposes hereunder, the full amount of each invoice generated by Shipper to whom the Commodities constituting the cargo are being sold, shall be the agreed value of the applicable cargo.

Section 5.3 Except with the express written consent of Shipper, Carrier shall not under any circumstances whatsoever cause, suffer or permit either (i) the sale or disposal of any Commodities constituting the cargo or (ii) any offer to sell or dispose of any such Commodities, whether as salvage or otherwise. In the event of an accident involving any Commodities being transported by Carrier for Shipper, the decision regarding the disposition of such Commodities shall be within the sole and absolute discretion and right of Shipper. If the product is determined to be salvageable by the Shipper, any salvage or rendering value, less associated costs, shall be credited to Carrier's account to offset such loss liabilities. Title to such Commodities and the right to determine disposition of same remains with Shipper during transport and shall pass to Customer upon delivery and acceptance of such Commodities by Customer without any noted discrepancy. However, Carrier shall remain liable to Shipper as if Carrier was a common carrier at common law for the full actual loss, damage or injury to Commodities occurring while in the custody, possession or control of Carrier hereunder or resulting from Carrier's performance or failure to perform the services provided for in this Agreement, except to the extent such performance is excused under Section 13.10 hereof.

Section 5.4 With regard to Carrier's liability to Shipper for loss, damage or injury to Commodities, Carrier shall indemnify and hold harmless Shipper and all of its directors, officers, employees and agents (the "Indemnitees") from and against any claims, losses, damages, judgments, awards, penalties or other costs or expenses (including, but not limited to, any reasonable attorneys' fees), and defend, at Carrier's cost, each Indemnitee against any threatened, pending or initiated claim, action, litigation, suit, arbitration, mediation or proceeding, arising out of or connected with any cargo claims. Any such cargo claim includes, but is not limited to, prepaid shipping costs, storage, rework/transportation charges as well as the full invoice value of the loss of, damage to, or destruction of Commodities, either partial or total, which occurred while such Commodities were in the custody, possession or control of Carrier or parties under its control including, but not limited to, employees, agents or other representatives of Carrier.

ARTICLE 6

Insurance

Section 6.1 Carrier shall have obtained as of the Effective Date and shall maintain throughout the term of this Agreement, insurance according to Shipper's vendor insurance requirements policy which has been incorporated by reference and herein attached as Exhibit "3."

Section 6.2 Carrier shall deliver to Shipper, as of the Effective Date and whenever thereafter reasonably requested by Shipper, certificates of insurance from each applicable insurer reflecting the effectiveness of the insurance coverages required in Section 6.1 herein, providing for at least thirty (30) days advance written notice to Shipper of the insurer's intention to cancel or materially change any of the insurance policies.

Section 6.3 In lieu of providing the insurance coverages described above and with the express approval of Shipper's Risk Management Department, Carrier may furnish evidence of its authorization to self-insure.

ARTICLE 7

Indemnification

Section 7.1 CARRIER SHALL DEFEND, INDEMNIFY, AND SAVE SHIPPER, ITS' AFFILIATED ENTITIES, AND THE DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF SHIPPER HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, COSTS, EXPENSES, CLAIMS, DEMANDS, LIABILITIES, SUITS OR ACTIONS (INCLUDING ALL REASONABLE EXPENSES AND ATTORNEY'S FEES) ARISING OUT OF INJURIES TO OR THE DEATH OF ANY PERSON OR PERSONS, INCLUDING THE EMPLOYEES OF EACH PARTY HERETO, OR ARISING OUT OF LOSS OF OR DAMAGE TO THE PROPERTY OF ANY PERSON OR PERSONS, INCLUDING THE PROPERTY OF SHIPPER (EXCLUDING LOSS AND DAMAGE TO CARGO WHICH IS COVERED ELSEWHERE IN THIS AGREEMENT) TO THE EXTENT CAUSED BY OR RESULTING FROM THE NEGLIGENCE OF CARRIER OR ANY OF ITS AGENTS, SUBCONTRACTORS, EMPLOYEES OR PARTIES UNDER ITS CONTROL AND ARISING OUT OF OR RELATED TO CARRIER'S PERFORMANCE UNDER THIS AGREEMENT. CARRIER ASSUMES NO LIABILITY UNDER THIS PARAGRAPH FOR ANY OCCURRENCE THAT IS THE RESULT OF THE SOLE NEGLIGENT ACTS OR OMISSIONS OF SHIPPER.

ARTICLE 8

Representations and Warranties of Carrier

Section 8.1 Carrier hereby represents and warrants to Shipper, that as of the Effective Date and as of the date of each Shipment:

(a) Their Federal Highway Administration permit is valid and is in full force and effect, not having been rescinded or affected in any way and Carrier has obtained and maintained all other licenses, permits and authorizations and approvals of whatever kind and nature applicable to Carrier and for the transportation services provided hereunder.

(b) All applicable federal, state and local laws and regulations or orders have been and will be strictly complied with, including, without limitation, (i) no commingling of Commodities with any hazardous substances or poisons as defined by the U. S. Department of Transportation, Environmental Protection Agency, Federal Drug Administration, or any other federal, state, or local governmental agency or municipality, and (ii) compliance with the requirements of the Sanitary Food Transportation Act of 1990, as may be amended from time to time, and any regulations derived therefrom, including, without limitation, shipping Commodities only with food and acceptable non-food products as defined in the Sanitary Food Transportation Act of 1990.

(c) Carrier (and if different from Carrier, any driver of a Shipment) has not been and is not now under any indictment, or a defendant in any lawsuit, or the subject of any administrative or other proceeding instituted by any federal, state or local governmental agency or entity, and to the best of its (their) knowledge there are no such proceedings threatened.

(d) If Carrier is a corporation, general partnership, limited partnership, joint venture, trust, or other type of business association, as the case may be, Carrier (i) if either a corporation duly incorporated or a partnership or trust, joint venture or other type of business association duly organized, is validly existing, and in good standing under the laws of the state of its formation or existence, and has complied with all conditions prerequisite to its doing business in Texas and any other state where Carrier conducts business, and (ii) has all requisite power and all governmental certificates of authority, licenses, permits, qualifications and documentation to operate its trucks or trailers and to carry on its business as now being, and as proposed to be, conducted.

(e) The execution, delivery, and performance by Carrier of this Agreement (i) is within Carrier's powers and have been duly authorized by Carrier, (ii) will not violate, be in conflict with, result in a breach of, or constitute (with due notice or lapse of time, or both) a default under a violation of any agreement of Carrier, and (iii) this Agreement constitutes the legal, valid, and binding obligations of Carrier, enforceable in accordance with its respective terms.

(f) All information, financial statements, insurance certificates, and any other data and instruments given or to be given to Shipper are, or at the time of delivery will be, accurate, complete, and correct in all material respects and do not, or will not, omit any fact, the inclusion of which is necessary to prevent the facts contained therein from being materially misleading.

(g) All federal, state, county, municipal, and City income and other tax returns required to have been filed by Carrier have been timely filed and all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by Carrier have been paid in full.

(h) Carrier has received and continuously maintained a "satisfactory" safety rating as issued by the U. S. Department of Transportation.

(i) The insurance coverages required by Section 6.1 herein are in full force and effect and will not lapse or be terminated at any time during the term of this Agreement.

ARTICLE 9

Carrier's Operating Authority and Safety Rating

Section 9.1 Carrier represents and warrants that all transportation performed under this Agreement shall be contract carriage. To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, it shall procure and maintain any and all operating authorities or permits required to be held by Carrier under any applicable Federal, Provincial or Territorial laws and shall adhere to the Canadian National Safety Code. Without cost to Shipper, Carrier shall provide and complete all preventive maintenance and ongoing maintenance including, but not limited to, periodic safety inspections, annual safety inspections and emissions testing pursuant to the standards set out in any and all of the applicable motor vehicle statutes and regulations of the applicable jurisdiction(s) of operation. Carrier warrants that it shall notify Shipper in the event of any suspension, cancellation, termination, or withdrawal of its operating authorities, in which event, Shipper shall have the right to terminate this Agreement immediately upon written notice to Carrier.

Section 9.2 Carrier further represents and warrants that it shall at all times maintain a U. S. DOT safety rating that is "satisfactory", "conditional", (subject to Shipper's policies as amended from time to time), or "unrated"; and if to the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, comparably, Carrier shall maintain a Canadian "carrier safety rating" that is "satisfactory", "conditional" or "satisfactory-unaudited" in accordance with the Ontario Ministry of Transportation standards pursuant to the Highway Traffic Act and Regulations and/or any other Provincial or Territorial equivalent, which has jurisdiction over the Carrier's operations. Carrier warrants that it will promptly notify Shipper if Carrier is assessed an "unsatisfactory" safety rating, or if any equipment is known to be or reported as defective or which is not in compliance with the applicable Federal, State, Provincial or Territorial statute or regulation pertaining to vehicle or highway safety and Shipper will suspend all service with Carrier and this Agreement shall be terminated.

Section 9.3 To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, Carrier warrants that it holds a valid registration with the Commercial Vehicle Operator's Registration (CVOR) System for transporting goods through Canada. Carrier shall notify Shipper immediately of any conviction or sanction against its CVOR rating.

Section 9.4 To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, Carrier holds a valid license or certificate to operate an Extra-Provincial truck undertaking, and to engage in the Intra-Provincial truck transportation of goods or valid overweight permits pursuant to any applicable laws if necessary or as issued under the Motor Vehicle Transport Act, 1987 or any Highway Traffic Act or equivalent as applicable to the jurisdiction of the trip/route.

Section 9.5 To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, Carrier is authorized to transact bonded highway carrier operations in Canada, and warrants that it holds the applicable bonded highway carrier code as issued by the Canada Border Services Agency ("CBSA").

Section 9.6 To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, Carrier has signed Partners in Protection memorandum of understanding with the CBSA and has been certified and/or validated by the United States Bureau of Customs and Border Protection ("CBP") as a participant in the Customs-Trade Partnership Against Terrorism.

Section 9.7 To the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, Carrier warrants that it is an approved carrier under the CBSA's Customs Self-Assessment program, and is a registered participant in the Free and Secure Trade ("FAST") program and that it holds a Standard Alpha Code number as issued by the National Motor Freight Association ("NMFTA").

ARTICLE 10

Drivers and Equipment

Section 10.1 Carrier shall ensure that he/she and his/her/its drivers are properly trained and licensed, and are competent and capable of safely handling and transporting Shipper's shipments of cargo. Carrier agrees that drivers will be dispatched in accordance with the maximum available hours of service as provided in rules promulgated by the FMCSA while in the United States or as provided by any Canadian authority whose jurisdiction is within Carrier's route/trip.

