

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended JULY 3, 1999

Commission file number 1-9273

PILGRIM'S PRIDE CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE 75-1285071  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

110 SOUTH TEXAS, PITTSBURG, TX 75686-0093  
(Address of principal executive offices) (Zip code)

(903) 855-1000  
(Telephone number of principal executive offices)

Not Applicable  
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock, \$.01 Par Value --- 13,794,529 shares as of August 2, 1999

Class B Common Stock, \$.01 Par Value --- 27,589,250 shares as of August 2, 1999

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PART I. FINANCIAL INFORMATION  
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

ITEM 1: FINANCIAL STATEMENTS :

	July 3, 1999	September 26, 1998
ASSETS	(Unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 5,643	\$ 25,125
Trade accounts and other receivables, less allowance for doubtful accounts	99,122	81,813
Inventories	174,325	141,684
Deferred income taxes	4,773	7,010
Prepaid expenses and other current assets	4,711	2,902
Total Current Assets	288,574	258,534
Other Assets	12,051	11,757
Property, Plant and Equipment	611,255	562,099
Less accumulated depreciation	253,906	230,951
	357,349	331,148
	\$ 657,974	\$ 601,439
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	77,638	70,069
Accrued expenses	44,150	35,536
Current maturities of long-term debt	7,928	5,889
Total Current Liabilities	129,716	111,494
Long-Term Debt, less current maturities	195,283	199,784
Deferred Income Taxes	53,639	58,401
Minority Interest in Subsidiary	889	889
Stockholders' Equity:		
Preferred stock, \$.01 par value, authorized 5,000,000 shares; none issued	--	--
Common stock - Class A, \$.01 par value, authorized 100,000,000 shares; none issued	--	--
Common stock - Class B, \$.01 par value, authorized 60,000,000 shares; 27,589,250 issued and outstanding in 1999 and 1998	276	276
Additional paid-in capital	79,763	79,763
Retained earnings	198,408	150,832
Total Stockholders' Equity	278,447	230,871
	\$ 657,974	\$ 601,439

See notes to condensed consolidated financial statements.

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JULY 3, 1999	JUNE 27, 1998	JULY 3, 1999 (40 weeks)	JUNE 27, 1998 (39 weeks)
	(in thousands, except share and per share data)			
Net Sales	\$ 344,160	\$ 328,500	\$ 1,010,142	\$ 990,833
Costs and Expenses:				
Cost of sales	294,745	295,764	870,564	901,856
Selling, general and administrative	20,203	13,693	58,888	43,166
	314,948	309,457	929,452	945,022
Operating income	29,212	19,043	80,690	45,811
Other Expenses (Income):				
Interest expense, net	4,308	5,195	13,131	15,325
Foreign exchange (gain) loss	(179)	413	(432)	1,515
Miscellaneous, net	(191)	(535)	(364)	(1,487)
	3,938	5,073	12,335	15,353
Income before income taxes	25,274	13,970	68,355	30,458
Income tax expense	6,957	2,135	19,538	739
Net income	\$ 18,317	\$ 11,835	\$ 48,817	\$ 29,719
Net income per common share	\$ .44	\$ .29	\$ 1.18	\$ .72
Dividends per common share	\$ .01	\$ .01	\$ .03	\$ .03
Weighted average shares outstanding	41,383,779	41,383,779	41,383,779	41,383,779

See Notes to condensed consolidated financial statements.

PILGRIM'S PRIDE CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Nine Months Ended	
	JULY 3, 1999	JUNE 27, 1998
	(40 weeks)	(39 weeks)
	(In Thousands)	
<b>Cash Flows From Operating Activities:</b>		
Net income	\$48,817	\$29,719
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	25,990	24,493
Loss on property disposals	47	16
Provision for doubtful accounts	1,840	(335)
Deferred income taxes	(2,525)	(542)
Changes in operating assets and liabilities:		
Accounts and other receivables	(19,149)	(4,920)
Inventories	(32,641)	6,702
Prepaid expenses and other current assets	(1,809)	(2,723)
Accounts payable and accrued expenses	16,183	(19,699)
Other	(227)	(479)
Cash Flows Provided by Operating Activities	36,526	32,232
<b>Investing Activities:</b>		
Acquisitions of property, plant and equipment	(52,170)	(39,434)
Proceeds from property disposals	992	840
Other, net	(1,018)	1,472
Net Cash Used In Investing Activities	(52,196)	(37,122)
<b>Financing Activities:</b>		
Proceeds from notes payable to banks	14,000	35,500
Repayment of notes payable to banks	(14,000)	(35,500)
Proceeds from long-term debt	15,259	21,125
Payments on long-term debt	(17,886)	(29,196)
Cash dividends paid	(1,241)	(1,241)
Cash Used In Financing Activities	(3,868)	(9,312)
Effect of exchange rate changes on cash and cash equivalents	56	(271)
Decrease in cash and cash equivalents	(19,482)	(14,473)
Cash and cash equivalents at beginning of year	25,125	20,339
Cash and cash equivalents at end of period	5,643	\$5,866
<b>Supplemental disclosure information:</b>		
Cash paid during the period for:		
Interest (net of amount capitalized)	11,016	\$13,043
Income Taxes	22,463	\$1,004

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended July 3, 1999 are not necessarily indicative of the results that may be expected for the year ended October 2, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in Pilgrim's Annual Report on Form 10-K for the year ended September 26, 1998.

The consolidated financial statements include the accounts of Pilgrim's and its wholly and majority owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

The Company reports on the basis of a 52/53-week fiscal year, which ends on the Saturday closest to September 30. Interim periods also end on the Saturday closest to the end of the applicable month. As a result, the nine months ended July 3, 1999 had 40 weeks, while the nine months ended June 27, 1998 had 39 weeks.

The assets and liabilities of the foreign subsidiaries are translated at end-of-period exchange rates, except for any non-monetary assets which are translated at equivalent dollar costs at dates of acquisition using historical rates. Operations of foreign subsidiaries are translated at average exchange rates in effect during the period.

#### NOTE B--NET INCOME PER COMMON SHARE

Earnings per share for the periods ended July 3, 1999 and June 27, 1998 are based on the weighted average shares outstanding for the periods, as adjusted for the stock split referred to in Note E.

#### NOTE C--INVENTORIES

Inventories consist of the following:

	JULY 3, 1999	SEPTEMBER 26, 1998
	(in thousands)	
Live chickens and hens	\$ 73,853	\$ 61,295
Feed, eggs and other	49,836	46,199
Finished chicken products	50,636	34,190
	\$ 174,325	\$ 141,684

#### NOTE D--LONG TERM DEBT

On March 30, 1999 the Company borrowed \$15 million from an existing secured term borrowing facility at 7.07% interest. Principal and interest are payable in monthly installments of \$138,000, plus one balloon payment at maturity on February 28, 2006.

On June 29, 1999, the Camp County Industrial Development Corporation ("the Corporation") issued \$25.0 million of variable-rate environmental facilities revenue bonds supported by letters of credit obtained by the Company. The Company may borrow from these proceeds over the construction period of its new sewage and solid waste water disposal facilities at a poultry by-products plant to be built in Camp County, Texas. Amounts borrowed from these funds will be reflected as debt when received from the Corporation, and will be due in 2029. Any amounts not borrowed by June 2002 will not be available to the Company. The interest rate on amounts borrowed will approximate the tax-exempt commercial paper rates.

#### NOTE E--COMMON STOCK

On July 2, 1999, the Company's board of directors declared a stock dividend of the Company's Class A common stock. Stockholders of record on July 20, 1999 received one share of the Company's Class A common stock for every two shares of the Company's Class B common stock held as of that date. The additional shares were issued on July 30, 1999. All historical share and per share amounts have been restated to give effect to the stock dividend.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Profitability in the chicken industry can be materially affected by the commodity prices of chicken, chicken parts and feed ingredients. Those commodity prices are determined largely by supply and demand. As a result, the chicken industry as a whole has been characterized by cyclical earnings. These cyclical fluctuations in earnings of individual chicken companies can be mitigated somewhat by: (i) business strategy, (ii) product mix, (iii) sales and marketing plans, and (iv) operating efficiencies.

In an effort to reduce price volatility and to generate higher, more consistent profit margins, the Company has concentrated on the production and marketing of prepared food products. Prepared food products generally have higher margins than the Company's other products. Also, the production and sale in the U.S. of prepared foods products reduces the impact of the cost of feed ingredients the Company's profitability. Feed ingredient purchases are the single largest component of the Company's cost of goods sold, representing approximately 31.0% of U.S. cost of goods sold in 1998. The production of feed ingredients is positively or negatively affected primarily by weather patterns throughout the world, the global level of supply inventories and the agricultural policies of the United States and foreign governments. As further processing is performed, feed ingredient costs become a decreasing percentage of a product's total production cost, thereby reducing their impact on profitability.

As discussed in Note A to the Condensed Consolidated Financial Statements, the Company's accounting cycle resulted in 40 weeks of operations in the first nine months of fiscal 1999 compared to 39 weeks in the first nine months of fiscal 1998.

The following table presents certain information regarding the Company's U.S and Mexico operations.

	Net Sales		Net Sales	
	Three Months Ended		Nine Months Ended	
	July 3,	June 27,	July 3,	June 27,
	1999	1998	1999	1998
			(40 weeks)	(39 weeks)
	(In Thousands)			
Sales to unaffiliated customers:				
United States	\$281,255	\$261,375	\$821,571	\$775,294
Mexico	62,905	67,125	188,571	215,539
Operating Income:				
United States	\$ 22,076	\$ 8,435	\$ 62,558	\$ 14,011
Mexico	7,136	10,608	18,132	31,800

The following table presents certain items as a percentage of net sales for the periods indicated.

	Percentage of Net Sales Three Months Ended		Percentage of Net Sales Nine Months Ended	
	July 3, 1999	June 27, 1998	July 3, 1999	June 27, 1998
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Sales	85.6%	90.0%	86.2%	91.0%
Gross Profit	14.4%	10.0%	13.8%	9.0%
Selling, General and Administrative Expense	5.9%	4.2%	5.8%	4.4%
Operating Income	8.5%	5.8%	8.0%	4.6%
Interest Expense	1.3%	1.6%	1.3%	1.5%
Income before Income Taxes	7.3%	4.3%	6.8%	3.1%
Net Income	5.3%	3.6%	4.8%	3.0%

#### Results of Operations

##### THIRD QUARTER 1999 COMPARED TO THIRD QUARTER 1998:

**NET SALES.** Consolidated net sales were \$344.2 million for the third quarter of fiscal 1999, an increase of \$15.7 million, or 4.8% from the third quarter of fiscal 1998. The increase in consolidated net sales resulted from a \$26.1 million increase in U.S. chicken sales to \$254.8 million offset by a \$6.2 million decrease of sales of other U.S. products to \$26.5 million and a \$4.2 million decrease in Mexico chicken sales to \$62.9 million. The increase in U.S. chicken sales was due primarily to a 9.6% increase in dressed pounds produced and a 1.7% increase in total revenue per dressed pound. The higher average selling prices resulted primarily from the continuing shift of the Company's sales mix to higher-value prepared food products. The decrease in Mexico chicken sales was due primarily to a 17.7% decrease in revenue per dressed pound offset partially by a 13.8% increase in dressed pounds sold.

**COST OF SALES.** Consolidated cost of sales remained relatively stable at \$294.7 million in the third quarter of fiscal 1999, a decrease of \$1.0 million, or 0.3% compared to the third quarter of fiscal 1998. The decrease resulted primarily from a \$2.1 million decrease in the cost of sales in Mexico operations offset partially by a \$1.1 million increase in the cost of sales of U.S. operations. The \$2.1 million cost of sales decrease in Mexico operations was due primarily to a 18.3% decrease in feed ingredient purchases per pound, partially offset by a 13.8% increase in dressed pounds produced. The cost of sales increase in U.S. operations of \$1.1 million was due primarily to a 9.6% increase in dressed pounds produced partially offset by a 28.3% decrease in feed ingredient costs per pound.

**GROSS PROFIT.** Gross profit was \$49.4 million for the third quarter of fiscal 1999, an increase of \$16.7 million, or 51.0% over the same period last year. Gross profit as a percentage of sales increased to 14.4% in the third quarter of fiscal 1999 from 10.0% in the third quarter of fiscal 1998. The increased gross profit resulted primarily from lower feed ingredient costs per pound and higher production volumes.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Consolidated selling, general and administrative expenses were \$20.2 million in the third quarter of fiscal 1999 and \$13.7 million in the third quarter of fiscal 1998. Consolidated selling, general and administrative expenses as a percentage of sales increased in the third quarter of fiscal 1999 to 5.9% compared to 4.2% in the third quarter of fiscal 1998 due to higher administrative expenses resulting from higher sales volumes and increased retirement and variable compensation costs which are dependent upon U.S. profits.

**OPERATING INCOME.** Consolidated operating income was \$29.2 million for the third quarter of fiscal 1999, an increase of \$10.2 million, or 53.4% when compared to the third quarter of fiscal 1998, resulting primarily from lower feed ingredient costs per pound and higher production volumes.

**INTEREST EXPENSE.** Consolidated net interest expense decreased to \$4.3 million, or 17.1% in the third quarter of fiscal 1999, when compared to \$5.2 million for the third quarter of fiscal 1998, due primarily to lower average outstanding



debt levels.

INCOME TAX EXPENSE. Consolidated income tax expense in the third quarter of fiscal 1999 increased to \$7.0 million compared to \$2.1 million in the third quarter of fiscal 1998. This increase resulted from higher U.S. earnings in the third quarter of fiscal 1999 than in the third quarter of fiscal 1998.

NINE MONTHS ENDED JULY 3, 1999 COMPARED TO  
NINE MONTHS ENDED JUNE 27, 1998:

The Company's accounting cycle resulted in 40 weeks of operations in the first nine months of fiscal 1999 compared to 39 weeks in the first nine months of fiscal 1998.

NET SALES. Consolidated net sales were \$1.0 billion for the first nine months of fiscal 1999, an increase of \$19.3 million, or 1.9% from the first nine months of fiscal 1998. The increase in consolidated net sales resulted from a \$46.5 million increase in U.S. chicken sales to \$714.3 million offset by a \$27.0 million decrease in Mexico chicken sales to \$188.6 million and a \$0.2 million decrease of sales of other U.S. products to \$107.3 million. The increase in U.S. chicken sales was due primarily to a 8.0% increase in dressed pounds produced partially offset by a .9% decrease in total revenue per dressed pound. The decrease in Mexico chicken sales was due primarily to an 18.1% decrease in revenue per dressed pound partially offset by a 6.8% increase in dressed pounds sold.

COST OF SALES. Consolidated cost of sales was \$870.6 million in the first nine months of fiscal 1999, a decrease of \$31.3 million, or 3.5% compared to the first nine months of fiscal 1998. The decrease resulted primarily from a \$16.6 million decrease in cost of sales of U.S. operations and a \$14.7 million decrease in the cost of sales in Mexico operations. The cost of sales decrease in U.S. operations of \$16.6 million was due to a 24.3% decrease in the cost of feed ingredient purchases per pound produced, partially offset by a 8.0% increase in dressed pounds produced. The \$14.7 million cost of sales decrease in Mexico operations was due primarily to a 17.7% decrease in feed ingredient costs per pound, offset partially by a 6.8% increase in dressed pounds produced.

GROSS PROFIT. Gross profit was \$139.6 million for the first nine months of fiscal 1999, an increase of \$50.6 million, or 56.9% over the same period last year. Gross profit as a percentage of sales increased to 13.8% in the first nine months of fiscal 1999 from 9.0% in the first nine months of fiscal 1998. The increased gross profit resulted primarily from lower feed ingredient costs per pound and higher production volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were \$58.9 million in the first nine months of fiscal 1999 and \$43.2 million in the first nine months of fiscal 1998. Consolidated selling, general and administrative expenses as a percentage of sales increased in the first nine months of fiscal 1999 to 5.8% compared to 4.4% in the first nine months of fiscal 1998 due to increased retirement and variable compensation costs which are dependent upon U.S. profits.

Operating Income. Consolidated operating income was \$80.7 million for the first nine months of fiscal 1999, an increase of \$34.9 million, or 76.1% when compared to the first nine months of fiscal 1998, resulting primarily from lower feed ingredient costs per pound and higher production volumes.

