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## **Pilgrim's Pride Corporation to Close Chicken Processing Complex and Six Distribution Centers**

### **Company Announces Plan to Curtail Losses Amid Unprecedented Increases in Feed-Ingredient Costs and Oversupply of Chicken in United States Further Actions Likely as Company Studies Other Options**

PITTSBURG, Texas, March 12 /PRNewswire-FirstCall/ -- Pilgrim's Pride Corporation (NYSE: PPC), today announced it will close a chicken processing complex and six of its 13 distribution centers in the United States in response to the crisis facing the U.S. chicken industry from soaring feed-ingredient costs resulting from corn-based ethanol production. These actions are part of a plan to curtail losses amid record-high costs for corn, soybean meal and other feed ingredients and an oversupply of chicken in the United States. The closings, which are expected to begin immediately and will be completed by June, will result in the elimination of approximately 1,100 jobs. Additionally, the Company announced that it is in the process of reviewing other production facilities for potential mix changes, closure and/or consolidation in response to current negative industry fundamentals.

Under the plan announced today, the Company will close its chicken processing complex in Siler City, N.C., which employs approximately 830 people. Pilgrim's Pride also plans to shut down distribution centers in Oskaloosa, Iowa; Plant City and Pompano Beach, Fla.; Jackson, Miss.; Nashville, Tenn.; and Cincinnati, Ohio. Pilgrim's Pride will provide transition programs to employees to assist them in securing new employment, filing for unemployment and other applicable benefits. No decision has been made about the future use of the Siler City facility, however, when industry fundamentals improve, portions of the live production capabilities associated with the Siler City operation may be redeployed to supply other Company facilities in that region of the country. The company expects to record asset impairment and other charges related to the facility closures of approximately \$35 million, \$21.7 million net of tax, or \$0.33 per share.

"Our Company and industry are struggling to cope with unprecedented increases in feed-ingredient costs this year due largely to the U.S. government's ill-advised policy of providing generous federal subsidies to corn-based ethanol blenders," said Clint Rivers, president and chief executive officer. "The cost burden is already enormous, and it's growing even larger. Based on current commodity futures markets, our company's total costs for corn and soybean meal to feed our flocks in fiscal 2008 would be more than \$1.3 billion higher than what they were two years ago. We simply must find ways to pass along these higher costs. Additionally, we believe that the recent impact of food-based inflation, coupled with the need for food producers to continue to increase prices for their products, will further stimulate inflation, weaken consumer confidence and negatively affect demand for products in certain market channels. This will require that the industry adjust its production output to levels commensurate with a reduced demand, at higher and necessary prices, sufficient to sustain the industry as a whole."

Mr. Rivers added: "While the decision to close a facility is always very difficult, we believe the actions we are announcing today are absolutely necessary to help bring supply and demand into better balance. That portion of the demand for our products that exists solely at pricing levels below the cost of production is no longer a demand that this industry can continue to supply."

#### About Pilgrim's Pride

Pilgrim's Pride Corporation is the largest chicken company in the United States and Puerto Rico and the second-largest in Mexico. Pilgrim's Pride employs approximately 54,500 people and operates 37 chicken processing and 12 prepared-foods facilities, with major operations in Texas, Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia, Mexico and Puerto Rico as well as other facilities in Arizona, Iowa, Mississippi, Ohio and Utah.

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 <http://www.pilgrimspride.com>.

#### Forward-Looking Statements

Statements contained in this press release that state the intentions, plans, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management, including as to the expected benefits and synergies associated with the acquisition of Gold Kist and changes in pricing, demand and market conditions for chicken products and profitability, 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 our operations and/or demand for our poultry products; contamination of our products, which has previously 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; asset impairment and other charges related to facility closures or modifications; management of our cash resources, particularly in light of our substantial leverage; restrictions imposed by, and as a result of, our substantial leverage; changes in laws or regulations affecting our operations or the application thereof; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause our costs of doing business to increase, cause us to change the way in which we do business, or otherwise disrupt our operations; competitive factors and pricing pressures or the loss of one or more of our largest customers; inability to consummate, or effectively integrate, any acquisition, including integrating our recent acquisition of Gold Kist, or realize the associated cost savings and operating synergies currently anticipated; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; disruptions in international markets and distribution channels; 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.

SOURCE Pilgrim's Pride Corporation

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