Section 10.2 Carrier shall provide and maintain all equipment required for the services requested by Shipper and shall only use and provide equipment that is clean, in good operating condition and repair, in compliance with any and all Federal and/or State, Provincial/Territorial, Municipal statutes and regulations, and is suitable and properly configured to safely load, transport, and unload the shipments of cargo tendered by Shipper. Carrier shall ensure that all equipment and all loads are in compliance with the environmental standards of any and all jurisdictions on its route and must act in accordance with these environmental standards. All equipment provided for the transportation of food or food grade products will comply with the requirements of The Sanitary Food Transportation Act, or, to the extent that Carrier performs services pursuant to this Agreement within, or to or from Canada, the Food and Drug Acts and any/all other applicable statutes and regulations, including, but not limited to the Ontario Food Safety and Quality Act, 2001, or any other jurisdiction's equivalent.

Section 10.3 Drop Trailer/Interchange. In the event that Carrier participates in a drop trailer arrangement for the benefit of any of Shipper's customers or Shipper, Carrier agrees that it shall address all damage or liability issues directly with the responsible customer or Shipper. Carrier agrees that Shipper shall only be responsible for the direct acts of its employees, and not for the actions of customers, lumpers, draymen, other carriers, or any other third party ("Third Parties"), unless Shipper proximately caused or contributed to the actions of any of the Third Parties. If Carrier agrees to interchange equipment to another carrier or to use equipment owned by a third party, Carrier, will address any interchange agreement directly with that motor carrier or equipment owner.

ARTICLE 11

Independent Contractor

Section 11.1 Carrier shall be an independent contractor with respect to all work performed under this Agreement. Neither Carrier nor anyone used or employed by Carrier shall be deemed for any purpose to be the employee, agent, servant, or representative of Shipper in the performance of such work, or in any matters arising out of Carrier's obligations under this Agreement. Shipper shall have no right of supervision, direction or control over Carrier, its employees, or agents. As an independent contractor, Carrier assumes full responsibility for the payment of federal, state and local taxes or contributions or taxes for unemployment insurance, pensions, worker's compensation, and related matters with respect to Carrier's employees engaged in the performance of its services.

ARTICLE 12

Dispute Resolution

Section 12.1 If a dispute arises from or relates to transactions between the Parties, the Parties shall endeavor to settle the dispute first through direct discussions and negotiations. If the dispute cannot be settled through direct discussions, the Parties shall endeavor to settle the dispute by mediation under the Mediation Rules of the American Arbitration Association before recourse to the arbitration procedures contained in this Agreement. If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the Parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by binding arbitration in Dallas, Texas or such other location as agreed upon by the Parties. The arbitration will be conducted in accordance with the procedures in this document and the Rules of the American Arbitration Association in effect on the date of the engagement letter, or such other rules and procedures as the Parties may designate by mutual agreement. In the event of a conflict, the provisions of this document will control.

Section 12.2 The arbitration shall be conducted by a single arbitrator as agreed upon by the Parties. If the Parties cannot agree on a single arbitrator, the arbitration will be conducted before a panel of three arbitrators, one selected by each Party and the third arbitrator selected by the Parties' two arbitrators from a panel provided by the American Arbitration Association. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the agreement between the Parties and the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

Section 12.3 The individual arbitrator or the arbitration panel shall have no power to award non-monetary or equitable relief of any sort. The arbitrator/panel shall also have no power to award (a) damages inconsistent with any applicable agreement between the Parties or (b) punitive damages or any other damages not measured by the prevailing Party's actual damages; and the Parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator/panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Section 12.4 Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the Party seeking discovery.

Section 12.5 All aspects of the arbitration shall be treated as confidential. The Parties and the arbitrator/panel may disclose the existence, content or results of the arbitration only as provided in the Rules or by the Parties. Before making any such disclosure, a Party shall give written notice to all other Parties and shall afford such Parties a reasonable opportunity to protect their interests.

Section 12.6 The result of the arbitration will be binding on the Parties, and judgment on the arbitration award may be entered in any court having jurisdiction. The prevailing Party in any dispute that is resolved by this dispute resolution process shall be entitled to recover from the other Party reasonable attorneys' fees, costs and expenses incurred by the prevailing Party in connection with such dispute resolution process.

ARTICLE 13

Miscellaneous

Section 13.1 All information and materials with respect to Shipper's costs, procedures and other details of Shipper's business obtained by Carrier in connection with the performance of services hereunder is confidential and shall not, without Shipper's prior written consent, be disclosed by Carrier, its employees, or agents to any third person.

Section 13.2 More than one copy of this Agreement may be executed by the parties hereto. Each such executed copy shall have the full force and effect of an original executed instrument.

Section 13.3 AUDIT: The Carrier shall keep accurate books of account and records covering all transactions involving the transportation services provided under this Agreement. Shipper, or its authorized representative, shall have the right, during normal business hours, to examine such books and records to the extent necessary to determine compliance with the supply of the transportation services. All such books and records shall be kept available during the term of business relationship and for at least three (3) years after their creation.

Section 13.4 Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) expedited delivery service with proof of delivery or (b) United States Mail, postage prepaid, registered or certified mail, addressed as follows:

If to Shipper: Pilgrim's Pride Corporation
4845 Hwy. 271 N
Pittsburg, TX 75686
Attention: Sarah Baker Hanna
Telephone: 903-434-1146

With copy to: Pilgrim's Pride Corporation
4845 Hwy. 271 N
Pittsburg, TX 75686
Attention: VP Risk Management

If to Carrier: Pat Pilgrim d/b/a Pat Pilgrim Farms
1535 Loop 179
Pittsburg, TX 75686
Telephone: 903-856-0316
Attn: Pat Pilgrim

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or certified or registered mail, as of the date of deposit or delivery to the United States Mail or expedited delivery service in the manner provided herein, or in the case of facsimile, upon receipt. Either party hereto may change the address for notice specified above by giving the other party ten (10) days advance written notice of such change of address.

Section 13.5 This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, and permitted successors and assigns. The rights of Carrier under the Agreement are not assignable without the prior written consent of Shipper.

Section 13.6 This agreement is entered into in Texas and shall be governed and construed in accordance with the laws of the State of Texas. If any matters in dispute are required to be settled by litigation, such trials will be decided by a judge. **THE PARTIES WAIVE TRIAL BY JURY IN ANY SUCH ACTION(S) AND CONFIRM THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THEIR BUSINESS TRANSACTIONS.** For any such action(s) related to their business transactions or enforcement of any arbitration, the parties submit themselves to the jurisdiction of the State or Federal Courts located in Dallas, Texas.

Section 13.7. This Agreement may not be modified or amended, except by an agreement in writing signed by an approved representative of Shipper and Carrier. The parties may waive any of the conditions contained herein or any of the obligations of the other party hereunder, but any such waiver shall be effective only if in writing and signed by the party waiving such conditions or obligations.

Section 13.8. Each person executing this Agreement warrants and represents that he is fully authorized to do so.

Section 13.9. This Agreement, including the Exhibits hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No representation, warranty, covenant, agreement or condition not expressed in this Agreement shall be binding upon the parties hereto or shall affect or be effective to interpret, change or restrict the provisions of this Agreement.

Section 13.10. Shipper shall not be liable in any respect for failure to tender the minimum number of loads set forth in Section 1.1, nor shall Carrier be liable in any respect for failure to transport, accept, handle or complete movement of such loads where such failures on part of Shipper or Carrier are caused, directly or indirectly, by war, conditions of war, strikes, lock-outs, explosions, fires, floods, hurricanes, cyclones, or other acts of God or casualties beyond the control of Shipper or Carrier. During the existence of any of these conditions, the obligations of the parties hereunder shall be suspended for the duration of same. Upon cessation of the conditions enumerated, the obligations of the parties hereunder shall resume and the term of this Agreement shall be extended by a period equal to the period during which such obligations were suspended.

Section 13.11. If any provision of this Agreement is held to be violative of any law or regulation, or is unenforceable for any reason, such illegality shall not affect the remaining portions of this Agreement, which shall remain in full force and effect.

Section 13.12. Carrier shall be free to accept freight for transportation from shippers other than Shipper, and Shipper shall be free to tender freight for transportation to carriers other than Carrier.

Section 13.13. Neither Party will offer or provide to the employees, agents or other representatives of the other Party any favors, gratuities, gifts, payments, or anything of value, whether or not in an attempt to influence such person's administration of the provisions of this Agreement or to otherwise gain unfair advantage individually and/or relative to competing suppliers/vendors.

Additionally, each Party will immediately report to the other Party any requests made for favors, gratuities, gifts, payments or anything of value by employees, agents or other representatives of such Party and will cooperate with respect to any inquiry or investigation being conducted related to such activities or alleged activities. Pilgrim's Pride has established its Pride Line with the toll-free number of 1-888-536-1510 to report any unethical conduct.

Section 13.14. This Agreement shall be construed as a whole in accordance with the fair and reasonable meaning of its language, and, regardless of which party co-drafted this Agreement, this Agreement shall not be construed in favor of or against either party.

Section 13.15. This Agreement constitutes the complete and entire agreement between the parties and supersedes any prior or contemporaneous agreements or understandings between the parties with respect to its subject matter. This Agreement covers and controls the entire business relationship between the parties including any claims, disputes or other conflicts which may arise between the parties and which are brought or occur after the effective date even if the events or actions occur in whole or in part prior to the Effective Date.

ARTICLE 14

Carrier's Cargo Liability and Claims

Section 14.1 Carrier shall have the sole and exclusive care, custody and control of the shipments of cargo tendered by Shipper from the time Carrier picks up a shipment until delivery to the customer or consignee. Carrier shall be liable to Shipper for actual loss and damage to shipments of cargo, and for delayed deliveries, arising from Carrier's performance of or failure to perform the services required by this Agreement; provided, however, that Carrier shall not be liable for loss, damage, or delay to shipments caused solely by an act of God, public enemy, acts of war, insurrection, riot, or the negligence of Shipper or its customer(s), in which case Carrier has the burden of proving applicability of the exception. Any seals applied to trailer are not to be broken or removed prior to delivery at destination without prior written consent from Shipper.

Section 14.2 Carrier shall be liable for the full, actual value of the shipments of cargo tendered by Shipper to Carrier. No released value rates, or other limitation of cargo liability, shall be valid or enforceable against Shipper or its customers unless expressly agreed to by Shipper in a signed writing separate from any bill of lading or other delivery receipt issued by Carrier.

Section 14.3 Shipper shall file a claim (i) for loss or damage to shipments within three (3) months from the date of delivery and (ii) for delay (or non-delivery) within three (3) months of the date that delivery reasonably should have been made. Within ninety (90) days of receiving a claim from Shipper for loss, damage, or delay, Carrier shall pay or deny the claim (in which case the reasons for denial shall be fully explained), or make a firm compromise offer.