INTEREST EXPENSE. Consolidated net interest expense decreased to \$13.1 million, or 14.3% in the first nine months of fiscal 1999, compared to \$15.3 million for the first nine months of fiscal 1998, due to lower average outstanding debt levels.

INCOME TAX EXPENSE. Consolidated income tax expense in the first nine months of fiscal 1999 increased to \$19.5 million compared to \$0.7 million in the first nine months of fiscal 1998. This increase resulted from higher U.S. earnings in the first nine months of fiscal 1999 than in the first nine months of fiscal 1998.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company maintains \$70 million in revolving credit facilities and a \$30 million secured term borrowing facility. The credit facilities provide for interest at rates ranging from LIBOR plus one and three-eighths percent to LIBOR plus one and three-quarters percent and are secured by inventory and fixed assets, or are unsecured. As of July 15, 1999, \$63.3 million was available under the revolving credit facilities and \$28.2 million was available under the term borrowing facility. In March 1999, the Company borrowed \$15 million on a pre-existing secured-term borrowing facility, the proceeds of which were used primarily to acquire additional production facilities.

On June 26, 1998, the Company entered into an asset sales agreement to sell up to \$60 million of accounts receivable. Under this agreement, the Company sells, on a revolving basis, certain accounts receivable to a special purpose corporation, which in turn may sell a percentage ownership interest in the receivables to third parties. As of July 21, 1999, no interest in sold accounts receivable were outstanding and the entire facility was available for sales of qualifying accounts receivable.

On June 29, 1999, the Camp County Industrial Development Corporation issued \$25.0 million of variable-rate environmental facilities revenue bonds supported by letters of credit obtained by the Company. The Company may borrow from these proceeds over the construction period of its new sewage and solid waste disposal facilities at a poultry by-products plant to be built in Camp County, Texas. The Company is not required to borrow the full amount of the proceeds from the bonds and any amounts not borrowed by June 2002 will not be available. All amounts borrowed from these funds will be due in 2029, and will be reflected as debt when received. The interest rates on amounts borrowed will closely follow the tax-exempt commercial paper rates.

At July 3, 1999, the Company's working capital increased to \$158.9 million and its current ratio was 2.22 to 1, compared with working capital of \$147.0 million and a current ratio of 2.32 to 1 at September 26, 1998.

Trade accounts and other receivables were \$99.1 million at July 3, 1999, a \$17.3 million increase from September 26, 1998. The 21.2% increase was due primarily to an increase in sales of prepared foods products, which normally have longer credit terms than fresh chicken sales.

Inventories were \$174.3 million at July 3, 1999, compared to \$141.7 million at September 26, 1998. The \$32.6 million, or 23.0% increase was due primarily to the continuing shift in the Company's sales mix toward prepared foods products, which require a higher level of inventory relative to sales.

Accounts payable were \$77.6 million at July 3, 1999, a \$7.6 million increase from September 26, 1998. The 10.8% increase was due primarily to higher levels of purchases needed to support the increased production levels now experienced and normal seasonal variations in accounts payable.

Cash flows provided by operating activities were \$36.5 million and \$32.2 million for the nine months ended July 3, 1999 and June 27, 1998, respectively. The increase in cash flows provided by operating activities for the nine months ended July 3, 1999 when compared to the nine months ended June 27, 1998 was due primarily to increased net income, accounts payable and accrued expenses.

Capital expenditures for the first nine months of fiscal 1999 were \$52.2 million and were primarily incurred to acquire and expand certain facilities, improve efficiencies, and for routine replacement of equipment. The Company has budgeted an aggregate of approximately \$100 million for capital expenditures in each of fiscal years 1999, 2000 and 2001, primarily to increase capacity through either building or acquiring new facilities, to improve efficiencies and for the routine replacement of equipment. However, actual levels of capital expenditures in any fiscal year may be greater or less than those budgeted. Such capital expenditures are expected to be financed with available operating cash flows and long-term financing.

At July 3, 1999, the Company's stockholders' equity increased to \$278.4 million from \$230.9 million at September 26, 1998. Total debt to capitalization decreased to 42.2% at July 3, 1999 compared to 47.1% at September 26, 1998.

#### IMPACT OF YEAR 2000

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the Year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company began assessment of its future business system requirements in 1996. As part of the Company's review, it determined that it would be required to modify or replace portions of its software and hardware so that its computer systems will function properly with respect to dates in the Year 2000 and thereafter.

To date, the Company has tested the identified systems and updated those systems in the U.S., including the software and hardware components deemed necessary to insure the uninterrupted fulfillment of the Company's core business processes as they relate to the timely, accurate, and quality production and delivery of our products to our customers, the processing of accounting information, and the associated processing and reporting of

information as required by our business partners, banks, and government agencies. The Company is in the process of updating its systems in Mexico and anticipates completing the remaining portion of its Year 2000 project by October, 1999. The Company presently believes that with these modifications and replacements, the Year 2000 Issue will not pose significant operational problems for its computer systems.

The Company has reviewed Year 2000 disclosures of the packaged software applications it uses to insure Year 2000 readiness. The suppliers of these software products have provided some approach for the Company to insure compliance of core software, either through program options, upgrades or new products. These solutions are already in place, with the exception of the hourly employee time keeping system, which will be implemented by October 1999.

The Company regularly upgrades and replaces hardware platforms such as database and application servers as well as its telephone systems. The Company currently believes that all of its servers are Year 2000 ready and 100 percent of our core personal computers are Year 2000 compliant. There are 18 core telephone switching systems, all of which are Year 2000 ready.

The embedded technology in the production environment, such as programmable logic controllers, computer-controlled valves and other equipment, has been inventoried and all issues identified have been resolved. Based on current evidence, the Company believes there will be no significant exposure with regard to production equipment.

Systems assessments and minor system modifications were completed using existing internal resources and, as a result, incremental costs were minimal. System replacements, consisting primarily of capital projects, were initiated for other business purposes while at the same time achieving Year 2000 compliance. System replacement projects were completed primarily using external resources. The total cost of the Year 2000 project is not expected to have a material effect on the Company's results of operations.

Additionally, the Company has initiated communications with all of its significant suppliers and large customers to determine the extent to which the Company's interface systems are vulnerable to those third parties' failure to remediate their own Year 2000 Issues. To date the significant suppliers, such as fuel, electrical, water, rail, grain and container, have responded favorably. Other key vendor and customer assessments are 90% complete with the remainder anticipated to be completed by the end of the third quarter 1999. However, there can be no assurance that the systems of other parties upon which the Company relies will be converted on a timely basis. The Company's business, financial condition, or results of operations could be materially adversely impacted by the failure of its systems and applications or those operated by others to properly operate or manage dates beyond 1999.

The Company has instituted a two-fold approach to Contingency Planning; technical and business continuity. The technical contingency planning took place in conjunction with the implementation of the Company's new information systems in the U.S., and will continue through the third quarter of 1999 picking up the non-core hardware and support technology in both the U.S. and Mexico. Business contingency planning is currently underway and the Company will establish contingency plans, if needed, based on supplier evaluation and assessment of risk.

The Company believes that its initiatives and its existing business recovery plans are adequate to reasonably address likely Year 2000 issues; if unforeseen circumstances arise, the Company will attempt to develop contingency plans for these situations.

#### IMPACT OF INFLATION

Due to moderate inflation in the U.S. and the Company's rapid inventory turnover rate, the results of operations have not been significantly affected by inflation during the past three-year period.

#### FORWARD LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. Except for historical information contained herein, Management's Discussion and Analysis of Results of Operations and Financial Condition and other discussions elsewhere in this Form 10-Q contain forward-looking statements that are dependent upon a number of risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These risks and uncertainties include changes in commodity prices of feed ingredients and chicken, the Company's substantial indebtedness, risks associated with the Company's foreign operations, including currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and changes in laws and practices, the impact of current and future laws and regulations,

the impact of year 2000, and the other risks described in the Company's SEC filings. The Company does not intend to provide updated information about the matters referred to in these forward looking statements, other than in the context of Management's Discussion and Analysis of Results of Operations and Financial Condition contained herein and other disclosures in the Company's SEC filings.

### ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### IMPACT OF MEXICO PESO EXCHANGE RATE

The Company's earnings are affected by foreign exchange rate fluctuations related to the Mexico peso net monetary position of its Mexico subsidiaries. The company primarily manages this exposure by attempting to minimize its Mexico peso net monetary position, but has also from time to time considered executing hedges to help minimize this exposure. However, such instruments have historically not been economically feasible. The Company is also exposed to the effect of potential exchange rate fluctuations to the extent that amounts are repatriated from Mexico to the United States. However, the Company currently anticipates that the cash flows of its Mexico subsidiaries will continue to be reinvested in its Mexico operations. In addition, the Mexico peso exchange rate can directly and indirectly impact the Company's results of operations and financial position in several manners, including potential economic recession in Mexico resulting from a devalued peso. The impact on the Company's financial position and results of operations of a hypothetical change in the exchange rate between the U.S. dollar and the Mexico peso cannot be reasonably estimated. Foreign currency exchange gains and losses, representing the change in the U.S. dollar value of the net monetary assets of the Company's Mexico subsidiaries, were a gain of \$0.4 million in the first nine months of fiscal 1999 and a loss of \$1.5 million in the first nine months of fiscal 1998. On July 30, 1999, the Mexico peso closed at 9.41 to 1 U.S. dollar, strengthening from 10.24 at September 26, 1998. No assurance can be given as to the future valuation of the Mexico peso and how further movements in the peso could affect future earnings of the Company.

### ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Pilgrim's Pride Corporation held a Special Meeting of Shareholders on July 20, 1999. The meeting was held to amend the Company's Certificate of Incorporation to permit dividends of either Class A Common Stock or Class B Common Stock of the Company, as specified by the Board of Directors of the Company, to holders of the Company's Class B Common Stock. The number of shares represented at the meeting was 20,885,680 with 417,713,600 votes. The amendment was passed with 381,515,040 voting for the amendment, 36,149,000 voting against the amendment and 49,560 votes abstaining. The measure passed and the articles are now amended.

## PART II

### OTHER INFORMATION

#### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The Company filed a Form 8-K dated July 20, 1999, to report the amending of the Articles of Incorporation to permit dividends of either of its Class A Common Stock or Class B Common Stock to holders of its Class B Common Stock.

#### EXHIBITS NUMBER

- 3.2 Amended and Restated Corporate Bylaws of Pilgrim's Pride Corporation, a Delaware Corporation, effective May 14, 1999.
- 10.37 Second Amendment to Amended and Restated Secured Credit Agreement between Pilgrim's Pride Corporation and Harris Trust and Savings Bank, U.S. Bancorp Ag Credit, Inc., CoBank, ACB, SunTrust Bank and Credit Agricole Indosuez.
- 10.38 Third Amendment to Amended and Restated Secured Credit Agreement between Pilgrim's Pride Corporation and Harris Trust and Savings Bank, U.S. Bancorp Ag Credit, Inc., CoBank, ACB, SunTrust Bank and Credit Agricole Indosuez.
- 10.39 Fourth Amendment to Amended and Restated Secured Credit Agreement between Pilgrim's Pride Corporation and Harris Trust and Savings Bank, U.S. Bancorp Ag Credit, Inc., CoBank, ACB, SunTrust Bank and Credit Agricole Indosuez.

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 thereunto duly authorized.

PILGRIM'S PRIDE CORPORATION

/s/ Richard A. Cogdill

Date: 8/2/99

Richard A. Cogdill  
Executive Vice President and  
Chief Financial Officer and  
Secretary and Treasurer  
in his respective capacity as such

3-MOS

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JUL-03-1999  
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AMENDED AND RESTATED  
CORPORATE BYLAWS

OF

PILGRIM'S PRIDE CORPORATION  
(A DELAWARE CORPORATION)

\* \* \* \* \*

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PILGRIM'S PRIDE CORPORATION  
(a Delaware corporation)

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(i)

AMENDED AND RESTATED  
CORPORATE BYLAWS

OF

PILGRIM'S PRIDE CORPORATION  
(a Delaware Corporation)

ARTICLE 1

NAME AND OFFICES

1. NAME. The name of the Corporation is PILGRIM'S PRIDE CORPORATION, hereinafter referred to as the "Corporation."

2. REGISTERED OFFICE AND AGENT. The Corporation shall establish, designate and continuously maintain a registered office and agent in the State of Delaware, subject to the following provisions:

(a) REGISTERED OFFICE. The Corporation shall establish and continuously maintain in the State of Delaware a registered office which may be, but need not be, the same as its place of business.

(b) REGISTERED AGENT. The Corporation shall designate and continuously maintain in the State of Delaware a registered agent, which agent may be either an individual resident of the State of Delaware whose business office is identical with such registered office, or a domestic corporation or a foreign corporation authorized to transact business in the State of Delaware, having a business office identical with such registered office.

(c) CHANGE OF REGISTERED OFFICE OR AGENT. The Corporation may change its registered office or change its registered agent, or both, upon the filing in the Office of the Secretary of State of Delaware of a statement setting forth the facts required by law, and executed for the Corporation by its President, a Vice President or other duly authorized officer.

3.c OTHER OFFICES. The Corporation may also have offices at such other places within and without the State of Delaware as the Board of Directors may, from time to time, determine the business of the Corporation may require.

ARTICLE 2

STOCKHOLDERS

1.c PLACE OF MEETINGS. Each meeting of the stockholders of the Corporation is to be held at the principal offices of the Corporation or at such other place, either within or without the State of Delaware, as may be specified in the notice of the meeting or in a duly executed waiver of notice thereof.

2.c ANNUAL MEETINGS. The annual meeting of the stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held within one hundred twenty (120) days after the close of the fiscal year of the Corporation on a day during such period to be selected by the Board of Directors; provided, however, that the failure to hold the annual meeting within the designated period of time or on the designated date shall not work a forfeiture or

dissolution of the Corporation.

3.c SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, may be called by the Board of Directors, Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer or President. The notice of a special meeting shall state the purpose or purposes of the proposed meeting and the business to be transacted at any such special meeting of stockholders, and shall be limited to the purposes stated in the notice therefor.

4.c NOTICE. Written or printed notice of the meeting stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Directors, Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President, or Secretary, to each stockholder of record entitled to vote at such meeting as determined in accordance with the provisions of Section 2.10 hereof. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, with postage thereon prepaid, addressed to the stockholder entitled thereto at his address as it appears on the stock transfer books of the Corporation.

5.c VOTING LIST. The officer or agent having charge and custody of the stock transfer books of the Corporation, shall prepare, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares having voting privileges registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of not less than ten (10) days prior to such meeting either at the principal office of the Corporation or at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the entire time of the meeting. The original stock ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to identity of the stockholders entitled to examine such list or stock ledger or transfer book and to vote at any such meeting of the stockholders. The failure to comply with the requirements of this Section shall not affect the validity of any action taken at said meeting.

6.c QUORUM. The holders of a majority of the combined voting power of the capital stock issued and outstanding and entitled to vote thereat, represented in person or by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. The holders of the Class A Common Stock and the Class B Common stock shall vote as a single class on all matters submitted to a vote of the stockholders, with each share of Class A Common Stock being entitled to one (1) vote and each share of Class B Common Stock being entitled to twenty (20) votes. If, however, such quorum shall not be present or represented at any such meeting of the stockholders, the stockholders entitled to vote thereat, present in person, or represented by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such reconvened meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the reconvened meeting, a notice of said meeting shall be given to each stockholder entitled to vote at said meeting.

7.c REQUISITE VOTE. If a quorum is present at any meeting, the vote of the holders of a majority of the total outstanding combined voting power of Class A Common Stock and Class B Common Stock, present in person or represented by proxy, shall determine any question brought before such meeting, unless the question is one upon which, by express provision of the Certificate of Incorporation or of these Bylaws, a different vote shall be required, in which case such express provision shall govern and control the determination of such question.

8.c WITHDRAWAL OF QUORUM. If a quorum is present at the time of commencement of any meeting, the stockholders present at such duly convened meeting may continue to transact any business which may properly come before said meeting until adjournment thereof, notwithstanding the withdrawal from such meeting of sufficient holders of the shares of capital stock entitled to vote thereat to leave less than a quorum remaining.

9.c VOTING AT MEETING. Voting at meetings of stockholders shall be conducted and exercised subject to the following procedures and regulations:

(a) VOTING POWER. In the exercise of voting power with respect to each matter properly submitted to a vote at any meeting of stockholders, each holder of the Class A Common Stock of the Corporation having voting power shall be entitled to one (1) vote for each such share held in his name on the books of the Corporation, and each holder of the Class B Common

Stock of the Corporation having voting power shall be entitled to twenty (20) votes for each such share held in his name on the books of the Corporation except to the extent otherwise specified by the Certificate of Incorporation or Certificate of Designations pertaining to a series of preferred stock.

