

**Agreement to Modify Collective  
Bargaining Agreements between Pilgrim's Pride Corporation and the UFCW  
International Union and its Various Local Unions**

Subject to bankruptcy court approval the following agreements will apply to all Collective Bargaining Agreements in existence between Pilgrim's Pride Corporation and the United Food and Commercial Workers International Union and its various local unions:

**1. Standardization of Pay Week.** The pay week shall begin at 12:01 a.m. each Sunday and end at 12:00 midnight the following Saturday. Pay for all hours worked during such week shall be available on the following Friday.

**2. Short Term Disability.** During the term of this Agreement, the Company will provide eligible bargaining unit employees with short-term disability pay at no cost to the employee. Employees who participate in the Pilgrim's Pride Medical Plan or are enrolled in any other medical plan will be eligible for short-term disability pay. The benefit and claims procedures are described in a written Company policy, a copy of which will be made available to employees upon request and has also been provided to the Union.

Benefits shall be as follows:

- Less than one year of service – No benefit available
- 1-2 years of service at the time of the disability – 13 weeks at 60% of base pay
- 2 or more years of service at the time of disability – 26 weeks at 60% of base pay

**3. Suspension of the Cash Component of the Driver Recognition Program.** The cash payment component of the Driver Recognition Program shall be suspended with respect to payments which would have otherwise due for the period June 1, 2008 through May 31, 2009; provided however, the professional driver's record for such period shall be taken into account for purposes of future awards under the Driver Recognition Program. \*A Memorandum of Agreement has been executed between the parties suspending the payment which would have been due sometime in July 2009.

**4. Suspension of the Tuition Reimbursement Program.** The Company shall suspend the Tuition Reimbursement Program until the Plan of Reorganization (related to the bankruptcy filing) becomes effective. This provision does not apply to Company sponsored and approved training programs for maintenance mechanics and truck drivers.

**5. E-Payroll.** The following memorandum shall become part of each collective bargaining agreement:

(1) The Parties agree that the Company's managers, supervisors and other representatives will remain neutral and will refrain from communicating with employees about their opinions or how they should respond to the Payroll Delivery, Pay-Card/Direct Deposit options.

(2) The Company agrees that prior to implementation of the payroll delivery changes, it will conduct a bank fair to which financial institutions will be invited in order to provide employees with additional options from which to choose in regards to their choice of pay delivery/direct deposit options. It is understood that employees who do not choose the pay-card or direct deposit options will have their payroll checks mailed to their addresses of record.

(3) E-Payroll – Employees currently enrolled in direct deposit will no longer receive pay advices via mail to their homes or at the worksite. Pay advices for those employees will be available for viewing and/or printing at kiosks located in the employee break rooms at their respective worksites. The pay advices are also available for viewing via their personal computers at home or the information is available by calling a toll free number.

(4) The Company agrees that representatives from the union's endorsed financial institution(s) shall be granted access to all bank fairs hosted by the Company and that bargaining unit employees shall be given the opportunity to enroll with the banking institution of their choice, free from influence or coercion by representatives of the Company or the Union, in regards to their payroll delivery options and their choice of banking institution.

(5) The Company shall provide employees with information explaining the direct deposit, pay-card and e-payroll process. The financial institutions invited to the bank fair(s) shall provide information regarding their services and the attendant costs so that employees may make informed choices.

**6. Hours of Work and Overtime.**

- 1) The Lufkin TX, Nacogdoches TX and Enterprise AL Collective Bargaining Agreements will be modified in the third year of their respective agreements to reflect that time and one-half the employee's regular straight-time hourly base rate of pay will be paid for all hours worked in excess of ten (10) hours in any one workday provided however, that the employee works all scheduled hours in the workweek. If all scheduled hours are not worked, then overtime shall be calculated on the basis of hours worked in excess of forty (40) hours in that workweek.
- 2) In all other agreements between the UFCW and Pilgrim's Pride, the collective bargaining agreements will be modified to reflect that time and one-half the

employee's regular straight-time hourly base rate of pay will be paid for all hours worked in excess of nine (9) hours in any one workday, provided however, that the employee works all scheduled hours in the workweek. If all scheduled hours are not worked, the overtime shall be calculated on the basis of hours worked in excess of forty (40) hours in that workweek.