Section 14.4 To the extent that any of the terms of this Agreement are inconsistent with the Truck Transportation Act, R.S.O. 1990, c. T.22, as amended, and the Regulations thereto or similar provincial or territorial legislation having jurisdiction, and/or the provisions of any bill of lading, the terms of this Agreement shall prevail.

ARTICLE 15

Bills of Lading and Delivery Receipts

Section 15.1 Carrier will issue and sign a standard, uniform straight bill of lading or other receipt ("Receipt") acceptable to Shipper and Shipper's customers upon acceptance of a shipment of cargo for transportation. If Carrier permits the shipper to prepare the bill of lading, Carrier warrants that it shall ensure that the bill of lading properly names Carrier as the "carrier" on the load prior to signing it, and shall strike through and correct any erroneous designation of any other person as "carrier" (including Shipper) on the bill of lading. Any terms and conditions written or printed on the Receipt shall have no effect against Shipper, unless specifically agreed to by Shipper in this Agreement or in a separate signed writing apart from the Receipt. Carrier shall submit an original copy of the Receipt to Shipper evidencing delivery of the shipment of cargo unless otherwise instructed by Shipper, in which case Carrier shall retain custody of the Receipt and provide it to Shipper upon request.

ARTICLE 16

Factoring

Section 16.1 Carrier shall provide Shipper thirty (30) days prior written notice of any assignment, factoring, or other transfer of its right to receive payments arising under this Agreement and obtain Shipper's written consent to such assignment, factoring, or other transfer prior to same taking legal effect. Such written notice shall include the name and address of assignee/transferee, date, date assignment is to begin, and terms of the assignment, and shall be considered delivered upon receipt of such written notice by Shipper.

ARTICLE 17

Subcontractors

Section 17.1 Carrier specifically agrees that it shall be the party solely responsible for operating the equipment necessary to transport cargo under this Agreement and that it shall use its best efforts not to sub-contract, broker or tender to any third party for transportation any cargo tendered to Carrier pursuant to this Agreement. In the event that Carrier shall employ any subcontractor or other person for the performance of all or any portion of the services required hereunder to be performed by Carrier, Carrier shall be and remain liable to Shipper under the terms of this Agreement including, without limitation, liability for loss, damage or delay of any shipments of cargo, whether such loss, damage or delay occurred while such shipment was in the possession of Carrier or such subcontractor or other person. Carrier shall be solely and exclusively responsible to pay any charges of any subcontractor or other person.

ARTICLE 18

Recall

Section 18.1 In the event any cargo shipped hereunder is recalled pursuant to a Class I Recall under regulatory standards promulgated by the U.S.D.A. ("Recall"), whether initiated by Carrier or by decision, action or order of any governmental authority due to the actions of Carrier, Carrier shall notify Shipper via direct telephone prior to the implementation of such Recall. Any Recall pursuant to this paragraph shall be carried out in the name of Carrier, provided, however, that insofar as reasonably possible, Carrier shall consult with Shipper as to the necessity for and wording of any press release or similar public statement relating to the recall or recovery; and Carrier shall be responsible for all costs and expenses related to such Recall, including but not limited to shipping expenses.

Section 18.2 In the event any cargo shipped hereunder is recalled pursuant to a Class I Recall under regulatory standards promulgated by the U.S.D.A. ("Recall"), whether initiated by Shipper or by decision, action or order of any governmental authority due to the actions of Shipper, Shipper shall notify Carrier prior to the implementation of such Recall via direct telephone prior to the implementation of such Recall. Any Recall pursuant to this paragraph shall be carried out in the name of Shipper and Shipper shall be responsible for all costs and expenses related to such Recall, including but not limited to shipping expenses.

Section 18.3 Any and all costs and expenses of cargo inspection and/or testing required by Shipper to confirm compliance with this Agreement, or as a result of Recall, shall be borne by Carrier.

ARTICLE 19

NO LIEN

Section 19.1 Carrier shall have no lien, and hereby expressly waives its right to any lien on any cargo, freight, or property of Shipper or any of its customers, consignors or consignees.

EXECUTED on the dates indicated below but effective as of the Effective Date first above written.

FOR CARRIER:

FOR SHIPPER:

PAT PILGRIM d/b/a PAT PILGRIM FARMS PILGRIM'S PRIDE CORPORATION

By: /s/ Pat Pilgrim

By: /s/ Mark Lawrence

Print Name: Pat Pilgrim

Print Name: Mark Lawrence

Title: Owner PPF

Title: V.P. - Risk Management

Date: 12-28-05

Date: 1/3/06

/s/ TT
Tim Thomas (Initials)
Sr. V.P. - Procurement

E X H I B I T A

Carrier will provide the following transportation services pursuant to the Agreement:

- 1) Hauling corn and soybean meal from Pittsburg to Mt. Pleasant using Vendor's equipment.
- 2) Hauling corn and soybean meal from Pittsburg to Mt. Pleasant using Pilgrim's Pride equipment.
- 3) Hauling flaked corn to Pilgrim's Pride's customers using Vendor's equipment.
- 4) Hauling flaked corn to Pilgrim's Pride customers using Pilgrim's Pride's equipment.
- 5) Hauling sacked feed to Pilgrim's Pride's customers using Vendor's equipment.
- 6) Hauling sacked feed to Pilgrim's Pride's customers in Pilgrim's Pride's equipment.
- 7) Any other services requested by Shipper and agreed upon by both Parties.

E X H I B I T " 2 "
C l a i m F o r m

Standard Form for Presentation of Loss and Damage Claims
Approved by the Interstate Commerce Commission; Freight claim Division,
American Railway Association; National Industrial Traffic League, and
the National Association of Railway Commissioners.

<hr/> <small>(Name of person to whom claim is prompted)</small>	<hr/> <small>(Address of claimant)</small>	<hr/> <small>(Claimant's Number)</small>
<hr/> <small>(Name of Carrier)</small>	<hr/> <small>(Date)</small>	<hr/> <small>(Carrier's Number)</small>
<hr/> <small>(Address)</small>		

This claim for \$ _____ is made against the carrier named above by
Pilgrim's Pride
for _____
(Name of Claimant)

in connection with the following described shipments:
(Loss or Damage)

Description of shipments _____

Name and address of cosignor (shipper) _____

Shipped from _____ : To _____
(City, Town or Station) (City, Town or Station)

Final Destination _____ : Routed Via _____
(City, Town or Station) (City, Town or Station)

Bill of Lading issued by _____ Co: Date of Bill of Lading _____

Paid Freight Bill (Pro) Num _____ ; Original Car Number and Initial _____

Name and address of consignee (whom shipped to) _____

If shipment reconsigned en route, state particulars: _____

DETAILED STATEMENT SHOWING HOW AMOUNT CLAIMED IS DETERMINED
(Number and description of articles, nature and extent of loss or damage, invoice price of articles, amount of claim, etc.)

Total Amount Claimed

IN ADDITION TO THE INFORMATION GIVEN ABOVE, THE FOLLOWING DOCUMENTS ARE SUBMITTED IN SUPPORT OF THIS CLAIM*

- () 1. Original bill of lading, if not previously surrendered to carrier
- () 2. Original paid freight (expense) bill.
- () 3. Original invoice or certified copy.
- 4. Other particulars obtainable in proof of loss or damage claimed.

Remarks: _____

The foregoing statement of facts is hereby certified to as correct: _____ (Signature of Claimant)

Claimant should assign to each claim a number, inserting same in the space provided at the upper right hand corner of this form. Reference should be made thereto in all correspondence pertaining to this claim.

* Claimants will please place (x) before such of the documents mentioned as have been attached, and explain under "Remarks" the absence of any of the documents call for in connection with this claim. When for any reason it is impossible for claimant to produce original bill of lading, or paid freight bill,

claimant should indemnify carrier or carriers against duplicate claim, supported by original documents.

P I L G R I M ' S P R I D E C A R R I E R M I N I M U M I N S U R A N C E R E Q U I R E M E N T S

All Carriers providing products or services for Pilgrim's Pride Corporation are to have the following minimum requirements on their Certificate of Insurance.

General Liability

General Aggregate	\$ 2,000,000
Products / Completed Operations and/or Professional Liability	\$ 1,000,000 (if applicable)
Each Occurrence	\$ 1,000,000

Automobile Liability

Combined Single Limit \$ 1,000,000

Workers Compensation

Statutory

Employers' Liability

Each Accident	\$ 100,000
Policy Limit	\$ 500,000
Each Employee	\$ 100,000

Pilgrim's Pride Corporation is to be listed as an Additional Insured on General Liability and Auto policies. A 30-day notice of cancellation is also required. Pilgrim's Pride Corporation reserves the right to modify these requirements as deemed necessary for the risk presented to Pilgrim's Pride Corporation.

The certificate holder address should read as follows:

Pilgrim's Pride Corporation
Attn: Risk Management
4845 Highway 271 North
Pittsburg, TX 75686

*** All trucking and freight vendors are required to have Motor Truck Cargo with a minimum limit of \$100,000 ***

*** All trucking and freight brokers are required to have Contingent Motor Truck Cargo with a minimum limit of \$100,000 ***

GROUND LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is effective as of the 4th day of Jan., 2006 (the "Effective Date"), by and between Pilgrim's Pride Corporation ("Lessor") and Pat Pilgrim d/b/a Pat Pilgrim Farms ("Lessee").

WHEREAS, Lessor is the record title owner of certain tracts of unimproved land in an aggregate of one-thousand six-hundred seventy nine and one-half (1,679.5) acres situated within the counties of Upshur, Titus and Camp in the State of Texas (as amended by Exhibit C attached below). Such tracts of land shall collectively be referred to as the "Property" hereinafter.

WHEREAS, Lessor desires to lease the Property to Lessee, and Lessee desires to lease the Property from Lessor to improve the Property as Lessee requires, perform services for Lessor and to develop the Property in accordance with the terms of this Lease.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements contained in this Lease, Lessor and Lessee agree to the following terms and conditions:

1. **RENT.** Rent to be paid by Lessor shall be as described below.

2. **LEASED PREMISES.** Lessor leases to Lessee and Lessee leases from Lessor for the Lease Term (as defined hereafter), in consideration for payment of the rent, and upon the terms, conditions and provisions set forth herein the Property, improvements thereon, if any (the "Improvements"). The Property and the Improvements are referred to herein collectively as the "Premises, as further described in Exhibits A and B and as amended in the attached Exhibit C attached hereto and incorporated herein by reference.