(b) EXERCISE OF VOTING POWER; PROXIES. Each stockholder entitled to vote at a meeting or to express consent or dissent to corporate action in writing without a meeting may vote either in person or authorize another person or persons to act for him by proxy duly appointed by instrument in writing subscribed by such stockholder or by his duly authorized attorney-in-fact; provided, however, no such appointment of proxy shall be valid, voted or acted upon after the expiration of three (3) years from the date of execution of such written instrument of appointment, unless otherwise stated therein. A proxy shall be revocable unless expressly designated therein as irrevocable and coupled with an interest. Proxies coupled with an interest include the appointment as proxy of: (a) a pledgee; (b) a person who purchased or agreed to purchase or owns or holds an option to purchase the shares voted; (c) a creditor of the Corporation who extended its credit under terms requiring the appointment; (d) an employee of the Corporation whose employment contract requires the appointment; or (e) a party to a voting agreement created under Section 218 of the General Corporation Law of Delaware, as amended. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting. Any vote may be taken by voice vote or by show of hands unless someone entitled to vote at the meeting objects, in which case written ballots shall be used.

(c) ELECTION OF DIRECTORS. In all elections of Directors cumulative voting shall be prohibited.

10.c RECORD DATE. As more specifically provided in Article 7, Section 7.7 hereof, the Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be less than ten (10) nor more than sixty (60) days prior to such meeting. In the absence of any action by the Board of Directors fixing the record date, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day before the meeting is held.

11.c ACTION WITHOUT MEETINGS. Any action permitted or required to be taken at a meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and such written consent shall have the same force and effect as the requisite vote of the stockholders thereon. Any such executed written consent, or an executed counterpart thereof, shall be placed in the minute book of the Corporation. Every written consent shall bear the date of signature of each stockholder who signs the consent. No written consent shall be effective to take the action that is the subject

of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required under Section 2.12 hereof, a consent or consents signed by the holders of the minimum number of shares of the capital stock issued and outstanding and entitled to vote on and approve the action that is the subject of the consent are delivered to the Corporation. Prompt notice of the taking of any action by stockholders without a meeting by less than unanimous written consent shall be given to those stockholders who did not consent in writing to the action.

12.c RECORD DATE FOR ACTION WITHOUT MEETINGS. Unless a record date shall have previously been fixed or determined by the Board of Directors as provided in Section 2.10 hereof, whenever action by stockholders is proposed to be taken by consent in writing without a meeting of stockholders, the Board of Directors may fix a record date for the purpose of determining stockholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by statute or the Certificate of Incorporation, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the Chairman of the Board of the Corporation. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts a resolution taking such prior action.

13.c PREEMPTIVE RIGHTS. No holder of shares of capital stock of the Corporation shall, as such holder, have any right to purchase or subscribe for any capital stock of any class which the Corporation may issue or sell, whether or not exchangeable for any capital stock of the Corporation of any class or classes, whether issued out of unissued shares authorized by the Certificate of Incorporation, as amended, or out of shares of capital stock

of the Corporation acquired by it after the issue thereof; nor shall any holder of shares of capital stock of the Corporation, as such holder, have any right to purchase, acquire or subscribe for any securities which the Corporation may issue or sell whether or not convertible into or exchangeable for shares of capital stock of the Corporation of any class or classes, and whether or not any such securities have attached or appurtenant thereto warrants, options or other instruments which entitle the holders thereof to purchase, acquire or subscribe for shares of capital stock of any class or classes.

14.c STOCKHOLDER PROPOSALS. At the annual meeting of stockholders of the Corporation, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before such annual meeting. To be properly brought before an annual meeting, business or proposals must (i) be specified in the notice relating to the meeting (or any supplement thereto) given by or at the direction of the Board of Directors in accordance with these Bylaws or (ii) be properly brought before the meeting by a stockholder of the Corporation who (A) is a stockholder of record at the time of the giving of such stockholder's notice provided for herein, (B) shall be entitled to vote at the annual meeting and (C) complies with the requirements of this Section, and otherwise be proper subjects for stockholder action and be properly introduced at the annual meeting. For a proposal to be properly brought before the annual meeting by a stockholder of the Corporation, in addition to any other applicable requirements, such stockholder must have given timely advance notice thereof in writing to the Secretary of the Corporation. To be timely, such stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than 120 days nor more than 270 days prior to the scheduled annual meeting date, regardless of any postponements, deferrals or adjournments of such annual meeting to a later date. Any such stockholder's notice to the Secretary of the Corporation shall set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of such stockholder proposing such business and any other stockholders of the Corporation known by such stockholder to be in favor of such proposal, (iii) the number of shares of capital stock of the Corporation owned by such stockholder on the date of such notice and (iv) any material interest of such stockholder in such proposal. The presiding officer of the meeting

of stockholders of the Corporation shall determine whether the requirements of this Section have been met with respect to any stockholder proposal. If the presiding officer determines that any stockholder proposal was not made in accordance with the terms of this Section, he shall so declare at the meeting and any such proposal shall not be acted upon at the meeting. At a special meeting of stockholders of the Corporation, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before such special meeting. To be properly brought before such a special meeting, business or proposals must (i) be specified in the notice relating to the meeting (or any supplement thereto) given by or at the direction of the Board of Directors in accordance with these Bylaws or (ii) constitute matters incident to the conduct of the meeting as the presiding officer of the meeting shall determine to be appropriate. In addition to the foregoing provisions of this Section, a stockholder of the Corporation shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section.

### ARTICLE 3

#### DIRECTORS

1.c MANAGEMENT POWERS. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders.

2.c NUMBER AND QUALIFICATION. The Board of Directors shall consist of not less than one (1) member. The number of Directors shall initially be fixed by the incorporator and thereafter from time to time by the Board of Directors. Directors need not be residents of the State of Delaware nor stockholders of the Corporation. Each Director shall qualify as a Director following election as such by agreeing to act or acting in such capacity. The number of Directors shall be fixed, and may be increased or decreased, from time to time by resolution of the Board of Directors without the necessity of a written amendment to the Bylaws of the Corporation; provided, however, no decrease shall have the effect of shortening the term of any incumbent Director.

3.c ELECTION AND TERM. Members of the Board of Directors shall hold office until the annual meeting of the stockholders of the Corporation and until their successors shall have been elected and qualified. At the annual meeting of stockholders, the stockholders entitled to vote in an



election of Directors shall elect Directors to hold office until the next succeeding annual meeting of the stockholders. Each Director shall hold office for the term for which he is elected, and until his successor shall be elected and qualified or until his death, resignation or removal, if earlier.

4.c VOTING ON DIRECTORS. Directors shall be elected by the vote of the holders of a plurality of the shares entitled to vote in the election of Directors and represented in person or by proxy at a meeting of stockholders at which a quorum is present. Cumulative voting in the election of Directors is expressly prohibited.

5.c VACANCIES AND NEW DIRECTORSHIPS. Vacancies and newly created directorships resulting from any increase in the authorized number of Directors elected by all the stockholders having the right to vote as a single class may be filled by the affirmative vote of a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, or by the requisite vote of the stockholders at an annual meeting of the stockholders or at a special meeting of the stockholders called for that purpose, and the Directors so elected shall hold office until their successors are elected and qualified. If the holders of any class or classes of stock or series of stock of the Corporation are entitled to elect one or more Directors by the Certificate of Incorporation or Certificate of Designations applicable to such class or series, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the Directors elected by such class or classes or series thereof then in office, or by a sole remaining Director so elected, and the Directors so elected shall hold office until the next election of the class for which such Directors shall have been chosen, and until their successors shall be elected and qualified. For purposes of these Bylaws, a "vacancy" shall be defined as an unfilled directorship arising by virtue of the death, resignation or removal of a Director theretofore duly elected to serve in such capacity in accordance with the relevant provisions of these Bylaws.

6.c REMOVAL. Any Director may be removed either for or without cause at any duly convened special or annual meeting of stockholders, by the affirmative vote of a majority in number of shares of the stockholders present in person or by proxy at any meeting and entitled to vote for the election of such Director, provided notice of intention to act upon such matter shall have been given in the notice calling such meeting.

7.c MEETINGS. The meetings of the Board of Directors shall be held and conducted subject to the following regulations:

(a) PLACE. Meetings of the Board of Directors of the Corporation, annual, regular or special, are to be held at the principal office or place of business of the Corporation, or such other place, either within or without the State of Delaware, as may be specified in the respective notices, or waivers of notice, thereof.

(b) ANNUAL MEETING. The Board of Directors shall meet each year immediately after the annual meeting of the stockholders, at the place where such meeting of the stockholders has been held (either within or without the State of Delaware), for the purpose of organization, election of officers, and consideration of any other business that may properly be brought before the meeting. No notice of any kind to either old or new members of the Board of Directors for such annual meeting shall be required.

(c) REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and at such place or places as shall from time to time be determined and designated by the Board.

(d) SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer or President of the Corporation on notice of two (2) days to each Director either personally or by mail or by telegram, telex or facsimile transmission and delivery. Special meetings of the Board of Directors shall be called by the Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, President or Secretary in like manner and on like notice on the written request of two (2) Directors.

(e) NOTICE AND WAIVER OF NOTICE. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

(f) QUORUM. At all meetings of the Board of Directors, a majority of the number of Directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(g) REQUISITE VOTE. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by statute, the Certificate of Incorporation or these Bylaws.

8.g ACTION WITHOUT MEETINGS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted by law to be taken at any meeting of the Board of Directors, or any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed in the minutes or proceedings of the Board of Directors or committee.

9.g COMMITTEES. Committees designated and appointed by the Board of Directors shall function subject to and in accordance with the following regulations and procedures:

(a) DESIGNATION AND APPOINTMENT. The Board of Directors may, by resolution adopted by a majority of the entire Board, designate and appoint one or more committees under such name or names and for such purpose or function as may be deemed appropriate.

(b) MEMBERS; ALTERNATE MEMBERS; TERMS. Each committee thus designated and appointed shall consist of one or more of the Directors of the Corporation, one of whom, in the case of the Executive Committee, shall be the Chief Executive Officer of the Company. The Board of Directors may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the entire Board, replace absent or disqualified members at any meeting of that committee. The

members or alternate members of any such committee shall serve at the pleasure of and subject to the discretion of the Board of Directors.

(c) AUTHORITY. Each committee, to the extent provided in the resolution of the Board creating same, shall have and may exercise such of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as the Board of Directors may direct and delegate, except, however, those matters which are required by statute to be reserved unto or acted upon by the entire Board of Directors.

(d) RECORDS. Each such committee shall keep and maintain regular records or minutes of its meetings and report the same to the Board of Directors when required.

(e) CHANGE IN NUMBER. The number of members or alternate members of any committee appointed by the Board of Directors, as herein provided, may be increased or decreased (but not below two) from time to time by appropriate resolution adopted by a majority of the entire Board of Directors.

(f) VACANCIES. Vacancies in the membership of any committee designated and appointed hereunder shall be filled by the Board of Directors, at a regular or special meeting of the Board of Directors, in a manner consistent with the provisions of this Section 3.9.

(g) REMOVAL. Any member or alternate member of any committee appointed hereunder may be removed by the Board of Directors by the affirmative vote of a majority of the entire Board, whenever in its judgment the best interests of the Corporation will be served thereby.

(h) MEETINGS. The time, place and notice (if any) of committee meetings shall be determined by the members of such committee.

(i) QUORUM; REQUISITE VOTE. At meetings of any committee appointed hereunder, a majority of the number of members designated by the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the members and alternate members of the committee present at any meeting at which a quorum is present shall be the act of such committee, except as otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws. If a quorum is not present at a meeting of such committee, the members of such committee present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

(j) COMPENSATION. Appropriate compensation for members and alternate members of any committee appointed pursuant to the authority hereof may be authorized by the action of a majority of the entire Board of Directors pursuant to the provisions of Section 3.10 hereof.

(k) ACTION WITHOUT MEETINGS. Any action required or permitted to be taken at a meeting of any committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all members of such committee. Such consent shall have the same force and effect as a unanimous vote at a meeting. The signed consent, or a signed copy, shall become a part of the record of such committee.

(l) RESPONSIBILITY. Notwithstanding any provision to the contrary herein, the designation and appointment of a committee and the delegation of authority to it shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

10.1 COMPENSATION. By appropriate resolution of the Board of Directors, the Directors may be reimbursed their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum (as determined from time to time by the vote of a majority of the Directors then in office) for attendance at each meeting of the Board of Directors or a stated salary as Director, or both. No such payment shall preclude any Director from serving the Corporation in another capacity and receiving compensation therefor. Members of special or standing committees may, by appropriate resolution of the Board of Directors, be allowed similar reimbursement of expenses and compensation for attending committee

meetings.

11.1 MAINTENANCE OF RECORDS. The Directors may keep the books and records of the Corporation, except such as are required by law to be kept within the State, outside the State of Delaware or at such place or places as they may, from time to time, determine.

12.1 INTERESTED DIRECTORS AND OFFICERS. No contract or other transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any firm of which one or more of its Directors or officers are members or employees, or in which they are interested, or between the Corporation and any corporation or association of which one or more of its Directors or officers are stockholders, members, directors, officers, or employees, or in which they are interested, shall be void or voidable solely for this reason, or solely because of the presence of such Director or Directors or officer or officers at the meeting of the Board of Directors of the Corporation, which acts upon, or in reference to, such contract, or transaction, if (a) the material facts of such relationship or interest shall be disclosed or known to the Board of Directors and the Board of Directors shall, nevertheless in good faith, authorize, approve and ratify such contract or transaction by a vote of a majority of the Directors present, such interested Director or Directors to be counted in determining whether a quorum is present, but not to be counted in calculating the majority of such quorum necessary to carry such vote; (b) the material facts of such relationship or interest as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by the vote of the stockholders; or (c) the contract or transaction is fair to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. The provisions of this Section shall not be construed to invalidate any contract or other transaction which would otherwise be valid under the common and statutory law applicable thereto.

#### ARTICLE 4

##### NOTICES

1.1 METHOD OF NOTICE. Whenever under the provisions of the General Corporation Law of Delaware or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any Director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing and delivered personally, through the United States mail, by a recognized delivery service (such as Federal Express) or by means of telegram, telex or facsimile transmission, addressed to such Director or stockholder, at his address or telex or facsimile transmission

number, as the case may be, as it appears on the records of the Corporation, with postage and fees thereon prepaid. Such notice shall be deemed to be given at the time when the same shall be deposited in the United States Mail or with an express delivery service or when transmitted by telex or facsimile transmission or personally delivered, as the case may be.

2.1 WAIVER. Whenever any notice whatever is required to be given under the provisions of the General Corporation Law of Delaware or under the provisions of the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance by such person or persons, whether in person or by proxy, at any meeting requiring notice shall constitute a waiver of notice of such meeting, except where such person attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

## ARTICLE 5

### OFFICERS AND AGENTS

1.1 DESIGNATION. The officers of the Corporation shall be chosen by the Board of Directors and shall consist of the offices of:

(a) Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President, Vice President, Treasurer and Secretary; and

(b) Such other offices and officers (including one or more additional Vice Presidents) and assistant officers and agents as the Board of Directors shall deem necessary.

2.b ELECTION OF OFFICERS. Each officer designated in Section 5.1(a) hereof shall be elected by the Board of Directors on the expiration of the term of office of such officer, as herein provided, or whenever a vacancy exists in such office. Each officer or agent designated in Section 5.1(b) above may be elected by the Board of Directors at any meeting.

3.b QUALIFICATIONS. No officer or agent need be a stockholder of the Corporation or a resident of Delaware. No officer or agent is required to be a Director, except the Chairman of the Board. Any two or more offices may be held by the same person.

4.b TERM OF OFFICE. Unless otherwise specified by the Board of Directors at the time of election or appointment, or by the express provisions of an employment contract approved by the Board, the term of office of each officer and each agent shall expire on the date of the first meeting of the Board of Directors next following the annual meeting of stockholders each year. Each such officer or agent, unless elected or

appointed to an additional term, shall serve until the expiration of the term of his office or, if earlier, his death, resignation or removal.