Lessee has inspected the Premises and accepts its present (as-is) condition unless expressly noted otherwise in this Lease. Neither Lessor nor any agent has made any express or implied warranties as to the condition of the Premises. Lessee must satisfy itself that the Premises are physically suitable to be used as Lessee intends by independently investigating all such matters related to the use of the Premises. Lessee agrees that it is not relying on any warranty or representation made by Lessor, Lessor's agent or any broker concerning the suitability of the Premises for the Lessee's use.

Lessor shall deliver possession of the Premises as of the Effective Date hereof.

3. **TERM.**

3.1 **Lease Term.** The term of this Lease (the "Lease Term") shall be for one (1) year, commencing on January 1, 2006, and ending on December 31, 2006 ("Lease Expiration Date"), unless sooner terminated pursuant to any term or provision hereof.

3.2 **Options.** Lessee shall have an option to extend the Lease Term for two additional terms of one (1) year each (each an "Extended Term"). Each such option shall be exercised no later than ninety (90) days prior to the last day of the Lease Term or Extended Term by written notice to Lessor. Rent for each Extended Term shall be in an amount as mutually agreed upon by the parties in writing at the commencement of each Extended Term. All other terms and conditions of this Lease shall remain in full force and effect during any Extended Term.

3.3 **Definition.** As used in this Lease, the word "Option" or "Options" has the following meaning: any right or option to extend the term of this Lease.

3.4 **Option(s) Personal.** Each Option granted to Lessee in this Lease is personal to Lessee and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Lessee; provided that, Lessee may freely assign, without Lessor's consent, any Option to any Affiliate (as defined below) of Lessee. "Affiliate" means, with respect to any individual, partnership, limited liability company, association, corporation or other entity (each, a "Person"), any Person that controls, is controlled by or is under common control with such Person, together with any of its and their respective members, partners, venturers, directors, officers, stockholders, agents, employees and spouses. A Person shall be presumed to have control when it possesses the power, directly or indirectly, to direct, or cause the direction of, the management or policies of another Person, whether through ownership of voting securities, by contract, or otherwise.

3.5 **Multiple Options.** If Lessee has any multiple options to extend or renew this Lease, a later Option cannot be exercised unless the prior Option to extend or renew this Lease has been so exercised.

3.6 **Effect of Default on Options.** Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to this Lease and continuing until the default alleged in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) continuing until the obligation is paid, or (iii) at any time after an event of default described in this Lease (without any necessity of Lessor to give notice of such default to Lessee) until such event of default is cured, or (iv) in the event that Lessor has given to Lessee three or more notices of default under this Lease, where a late charge has become payable under this Lease for each of such defaults, whether or not the defaults are cured, during the twelve (12) - month period prior to the time that Lessee intends to exercise such Option.

3.7 **Delay in Possession.** Notwithstanding said Lease Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case, Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided further, however, that if Lessor shall not have delivered possession of the Premises within one hundred twenty (120) days from the Lease Commencement Date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder and neither party hereto shall have any duty, obligation, responsibility or liability to the other hereunder; provided, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.8 **Early Possession.** If Lessee occupies the Premises prior to said Lease Commencement Date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. RENT.

4.1 **Rent.** Subject to adjustment, if any, Lessee agrees to pay to Lessor, without offset or reduction, payment for the Premises, rent ("Rent") at the initial rate of \$13.00 per acre for a total annual aggregate Rent of \$21,833.50. Such Rent shall be required to be paid by Lessee to Lessor in full on or before January 6, 2006. In the event of an increase in Rent for any Extended Term, Lessee shall be required to pay said increased Rent in full on or before the last day of the then existing Lease Term.

4.2 **Late Payments.** In the event Lessor fails to receive any Rent payment within ten (10) days after the date the same is due, a late payment equal to ten percent (10%) of the annual Rent due to Lessor shall be charged to Lessee.

4.3 **Additional Consideration.** In addition to the payment of Rent, as part of the consideration for this Lease as an additional rent, Lessee covenants and agrees to bear, pay and promptly discharge as they become due and before delinquency all taxes (other than real estate property taxes, which shall borne by Lessor), charges, license fees, or similar extraordinary charges due and payable because of Lessee's leasehold interest in the Premises. Lessee has the right in good faith to contest such taxes, assessments, license fees or charges and is obligated to pay such contested amount during the contest, plus any penalties and interest imposed if and when the amount is finally determined to be due.

5. NOTICES.

All notices or correspondence provided for herein shall be effective only if made in writing, personally delivered with an executed acknowledgment of receipt or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To Lessor:

Pilgrim's Pride Corporation
4845 Highway 271 North
Pittsburg, TX 75686
Attention: Risk Management

To Lessee:

Pat Pilgrim
1535 Loop 179
Pittsburg, TX 75686

Any notice shall be deemed delivered five (5) days after notice is mailed or, if personally delivered, when acknowledgment of receipt is signed, as provided above. By written notice to the other, either party may change its own mailing address.

6. SALE OF THE PREMISES

6.1 **Notice by Lessor of Proposed Sale.** If Lessor desires to sell, transfer, assign, or convey any of the Premises (each, a "Transfer"), Lessor shall deliver to Lessee notice of its desire to complete such Transfer no less than ninety (90) days prior to the intended sale date. At such time, Lessor will notify Lessee whether such Transfer will also result in an early lease termination date, which may be exercised in its sole discretion or the assumption of the Lease by the new owner. In the event the Lease is to be terminated at Transfer, Lessor will refund to Lessee the prorata portion of the Rent for the remainder of the Lease Term and any and all Options for such Premises will be cancelled.

7 . U S E .

7.1 Use. The Premises shall be used and occupied solely and exclusively for Lessee for agricultural purposes to grow and harvest any commodities or crops or hay as determined by Lessee, or such other use which, in Lessor's sole opinion and discretion, is reasonably comparable approved in writing in advance by Lessor and for no other purpose.

7.2 Compliance with Law.

- a. Lessee agrees that it will at all times abide by all applicable laws and rules of the Environmental Protection Agency, the Texas (or other applicable state) Commission on Environmental Quality, the Texas (or other applicable state) Department of Agriculture and any other public agency concerning the Premises and its use, storage, and disposal of hazardous chemicals, fuel and/or oil. Lessee further agrees to abide by the manufacturer's direction in regards to its use, storage and disposal of all pesticides, herbicides and other chemicals (if such chemicals are being stored on the Premises).
- b. Should Lessee fail to keep the Premises clean and free of hazards, Lessor may, after thirty (30) days written notice, arrange for the clean up of the littered or hazardous area. Such clean up shall be charged to Lessee and shall be due and payable within ten (10) days of receipt of Lessor's notice. Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance.

7.3 Condition of Premises.

- a. Lessor shall deliver the Premises to Lessee clean and free of debris ("Broom Clean") on the Effective Date. Lessee shall notify Lessor within thirty (30) days of the Effective Date of any issues or items of non-compliance related to this matter and failure to do so will be Lessee's acknowledgement that Lessor has effectively complied with this section and that such Premises are clean and free of debris.
- b. Except as otherwise provided in this Lease, Lessee hereby accepts the Premises in the "as is" condition existing on the Lease Commencement Date, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

8 . A L T E R A T I O N S A N D A D D I T I O N S .

- a. Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, or Utility Installations (as defined hereafter) in, on or about the Premises, except for nonstructural alterations not exceeding \$50,000.00 in cumulative costs during the Lease Term and any Extended Term(s). In any event, whether or not in excess of \$50,000.00 in cumulative cost, Lessee shall make no change or alteration to the exterior of the building(s) comprising the Improvements without Lessor's prior written consent. As used in this paragraph, the term "Utility Installation" shall mean air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing, and fencing. Lessor may require that Lessee remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the Lease Term or any Extended Term(s), and restore the Premises to their prior condition. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior written approval of Lessor, Lessor may require that Lessee remove any or all of the same.

b. Any alterations, improvements, additions or Utility Installations in, on, or about the Premises that Lessee shall desire to make and which requires the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans and specifications. If Lessor shall give its written consent, the consent shall be deemed conditioned upon Lessee acquiring all applicable permits to do so from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work and the compliance by Lessee of all conditions of said permit in a prompt and expeditious manner.

c. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of nonresponsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys' fees and costs in participating in such action if Lessor shall decide it is in its best interest to do so.

d. Unless Lessor requires their removal, as set forth in Paragraph 8.a. of this Lease, all alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Lessee's machinery and equipment, other than that which is affixed to the Premises so that it can be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 8.a. of this Lease.

9. INDEMNIFICATION

9.1 **Lessor's Obligation.** Lessor shall indemnify, defend and hold Lessee (and anyone claiming under Lessee), harmless from and against any loss, damage, claim, liability, and cost (including reasonable attorneys' fees and disbursements) arising from (a) any default, breach or violation by Lessor under this Lease, (b) any negligent or other tortious act or omission of Lessor, its employees or agents with respect to the Premises, or (c) any conditions or contamination existing prior to the Effective Date at, on or emanating from or onto the Premises. If Lessee recovers from the insurance carried pursuant to this Lease, Lessor is hereby released from this indemnification with respect to such party to the extent of such proceeds.

9.2 **Lessee's Obligation.** In addition to the indemnification requirements as set forth below in Section 34, Lessee shall indemnify, defend and hold Lessor, its Affiliates, and their respective members, partners, venturers, directors, officers, stockholders, agents, employees, spouses, legal representatives, successors and assigns (collectively, "Lessor Affiliates"), harmless from and against any loss, damage, claim, liability, and cost (including reasonable attorneys' fees and disbursements) arising from (a) any default, breach or violation by Lessee under this Lease, or (b) any negligent or other tortious act or omissions of Lessee, its employees or agents with respect to the Premises.

10. INSURANCE REQUIREMENTS.

10.1 The Parties agree to maintain in effect insurance coverage with reputable insurance companies covering worker's compensation and employee liability (or other reasonable equivalent such as excess employer indemnity insurance or worker's compensation) excess insurance, auto liability, commercial general liability, including product liability completed operations, all with such limits as are sufficient to protect each other from the liabilities insured against by such coverage. Each Party's insurance described herein shall be primary and not contributory with the other Party's insurance with respect to obligations resulting from the negligence of each other.

Lessee shall have the following minimum requirements on their Certificate of Insurance.

General Liability	
<i>General Aggregate</i>	\$ 2,000,000
Products / Completed Operations	\$ 1,000,000
and/or Professional Liability	\$ 1,000,000 (if applicable)
Each Occurrence	\$ 1,000,000

Automobile Liability	
Combined Single Limit	\$ 1,000,000
Workers Compensation	Statutory
Employers' Liability	
<i>Each Accident</i>	\$ 100,000
Policy Limit	\$ 500,000
Each Employee	\$ 100,000

Pilgrim's Pride Corporation is to be listed as **Additional Insured** on General Liability and Auto policies. A 30-day notice of cancellation is also required. Pilgrim's Pride Corporation reserves the right to modify these requirements as deemed necessary for the risk presented to Pilgrim's Pride Corporation.

The certificate holder address should read as follows:

Pilgrim's Pride Corporation
 Attn: Risk Management
 4845 Highway 271 North
 Pittsburg, TX 75686

10.2. Lessee shall also be required to maintain Property, Fire and Extended Coverage Insurance in an amount equal to one hundred percent (100%) of the full replacement value of the Improvements and in an amount sufficient to reimburse Lessee for all of its equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises including leasehold improvements hereinafter constructed or installed.

10.3 **Exemption of Lessor from Liability.** Unless caused by the gross negligence of Lessor, Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income or profit therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, as a result of any condition of the Premises or the Building, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause in or about the Premises, whether the said damage or injury results from conditions arising in the Premises or in other portions of the building of which the Premises are a part, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee.

11. DAMAGE OR DESTRUCTION.

11.1 **Total Destruction.** If at any time during the term of this Lease there is damage, whether or not an insured loss, (including destruction required by any authorized public authority), which totally destroys the Premises, or renders the Premises unfit for the purposes set forth herein, this Lease shall automatically terminate as of the date of such total destruction; provided, that, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such ten (10) day period this Lease shall be canceled and terminated as of the date of the occurrence of such damage.

11.2 **Termination, Advance Payments.** Upon termination of this Lease pursuant to this paragraph, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

11.3 **Waiver.** Lessee waives the provisions of any statutes which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

12. TAXES.

12.1 **Real Property Taxes.** Lessor shall pay prior to delinquency all taxes assessed against and levied upon the Premises; however, with respect to any Property added or Improvements made by Lessee to such Premises after the Effective Date, Lessee alone shall pay such tax. If the right is given to pay any of the taxes, assessments or other impositions which Lessee is herein obligated to pay either in one sum or in installments, Lessee shall pay such accounts in one payment prior to delinquency. In no event, however, shall Lessee be required to pay any franchise, income, inheritance, estate, succession, and transfer or gift taxes imposed upon Lessor, or its successors or assigns.

12.2 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

13. SERVICES, UTILITIES. Services and utilities shall be furnished and the cost borne by Lessee. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises. In the event of failure by Lessor to furnish, in a satisfactory manner, any of the services and utilities to the Premises for which Lessor is responsible, if any, Lessee may furnish the same if Lessor has not undertaken to correct such failure within five (5) days after written notice, and, in addition to any other remedy Lessee may have, may deduct the amount thereof, from Monthly Rent.

14. MORTGAGING THE LEASEHOLD ESTATE, ASSIGNMENT AND SUBLETTING.

14.1 Limitations of Mortgages. Lessee shall have no right to mortgage his leasehold estate and his interest in the Premises by mortgage or deed of trust. No mortgagee or trustee can acquire any rights in the Premises except as granted to Mortgagor by the Lessor.

14.2 Assignment and Subletting. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which consent may be withheld, delayed or conditioned, in Lessor's sole determination. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

14.3 No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the Rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of Rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Lessee or any successor of Lessee, in the performance of any of the terms hereof, Lessor may proceed directly against Lessee without the necessity of exhausting remedies against such assignee. Lessor may consent to subsequent assignments or subletting of this Lease with assignees of Lessee, without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such action shall not relieve Lessee of liability under this Lease. Lessor may not consent to subsequent amendments or modifications to this Lease without the prior written consent of Lessee, which consents shall not be unreasonably withheld, delayed or conditioned.

15. DEFAULTS; REMEDIES.

15.1 Defaults by Lessee. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

- a. The vacating or abandonment of the Premises by Lessee.
- b. The failure by Lessee to make any payment of Rent as set forth herein
- c. The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

d. The making by Lessee of (i) any general arrangement or assignment for the benefit of creditors; (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this paragraph is contrary to any applicable law, such provision shall be of no force or effect.

e. The discovery by Lessor that any financial statement given to Lessor by Lessee, any assignee of Lessee, any sub Lessee of Lessee, any successor in interest of Lessee or any guarantor of Lessee's obligation hereunder, and any of them, was materially false.

15.2 Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach;

a. Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, and reasonable attorneys' fees; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

b. Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

c. Pursue any other right or remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of Texas. Unpaid installments of Monthly Rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

15.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

16. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If a portion of the land area of the Premises or the building of the Premises is taken by condemnation, and such taking renders the Premises substantially or entirely unfit for use as set forth herein, in Lessee's reasonable discretion, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area of the building taken bears to the total floor area of the building situated on the Premises. No reduction of rent shall occur if the only area taken is that which does not have a building located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. If this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

17. BROKER'S FEE. Lessor and Lessee represent and warrant that they have not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this lease, and Lessor and Lessee shall indemnify and hold harmless the other party against any loss, cost, liability or expense incurred by either of them as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of such party.

18. ESTOPPEL CERTIFICATE.

a. Lessee and Lessor shall at any time and from time to time upon not less than ten (10) days' prior written notice from the other party, execute, acknowledge and deliver to the requesting party a statement written on Lessor's estoppel certificate form reasonably acceptable to Lessor and Lessee (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the knowledge of the party being requested to deliver the statement, any uncured defaults on the part of requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises, or any prospective assignee or sub Lessee.

b. If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

19. SEVERABILITY. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

20. INTEREST ON PAST-DUE OBLIGATIONS. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease, provided, however, that interest shall not be payable on late charges incurred by Lessee nor on any amounts upon which late charges are paid by Lessee.

21. TIME OF ESSENCE. Time is of the essence with regard to each and every term of this Lease.

22. WAIVERS. No waiver by Lessor or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

23. HOLDING OVER. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, with the exception of rent which shall be at 150% of the then current rent, but all options and rights of first refusal, if any, granted upon the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

24. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25. COVENANTS AND CONDITIONS. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

26. BINDING EFFECT; CHOICE OF LAW. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of Paragraph 16 of this Lease, this Lease shall bind the parties their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Texas. THE PARTIES WAIVE TRIAL BY JURY IN ANY SUCH ACTION(S) AND CONFIRM THAT THIS WAIVER IS MATERIAL INDUCEMENT TO THEIR BUSINESS TRANSACTIONS. For any such action(s) related to their business transactions or enforcement of an arbitration, the Parties submit themselves to the jurisdiction of the state or federal courts located in Dallas, Texas.

27. SUBORDINATION.

a. This Lease, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust, or ground lease, or the date of recording hereof.

b. Lessee agrees to execute any reasonable documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be.

28. ATTORNEYS' FEES. If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to reasonable attorneys' fees to be paid by the losing party as fixed by the court.

29. LESSOR'S ACCESS. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time place on or about the Premises any ordinary "For Sale" signs and Lessor may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.

30. MERGER. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

31. QUIET POSSESSION. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Premises.

32. EASEMENTS. Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of plats and restrictions, so long as such easements, rights, dedications, plats and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material breach of this Lease.

33. AUTHORITY. If Lessee is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

3 4 . E M I S S I O N S ; S T O R A G E , U S E A N D D I S P O S A L O F M A T T E R .

3 4 . 1 D e f i n i t i o n s . F o r p u r p o s e s o f t h i s p a r a g r a p h , t h e f o l l o w i n g t e r m s s h a l l b e d e f i n e d a s s e t f o r t h h e r e i n :

- a . T h e t e r m " H a z a r d o u s M a t e r i a l " s h a l l m e a n i n c l u d e , b u t s h a l l n o t b e l i m i t e d t o (i) a n y m a t e r i a l , s u b s t a n c e o r w a s t e w h i c h i s o r h e r e a f t e r s h a l l b e l i s t e d , r e g u l a t e d o r d e f i n e d b y A p p l i c a b l e L a w t o b e h a z a r d o u s , a c u t e l y h a z a r d o u s , e x t r e m e l y h a z a r d o u s , r a d i o a c t i v e t o x i c , o r d a n g e r o u s ; (i i) a s b e s t o s o r a s b e s t o s - c o n t a i n i n g m a t e r i a l s ; (i i i) p o l y c h l o r i n a t e d b i p h e n y l s (P C B s) ; (i v) r a d o n g a s ; (v) l a b o r a t o r y w a s t e s ; (v i) e x p e r i m e n t a l p r o d u c t s , i n c l u d i n g g e n e t i c a l l y e n g i n e e r e d m i c r o b e s ; a n d (v i i) p e t r o l e u m , n a t u r a l g a s , o r o t h e r p e t r o l e u m p r o d u c t .
- b . T h e t e r m " A p p l i c a b l e L a w " s h a l l i n c l u d e f e d e r a l , s t a t e a n d l o c a l s t a t u t e s , r e g u l a t i o n s , r u l e s , o r d i n a n c e s , a n d a l l o t h e r g o v e r n m e n t a l r e q u i r e m e n t s .

3 4 . 2 C o m p l i a n c e a n d R e s p o n s e . D u r i n g t h e t e r m o f t h i s L e a s e :