5.b AUTHORITY. Officers and agents shall have such authority and perform such duties in the management of the Corporation as are provided in these Bylaws or as may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

6.b REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed with or without cause by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

7.b VACANCIES. Any vacancy occurring in any office of the Corporation (by death, resignation, removal or otherwise) shall be filled by the Board of Directors.

8.b COMPENSATION. The compensation of all officers and agents of the Corporation shall be fixed from time to time by the Board of Directors.

9.b CHAIRMAN OF THE BOARD. The Chairman of the Board shall be chosen from among the Directors. The Chairman of the Board shall have the power to call special meetings of the stockholders and of the Directors for any purpose or purposes, and he shall preside at all meetings of the stockholders and Board of Directors, unless he shall be absent or unless he shall, at his election, designate the Vice Chairman to preside in his stead. The Chairman of the Board shall advise and counsel the Vice Chairman of the Board, the Chief Executive Officer and other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors. The Chairman of the Board shall be authorized to execute promissory notes, bonds, mortgages, leases and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise executed and except where the execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

10.b VICE CHAIRMAN. The Vice Chairman shall have the power to call special meetings of the stockholders and of the Directors for any purpose or purposes, and, in the absence of the Chairman of the Board, the Vice Chairman shall preside at all meetings of the Board of Directors. The Vice Chairman shall advise and counsel the other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors. The Vice Chairman shall be authorized to execute promissory notes, bonds, mortgages,

leases and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise executed and except where the execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

11.b CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall have general supervision, management, direction and control of the business and affairs of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall be authorized to execute promissory notes, bonds, mortgages, leases and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise executed and except where the execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. In the absence of the Chairman of the Board and the Vice Chairman, the Chief Executive Officer shall preside at all meetings of the stockholders and the Board of Directors. The Chief Executive Officer shall have the general powers and duties of management usually vested in the office of chief executive officer of a corporation and shall perform such other duties and possess such other authority and powers as the Board of Directors may from time to time prescribe.

12.b CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall have general financial supervision, management, direction and control of the business and affairs of the Corporation and shall see that all financial orders and resolutions of the Board of Directors are carried into effect. The Chief Financial Officer shall be authorized to execute promissory notes, bonds, mortgages, leases and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise executed and except where the execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The Chief Financial Officer shall have the general financial powers and duties of management usually vested in the office of the Chief Financial Officer of a corporation and shall perform such other duties and possess such other authority and powers as the Chairman of the Board and Board of Directors may from time to time prescribe.

13.b CHIEF OPERATING OFFICER. The Chief Operating Officer shall have general supervision of the day to day operations of the Corporation. The Chief Operating Officer shall have the general powers and duties of management usually vested in the office of chief operating officer of a

corporation and shall perform such other duties and possess such other authority and powers as the Chairman of the Board and Board of Directors may from time to time prescribe.

14.b PRESIDENT. In the absence or disability of the Chief Operating Officer, the President shall perform all of the duties of the Chief Operating Officer and when so acting shall have all the powers and be subject to all the restrictions upon the Chief Operating Officer, including the power to sign all instruments and to take all actions which the Chief Operating Officer is authorized to perform by the Board of Directors or the Bylaws. The President shall have the general powers and duties vested in the office of President as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate.

15.b VICE PRESIDENTS. The Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the requisite vote of the Board of Directors, shall, in the prolonged absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate. The Board of Directors may designate one or more Vice Presidents as Executive Vice Presidents or Senior Vice Presidents.

16.b SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders of the Corporation and record all proceedings of the meetings of the Corporation and of the Board of Directors in a book to be maintained for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or President. The Secretary shall have custody of the corporate seal of the Corporation, and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

17.b ASSISTANT SECRETARIES. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, shall in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall



perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate.

18.b TREASURER. The Treasurer shall be the Chief Financial Officer of the Corporation and shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and Chairman of the Board and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control owned by the Corporation. The Treasurer shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate.

19.b ASSISTANT TREASURERS. The Assistant Treasurer, or, if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate.

## ARTICLE 6

### INDEMNIFICATION

1.b MANDATORY INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party, or who was or is a witness without being named a party, to any threatened, pending or completed action, claim, suit or proceeding, whether civil, criminal, administrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or

proceeding (a "Proceeding"), by reason of the fact that such individual is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, trust, employee benefit plan or other enterprise, shall be indemnified and held harmless by the Corporation from and against any judgments, penalties (including excise taxes), fines, amounts paid in settlement and reasonable expenses (including court costs and attorneys' fees) actually incurred by such person in connection with such Proceeding if it is determined that he acted in good faith and reasonably believed (i) in the case of conduct in his official capacity on behalf of the Corporation that his conduct was in the Corporation's best interests, (ii) in all other cases, that his conduct was not opposed to the best interests of the Corporation, and (iii) with respect to any Proceeding which is a criminal action, that he had no reasonable cause to believe his conduct was unlawful; provided, however, that in the event a determination is made that such person is liable to the Corporation or is found liable on the basis that personal benefit was improperly received by such person, the indemnification is limited to reasonable expenses actually incurred by such person in connection with the Proceeding and shall not be made in respect of any Proceeding in which such person shall have been found liable for willful or intentional misconduct in the performance of his duty to the Corporation. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself be determinative of whether the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any Proceeding which is a criminal action, had reasonable cause to believe that his conduct was unlawful. A person shall be deemed to have been found liable in respect of any claim, issue or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

2.b DETERMINATION OF INDEMNIFICATION. Any indemnification under the foregoing Section 6.1 (unless ordered by a court of competent jurisdiction) shall be made by the Corporation only upon a determination that indemnification of such person is proper in the circumstances by virtue of the fact that it shall have been determined that such person has met the applicable standard of conduct. Such determination shall be made (1) by a majority vote of a quorum consisting of Directors who at the time of the vote are not named defendants or respondents in the Proceeding; (2) if such quorum cannot be obtained, by a majority vote of a committee of the Board

of Directors, designated to act in the matter by a majority of all Directors, consisting of two or more Directors who at the time of the vote are not named defendants or respondents in the Proceeding; (3) by special legal counsel (in a written opinion) selected by the Board of Directors or a committee of the Board by a vote as set forth in Subsection (1) or (2) of this Section, or, if such quorum cannot be established, by a majority vote of all Directors (in which Directors who are named defendants or respondents in the Proceeding may participate); or (4) by the stockholders of the Corporation in a vote that excludes the shares held by Directors who are named defendants or respondents in the Proceeding.

3.b ADVANCE OF EXPENSES. Reasonable expenses, including court costs and attorneys' fees, incurred by a person who was or is a witness or who was or is named as a defendant or respondent in a Proceeding, by reason of the fact that such individual is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, trust, employee benefit plan or other enterprise, shall be paid by the Corporation at reasonable intervals in advance of the final disposition of such Proceeding, and without the determination set forth in Section 6.2, upon receipt by the Corporation of a written affirmation by such person of his good faith belief that he has met the standard of conduct necessary for indemnification under this Article 6, and a written undertaking by or on behalf of such person to repay the amount paid or reimbursed by the Corporation if it is ultimately determined that he is not entitled to be indemnified by the Corporation as authorized in this Article 6. Such written undertaking shall be an unlimited obligation of such person and it may be accepted without reference to financial ability to make repayment.

4.b PERMISSIVE INDEMNIFICATION. The Board of Directors of the Corporation may authorize the Corporation to indemnify employees or agents of the Corporation, and to advance the reasonable expenses of such persons, to the same extent, following the same determinations and upon the same conditions as are required for the indemnification of and advancement of expenses to Directors and officers of the Corporation.

5.b NATURE OF INDEMNIFICATION. The indemnification and advancement of expenses provided hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Certificate of Incorporation, these Bylaws, any agreement, vote of stockholders or disinterested Directors or otherwise, both as to actions

taken in an official capacity and as to actions taken in any other capacity while holding such office, shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

6.b INSURANCE. The Corporation shall have the power and authority to purchase and maintain insurance or another arrangement on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any liability, claim, damage, loss or risk asserted against such person and incurred by such person in any such capacity or arising out of the status of such person as such, irrespective of whether the Corporation would have the power to indemnify and hold such person harmless against such liability under the provisions hereof. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the stockholders of the Corporation. Without limiting the power of the Corporation to procure or maintain any kind of insurance or other arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Corporation; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in the arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the Directors approving the insurance or arrangement to liability, on any ground, regardless of whether the Directors participating in the approval is a beneficiary of the insurance or arrangement.

7.b NOTICE. Any indemnification or advance of expenses to a present or former Director or officer of the Corporation in accordance with this Article 6 shall be reported in writing to the stockholders of the Corporation with or before the notice or waiver of notice of the next stockholders' meeting or with or before the next submission of a consent to action without a meeting and, in any case, within the next twelve month period immediately following the indemnification or advance.

#### ARTICLE 7

##### STOCK CERTIFICATES AND TRANSFER REGULATIONS

1.b DESCRIPTION OF CERTIFICATES. The shares of the capital stock of the Corporation shall be represented by certificates in the form approved by the Board of Directors and signed in the name of the Corporation by the Chairman of the Board, Vice Chairman of the Board, President or a Vice President or Treasurer and the Secretary or an Assistant Secretary of the Corporation, and sealed with the seal of the Corporation or a facsimile thereof. Each certificate shall state on the face thereof the name of the holder, the number and class of shares, the par value of shares covered thereby or a statement that such shares are without par value, and such other matters as are required by law. At such time as the Corporation may be authorized to issue shares of more than one class, every certificate shall set forth upon the face or back of such certificate a statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued, as required by the laws of the State of Delaware, or may state that the Corporation will furnish a copy of such statement without charge to the holder of such certificate upon receipt of a written request therefor from such holder.

2.b ENTITLEMENT TO CERTIFICATES. Every holder of the capital stock in the Corporation shall be entitled to have a certificate signed in the name of the Corporation by the Chairman of the Board, Vice Chairman of the Board, President or a Vice President or Treasurer and the Secretary or an Assistant Secretary of the Corporation, certifying the class of capital stock and the number of shares represented thereby as owned or held by such stockholder in the Corporation.

3.b SIGNATURES. The signatures of the Chairman of the Board, Vice Chairman of the Board, President, Vice President or Treasurer, Secretary or Assistant Secretary upon a certificate may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been placed upon any such certificate or certificates, shall cease to serve as such officer or officers of the Corporation, whether because of death, resignation, removal or otherwise, before such

certificate or certificates are issued and delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered with the same effect as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to serve as such officer or officers of the Corporation.

4.b ISSUANCE OF CERTIFICATES. Certificates evidencing shares of its capital stock (both treasury and authorized but unissued) may be issued for such consideration (not less than par value, except for treasury shares which may be issued for such consideration) and to such persons as the Board of Directors may determine from time to time. Shares shall not be issued until the full amount of the consideration, fixed as provided by law, has been paid.

5.b PAYMENT FOR SHARES. Consideration for the issuance of shares shall be paid, valued and allocated as follows:

(a) CONSIDERATION. The consideration for the issuance of shares shall consist of money paid, labor done (including services actually performed for the Corporation), or property (tangible or intangible) actually received. Neither promissory notes nor the promise of future services shall constitute payment of consideration for shares.

(b) VALUATION. In the absence of fraud in the transaction, the determination of the Board of Directors as to the value of consideration received shall be conclusive.

(c) EFFECT. When consideration, fixed as provided by law, has been paid, the shares shall be deemed to have been issued and shall be considered fully paid and nonassessable.

(d) ALLOCATION OF CONSIDERATION. The consideration received for shares shall be allocated by the Board of Directors, in accordance with law, between the stated capital and capital surplus accounts.

6.d SUBSCRIPTIONS. Unless otherwise provided in the subscription agreement, subscriptions of shares, whether made before or after organization of the Corporation, shall be paid in full in such installments and at such times as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment on subscriptions shall be uniform as to all shares of the same class and series. In case of default in the payment of any installment or call when payment is due, the Corporation may proceed to collect the amount due in the same manner as any debt due to the Corporation.

7.d RECORD DATE. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors may fix a record date for any such determination of

stockholders, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) days, and in the case of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive a distribution (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date before the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution or share dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section, such determination shall be applied to any adjournment thereof.

8.d REGISTERED OWNERS. Prior to due presentment for registration of transfer of a certificate evidencing shares of the capital stock of the Corporation in the manner set forth in Section 7.10 hereof, the Corporation shall be entitled to recognize the person registered as the owner of such shares on its books (or the books of its duly appointed transfer agent, as the case may be) as the person exclusively entitled to vote, to receive notices and dividends with respect to, and otherwise exercise all rights and powers relative to such shares; and the Corporation shall not be bound or otherwise obligated to recognize any claim, direct or indirect, legal or equitable, to such shares by any other person, whether or not it shall have actual, express or other notice thereof, except as otherwise provided by the laws of Delaware.

9.d LOST, STOLEN OR DESTROYED CERTIFICATES. The Corporation shall issue a new certificate in place of any certificate for shares previously issued if the registered owner of the certificate satisfies the following conditions:

(a) PROOF OF LOSS. Submits proof in affidavit form satisfactory to the Corporation that such certificate has been lost, destroyed or wrongfully taken;

(b) TIMELY REQUEST. Requests the issuance of a new certificate before the Corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(c) BOND. Gives a bond in such form, and with such surety or sureties, with fixed or open penalty, as the Corporation may direct, to indemnify the Corporation (and its transfer agent and registrar, if any) against any claim that may be made or otherwise asserted by virtue of the alleged loss, destruction, or theft of such certificate or certificates; and

(d) OTHER REQUIREMENTS. Satisfies any other reasonable requirements imposed by the Corporation.

In the event a certificate has been lost, apparently destroyed or wrongfully taken, and the registered owner of record fails to notify the Corporation within a reasonable time after he has notice of such loss, destruction, or wrongful taking, and the Corporation registers a transfer (in the manner hereinbelow set forth) of the shares represented by the certificate before receiving such notification, such prior registered owner of record shall be precluded from making any claim against the Corporation for the transfer required hereunder or for a new certificate.

10.d REGISTRATION OF TRANSFERS. Subject to the provisions hereof, the Corporation shall register the transfer of a certificate evidencing shares of its capital stock presented to it for transfer if:

(a) ENDORSEMENT. Upon surrender of the certificate to the Corporation (or its transfer agent, as the case may be) for transfer, the certificate (or an appended stock power) is properly endorsed by the registered owner, or by his duly authorized legal representative or attorney-in-fact, with proper written evidence of the authority and appointment of such representative, if any, accompanying the certificate;

(b) GUARANTY AND EFFECTIVENESS OF SIGNATURE. The signature of such registered owner or his legal representative or attorney-in-fact, as the case may be, has been guaranteed by a national banking association or member of the New York Stock Exchange, and reasonable assurance in a form satisfactory to the Corporation is given that such endorsements are genuine and effective;

(c) ADVERSE CLAIMS. The Corporation has no notice of an adverse claim or has otherwise discharged any duty to inquire into such a claim;

(d) COLLECTION OF TAXES. Any applicable law (local, state or federal) relating to the collection of taxes relative to the transaction has been complied with; and

(e) ADDITIONAL REQUIREMENTS SATISFIED. Such additional conditions and documentation as the Corporation (or its transfer agent, as the case may be) shall reasonably require, including without limitation thereto, the delivery with the surrender of such stock certificate or certificates of proper evidence of succession, assignment or other authority to obtain transfer thereof, as the circumstances may require, and such legal opinions with reference to the requested transfer as shall be required by the Corporation (or its transfer agent) pursuant to the provisions of these Bylaws and applicable law, shall have been satisfied.

11.e RESTRICTIONS ON TRANSFER AND LEGENDS ON CERTIFICATES.

(a) SHARES IN CLASSES OR SERIES. If the Corporation is authorized to issue shares of more than one class, the certificate shall set forth, either on the face or back of the certificate, a full or summary statement of all of the designations, preferences, limitations, and relative rights of the shares of each such class and, if the Corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences of the shares of each such series so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series. In lieu of providing such a statement in full on the certificate, a statement on the face or back of the certificate may provide that the Corporation will furnish such information to any stockholder without charge upon written request to the Corporation at its principal place of business or registered office and that copies of the information are on file in the office of the Secretary of State.

(b) RESTRICTION ON TRANSFER. Any restrictions imposed by the Corporation on the sale or other disposition of its shares and on the transfer thereof must be copied at length or in summary form on the face, or so copied on the back and referred to on the face, of each certificate representing shares to which the restriction applies. The certificate may however state on the face or back that such a restriction exists pursuant to a specified document and that the Corporation will furnish a copy of the



document to the holder of the certificate without charge upon written request to the Corporation at its principal place of business.

(c) UNREGISTERED SECURITIES. Any security of the Corporation, including, among others, any certificate evidencing shares of the capital stock of the Corporation or warrants to purchase shares of capital stock of the Corporation, which is issued to any person without registration under the Securities Act of 1933, as amended, or the Blue Sky laws of any state, shall not be transferable until the Corporation has been furnished with a legal opinion of counsel with reference thereto, satisfactory in form and content to the Corporation and its counsel, to the effect that such sale, transfer or pledge does not involve a violation of the Securities Act of 1933, as amended, or the Blue Sky laws of any state having jurisdiction. The certificate representing the security shall bear substantially the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW BUT HAVE BEEN ACQUIRED FOR THE PRIVATE INVESTMENT OF THE HOLDER HEREOF AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNTIL EITHER (i) A REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) THE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL ACCEPTABLE TO THE CORPORATION AND ITS COUNSEL THAT REGISTRATION UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED OFFER, SALE OR TRANSFER.

## ARTICLE 8

### GENERAL PROVISIONS

1.c DIVIDENDS. Subject to the provisions of the General Corporation Law of Delaware, as amended, and the Certificate of Incorporation, dividends of the Corporation shall be declared and paid pursuant to the following regulations:

(a) DECLARATION AND PAYMENT. Dividends on the issued and outstanding shares of capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting and may be paid in cash, in property, or in shares of capital stock. Such declaration and payment shall be at the discretion of the Board of Directors.

(b) RECORD DATE. The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to receive payment of any dividend, such record date to be not more than sixty (60) days prior to the payment date of such dividend, or the Board of Directors may close the stock transfer books for such purpose for a period of not more than sixty (60) days prior to the payment date of such dividend. In the absence of action by the Board of Directors, the date upon which the Board of Directors adopt the resolution declaring such dividend shall be the record date.

2.b RESERVES. There may be created by resolution of the Board of Directors out of the surplus of the Corporation such reserve or reserves as the Board of Directors from time to time, in its discretion, think proper to provide for contingencies, or to repair or maintain any property of the Corporation, or for such other purposes as the Board of Directors shall think beneficial to the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

3.b BOOKS AND RECORDS. The Corporation shall maintain correct and complete books and records of account and shall prepare and maintain minutes of the proceedings of its stockholders, its Board of Directors and each committee of its Board of Directors. The Corporation shall keep at its registered office or principal place of business, or at the office of

its transfer agent or registrar, a record of original issuance of shares issued by the Corporation and a record of each transfer of those shares that have been presented to the Corporation for registration or transfer. Such records shall contain the names and addresses of all past and present stockholders and the number and class of the shares issued by the Corporation held by each.

4.b ANNUAL STATEMENT. The Board of Directors shall present at or before each annual meeting of stockholders a full and clear statement of the business and financial condition of the Corporation, including a reasonably detailed balance sheet and income statement under current date.

5.b CONTRACTS AND NEGOTIABLE INSTRUMENTS. Except as otherwise provided by law or these Bylaws, any contract or other instrument relative to the business of the Corporation may be executed and delivered in the name of the Corporation and on its behalf by the Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer or President of the Corporation. The Board of Directors may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any contract in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances as the Board of Directors may determine by resolution. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents and in such manner as are permitted by these Bylaws and/or as, from time to time, may be prescribed by resolution of the Board of Directors. Unless authorized to do so by these Bylaws or by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or to render it liable pecuniarily for any purpose or to any amount.

6.b FISCAL YEAR. The fiscal year of the Corporation shall end on the Saturday closest to September 30.

7.b CORPORATE SEAL. The Corporation seal shall be in such form as may be determined by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

8.b RESIGNATIONS. Any Director, officer or agent may resign his office or position with the Corporation by delivering written notice thereof to the Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer, Chief Operating Officer, President or Secretary. Such resignation shall be effective at the time specified therein, or

immediately upon delivery if no time is specified. Unless otherwise specified therein, an acceptance of such resignation shall not be a necessary prerequisite of its effectiveness.

9.b AMENDMENT OF BYLAWS. These Bylaws may be altered, amended, or repealed and new Bylaws adopted at any meeting of the Board of Directors or stockholders at which a quorum is present, by the affirmative vote of a majority of the Directors or stockholders, as the case may be, present at such meeting, provided notice of the proposed alteration, amendment, or repeal be contained in the notice of such meeting.

10.b CONSTRUCTION. Whenever the context so requires herein, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion or provision of these Bylaws shall be held invalid or inoperative, then, so far as is reasonable and possible: (1) the remainder of these Bylaws shall be considered valid and operative, and (2) effect shall be given to the intent manifested by the portion or provision held invalid or inoperative.

11.b TELEPHONE MEETINGS. Stockholders, Directors or members of any committee may hold any meeting of such stockholders, Directors or committee by means of conference telephone or similar communications equipment which permits all persons participating in the meeting to hear each other and actions taken at such meetings shall have the same force and effect as if taken at a meeting at which persons were present and voting in person. The Secretary of the Corporation shall prepare a memorandum of the action taken at any such telephonic meeting.

12.b TABLE OF CONTENTS; CAPTIONS. The table of contents and captions used in these Bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

IN DUE CERTIFICATION WHEREOF, the undersigned, being the Secretary of PILGRIM'S PRIDE CORPORATION, confirms the adoption and approval of the foregoing Bylaws, effective as of the 14th day of May, 1999.

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RICHARD A. COGDILL, Secretary

SECOND AMENDMENT TO AMENDED AND RESTATED SECURED CREDIT AGREEMENT  
AND WAIVER

Harris Trust and Savings Bank  
Chicago, Illinois

U.S. Bancorp Ag Credit, Inc.  
(formerly known as FBS Ag Credit, Inc.)  
Denver, Colorado

CoBank, ACB  
Wichita, Kansas

ING (U.S.) Capital Corporation ("ING ")  
New York, New York

Credit Agricole Indosuez, Chicago Branch (successor by  
merger to Caisse Nationale de Credit Agricole, Chicago Branch)  
Chicago, Illinois

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Secured Credit Agreement dated as of August 11, 1997, as amended (the "CREDIT AGREEMENT") among the undersigned, Pilgrim's Pride Corporation, a Delaware corporation (the "COMPANY"), you (the "BANKS") and Harris Trust and Savings Bank, as agent for the Banks (the "AGENT"). All defined terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

The Company, the Agent and the Banks now wish to amend the Credit Agreement to increase the aggregate amount of dividends the Company may pay on its capital stock and to waive compliance by the Company with Section 7.14 of the Credit Agreement for its Fiscal Year 1998, all on the terms and conditions and in the manner set forth in this Amendment.

1. AMENDMENTS.

Upon satisfaction of all of the conditions precedent set forth in Section 3 hereof, the Credit Agreement shall be amended as follows:

1.1. Section 7.15(i) of the Credit Agreement shall be amended by replacing the figure "\$1,700,000" appearing therein with the figure "\$3,400,000".

2. WAIVER.

2.1. Section 7.14 of the Credit Agreement limits the amount of capital expenditures the Company may make or commit to make in any Fiscal Year. The Company was not in compliance with Section 7.14 of the Credit Agreement for its Fiscal Year 1998 and has requested that the Required Banks waive, and the Required Banks hereby waive, the requirements of Section 7.14 of the Credit Agreement for its Fiscal Year 1998.

2.2. The waiver contained in Section 2.1 of this Amendment is limited to the matters set forth in that Section, and the Company agrees that it remains obligated to comply with the terms of the Credit Agreement and the other Loan Documents and that the Banks shall not be obligated in the future to waive any provision of the Credit Agreement or the other Loan Documents as a result of having provided the waivers contained herein.

3. CONDITIONS PRECEDENT.

The effectiveness of the Amendment is subject to the satisfaction of all of the following conditions precedent:

3.1. The Company and each of the Banks shall have executed this Amendment (such execution may be in several counterparts and the several parties hereto may execute on separate counterparts).

3.2. Each of the representations and warranties set forth in Section 5

of the Credit Agreement shall be true and correct.

3.3. The Company shall be in full compliance with all of the terms and conditions of the Credit Agreement and no Event of Default or Potential Default shall have occurred and be continuing thereunder or shall result after giving effect to this Amendment.

3.4. All legal matters incident to the execution and delivery hereof and the instruments and documents contemplated hereby shall be satisfactory to the Banks.

#### 4. REPRESENTATIONS AND WARRANTIES.

4.1. The Company, by its execution of this Amendment, hereby represents and warrants the following:

(a) each of the representations and warranties set forth in Section 5 of the Credit Agreement is true and correct as of the date hereof, except that the representations and warranties made under Section 5.3 shall be deemed to refer to the most recent annual report furnished to the Banks by the Company; and

(b) the Company is in full compliance with all of the terms and conditions of the Credit Agreement and no Event of Default or Potential Default has occurred and is continuing thereunder.

#### 5. MISCELLANEOUS.

5.1. The Company has heretofore executed and delivered to the Agent that certain Security Agreement Re: Accounts Receivable, Farm Products and Inventory dated as of May 27, 1993, as amended (the "SECURITY AGREEMENT") and the Company hereby agrees that the Security Agreement shall secure all of the Company's indebtedness, obligations and liabilities to the Agent and the Banks under the Credit Agreement as amended by this Amendment, that notwithstanding the execution and delivery of this Amendment, the Security Agreement shall be and remain in full force and effect and that any rights and remedies of the Agent thereunder, obligations of the Company thereunder and any liens or security interests created or provided for thereunder shall be and remain in full force and effect and shall not be affected, impaired or discharged thereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Security Agreement as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

5.2. Except as specifically amended herein the Credit Agreement and the Notes shall continue in full force and effect in accordance with their original terms. Reference to this specific Amendment need not be made in any note, document, letter, certificate, the Credit Agreement itself, the Notes, or any communication issued or made pursuant to or with respect to the Credit Agreement, any reference to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

5.3. The Company agrees to pay all out-of-pocket costs and expenses incurred by the Agent and Banks in connection with the preparation, execution and delivery of this Amendment and the documents and transactions contemplated hereby, including the fees and expenses of Messrs. Chapman and Cutler.

5.4. This Amendment may be executed in any number of counterparts, and by the different parties on different counterparts, all of which taken together shall constitute one and the same Agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original.

5.5. (A) THIS AMENDMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE CONSTRUED AND DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, EXCEPT TO THE EXTENT PROVIDED IN SECTION 5.5(b) HEREOF AND TO THE EXTENT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA MAY OTHERWISE APPLY.

(b) NOTWITHSTANDING ANYTHING IN SECTION 5.5(a) HEREOF TO THE CONTRARY, NOTHING IN THIS AMENDMENT, THE CREDIT AGREEMENT, THE NOTES, OR THE OTHER LOAN DOCUMENTS SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS WHICH THE COMPANY, THE AGENT OR ANY OF THE BANKS MAY HAVE UNDER THE NATIONAL BANK ACT OR OTHER APPLICABLE FEDERAL LAW.

Dated as of November \_\_\_\_, 1998.

PILGRIM'S PRIDE CORPORATION

By  
Its Chief Financial Officer

Accepted and Agreed to as of the day and year last above written.

HARRIS TRUST AND SAVINGS BANK individually  
and as Agent

By  
Its Vice President

U.S. BANCORP AG CREDIT, INC.

By  
Its

COBANK, ACB

By  
Its

ING (U.S.) CAPITAL CORPORATION

By  
Its

CREDIT AGRICOLE INDOSUEZ, CHICAGO BRANCH

By Its

By Its

THIRD AMENDMENT TO AMENDED AND RESTATED SECURED CREDIT AGREEMENT

Harris Trust and Savings Bank  
Chicago, Illinois

U.S. Bancorp Ag Credit, Inc.  
(formerly known as FBS Ag Credit, Inc.)  
Denver, Colorado

CoBank, ACB  
Wichita, Kansas

SunTrust Bank, Atlanta  
Atlanta, Georgia

Credit Agricole Indosuez, Chicago Branch (successor by  
merger to Caisse Nationale de Credit Agricole, Chicago Branch)  
Chicago, Illinois

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Secured Credit Agreement dated as of August 11, 1997, as amended (the "CREDIT AGREEMENT") among the undersigned, Pilgrim's Pride Corporation, a Delaware corporation (the "COMPANY"), you (the "BANKS") and Harris Trust and Savings Bank, as agent for the Banks (the "AGENT"). All defined terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

The Company, the Agent and the Banks now wish to amend the Credit Agreement to extend the Termination Date of the Credit Agreement from May 31, 2001 to May 31, 2002, provide for the transfer of ownership of the stock of the Company from Mr. and Mrs. Lonnie A. "Bo" Pilgrim to Pilgrim Interests, Ltd., a Texas limited partnership (the "GUARANTOR"), to provide for the substitution of Mr. and Mrs. Lonnie A. "Bo" Pilgrim's Guaranty Agreement dated May 27, 1993 to the Banks with a guaranty from the Guarantor and to amend certain covenants contained in the Credit Agreement, all on the terms and conditions and in the manner set forth in this Amendment.

1. AMENDMENTS.

Upon satisfaction of all of the applicable conditions precedent set forth in Section 2 hereof, the Credit Agreement shall be amended, effective as of the dates specified below, as follows:

1.1. Effective as of April 1, 1999, Section 1.1(a) of the Credit Agreement shall be amended by replacing the date "May 31, 2001" appearing therein with the date "May 31, 2002".

1.2. Effective as of April 1, 1999, Section 4 of the Credit Agreement shall be amended by adding thereto the following definitions:

" "PPAHC" shall mean Pilgrim's Pride Affordable Housing Corp., a Nevada corporation."

1.3. Effective as of the date (the "GUARANTY SUBSTITUTION DATE") on which all of the conditions precedent set forth in Section 2.2 of this Amendment are satisfied, Section 4 of the Credit Agreement shall be amended by adding thereto the following definitions:

"`GUARANTOR' shall mean Pilgrim Interests, Ltd., a Texas limited partnership.

"PARTNERSHIP GUARANTY" shall mean the Guaranty Agreement from the Guarantor to the Banks, as the same may be supplemented and amended from time to time."

1.4. Effective as of the Guaranty Substitution Date, the definition of the term "Change in Control" contained in Section 4 of the Credit Agreement shall be amended to read as follows:

"`CHANGE IN CONTROL' means (a) a sale of all or substantially all the assets of the Company to any Person or related group of Persons as an entirety or substantially as an entirety in one transaction or series of transactions, (b) the merger or consolidation of the Company with or into another corporation or the merger of another corporation into the Company with the effect that immediately after such transaction the stockholders of the Company immediately prior to such transaction hold less than 50% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Person surviving such merger or consolidation, (c) the Guarantor or the Pilgrim Family shall cease to own more than 50% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Company or more than 50% of all non-voting classes of Capital Stock of the Company, (d) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office, or (e) the stockholders of the Company shall approve any plan for the liquidation or dissolution of the Company."

1.5. Effective as of the Guaranty Substitution Date, the Credit Agreement shall be amended by adding the following provision thereto as Section 5.19:

"SECTION 5.19. ORGANIZATION AND QUALIFICATION OF THE GUARANTOR. The Guarantor is a limited partnership duly organized and existing and in good standing under the laws of the State of Texas, has full and adequate partnership power to carry on its business as now conducted, is duly licensed or qualified in all jurisdictions wherein the nature of its activities requires such licensing or qualification except where the failure to be so licensed or qualified would not have a material adverse effect on the condition, financial or otherwise, of the Guarantor, has full right and authority to enter into the Partnership Guaranty, to guaranty the payment when due of the Company's indebtedness, obligations and liabilities to the Banks under the Loan Documents pursuant to the Partnership Guaranty and to perform each and all of the matters and things therein provided for; and the Partnership Guaranty does not, nor does the performance or observance by the Guarantor of any of the matters or things provided for in the Partnership Guaranty, contravene any provision of law or any provision of the Guarantor's certificate of limited partnership or its limited partnership agreement or any covenant, indenture or agreement of or affecting the Guarantor or its Properties."