- a . L e s s e e s h a l l c o m p l y w i t h A p p l i c a b l e L a w i n a l l r e s p e c t s , i n c l u d i n g , b u t n o t l i m i t e d t o , (i) a c q u i s i t i o n o f a n d c o m p l i a n c e w i t h a l l p e r m i t s , l i c e n s e s , o r d e r s , r e q u i r e m e n t s , a p p r o v a l s , p l a n s a n d a u t h o r i z a t i o n s w h i c h a r e o r m a y b e c o m e n e c e s s a r y f o r c o n d u c t o f L e s s e e ' s o p e r a t i o n s o n t h e P r e m i s e s ; (i i) c o m p l i a n c e w i t h a l l r e g u l a t o r y r e q u i r e m e n t s r e l a t i n g t o s u c h o p e r a t i o n s o r t h e s u b s t a n c e s a n d e q u i p m e n t u s e d t h e r e i n o r t h e e m i s s i o n s , e m a n a t i o n s a n d w a s t e s g e n e r a t e d t h e r e b y ; a n d (i i i) r e p o r t i n g , i n v e s t i g a t i o n , a n d r e m e d i a t i o n o f , o r o t h e r r e s p o n s e t o t h e e x p o s u r e o r p o t e n t i a l e x p o s u r e , o f a n y p e r s o n t o , o r t h e e m i s s i o n , d i s c h a r g e o r o t h e r r e l e a s e o f a n y H a z a r d o u s M a t e r i a l i n t o t h e P r e m i s e s o r t h e e n v i r o n m e n t .
- b . L e s s e e s h a l l p r o m p t l y r e s p o n d t o a n d r e m e d y (b y r e m o v a l a n d p r o p e r d i s p o s a l o r s u c h o t h e r m e t h o d s a s s h a l l b e r e a s o n a b l y r e q u i r e d) t o t h e s a t i s f a c t i o n o f a p p l i c a b l e g o v e r n m e n t a l a g e n c i e s a n y r e l e a s e o r d i s c h a r g e o f a n y H a z a r d o u s M a t e r i a l c o n n e c t e d w i t h L e s s e e ' s o p e r a t i o n o r L e s s e e ' s p r e s e n c e o n t h e P r e m i s e s . A l l s u c h a c t i o n s h a l l b e d o n e i n L e s s e e ' s n a m e , a n d a t L e s s e e ' s s o l e c o s t a n d e x p e n s e . F o r p u r p o s e s o f t h i s p a r a g r a p h (b) , t h e t e r m " r e s p o n d " s h a l l i n c l u d e , b u t n o t b e l i m i t e d t o , t h e i n v e s t i g a t i o n o f e n v i r o n m e n t a l c o n d i t i o n s , t h e p r e p a r a t i o n o f f e a s i b i l i t y r e p o r t s o r r e m e d i a l p l a n s , a n d t h e p e r f o r m a n c e o f a n y c l e a n u p , r e m e d i a t i o n , c o n t a i n m e n t , m a i n t e n a n c e , m o n i t o r i n g o r r e s t o r a t i o n w o r k . A n y s u c h a c t i o n s s h a l l b e p e r f o r m e d i n a g o o d , s a f e , w o r k m a n l i k e m a n n e r a n d s h a l l m i n i m i z e a n y i m p a c t o n t h e b u s i n e s s e s o r o p e r a t i o n s c o n d u c t e d a t t h e P r e m i s e s . I n i t s d i s c r e t i o n , L e s s o r m a y , b u t s h a l l n o t b e r e q u i r e d t o , e n t e r t h e P r e m i s e s p e r s o n a l l y o r t h r o u g h i t s a g e n t s , c o n s u l t a n t s o r c o n t r a c t o r s a n d p e r f o r m a l l o r a n y p a r t o f t h e r e s p o n s e a c t i v i t y o r r e m e d i a l a c t i o n w h i c h i t f e e l s i s r e a s o n a b l y n e c e s s a r y t o c o m p l y w i t h t h e t e r m s o f t h i s L e a s e , a n d s h a l l b e r e i m b u r s e d f o r i t s c o s t s t h e r e o f a n d f o r a n y l i a b i l i t i e s r e s u l t i n g t h e r e f r o m .
- c . L e s s e e w i l l p r o m p t l y n o t i f y L e s s o r o f L e s s e e ' s r e c e i p t o f a n y n o t i c e , r e q u e s t , d e m a n d , i n q u i r y o r o r d e r , w h e t h e r o r a l o r w r i t t e n , f r o m a n y g o v e r n m e n t a g e n c y o r a n y o t h e r i n d i v i d u a l o r e n t i t y r e l a t i n g i n a n y w a y t o t h e p r e s e n c e o r p o s s i b l e p r e s e n c e o f a n y H a z a r d o u s M a t e r i a l o n , i n , u n d e r o r n e a r t h e P r e m i s e s o r t h e L e s s e e ' s c o m p l i a n c e w i t h , o r f a i l u r e t o c o m p l y w i t h , A p p l i c a b l e L a w . R e c e i p t o f s u c h n o t i c e s h a l l n o t b e d e e m e d t o c r e a t e a n y o b l i g a t i o n o n t h e p a r t o f L e s s o r t o d e f e n d o r o t h e r w i s e r e s p o n d t o a n y s u c h n o t i f i c a t i o n .
- d . P r o m p t l y u p o n d i s c o v e r y t h e r e o f , L e s s e e w i l l n o t i f y L e s s o r o f t h e d i s c o v e r y o f a n y r e l e a s e , d i s c h a r g e , o r e m i s s i o n o f a n y H a z a r d o u s M a t e r i a l o r o f t h e e x i s t e n c e o f a n y o t h e r c o n d i t i o n o r o c c u r r e n c e w h i c h m a y c o n s t i t u t e o r p o s e a s i g n i f i c a n t p r e s e n c e o r p o t e n t i a l h a z a r d t o h u m a n h e a l t h a n d s a f e t y o r t o t h e e n v i r o n m e n t , w h e t h e r o r n o t s u c h e v e n t o r d i s c o v e r y n e c e s s i t a t e s a n y r e p o r t t o a n y o t h e r p e r s o n o r g o v e r n m e n t a g e n c y .

34.3 Other Emissions. Lessee shall not:

- a. Permit any vehicle on the Premises to emit exhaust which is in violation of any Applicable Law;
- b. Create, or permit to be created, any sound pressure level which will interfere with the quiet enjoyment of any real property adjacent to the Premises, or which will create a nuisance or violate any Applicable Law;
- c. Transmit, receive, or permit to be transmitted or received, any electromagnetic, microwave or other radiation which is harmful or hazardous to any person or property in, on or about the Premises, or anywhere else, or which interferes with the operation of any electrical, electronic, telephonic or other equipment wherever located, whether on the Premises or anywhere else;
- d. Create, or permit to be created, any ground or building vibration that is discernible outside the Premises; and
- e. Produce, or permit to be produced, any intense glare, light or heat except within an enclosed or screened area and then only in such manner that the glare, light or heat shall not be discernible outside the Premises.

34.4 Indemnification. Lessee shall pay for all costs associated with, and defend (with attorneys reasonably satisfactory to Lessor), indemnify and hold harmless Lessor from, claims, damages, expenses, encumbrances, fees, fines, penalties or costs (including, but not limited to, reasonable attorneys' fees; the costs of notice to any other person; the costs of environmental or technical risk assessment; any cleanup or remedial costs; the costs of any monitoring, sampling or analysis; and any diminution in property value or losses due to non-rentability arising out of or in any way connected with the presence of any Hazardous Material on the Premises or Lessee's alleged violation of Applicable Law), any storage, use or distribution of Hazardous Materials or chemicals, or "run-off" (i.e. the free flow of chemicals, chemical run-off or refuse, or emission of chemicals in a gaseous or non-tangible form), from the Premises to other areas of adjacent land or land within a reasonable proximity to the Premises) that causes any loss, damage or liability to the Lessor Affiliates or any other third party guest, invitee, or person on, or within a reasonable area of proximity to the Premises.

as a result of a breach by Lessee of any of its covenants, representations or warranties under this paragraph 34. This obligation shall not apply, if and to the extent that (a) such claims, damages, expenses, encumbrances, fees, fines, penalties, or costs arose solely out of conditions existing on the Premises prior to the commencement of Lessee's first possession of the Premises or conditions created on the Premises after Lessee ceases to occupy the Premises; and (b) Lessee did not violate any Applicable Law or act negligently with respect to, or otherwise contribute to, the condition or the hazard posed by the condition.

34.5 Survival. The duties set forth in this paragraph shall survive the termination of this Lease.

34.6 Disposal of Other Matter.

- a. Refuse Disposal. Lessee shall not keep any trash, garbage, waste or other refuse on the Premises except in sanitary containers and shall regularly and frequently remove and dispose of the same from the Premises. Lessee shall keep all incinerators, containers or other equipment used for storage or disposal of such matter in a clean and sanitary condition, and shall promptly dispose of all other waste.
- b. Sewage Disposal. Lessee shall properly dispose of all sanitary sewage and shall not use the sewage disposal system (i) for the disposal of anything except sanitary sewage, or (ii) in excess of the lesser of the amount allowed by the sewage treatment works, or permitted by any governmental entity. Lessee shall keep the sewage disposal system free of all obstructions and in good operating condition.

35. DISPUTE RESOLUTION.

If a dispute arises from or relates to transactions between the Parties, the Parties shall endeavor to settle the dispute first through direct discussions and negotiations. If the dispute cannot be settled through direct discussions, the Parties shall endeavor to settle the dispute by mediation under the Mediation Rules of the American Arbitration Association before recourse to the arbitration procedures contained in this Agreement. If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the Parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by binding arbitration in Dallas, Texas or such other location as agreed upon by the Parties. The arbitration will be conducted in accordance with the procedures in this document and the Rules of the American Arbitration Association in effect on the date of the engagement letter, or such other rules and procedures as the Parties may designate by mutual agreement. In the event of a conflict, the provisions of this document will control.

The arbitration shall be conducted by a single arbitrator as agreed upon by the Parties. If the Parties cannot agree on a single arbitrator, the arbitration will be conducted before a panel of three arbitrators, one selected by each Party and the third arbitrator selected by the Parties' two arbitrators from a panel provided by the American Arbitration Association. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are invalid or unenforceable, shall be governed by the agreement between the Parties and the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

The individual arbitrator or the arbitration panel shall have no power to award non-monetary or equitable relief of any sort. The arbitrator/panel shall also have no power to award (a) damages inconsistent with any applicable agreement between the Parties or (b) punitive damages or any other damages not measured by the prevailing Party's actual damages; and the Parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrator/panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the Party seeking discovery. All aspects of the arbitration shall be treated as confidential. The Parties and the arbitrator/panel may disclose the existence, content or results of the arbitration only as provided in the Rules or by the Parties. Before making any such disclosure, a Party shall give written notice to all other Parties and shall afford such Parties a reasonable opportunity to protect their interests.

The result of the arbitration will be binding on the Parties, and judgment on the arbitration award may be entered in any court having jurisdiction. The prevailing Party in any dispute that is resolved by this dispute resolution process shall be entitled to recover from the other Party reasonable attorneys' fees, costs and expenses incurred by the prevailing Party in connection with such dispute resolution process.

The parties hereto have executed this Lease as of the date first above set forth.

LESSOR:

PILGRIM'S PRIDE CORPORATION

By: /s/ Richard A. Cogdill
Name:
Title:

LESSEE:

PAT PILGRIM d/b/a PAT PILGRIM FARMS

By: /s/ Pat Pilgrim
Name: Pat Pilgrim
Title: Owner

E x h i b i t A

C A M P .
T E X A S

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F o r m A p p r o v e d -
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R E P O R T O F A C R E A G E
Y E A R 2 0 0 5

Producer Name and Address

ID

PATRICK W PILGRIM 9599
1535 LOOP 179
PITTSBURG, TX 75686-3503

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a). The Agricultural Adjustment Act of 1938, as amended, Agricultural Act of 1949, as amended, authorized the collection of the following data. The data will be used to determine eligibility for assistance. Full data is voluntary, however, without it assistance cannot be provided. The data will be furnished to any agency responsible for enforcing the provisions of the

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any other aspect of this collection of information, including suggestions for reducing this burden, to the Department of Agriculture, Clearance Office, Washington, D.C. 20250, and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0560-0004), Washington, D.C. 20503. RETURN TO COMPLETED FORM TO YOUR FSA COUNTY OFFICE.