1.6. Effective as of April 1, 1999, Section 7.4(a) of the Credit Agreement shall be amended to read as follows:

"(a) as soon as available, and in any event within 45 days after the close of each quarterly fiscal period of the Company a copy of the consolidated and consolidating balance sheet, statement of income and retained earnings, statement of cash flows, and the results of operations for each division of the Company, for such period of the Company and its Subsidiaries, together with all such information for the year to date, all in reasonable detail, prepared by the Company and certified on behalf of the Company by the Company's chief financial officer;"

1.7. Effective as of April 1, 1999, Section 7.7 of the Credit Agreement shall be amended by adding the following phrase immediately before the period appearing at the end thereof:

", and (d) the guaranties and environmental indemnities described in Section 7.17(s) hereof."

1.8. Effective as of April 1, 1999, Section 7.8 of the Credit Agreement shall be amended to read as follows:

"SECTION 7.8. LEVERAGE RATIO. The Company will not permit the ratio of its Leverage Ratio at any time during each period specified below to exceed the ratio specified below for such period:

(a) from the last day of Fiscal Year 1998 through the next to last day of Fiscal Year 1999, 0.625 to 1; and

(b) on the last day of Fiscal Year 1999 and thereafter, 0.60



to 1."

1.9. Effective as of April 1, 1999, Section 7.14 of the Credit Agreement shall be amended to read as follows:

"SECTION 7.14. Intentionally Omitted."

1.10. Effective as of April 1, 1999, Section 7.16 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (o) thereof, by replacing the period at the end of subsection (p) thereof with the phrase "; and" and by adding the following provision thereto as subsection (q):

"(q) liens and security interests granted by PPAHC on its real estate and all buildings and improvements thereon and all rents, issues and profits thereof securing indebtedness permitted by Section 7.17(r) hereof."

1.11. Effective as of April 1, 1999, Section 7.17 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (p) thereof, by replacing the period at the end of subsection (q) thereof with the phrase "; and" and by adding the following provisions thereto as subsections (r) and (s):

"(r) indebtedness of PPAHC to Harris Trust and Savings Bank in an aggregate principal amount not to exceed \$1,750,000 incurred to finance the construction by PPAHC of an apartment building in Camp County, Texas, and any indebtedness incurred to refinance such indebtedness; and

(s) indebtedness of the Company under its guaranty of payment to Harris Trust and Savings Bank, and any refinancing lender or lenders, of PPAHC's indebtedness described in subsection (r) above and its environmental indemnity given to Harris Trust and Savings Bank, and any refinancing lender or lenders, in connection with PPAHC's indebtedness described in subsection (r) above."

1.12. Effective as of April 1, 1999, Section 7.18 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (k) thereof, by replacing the period at the end of subsection (l) thereof with the phrase "; and" and by adding the following provision thereto as subsection (m):

"(m) loans and advances to officers and employees of the Company and its Subsidiaries made in connection with such officer's and employee's for housing related expenses or loans associated with the procurement or sale of personal residences or necessary for the moving of key personnel, in an aggregate outstanding amount not to exceed \$3,000,000 at any time."

1.13. Effective as of April 1, 1999, Section 7.23 of the Credit Agreement shall be amended to read as follows:

"SECTION 7.23. CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE. The Company will, and will cause each Subsidiary to, continue to engage in business of the same general type as now conducted by it and, in the case of PPAHC, to engage in no business other than the construction, acquisition and renting, as landlord, an apartment building in Camp County, Texas, and the Company will, and will cause each Subsidiary to, preserve, renew and keep in full force and effect its corporate existence and its rights, privileges and franchises necessary or desirable in the normal conduct of business."

1.14. Effective as of April 1, 1999, Section 7.29 of the Credit Agreement shall be amended to read as follows:

"SECTION 7.29. NEW SUBSIDIARIES. The Company will not, directly or indirectly, create or acquire any Subsidiary except Funding Corp. and PPAHC unless (a) after giving effect to any such creation or acquisition, the total assets (determined in accordance with generally accepted accounting principles, consistently applied) of all such Subsidiaries would not exceed 5% of the Total Assets of the Company and its Subsidiaries, and (b) all Inventory and Receivables of such Subsidiaries are pledged to the Agent for the benefit of the Banks pursuant to a security agreement substantially identical to the Security Agreement."

1.15. Effective as of the Guaranty Substitution Date, Section 7.30 of the Credit Agreement shall be amended to read as follows:

"SECTION 7.30. GUARANTY FEES. The Company will not, and it will not

permit any Subsidiary to, directly or indirectly, pay to the Guarantor or any other guarantor of any of the Company's indebtedness, obligations and liabilities, any fee or other compensation, but excluding salary, bonus and other compensation for services rendered as an employee (collectively the "GUARANTY FEES") in an aggregate amount in excess of \$1,400,000 in any Fiscal Year of the Company. For purposes of this Section 7.30, any Guaranty Fees paid within 45 days after the last day of any Fiscal Year shall be deemed to have been paid during such Fiscal Year."

1.16. Effective as of the Guaranty Substitution Date, Sections 8.1(l), (m) and (n) of the Credit Agreement shall be amended to read as follows:

"(l) Any shares of the capital stock of the Company owned legally or beneficially by the Guarantor or Mr. and/or Mrs. Lonnie A. Pilgrim shall be pledged, assigned or otherwise encumbered for any reason, other than the pledge of up to 2,000,000 shares to secure personal obligations of Mr. and Mrs. Lonnie A. Pilgrim or such other personal obligations incurred by any Person so long as such obligations are not related to the financing of the Company or any of its Subsidiaries;

(m) the Guarantor or Mr. and Mrs. Lonnie A. Pilgrim and their descendants and heirs shall for any reason cease to have legal and/or beneficial ownership of no less than 51% of the issued and outstanding shares of all classes of capital stock of the Company;

(n) the Guarantor shall terminate, breach, repudiate or disavow the Partnership Guaranty or any part thereof, or any event specified in Sections 8.1(i) or (j) shall occur with regard to the Guarantor;"

## 2. CONDITIONS PRECEDENT.

2.1. The effectiveness of Sections 1.1, 1.2, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12, 1.13 and 1.14 of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) The Company and each of the Banks shall have executed this Amendment (such execution may be in several counterparts and the several parties hereto may execute on separate counterparts);

(b) The Agent shall have received, in sufficient counterparts for distribution to the Banks:

(i) copies (executed or certified as may be appropriate) of resolutions of the Company's board of directors authorizing the transactions contemplated by this Amendment and all other legal documents or proceedings, if any, taken in connection with the execution and delivery of this Amendment, and the other instruments and documents contemplated hereby; and

(ii) the opinion of counsel to the Company substantially in the form of Exhibit C hereto and satisfactory to the Agent, the Banks and their respective counsel; and

(c) The Agent shall have received for the ratable benefit of the Banks that execute this Amendment (the "APPROVING BANKS") an amendment fee in an amount equal to one-eighth of one percent (0.125%) of the maximum amount of the Revolving Credit Commitment of each of the Approving Banks;

(d) Each of the representations and warranties set forth in Section 5 of the Credit Agreement shall be true and correct;

(e) The Company shall be in full compliance with all of the terms and conditions of the Credit Agreement, except for its non-compliance with Section 7.14 of the Credit Agreement as of April 3, 1999 (the "EXISTING DEFAULT") and no Event of Default or Potential Default, except the Existing Default, shall have occurred and be continuing thereunder or shall result after giving effect to this Amendment; and

(f) All legal matters incident to the execution and delivery hereof and the instruments and documents contemplated hereby shall be satisfactory to the Banks.

2.2. The effectiveness of Sections 1.3, 1.4, 1.5 and 1.15 of this Amendment is subject to the satisfaction of all of the following conditions precedent:

(a) The Agent shall have received, in sufficient counterparts for

distribution to the Banks:

(i) a Guaranty Agreement in the form of Exhibit A hereto executed by all of the general partners in the Guarantor;

(ii) copies, certified as true and complete by a general partner in the Guarantor, of the agreement of limited partnership of the Guarantor and all amendments thereto;

(iii) a copy, certified by the Secretary of State of Texas as of a date no earlier than 30 days before the date of the Partnership Guaranty, of the Certificate of Limited Partnership of the Guarantor;

(iv) the opinion of counsel to the Guarantor substantially in the form of Exhibit B hereto and satisfactory to the Agent, the Banks and their respective counsel; and

(v) copies (executed or certified as may be appropriate) of resolutions of all legal documents or proceedings, if any, taken in connection with the execution and delivery of this Amendment, and the other instruments and documents contemplated hereby;

(b) Each of the representations and warranties set forth in Section 5 of the Credit Agreement shall be true and correct;

(c) The Company shall be in full compliance with all of the terms and conditions of the Credit Agreement, except for the Existing Default, and no Event of Default or Potential Default, except the Existing Default, shall have occurred and be continuing thereunder or shall result after giving effect to this Amendment; and

(d) All legal matters incident to the execution and delivery hereof and the instruments and documents contemplated hereby shall be satisfactory to the Banks.

### 3. REPRESENTATIONS AND WARRANTIES.

3.1. The Company, by its execution of this Amendment, hereby represents and warrants the following:

(a) each of the representations and warranties set forth in Section 5 of the Credit Agreement is true and correct as of the date hereof, except that the representations and warranties made under Section 5.3 shall be deemed to refer to the most recent annual report furnished to the Banks by the Company; and

(b) the Company is in full compliance with all of the terms and conditions of the Credit Agreement, except for the Existing Default, and no Event of Default or Potential Default, except for the Existing Default, has occurred and is continuing thereunder.

### 4. MISCELLANEOUS.

4.1. The Company has heretofore executed and delivered to the Agent that certain Security Agreement Re: Accounts Receivable, Farm Products and Inventory dated as of May 27, 1993, as amended (the "SECURITY AGREEMENT") and the Company hereby agrees that the Security Agreement shall secure all of the Company's indebtedness, obligations and liabilities to the Agent and the Banks under the Credit Agreement as amended by this Amendment, that notwithstanding the execution and delivery of this Amendment, the Security Agreement shall be and remain in full force and effect and that any rights and remedies of the Agent thereunder, obligations of the Company thereunder and any liens or security interests created or provided for thereunder shall be and remain in full force and effect and shall not be affected, impaired or discharged thereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Security Agreement as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

4.2. Except as specifically amended herein the Credit Agreement and the Notes shall continue in full force and effect in accordance with their original terms. Reference to this specific Amendment need not be made in any note, document, letter, certificate, the Credit Agreement itself, the Notes, or any communication issued or made pursuant to or with respect to the Credit Agreement, any reference to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

4.3. The Company agrees to pay all out-of-pocket costs and expenses incurred by the Agent and Banks in connection with the preparation, execution and delivery of this Amendment and the documents and transactions contemplated hereby, including the fees and expenses of Messrs. Chapman and

Cutler.

4.4. This Amendment may be executed in any number of counterparts, and by the different parties on different counterparts, all of which taken together shall constitute one and the same Agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original.

4.5. (A) THIS AMENDMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE CONSTRUED AND DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, EXCEPT TO THE EXTENT PROVIDED IN SECTION 4.5(b) HEREOF AND TO THE EXTENT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA MAY OTHERWISE APPLY.

(b) NOTWITHSTANDING ANYTHING IN SECTION 4.5(a) HEREOF TO THE CONTRARY, NOTHING IN THIS AMENDMENT, THE CREDIT AGREEMENT, THE NOTES, OR THE OTHER LOAN DOCUMENTS SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS WHICH THE COMPANY, THE AGENT OR ANY OF THE BANKS MAY HAVE UNDER THE NATIONAL BANK ACT OR OTHER APPLICABLE FEDERAL LAW.

4.6. Upon the Guaranty Substitution Date Mr. and Mrs. Lonnie A. "Bo" Pilgrim shall be released from their obligations under the Guaranty Agreement dated May 27, 1993, without any further action by the Agent, the Banks or any of them, and such Guaranty Agreement thereafter shall be of no force or effect.

Dated as of April 1, 1999.

PILGRIM'S PRIDE CORPORATION

By  
Its Chief Financial Officer

Accepted and Agreed to as of the day and year last above written.

HARRIS TRUST AND SAVINGS BANK individually  
and as Agent

By  
Its Managing Director

U.S. BANCORP AG CREDIT, INC.

By  
Its

COBANK, ACB

By  
Its

SUNTRUST BANK, ATLANTA

By  
Its

By  
Its

CREDIT AGRICOLE INDOSUEZ, CHICAGO BRANCH

By  
Its

By  
Its



EXHIBIT B

(To Be Retyped On Letterhead Of Counsel  
And Dated As Of Date Of Closing)

\_\_\_\_\_, 1999

Harris Trust and Savings Bank  
Chicago, Illinois

U.S. Bancorp Ag Credit, Inc.  
Denver, Colorado

CoBank, ACB  
Wichita, Kansas

SunTrust Bank, Atlanta  
Atlanta, Georgia

Credit Agricole Indosuez, Chicago Branch  
(successor by merger to Caisse Nationale de Credit  
Agricole, Chicago Branch)  
Chicago, Illinois

Ladies and Gentlemen:

We have served as counsel to Pilgrim Interests, Ltd., a Texas limited partnership (the "GUARANTOR") in connection with the Guarantor guaranteeing payment of the indebtedness of Pilgrim's Pride Corporation, a Texas corporation (the "BORROWER"), to you under the Amended and Restated Secured Credit agreement dated as of August 11, 1997, as amended (the "CREDIT AGREEMENT"). As such counsel, we have supervised the taking of the proceedings necessary to authorize the execution and delivery of, and have examined executed originals of, the Guaranty Agreement dated \_\_\_\_\_, 1999 (the "GUARANTY") executed and delivered by the Guarantor to you. As counsel to the Guarantor, we are familiar with the certificate of limited partnership, limited partnership agreement and any other agreements under which the Guarantor is organized. We have also examined such other instruments and records and inquired into such other factual matters and matters of law as we deem necessary or pertinent to the formulation of the opinions hereinafter expressed.

Based upon the foregoing and upon our examination of the certificate of limited partnership and limited partnership agreement of the Guarantor, we are of the opinion that:

1. The Borrower is a limited partnership duly organized and validly existing and in good standing under the laws of the State of Texas with full and adequate power and authority to carry on its business as now conducted and is duly licensed or qualified and in good standing in all jurisdictions wherein the conduct of its business or the assets and properties owned or leased by it require such licensing or qualification.

2. The Guarantor has full right, power and authority to guarantee the payment of the Borrower's indebtedness to you, to execute and deliver the Guaranty executed by it and to observe and perform all the matters and things therein provided for. The execution and delivery of the Guaranty executed by the Guarantor does not, nor will the observance or performance of any of the matters or things therein provided for, contravene any provision of law or of the certificate of limited partnership or limited partnership agreement of the Guarantor (there being no other agreements under which the Guarantor is organized) or, to the best of our knowledge after due inquiry, of any covenant, indenture or agreement binding upon or affecting the Borrower or any of its properties or assets.

3. The Guaranty executed by the Guarantor has been duly authorized by all necessary action, has been executed and delivered by the proper officers of the Guarantor and constitutes the valid and binding agreement of the Guarantor enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and to general principles of equity.

4. No order, authorization, consent, license or exemption of, or filing or registration with, any court or governmental department, agency, instrumentality or regulatory body, whether local, state or federal, is or will be required in connection with the lawful execution and delivery of the Guaranty or the observance and performance by the Guarantor of any of

the terms thereof.

5. To the best of our knowledge after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public body pending or threatened against or affecting the Guarantor or any of its assets and properties which, if adversely determined, could result in any material adverse change in the properties, business, operations or financial condition of the Guarantor.

Respectfully submitted,

EXHIBIT C

(To Be Retyped On Letterhead Of Counsel  
And Dated As Of Date Of Closing)

\_\_\_\_\_, 1999

Harris Trust and Savings Bank  
Chicago, Illinois

U.S. Bancorp Ag Credit, Inc.  
(formerly known as FBS Ag Credit, Inc.)  
Denver, Colorado

CoBank, ACB  
Wichita, Kansas

SunTrust Bank, Atlanta  
Atlanta, Georgia

Credit Agricole Indosuez, Chicago Branch (successor by  
merger to Caisse Nationale de Credit Agricole, Chicago Branch)  
Chicago, Illinois

Ladies and Gentlemen:

We have served as counsel to Pilgrim's Pride Corporation, a Delaware corporation (the "BORROWER"), in connection with the amendment and extension of the revolving credit facility being made available by you to the Borrower pursuant to the Amended and Restated Secured Credit Agreement dated as of August 11, 1997, as amended (the "CREDIT AGREEMENT"), among the Borrower and you. As such counsel, we have supervised the taking of the corporate proceedings necessary to authorize the execution and delivery of, and have examined executed originals of, the Third Amendment to Amended and Restated Secured Credit Agreement dated as of \_\_\_\_\_, 1999 (the "AMENDMENT") among the Borrower and you. As counsel to the Borrower, we are familiar with the articles of incorporation, charter, by-laws and any other agreements under which the Borrower is organized. We have also examined such other instruments and records and inquired into such other factual matters and matters of law as we deem necessary or pertinent to the formulation of the opinions hereinafter expressed.