Table with columns: Farm Number, Tract Number, CLU/Field, Ir Field, Var/Int, C/C, Rpt, Reported, Determined, Crp, Planting, Prod, Pr. Includes rows for farm 136 with various crop types like NiOFAV, NiCORN, NiFALOW.

Photo Number / Legal Descriptions: 678 E-5 (A2)

Cropland: 82.0 Farmland: 102.0

Table with columns: Farm Number, Tract Number, CLU/Field, Ir Field, Var/Int, C/C, Rpt, Reported, Determined, Crp, Planting, Prod, Pr. Includes rows for farm 150 with various crop types like NiOFAV, NiCORN, NiFALOW.

Photo Number / Legal Descriptions: 671 E-5 (A2)

Cropland: 65.0 Farmland: 119.0

Table with columns: Farm Number, Tract Number, CLU/Field, Ir Field, Var/Int, C/C, Rpt, Reported, Determined, Crp, Planting, Prod, Pr. Includes rows for farm 165 with various crop types like NiOFAV, NiFALOW.

Photo Number / Legal Descriptions: 670 E-4 (B2)

Cropland: 14.0 Farmland: 29.0

Table with columns: Farm Number, Tract Number, CLU/Field, Ir Field, Var/Int, C/C, Rpt, Reported, Determined, Crp, Planting, Prod, Pr. Includes rows for farm 206 with various crop types like NiOFAV, NiCORN, NiFALOW.

Photo Number / Legal Descriptions: 674 E-5 (A2)

Cropland: 48.0 Farmland: 62.0

Table with columns: Farm Number, Tract Number, CLU/Field, Ir Field, Var/Int, C/C, Rpt, Reported, Determined, Crp, Planting, Prod, Pr. Includes rows for farm 381 with various crop types like NiOFAV, NiCORN.

C A M P .
T E X A S
1 6 0 ;
- O M B N o . 0 5 6 0 - 0 0 0 4
F S A - 5 7 8
P r i n t)
P R O G R A M

F o r m A p p r o v e d
(P r o d u c e r
R E P O R T O F A C R E A G E
Y E A R 2 0 0 5

D A T E : 1 1 - 1 7 - 2 0 0 5

Farm Number	Tract Number	C L U / Field	Pr C / C	Var / Int	Type Use	C / C	Rpt	Reported	Determined	Crp	Planting	Prod	Pr
Number	Number					Stat	Unt	Quantity	Quantity	Lnd	Date	Share	Na
		1 B	Ni F A L O W			I	A	10.60		Y	03 - 11 - 2005	1.00000	P A W P I
Photo Number / Legal Descriptions: 713 D - 7 (B 1)													
Cropland: 25.0 Farmland: 40.0													
483	0		Ni O F A V					.00				1.00000	P A W P I
	1251	1 A	Ni C O R N	Y E L	Grain	I	A	8.40		Y	03 - 23 - 2005	1.00000	P A W P I
		1 B	Ni F A L O W			I	A	28.90		Y	03 - 23 - 2005	1.00000	P A W P I
Photo Number / Legal Descriptions: 1251 F - 4 (B 1)													
Cropland: 37.3 Farmland: 54.0													
700	0		Ni O F A V					.00				1.00000	P A W P I
	1387	1 A	Ni C O R N	Y E L	Grain	I	A	13.50		Y	03 - 25 - 2005	1.00000	P A W P I
		1 B	Ni F A L O W			I	A	11.50		Y	03 - 25 - 2005	1.00000	P A W P I
Photo Number / Legal Descriptions: 1387 F - 7 (2 A) (2 B)													
Cropland: 25.0 Farmland: 26.0													
837	0		Ni O F A V					.00				1.00000	P A W P I
	846	1 A	Ni F A L O W			I	A	40.00		Y	03 - 26 - 2005	1.00000	P A W P I
Photo Number / Legal Descriptions: 846 G - 2 (1 A)													
Cropland: 40.0 Farmland: 120.0													
1010	0		Ni O F A V					.00				1.00000	P A W P I
	1152	1 A	Ni C O R N	Y E L	Grain	I	A	13.00		Y	03 - 10 - 2005	1.00000	P A W P I
		1 B	Ni C O R N	Y E L	Grain	I	A	13.00		Y	03 - 10 - 2005	1.00000	P A W P I
		1 C	Ni C O R N	Y E L	Grain	I	A	2.00		Y	03 - 10 - 2005	1.00000	P A W P I
		1 D	Ni C O R N	Y E L	Grain	I	A	5.00		Y	03 - 10 - 2005	1.00000	P A W P I
		1 E	Ni F A L O W			I	A	44.40		Y	03 - 10 - 2005	1.00000	P A W P I
Photo Number / Legal Descriptions: 1152 I - 6 (1 A) (1 B)													
Cropland: 77.4 Farmland: 217.0													
1012	0		Ni O F A V					.00				1.00000	P A W P I
	1139	1 A	Ni C O R N	Y E L	Grain	I	A	75.40		Y	03 - 03 - 2005	1.00000	P A W P I

Cropland: 75.4 Farmland: 114.0

1092 0

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Approved - OMB No. 0560-0004
FSA-578 (Producer
Print)
OF ACREAGE PROGRAM
DATE: 11-17-2005

YEAR 2005

F

Farm Number	Tract Number	C L U / F i e l d	Var / Int	C / C	R p t	Reported	D e t e r m i n e d	C r p	Planting	Prod	
Number	Number		P r C / C	Type	Use	Stat	Unt	Quantity	Quantity	L n d Date	Share
1092	1545	1A	NiFALOW			I	A	300.00		Y 03-26-2005	1.0000
Photo Number / Legal Descriptions: 1545 G - 2 (1B) (2B)											
Cropland: 300.0 Farmland: 605.0											
1104	0		NiOFFAV					.00			1.0000
	1144	1A	NiCORN	YEL	Grain	I	A	60.30		Y 03-03-2005	1.0000
Photo Number / Legal Descriptions: 1144 H - 6 (2A)											
Cropland: 60.3 Farmland: 65.0											
1151	0		NiOFFAV					.00			1.0000
	1528	1A	NiCORN	YEL	Grain	I	A	120.00		Y 03-21-2005	1.0000
		1B	NiFALOW			I	A	4.90		Y 03-21-2005	1.0000
Photo Number / Legal Descriptions: 1528 F - 4 (B1)											
Cropland: 124.9 Farmland: 190.0											
1736	0		NiOFFAV					.00			1.0000
	188	1A	NiFALOW			I	A	20.00		Y 03-26-2005	1.0000
	303	1A	NiFALOW			I	A	47.00		Y 03-26-2005	1.0000
	848	1A	NiFALOW			I	A	56.00		Y 03-26-2005	1.0000
Photo Number / Legal Descriptions: 188 B - 5 (A1) (B1)											
303 C - 4 (A1) (B1)											
848 G - 2 (1A) (2A)											
Cropland: 123.0 Farmland: 314.0											
1761	0		NiOFFAV					.00			1.0000
	676	1A	NiFALOW			I	A	15.90		Y 03-12-2005	1.0000
	1286	1A	NiCORN	YEL	Grain	I	A	34.60		Y 03-12-2005	1.0000
		2	NiGRASS	BCS	Forage	I	A	23.20		Y 06-21-2005	1.0000
		3A	NiFALOW			I	A	12.20		Y 03-12-2005	1.0000
Photo Number / Legal Descriptions: 676 E - 5 (A1)											
1286 F - 5 (B1)											

1 8 5 6 0 N i O F A V . 0 0 1 . 0 0 0 0

1 9 1 3 1 A N i G R A S S B C S F o r a g e I A 5 8 . 0 Y 0 6 - 2 1 - 1 . 0 0 0 0
2 0 0 5

P h o t o N u m b e r / L e g a l D e s c r i p t i o n s : 1 9 1 3 F - 4 (A 1)
(A 2)

C A M P .
T E X A S
A p p r o v e d - O M B N o . 0 5 6 0 - 0 0 0 4
F S A - 5 7 8 (P r o d u c e r
P r i n t)
O F A C R E A G E P R O G R A M

F

Y E A R 2 0 0 5

D A T E : 1 1 - 1 7 - 2 0 0 5

Farm Number	Tract Number	CLU / Field	Pr C / C	Var / Type	Int / Use	C / C Stat	Rpt Unt	Reported Quantity	Determined Quantity	Crp Lnd Date	Planting Prod Share	P
Cropland:				58.0	Farmland:		61.0					
1919	0		NiOFAV					.00			1.00000	PWP
	1271	1A	NiCORN	YEL	Grain	I	A	24.30		Y 03-19-2005	1.00000	PWP
	2		NiFALOW			I	A	75.70		Y 03-19-2005	1.00000	PWP
Photo Number / Legal Descriptions: 1271 F-5 (A1) (A2)												
Cropland:				100.0	Farmland:		138.0					
2020	0		NiOFAV					.00			1.00000	PWP
	1055	1	NiFALOW			I	A	6.00		Y 03-09-2005	1.00000	PWP
	1056	1	NiCORN	YEL	Grain	I	A	23.00		Y 03-27-2005	1.00000	PWP
	2		NiCORN	YEL	Grain	I	A	15.50		Y 03-27-2005	1.00000	PWP
	3		NiCORN	YEL	Grain	I	A	73.00		Y 03-27-2005	1.00000	PWP
	1174	1	NiCORN	YEL	Grain	I	A	23.40		Y 03-11-2005	1.00000	PWP
	2A		NiFALOW			I	A	51.60		Y 03-11-2005	1.00000	PWP
	1684	1	NiCORN	YEL	Grain	I	A	15.00		Y 03-09-2005	1.00000	PWP
	2		NiFALOW	YEL	Grain	I	A	22.00		Y 03-09-2005	1.00000	PWP
	3A		NiFALOW			I	A	37.00		Y 03-09-2005	1.00000	PWP
	4		NiCORN	YEL	Grain	I	A	11.00		Y 03-09-2005	1.00000	PWP
	5		NiCORN	YEL	Grain	I	A	60.00		Y 03-09-2005	1.00000	PWP
	7		NiCORN	YEL	Grain	I	A	26.00		Y 03-09-2005	1.00000	PWP
	6		NiCORN	YEL	Grain	I	A	14.00		Y 03-09-2005	1.00000	PWP
	1685	1	NiCORN	YEL	Grain	I	A	9.50		Y 03-09-2005	1.00000	PWP
	1686	1	NiFALOW			I	A	11.00		Y 03-09-2005	1.00000	PWP

Photo Number / Legal Descriptions: 1055 F-5 (A1)

1056 F-7 (2A)
(2B)

1174 H-7 (1A)
(2A)

1684 G-7 (1A)
(2A) (1B)
(2B)

G - 7 (1 A)
(2 A)

1 6 8 6 G - 7 (1 A)
(2 A)

C r o p l a n d : 3 9 8 . 0 F a r m l a n d : 8 1 0 . 0

2 0 4 0 0 N i O F A V . 0 0 1 . 0 0 0 0 P
W
P

1 6 1 6 1 N i F A L O W I A 3 0 . 0 0 Y 0 3 - 2 6 - 1 . 0 0 0 0 P
2 0 0 5 W
P

P h o t o N u m b e r / L e g a l D e s c r i p t i o n s : 1 6 1 6 D - 7 (A 1)
(A 2)

C r o p l a n d : 3 0 . 0 F a r m l a n d : 8 0 . 0

2 1 0 4 0 N i O F A V . 0 0 1 . 0 0 0 0 P
W
P

C A M P .
T E X A S F
A p p r o v e d - O M B N o . 0 5 6 0 - 0 0 0 4
F S A - 5 7 8 (P r o d u c e r
P r i n t)
O F A C R E A G E P R O G R A M Y E A R 2 0 0 5
D A T E : 1 1 - 1 7 - 2 0 0 5

Farm Number	Tract Number	C L U / Field	Pr C / C	Var / Int	Type Use	C / C Rpt	Stat Unt	Reported Quantity	Determined Quantity	Crp Lnd	Pla Dat
2104	706	1	Ni C O R N	Y E L	G r a i n	I	A	26.70		Y	03-
		2	Ni C O R N	Y E L	G r a i n	I	A	53.00		Y	03-
		4	Ni C O R N	Y E L	G r a i n	I	A	23.00		Y	03-
		3 A	Ni F A L O W			I	A	160.70		Y	03-
	1043	1	Ni C O R N	Y E L	G r a i n	I	A	20.00		Y	03-
		2	Ni C O R N	Y E L	G r a i n	I	A	13.00		Y	03-
	1135	1 A	Ni C O R N	Y E L	G r a i n	I	A	300.00		Y	03-
	2073	1 A	Ni C O R N	Y E L	G r a i n	I	A	300.00		Y	03-
		1 B	Ni F A L O W			I	A	11.60		Y	03-
	2074	1 A	Ni C O R N	Y E L	G r a i n	I	A	50.00		Y	03-
		1 B	Ni C O R N	Y E L	G r a i n	I	A	50.00		Y	03-

Photo Number / Legal Descriptions: 706 D-7 (2A) (2B)

1043 G-7 (1A) (2A)

1135 H-5 (1B) (2B)
H-6 (2A)

D7 / 1A

2073 D7

2074

Cropland: 1068.6 Farmland: 1839.9

C / C	Type	Prac	I U	Reported	Determined	C / C Type	Prac	I U	Reported	Deter
CORN	YEL	N	GR	1.633.00		FALOW	N		1.063.00	

PRODUCER'S CERTIFICATION: I certify to the best of my knowledge and belief that the uses listed herein are true and correct, and that all required crops and land uses on the above identified land are as applicable. The signing of this form gives FSA representatives a true and correct copy of the above information.

Producer's Signature

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, national origin, sex, age, marital status, or disability.

E x h i b i t B

T I T U S .
T E X A S
F o r m A p p r o v e d - O M B N o . 0 5 6 0 - 0 0 0 4
F S A - 5 7 8

P r i n t)
A C R E A G E

1 7 - 2 0 0 5

P R O G R A M Y E A R 2 0 0 5
& # 1 6 0 ;

(P r o d u c e r
R E P O R T O F
D A T E : 1 1 -

Producer Name and Address ID

PATRICK W PILGRIM 9599
1535 LOOP 179
PITTSBURG, TX 75686-3503

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a). The Agricultural Adjustment Act of 1938, as amended, Agricultural Act of 1949, as amended, authorized the collection of the data. The data will be used to determine eligibility for assistance. Further data is voluntary, however, without it assistance cannot be provided. The data will be furnished to any agency responsible for enforcing the provisions of the

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing the burden, to the Department of Agriculture, Clearance Officer, Ag Box 7630, D.C. 20250, and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0560-0004), Washington, D.C. 20503. RETURN THIS COMPLETED FORM TO FSA COUNTY OFFICE.

Table with columns: Farm Number, Tract Number, C / C, Rpt, Reported, Determined, Crp, Planting, Prod. Includes rows for farm 2281 and 2390 with crop details like Ni O F A V and Ni C O R N.

Photo Number / Legal Descriptions: 2390 G 12 / 2 B

Cropland: 156.5 Farmland: 400.0

Summary table with columns: C / C, Type, Prac, I U, Reported, Determined. Row: C O R N, Y E L, N, G R, 156.50

PRODUCER'S CERTIFICATION: I certify to the best of my knowledge and belief that the acreage of crops and land uses listed herein are true and correct, and that the required crops and land uses have been reported for the farm as applicable. My signing of this form gives FSA representatives authorization to enter and collect data on the crops and land uses on the above identified land.

Producer's Signature

This program or activity will be conducted on a nondiscriminatory basis with respect to race, color, religion, national origin, sex, age, marital status, or disability.

Exhibit C

This Exhibit C hereby amends that certain Ground Lease Agreement entered into by and between Lessor and Lessee on December 28, 2005 ("Original Lease"). The terms of this Lease shall supersede any and all terms as set forth in the Original Lease.

Pursuant to the Original Lease, Lessee leased from Lessor a total of 1,789.5 acres at \$13.00 per acre. Pursuant to this Lease, the acreage leased by Lessee from Lessor shall be reduced to 1,679.5 acres at \$13.00 per acre as follows:

Original Total Acreage leased by Lessee (as set forth in Exhibits A & B):

1,789.5 acres

Less: thirty (30) acres from "Farm 30"

Less thirty (30) acres from "LTD"

Less fifty (50) acres from Lessee's currently-owned farm

Equals:

1,679.5 acres (Amended Total Acreage leased by Lessee)



**PILGRIM'S PRIDE CORPORATION
REVISES FIRST FISCAL QUARTER EARNINGS GUIDANCE
ANNOUNCES FURTHER RESTRUCTURING OF
FRANCONIA, PA TURKEY OPERATIONS**

**ANNOUNCES FIRST FISCAL QUARTER'S CONFERENCE CALL FOR
JANUARY 23, 2006**

PITTSBURG, Texas — January 3, 2006 — Pilgrim's Pride Corporation (NYSE: PPC) today announced that it is lowering its previously issued earnings guidance for its first quarter of fiscal 2006 to a range of \$0.36 to \$0.41 per share, which excludes charges associated with the further restructuring of its Turkey operations and certain one time tax benefits in the Company's Mexico operations, which amounts have not been fully determined at this time, however, we currently do not expect the net of these two items to be material, versus the \$0.75 to \$0.85 per share range previously communicated by the Company. The results for the quarter are expected to be less than previously forecasted due primarily to a significantly worse than expected performance in the Company's Mexico operations and lower sales prices realized during the quarter on chicken leg quarters in its U.S. operations.

"We are extremely disappointed with the results realized this quarter by our Mexico operations," stated Mr. O.B. Goolsby, President and Chief Executive Officer of Pilgrim's Pride Corporation. "After turning in a record performance last fiscal year, the turn about we saw this quarter was significant as sales momentum during the Christmas holiday season in Mexico failed to live up to expectations and last year's performance. Additionally, our U.S. operations were negatively impacted by sharp declines in the selling price for chicken leg quarters, which declined from an average selling price of \$0.45 per pound in the fourth fiscal quarter of 2005 to approximately \$0.29 per pound in the first fiscal quarter of 2006. We attribute this drop in selling price primarily to the effects focus and concern over avian influenza has had on international demand for poultry products and to the disruptions caused by having to reroute product in transit to locations other than those intended as these concerns materialized."

Turkey Division Restructuring

"Today we also are announcing plans to further restructure our turkey business by ceasing the production of ground turkey and cooked turkey deli breast meat items at our Franconia, PA further processing plant effective March 3, 2006. After this time, this facility will focus strictly on the Company's profitable refrigerated salads line and our Turkey operations will be limited to fresh and frozen whole turkeys, produced in New Oxford, PA." Goolsby added.

"The restructuring is expected to have a positive impact on annualized pre-tax earnings of approximately \$10 - \$15 million per year, reduce working capital employed in the Franconia plant by approximately \$13 million and will result in a reduction in workforce of approximately 300 employees."

The Company is also withdrawing its previously issued guidance for the rest of fiscal 2006, which is not being updated at this time but intends to update such guidance during a conference call to discuss the Company's first quarter of fiscal 2006 financial results which will be held at 10:00 a.m. CDT (11:00 a.m. EDT) on January 23, 2006. To listen live via telephone, call 800-391-2548, verbal pass code Pilgrim's Pride or VG495227. The call will also be webcast live on the Internet at <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=68228&eventID=1189714> (Please copy and past the link into the browser)

The webcast will be available for replay within two hours of the conclusion of the call. A telephone replay will be available beginning at 2:00 p.m. CDT on January 23 through January 30 at 800-355-2355 pass code 495227#.

Pilgrim's Pride Corporation is the second-largest poultry producer in the United States and Mexico and the largest chicken producer in Puerto Rico. Pilgrim's Pride employs more than 40,000 people and has major operations in Texas, Alabama, Arkansas, Georgia, Kentucky, Louisiana, North Carolina, Pennsylvania, Tennessee, Virginia, West Virginia, Mexico and Puerto Rico, with other facilities in Arizona, California, Florida, Iowa, Mississippi, Utah and Wisconsin.

Pilgrim's Pride products are sold to foodservice, retail and frozen entree customers. The Company's primary distribution is through retailers, foodservice distributors and restaurants throughout the United States and Puerto Rico and in the Northern and Central regions of Mexico.

For more information, please visit www.pilgrimspride.com

Forward - Looking Statements :

Statements contained in this press release that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management, including the earnings guidance for the first quarter of fiscal 2006 and our expectations regarding the financial effects of the restructuring of our Turkey operation, are forward-looking statements. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ materially from those projected in such forward-looking statements include: matters affecting the poultry industry generally, including fluctuations in the commodity prices of feed ingredients, chicken and turkey; additional outbreaks of avian influenza or other diseases, either in our own flocks or elsewhere, affecting our ability to conduct or operations and/or demand for our poultry products; contamination of our products, which has recently and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate changes in laws or regulations affecting our operations or the application thereof; competitive factors and pricing pressures or the loss of one or more of our largest customers; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; management of our cash resources, particularly in light of our leverage, and restrictions imposed by and as a result of, our leverage; and the impact of uncertainties of litigation as well as other risks described under "Risk Factors" in our Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission. Pilgrim's Pride Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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For further information contact:
Rick Cogdill

Pilgrim's Pride Corporation
(903) 434-1508