Based upon the foregoing and upon our examination of the articles of incorporation, charter and by-laws of the Borrower, we are of the opinion that:

1. The Borrower is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware with full and adequate corporate power and authority to carry on its business as now conducted and is duly licensed or qualified and in good standing in all jurisdictions wherein the conduct of its business or the assets and properties owned or leased by it require such licensing or qualification.

2. The Borrower has full right, power and authority to borrow from you, to mortgage, pledge, assign and otherwise encumber its assets and properties as collateral security for such borrowings, to execute and deliver the Amendment executed by it and to observe and perform all the matters and things therein provided for. The execution and delivery of the Amendment by the Borrower does not, nor will the observance or performance of any of the matters or things therein provided for, contravene any provision of law or of the respective articles of incorporation, charter or by-laws of the Borrower (there being no other agreements under which the Borrower is organized) or, to the best of our knowledge after due inquiry, of any covenant, indenture or agreement binding upon or affecting the Borrower or any of its properties or assets.

3. The Amendment executed by the Borrower has been duly authorized by all necessary corporate action (no stockholder approval being required),



has been executed and delivered by the proper officers of the Borrower and the Credit Agreement, as amended by the Amendment, constitutes a valid and binding agreement of the Borrower enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and to general principles of equity.

4. No order, authorization, consent, license or exemption of, or filing or registration with, any court or governmental department, agency, instrumentality or regulatory body, whether local, state or federal, is or will be required in connection with the lawful execution and delivery of the Amendment or the observance and performance by the Borrower of any of the terms of the Credit Agreement as amended by the Amendment.

5. To the best of our knowledge after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public body pending or threatened against or affecting the Borrower or any of its assets and properties which, if adversely determined, could result in any material adverse change in the properties, business, operations or financial condition of the Borrower or in the value of the collateral security for your loans and other credit accommodations to the Borrower.

6. The rates of interest provided for under the Credit Agreement and the Loan Documents (as defined in the Credit Agreement) and any other amounts payable thereunder that would constitute interest would not violate any usury law of the State of Texas should such laws apply to the Credit Agreement, any of the Loan Documents or any of the indebtedness, obligations and liabilities of the Borrower thereunder.

We are admitted to practice law only in the State of Texas and do not purport to be experts in or qualified to express legal conclusions with respect to the laws of any jurisdiction other than the State of Texas or of the United States of America, except the Business Corporation Act of the State of Delaware.

Respectfully submitted,

PILGRIM'S PRIDE CORPORATION

FOURTH AMENDMENT TO AMENDED AND RESTATED SECURED CREDIT AGREEMENT

Harris Trust and Savings Bank  
Chicago, Illinois

U.S. Bancorp Ag Credit, Inc.  
(formerly known as FBS Ag Credit, Inc.)  
Denver, Colorado

CoBank, ACB  
Wichita, Kansas

SunTrust Bank, Atlanta  
Atlanta, Georgia

Credit Agricole Indosuez, Chicago Branch (successor by  
merger to Caisse Nationale de Credit Agricole, Chicago Branch)  
Chicago, Illinois

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Secured Credit Agreement dated as of August 11, 1997, as amended (the "CREDIT AGREEMENT") among the undersigned, Pilgrim's Pride Corporation, a Delaware corporation (the "COMPANY"), you (the "BANKS") and Harris Trust and Savings Bank, as agent for the Banks (the "AGENT"). All defined terms used herein shall have the same meanings as in the Credit Agreement unless otherwise defined herein.

The Company, the Agent and the Banks now wish to amend the Credit Agreement to provide for the issuance by Harris of a letter of credit to support the Company's obligations relating to certain tax-exempt bonds to be issued by the Camp County Industrial Development Corporation for the Company's benefit, to provide for the Banks' risk participation in that letter of credit, to secure the Company's reimbursement obligation relating to that letter of credit with the Collateral provided under the Security Agreement and to amend certain covenants contained in the Credit Agreement, all on the terms and conditions and in the manner set forth in this Amendment.

1. AMENDMENTS.

Upon satisfaction of all of the applicable conditions precedent set forth in Section 2 hereof, the Credit Agreement shall be amended as follows:

1.1. The Credit Agreement shall be amended by adding the following provisions thereto as Sections 1.10 through 1.19, inclusive:

"SECTION 1.10. THE BOND LETTER OF CREDIT. Subject to all the terms and conditions hereof, at the Company's request Harris shall issue a standby letter of credit (as amended (including any amendments increasing the amount thereof) and reinstated from time to time, the "BOND L/C") in an original stated amount of up to \$25,239,727.00 (the "BOND L/C COMMITMENT") for the account of the Company at any time on or prior to June 29, 1999 (the "BOND L/C FACILITY EXPIRATION DATE"). The Bond L/C Commitment shall be separate and apart from, and in addition to, the Revolving Credit Commitments. The Bond L/C shall be issued pursuant to a Reimbursement Agreement (the "REIMBURSEMENT AGREEMENT") in form and substance satisfactory to the Banks and shall be for the purpose of supporting the Company's obligations relating to the Bonds. The Bond L/C shall have an expiry date not later than the Termination Date, subject to extension as provided in the Reimbursement Agreement. Nothing contained in this Agreement shall be deemed to require the Company to cause the Bonds to be issued, it being agreed that the issuance of Bonds shall be within the Company's sole discretion. The Company shall pay Harris for its own account an annual issuance fee (the "BOND L/C ISSUANCE FEE") in an amount equal to one-eighth of one percent (0.125%) of the stated amount of the Bond

L/C, payable on the date the Bond L/C is issued by Harris and on each annual anniversary thereof.

SECTION 1.11. REIMBURSEMENT OBLIGATION. The Company will pay in immediately available funds to Harris the amount of each demand for payment made under the Bond L/C immediately upon payment by Harris of each amount so demanded and on the date of each such payment by Harris (the obligation of the Company under this Section 1.11 is hereinafter referred to as a "BOND REIMBURSEMENT OBLIGATION"). If at any time the Company fails to pay any such Bond Reimbursement Obligation when due, the unpaid amount of such Bond Reimbursement Obligation shall be due and payable on demand and shall bear interest at the rate specified in Section 1.3(d) hereof.

SECTION 1.12. PARTICIPATION IN THE BOND L/C. Each of the Banks will acquire a risk participation for its own account, without recourse to or representation or warranty from Harris, in the Bond L/C upon the issuance thereof ratably in accordance with its Commitment Percentage. In the event any Bond Reimbursement Obligation is not immediately paid by the Company pursuant to Section 1.11 hereof, each Bank will pay to Harris funds in an amount equal to such Bank's Commitment Percentage of the unpaid amount of such Bond Reimbursement Obligation. The obligation of the Banks to Harris under this Section 1.12 shall be absolute and unconditional and shall not be affected or impaired by any Event of Default or Potential Default which may then be continuing hereunder. Harris shall notify each Bank by telephone of its Commitment Percentage of such unpaid Bond Reimbursement Obligation. If such notice has been given to each Bank by 1:00 p.m., Chicago time, each Bank agrees to pay Harris in immediately available and freely transferable funds on the same Business Day. If such notice is received after 1:00 p.m., Chicago time, each Bank agrees to pay Harris in immediately available and freely transferable funds no later than the following Business Day. Funds shall be so made available at the account designated by Harris in such notice to the Banks. Harris shall share with each Bank on a pro rata basis relative to its Commitment Percentage a portion of each payment of a Bond Reimbursement Obligation (whether of principal or interest) and any Bond L/C Fee (but not the Bond L/C Issuance Fee or any Bond L/C Administration Fee) payable by the Company. Any such amount shall be promptly remitted to the Banks when and as received by Harris from the Company.

SECTION 1.13. REDUCTIONS AND REINSTATEMENTS. The Company and the Banks recognize, acknowledge and agree that (i) the Bond L/C provides for automatic reductions and reinstatements as set forth in the provisions of such Bond L/C, and (ii) the Bond L/C provides for the beneficiary thereof to reduce from time to time the amounts available to be drawn thereon. Each Bank acknowledges that, because the interest component of the Bond L/C may be reinstated at a time when the Company has not reimbursed Harris in full for an interest drawing under the Bond L/C, the total may exceed the Bond L/C Commitment pursuant to Section 1.10 hereof and each Bank agrees to pay Harris its pro rata share of any drawing under the Bond L/C notwithstanding that any such payment may result in the aggregate principal amount owing such Bank hereunder exceeding the Bond L/C Commitment of such Bank.

SECTION 1.14. LIABILITY OF HARRIS. None of the Harris-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with the Reimbursement Agreement or any Bond Document (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Affiliate of the Company, or any officer thereof, contained in the Reimbursement Agreement or any Bond Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Harris under or in connection with, the Reimbursement Agreement or any Bond Document, or for the validity, effectiveness, genuineness, enforceability or sufficiency of the Reimbursement Agreement or any Bond Document, or for any failure of the Company or any other party to the Reimbursement Agreement or any Bond Document to perform its obligations thereunder (other than for the gross negligence or willful misconduct of Harris). No Harris-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, the Reimbursement Agreement or any Bond Document, or to inspect the properties, books or records of the Company or any of its Affiliates.

SECTION 1.15. RELIANCE BY HARRIS. Harris shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram,

facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company). Harris shall be fully justified in failing or refusing to take any action under the Reimbursement Agreement or any Bond Document which would otherwise require the consent of the Required Banks or all of the Banks unless it shall first receive such advice or concurrence of the Required Banks (or, if required by this Agreement, all Banks) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Harris shall in all cases be fully protected in acting, or in refraining from acting, under the Reimbursement Agreement or any Bond Document in accordance with a request or consent of the Required Banks (or, if required by this Agreement, all Banks) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

SECTION 1.16. NOTICE OF DEFAULT. Harris shall not be deemed to have knowledge or notice of the occurrence of any Potential Default or Event of Default under Section 8.1(1) hereof, unless Harris shall have received written notice from the Company or any other party to a Bond Document. Harris shall take such action with respect to such Potential Default or Event of Default under the Reimbursement Agreement and the Bond Documents as shall be required pursuant to Section 8 hereof; PROVIDED that unless and until Harris shall have received direction under Section 8, Harris may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Potential Default or Event of Default as it shall deem advisable and in the best interest of the Banks, except any action resulting in the acceleration or redemption of any Bonds.

SECTION 1.17. INDEMNIFICATION. The Banks shall indemnify upon demand the Harris-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), ratably according to such Bank's Commitment Percentage from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the termination of the Bond L/C) be imposed on, incurred by or asserted against any such Person and which are in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing; PROVIDED that no Bank shall be liable for the payment to the Harris-Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Person's gross negligence or willful misconduct or for the fees and expenses of counsel in connection with the preparation, execution, delivery, administration, or modification of the Reimbursement Agreement or any Bond Document or any amendments thereto. The obligation of the Banks in this Section shall survive the payment of all amounts owing by the Company hereunder.

SECTION 1.18. DOCUMENTS AND REPORTS. Harris agrees to deliver to the Banks promptly upon receipt thereof copies of all documents and reports delivered to Harris pursuant to the Reimbursement Agreement or any Bond Document.

SECTION 1.19. AMENDMENTS. Harris may enter into any amendment or modification of, or may waive compliance with the terms of any Bond Document (other than an Indenture) without the consent of any Bank; PROVIDED (a) that without the consent of the Required Banks, Harris shall not execute any instrument agreeing to any amendment or modification of, or waiver of compliance with the Reimbursement Agreement or any Bond Document, which would waive any "EVENT OF DEFAULT" arising under the Reimbursement Agreement or any Bond Document, and (b) without the consent of all of the Banks, Harris shall not execute any instrument agreeing to any amendment or modification of, or waiver of compliance with the Reimbursement Agreement or any Bond Document, (i) which would (A) reduce the principal of, or interest on, any Bond Reimbursement Obligation, (B) postpone the due date for any payment of principal of, or interest on, any Bond Reimbursement Obligation, (C) extend the stated expiration date of the Bond L/C, (D) increase in any material manner (in the reasonable opinion of Harris) the obligations of the Banks, or (E) release or otherwise adversely affect the interests of the Banks in any collateral granted under the Reimbursement Agreement or any

Bond Document, or (ii) after the occurrence of a Potential Default or Event of Default."

1.2. The definition of the term "BORROWING BASE" contained in Section 4.1 of the Credit Agreement shall be amended to read as follows:

"BORROWING BASE", as determined on the basis of the information contained in the most recent Borrowing Base Certificate, shall mean an amount equal to:

(a) 65% of the Value of Eligible Inventory consisting of feed grains, feed and ingredients, plus

(b) 65% percent of the Value of Eligible Inventory consisting of live and dressed broiler chickens and commercial eggs, plus

(c) 65% of the Value of Eligible Inventory consisting of prepared foods, plus

(d) 100% of the Value of Eligible Inventory consisting of breeder hens, breeder pullets, commercial hens, commercial pullets and hatching eggs, plus

(e) 40% of the Value of Eligible Inventory consisting of packaging materials, vaccines, general supplies, and maintenance supplies, minus

(f) the aggregate outstanding amount of all Grower Payables that are more than 15 days past due, minus

(g) the Bond L/C Exposure."

1.3. The definition of the term "LOAN DOCUMENTS" contained in Section 4.1 of the Credit Agreement shall be amended by adding the phrase ", THE REIMBURSEMENT AGREEMENT" immediately after the phrase "THE L/C AGREEMENTS" appearing therein.

1.4. Subsection (c) of the definition of the term "Change of Control" contained in Section 4.1 of the Credit Agreement shall be amended to read as follows:

"(c) the Guarantor or the Pilgrim Family shall cease to own more than 51% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Company,".

1.5. Section 4.1 of the Credit Agreement shall be amended by adding the following definitions thereto:

"ALTERNATIVE CREDIT FACILITY" shall mean any irrevocable letter of credit, surety bond, insurance policy or other similar instruments, other than the Bond L/C, issued by any Person to support the Company's obligations with respect to the Bonds.

"BONDS" shall mean the \$25,000,000 aggregate principal amount of the Issuer's Environmental Facilities Reserve Bonds (Pilgrim's Pride Corporation Project), Series 1999.

"BOND DOCUMENTS" shall mean the Indenture and any other instrument and documents relating to the issuance and sale of the Bonds.

"BOND L/C" shall have the meaning specified in Section 1.10 hereof.

"BOND L/C ADMINISTRATIVE FEES" shall mean the fees payable by the Company pursuant to Sections 2.4(b) and (c) of the Reimbursement Agreement.

"BOND L/C COMMITMENT" shall have the meaning specified in Section 1.10 hereof.

"BOND L/C EXPOSURE" shall mean, as of any date of determination, the sum of (a) the unused amount of the Bond L/C Commitment, if any, (b) the aggregate principal amount of all outstanding Bond L/C Reimbursement Obligations, if any, and (c) the maximum amount available to be drawn under the Bond L/C (after giving effect to any reductions thereof as provided in the Bond L/C), each determined on such date.

"BOND L/C FACILITY EXPIRATION DATE" shall have the meaning

specified in Section 1.10 hereof.

"BOND L/C FEE" shall mean the fee payable by the Company pursuant to Section 2.4(a) of the Reimbursement Agreement.

"BOND REIMBURSEMENT OBLIGATION" shall have the meaning specified in Section 1.11 hereof.

"HARRIS - RELATED PERSONS" shall mean Harris, together with its Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of Harris and such Affiliates.

"INDENTURE" shall mean the Trust Indenture dated as of June 15, 1999 between the Issuer and the Trustee, relating to the Bonds, as amended.

"ISSUER" shall mean the Camp County Industrial Development Corporation, a nonstock, nonprofit industrial development corporation existing under the laws of the State of Texas.

"REIMBURSEMENT AGREEMENT" shall have the meaning specified in Section 1.10 hereof.

"TRUSTEE" shall mean Harris Trust and Savings Bank, as Trustee under the Indenture, and any successor trustee thereunder."

1.6. Section 7.16 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (p) thereof, by replacing the period at the end of subsection (s) thereof with the phrase "; and" and by adding the following provisions thereto as subsection (r):

"(r) (i) liens, pledges, mortgages, security interests, or other charges granted to the Agent to secure the Bond L/C or the Bond Reimbursement Obligations, and (ii) liens, pledges, mortgages, security interests or other charges in Property other than the Collateral granted to the issuer of an Alternate Credit Facility to secure the Company's obligations to such issuer with respect to the Alternate Credit Facility."

1.7. Section 7.17 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (r) thereof, by replacing the period at the end of subsection (s) thereof with the phrase "; and" and by adding the following provisions thereto as subsection (t):

"(t) indebtedness of the Company relating to the Bonds, the Bond L/C and any Alternate Credit Facility."

1.8. Section 8.1(a) of the Credit Agreement shall be amended by adding the phrase ", Bond Reimbursement Obligation" immediately after the word "Note" appearing in the second line thereof.

1.9. Sections 8.1(m) of the Credit Agreement shall be amended to read as follows:

"(m) the Guarantor or Mr. and Mrs. Lonnie A. Pilgrim and their descendants and heirs shall for any reason cease to have legal and/or beneficial ownership of shares of capital stock of the Company having more than 51% of the total voting power generally entitled to vote in the election of directors, managers or trustees of the Company;"

1.10. Section 8.1 of the Credit Agreement shall be amended by deleting the word "and" appearing after the semi-colon at the end of subsection (n) thereof, by replacing the period appearing at the end of subsection (o) thereof with the phrase "; and" and by adding the following provision thereto as subsection (q):

"(q) The existence of any condition or the occurrence of any event specified as an "Event of Default" under the Reimbursement Agreement."

1.11. Sections 8.2, 8.3 and 8.4 of the Credit Agreement shall be amended to read as follows:

"SECTION 8.2. REMEDIES FOR NON-BANKRUPTCY DEFAULTS. When any Event of Default, other than an Event of Default described in subsections (i) and (j) of Section 8.1 hereof, has occurred and is continuing, the Agent, if directed by the Required Banks, shall give notice to the Company and take any or all of the following actions: (i) terminate the remaining Revolving Credit Commitments and the Bond

L/C Commitment, if any, hereunder on the date (which may be the date thereof) stated in such notice, (ii) declare the principal of and the accrued interest on the Notes, unpaid Bond Reimbursement Obligations and unpaid Reimbursement Obligations to be forthwith due and payable and thereupon the Notes, unpaid Bond Reimbursement Obligations and unpaid Reimbursement Obligations including both principal and interest, shall be and become immediately due and payable without further demand, presentment, protest or notice of any kind, and (iii) proceed to foreclose against any Collateral under any of the Security Documents, take any action or exercise any remedy under any of the Loan Documents or exercise any other action, right, power or remedy permitted by law. Any Bank may exercise the right of set off with regard to any deposit accounts or other accounts maintained by the Company with any of the Banks.

SECTION 8.3. REMEDIES FOR BANKRUPTCY DEFAULTS. When any Event of Default described in subsections (i) or (j) of Section 8.1 hereof has occurred and is continuing, then the Notes, unpaid Bond Reimbursement Obligations and all Reimbursement Obligations shall immediately become due and payable without presentment, demand, protest or notice of any kind, and the obligation of the Banks to extend further credit pursuant to any of the terms hereof shall immediately terminate.

SECTION 8.4. L/Cs. Promptly following the acceleration of the maturity of the Notes pursuant to Section 8.2 or 8.3 hereof, the Company shall immediately pay to the Agent for the benefit of the Banks the full aggregate amount of all outstanding L/Cs and the Bond L/C. The Agent shall hold all such funds and proceeds thereof as additional collateral security for the obligations of the Company to the Banks under the Loan Documents. The amount paid under any of the L/Cs or the Bond L/C for which the Company has not reimbursed the Banks shall bear interest from the date of such payment at the default rate of interest specified in Section 1.3(d) hereof."

1.12. The Credit Agreement shall be amended by adding the following provision thereto as Section 8.5:

"SECTION 8.5. REMEDIES UNDER THE BONDS DOCUMENTS. In addition to the foregoing, Harris shall have all of the remedies provided to Harris in the Bond Documents upon the occurrence of an Event of Default."

1.13. Section 11.1 of the Credit Agreement shall be amended by adding the following proviso immediately before the period at the end thereof:

"; and PROVIDED FURTHER, that (x) any amendments of the Reimbursement Agreement or the Bond Documents by Harris shall be subject to the provisions of Section 1.19 of this Agreement, and (y) Sections 1.10 through 1.19, both inclusive, of this Agreement may only be amended, modified or waived with the consent of Harris."

1.14. Exhibit G to the Credit Agreement shall be replaced by Exhibit G to this Amendment.

## 2. CONDITIONS PRECEDENT.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. The Company and each of the Banks shall have executed this Amendment (such execution may be in several counterparts and the several parties hereto may execute on separate counterparts).

2.2. The Agent shall have received, in sufficient counterparts for distribution to the Banks:

(a) executed counterparts of the Third Amendment to Security Agreement re: Accounts Receivable, Farm Products and Inventory in the form of Exhibit A hereto;

(b) executed counterparts of the Reimbursement Agreement in the form of Exhibit B hereto;

(c) copies (executed or certified as may be appropriate) of resolutions of the Company's board of directors authorizing the transactions contemplated by this Amendment and all other legal documents or proceedings, if any, taken in connection with the execution and delivery of this Amendment and the other instruments and documents contemplated hereby; and

(d) the opinion of counsel to the Company substantially in the form of Exhibit C hereto and satisfactory to the Agent, the Banks and their respective counsel.

2.3. The Guaranty Agreement dated as of May 27, 1993 from Mr. and Mrs. Lonnie A. Pilgrim or, if applicable, the Guaranty Agreement of Pilgrim Interests, Ltd. shall be amended to include the Bond Reimbursement Obligations in the indebtedness guaranteed thereby and, if Pilgrim Interests, Ltd. is the guarantor, the Agent shall have received such legal opinions and other instruments and documents as it may request, all in form and substance reasonably satisfactory to the Agent.

2.4. The Agent shall have received for the ratable benefit of the Banks that execute this Amendment (the "APPROVING BANKS") an amendment fee in an amount equal to one-eighth of one percent (0.125%) of the maximum amount of the Bond L/C Commitment of each of the Approving Banks.

2.5. Each of the representations and warranties set forth in Section 5 of the Credit Agreement shall be true and correct.

2.6. The Company shall be in full compliance with all of the terms and conditions of the Credit Agreement and no Event of Default or Potential Default shall have occurred and be continuing thereunder or shall result after giving effect to this Amendment.

2.7. All legal matters incident to the execution and delivery hereof and the instruments and documents contemplated hereby shall be satisfactory to the Banks.

### 3. REPRESENTATIONS AND WARRANTIES.

3.1. The Company, by its execution of this Amendment, hereby represents and warrants the following:

(a) each of the representations and warranties set forth in Section 5 of the Credit Agreement is true and correct as of the date hereof, except that the representations and warranties made under Section 5.3 shall be deemed to refer to the most recent annual report furnished to the Banks by the Company; and

(b) the Company is in full compliance with all of the terms and conditions of the Credit Agreement, except for the Existing Default, and no Event of Default or Potential Default has occurred and is continuing thereunder.

### 4. MISCELLANEOUS.

4.1. The Company has heretofore executed and delivered to the Agent that certain Security Agreement Re: Accounts Receivable, Farm Products and Inventory dated as of May 27, 1993, as amended (the "SECURITY AGREEMENT") and the Company hereby agrees that the Security Agreement shall secure all of the Company's indebtedness, obligations and liabilities to the Agent and the Banks under the Credit Agreement as amended by this Amendment, that notwithstanding the execution and delivery of this Amendment, the Security Agreement shall be and remain in full force and effect and that any rights and remedies of the Agent thereunder, obligations of the Company thereunder and any liens or security interests created or provided for thereunder shall be and remain in full force and effect and shall not be affected, impaired or discharged thereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Security Agreement as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

4.2. Except as specifically amended herein the Credit Agreement and the Notes shall continue in full force and effect in accordance with their original terms. Reference to this specific Amendment need not be made in any note, document, letter, certificate, the Credit Agreement itself, the Notes, or any communication issued or made pursuant to or with respect to the Credit Agreement, any reference to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

4.3. The Company agrees to pay all out-of-pocket costs and expenses incurred by the Agent and Banks in connection with the preparation, execution and delivery of this Amendment and the documents and transactions contemplated hereby, including the reasonable fees and expenses of Messrs. Chapman and Cutler.

4.4. This Amendment may be executed in any number of counterparts, and by the different parties on different counterparts, all of which taken together shall constitute one and the same Agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each



of such counterparts shall for all purposes be deemed to be an original.

4.5. (A) THIS AMENDMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE CONSTRUED AND DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS, EXCEPT TO THE EXTENT PROVIDED IN SECTION 4.5(b) HEREOF AND TO THE EXTENT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA MAY OTHERWISE APPLY.

(b) NOTWITHSTANDING ANYTHING IN SECTION 4.5(a) HEREOF TO THE CONTRARY, NOTHING IN THIS AMENDMENT, THE CREDIT AGREEMENT, THE NOTES, OR THE OTHER LOAN DOCUMENTS SHALL BE DEEMED TO CONSTITUTE A WAIVER OF ANY RIGHTS WHICH THE COMPANY, THE AGENT OR ANY OF THE BANKS MAY HAVE UNDER THE NATIONAL BANK ACT OR OTHER APPLICABLE FEDERAL LAW.

Dated as of June \_\_\_\_, 1999.

PILGRIM'S PRIDE CORPORATION

By  
Its Chief Financial Officer

Accepted and Agreed to as of the day and year last above written.

HARRIS TRUST AND SAVINGS BANK individually  
and as Agent

By  
Its Managing Director

U.S. BANCORP AG CREDIT, INC.

By  
Its

COBANK, ACB

By  
Its

SUNTRUST BANK, ATLANTA

By  
Its

By  
Its

CREDIT AGRICOLE INDOSUEZ, CHICAGO BRANCH

By  
Its

By  
Its

Exhibit G

PILGRIM'S PRIDE CORPORATION

BORROWING BASE CERTIFICATE  
as of \_\_\_\_\_  
(\$000's omitted)

This Borrowing Base Certificate is furnished to Harris Trust and Savings Bank, as agent (the "AGENT"), pursuant to that certain Amended and Restated Secured Credit Agreement dated as of August 11, 1997, as amended, by and among Pilgrim's Pride Corporation (the "COMPANY"), Harris Trust and Savings Bank and the other Bank parties thereto (the "AGREEMENT"). Unless otherwise defined herein, the terms used in this Borrowing Base Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected Chief Financial Officer of the Company.
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, the attached computation of the Borrowing Base as defined in Section 4.1 of the Agreement.
3. No change of name, corporate identity or address of the chief executive office of the Company has occurred.
4. I have reviewed the terms of the Agreement and, pursuant to such review, I have no knowledge of the existence of any condition or event which would constitute a Potential Default or Event of Default, except as set forth below (detailing the nature of the condition or event, the period during which it has existed and the action which the Company has taken, is taking or proposes to take with respect to each such condition or event):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. The information above and any attached exhibits do not contain any untrue statement of material fact or omit a material fact, either individually or in aggregate, that would make the information or any attached exhibits misleading.

PILGRIM'S PRIDE CORPORATION

By  
Its

SUMMARY OF COLLATERAL POOL  
Dated as of \_\_\_\_\_, 199\_\_

	UNITS	INVENTORY VALUE	ADVANCE VALUE
1.)	Live Broiler	\$ _____	\$ _____
2.)	Breeder Hens	\$ _____	\$ _____
3.)	Breeder Pullets	\$ _____	\$ _____
4.)	Commercial Hens	\$ _____	\$ _____
5.)	Commercial Pullets	\$ _____	\$ _____
6.)	Grain Feed (Field)	\$ _____	\$ _____
7.)	Eggs (Hatching/In Transit)	\$ _____	\$ _____
8.)	Dressed Broilers	\$ _____	\$ _____
9.)	Prepared Foods	\$ _____	\$ _____
10.)	Eggs (Commercial)	\$ _____	\$ _____
11.)	Grain (Feedmills)	\$ _____	\$ _____
12.)	Branch Inventory of Packaged Items	\$ _____	\$ _____
13.)	Packaging, Vaccines, Supplies	\$ _____	\$ _____
	SUBTOTAL (lines 1-13)	\$ _____	\$ _____
14.)	Less Grower Payables Greater than 15 days		(\$ _____)
15.)	Less Bond L/C Exposure		(\$ _____)
	TOTAL COLLATERAL POOL	\$ _____	\$ _____
13.)	Less O/S Indebtedness as of:	_____	\$ _____
	TOTAL AVAILABLE CREDIT:		\$ _____

COLLATERAL VALUE COMPUTATIONS  
Dated as of \_\_\_\_\_, 199\_\_  
COLLATERAL POOL:

	GROSS VALUE COMPUTATION	Advance VALUE
1) Live Broiler Value		
Number of Head	_____	_____ Head
(-) Death/Reject Rate (4%)		_____ Head
(x) Avg. Weight per Bird (2 Lbs.)		_____ Lbs.
(x) _____	_____	cents/lb.
as of _____	_____ x 65%	_____
2) Breeder Hen Value:		
Number of Head		_____ Head
(x) Loan Value @ \$1.50/bird	_____ @ 100%	_____
3) Breeder Pullet Value:		
Number of Head		_____ Head
(x) Loan Value @ \$1.00/bird	_____ @ 100%	_____

- 4) Commercial Hen Value:  
 Number of Head \_\_\_\_\_ Head  
 (x) Loan Value @ \$0.70/bird \_\_\_\_\_ @ 100% \_\_\_\_\_
- 5) Commercial Pullet Value:  
 Number of Head \_\_\_\_\_ Head  
 (x) Loan Value @ \$0.40/bird \_\_\_\_\_ @ 100% \_\_\_\_\_
- 6) Grain Feed Value (Field):  
 Number of Head (NET) \_\_\_\_\_ Head  
 (x) 0.75 Lbs/day (/) 2,000 \_\_\_\_\_ Tons  
 (x) Feed Cost/Ton \_\_\_\_\_ x 65% \_\_\_\_\_
- 7) Eggs (Hatching & In Transit):  
 Number of Dozens \_\_\_\_\_ Dozen  
 (x) \$1.25/Doz \_\_\_\_\_ @ 100% \_\_\_\_\_
- 8) Dressed Broilers (All Locations):  
 Number of pounds \_\_\_\_\_ Lbs  
 (x) Price/Lb. computed \_\_\_\_\_ x 65% \_\_\_\_\_
- 9) Prepared Foods (All Locations)  
 Number of pounds \_\_\_\_\_ Lbs.  
 (x) Price/Lb. computed \_\_\_\_\_ x 65% \_\_\_\_\_
- 10) Eggs (Commercial)  
 Number of Dozens \_\_\_\_\_ Dozen  
 (x) \_\_\_\_\_/dozen \_\_\_\_\_ x 65% \_\_\_\_\_
- 11) Grain Value (Feedmills):  
 Corn: \_\_\_\_\_ x \_\_\_\_\_ Cost/Ton \_\_\_\_\_ x 65% \_\_\_\_\_  
 Soybean Meal: \_\_\_\_\_ x \_\_\_\_\_ Cost/Ton \_\_\_\_\_ x 65% \_\_\_\_\_  
 Feed Supplements: \_\_\_\_\_ x \_\_\_\_\_ Cost/Ton \_\_\_\_\_ x 65% \_\_\_\_\_  
 Finished Feeds: \_\_\_\_\_ x \_\_\_\_\_ Cost/Ton \_\_\_\_\_ x 65% \_\_\_\_\_  
 Total Tons: \_\_\_\_\_ x 65% \_\_\_\_\_
- 12) Branch Inventory of Packaged Items  
 (@ Cost) \_\_\_\_\_ x 65% \_\_\_\_\_
- 13) Packaging, Vaccines, Supplies (@  
 Cost) \_\_\_\_\_ x 40% \_\_\_\_\_

TOTAL COLLATERAL POOL