- 3) Agreements containing sixth (6<sup>th</sup>) and seventh (7<sup>th</sup>) consecutive day worked provisions shall be amended to reflect that hours worked on the sixth (6<sup>th</sup>) and seventh (7<sup>th</sup>) consecutive day of work in any workweek shall be paid at one and one-half the employees regular straight-time hourly base rate of pay, provided whoever, that the employee has worked all scheduled hours in the previous five (5) or six (6) days of the workweek, respectively.
- 4) There shall be no pyramiding of overtime and it is understood that employees will not be paid both daily and weekly overtime for the same hours worked.
- 5) Hours paid but not worked shall not count towards the calculation of overtime. Hours spent on jury duty shall be count as time worked in the calculation of overtime in the week in which the hours spent on jury duty occurs.
- 6) It is understood that this section is only intended to provide a basis for calculating overtime and shall not be construed as a guarantee of hours on a daily or weekly basis.
- 7) There shall be no substitution of a weekday off for holidays occurring on a Saturday or a Sunday.

Pay for hours worked on a holiday shall be paid at the regular straight-time hourly base rate of pay.

**7. Paid Holidays.** Beginning in calendar 2010, there shall be eight (8) paid holidays. Each location Human Resources Manager and Local Union Representative shall determine which holidays, if applicable, will be deleted in order to arrive at eight (8) paid holidays. If a location has less than eight (8) paid holidays, then the appropriate number of paid holidays will be added in order to arrive at eight (8) paid holidays. The location Human Resources Manager and the Local Union Representative shall determine which paid holidays shall be added.

Where a reduction in the number of paid holidays is necessary in order to arrive at eight (8) paid holidays, there will be a one-time lump sum payment made to each employee on the active payroll on the date of payment for each holiday deleted (up to eight hours for each holiday) at the employees regular straight-time base hourly rate of pay minus any applicable taxes.

This lump sum payment shall be made as soon as reasonably practicable following the effective date of the plan of reorganization or on \_\_\_\_\_ [last payday prior to Christmas] December 2009, prior to Christmas, whichever comes later.

**8. Consecutive Days of Work.** No employee shall be required to work more than twenty-one (21) consecutive days without a scheduled day off. This provision shall not be applicable in the event the decision to work more than twenty-one consecutive days is voluntary on the part of the employee.

**9. Termination of the Union Legal, Dental and Vision benefit Program at Elberton GA and Athens GA (legacy PPC).**

Beginning in calendar 2010, the Company will no longer fund employee participation in the legal, dental and vision plans offered by Local 1996. The Company will pay each employee on the active payroll on the date of payment a one-time lump sum payment equal to the monthly cost for each month in calendar 2009 in which the employee was eligible to participate, up to a maximum of three hundred sixty (\$360.00) dollars. This lump sum payment shall be made as soon as reasonably practicable following the effective date of the plan of reorganization or on \_\_\_\_\_ [last payday prior to Christmas] December 2009, prior to Christmas, whichever comes later.

Employees who desire to do so, may enroll in the Company's dental and vision plans during open enrollment in 2009 for participant in calendar year 2010.

**10. Employee Representatives, Stewards, Orientation and Bargaining Unit Information.**

**(Add to each local agreement)**

- 1) One (1) Chief Steward per facility having more than 400 employees in the bargaining unit will be allowed up to five (5) paid hours per week during his/her regular schedule to conduct Union business.
- 2) The Chief Steward (up to one per shift) shall be granted super-seniority in regards to plant closing or plant lay-offs.
- 3) The Company shall allow the Chief Stewards to wear hard hats designating them as official Union Stewards.
- 4) It is agreed that the Union may appoint additional department stewards consistent with current agreements from the bargaining unit to conduct Union business.

The Company agrees to provide a union workspace to be used during the five hour period described in paragraph 1 above or during visits by Union Representatives. The workspace, wherever it is located shall be reasonably accessible to employees depending

upon available space at each facility. The workspace location shall not interfere with production operations and shall be reasonably isolated from distractions to the extent possible. In the event of a change in the location of the workspace becomes necessary, the Company will inform the Local Union.

Within thirty (30) days of the effective date of this Agreement and on the first (1<sup>st</sup>) workday of each month, the Company shall supply to the Local Union a list of all employees covered by the this Agreement in an Excel Spreadsheet. This list shall contain the following up-to-date information on each employee, as recorded in the employee's personnel file: Last four (4) digits of the social security number, First Name, Last Name, Sex, Date of Birth, Full Address, Home Telephone Number, Department, Job Classification, Date of Hire, Full or Part Time Status, Rate of Pay and whether the employee has authorized the deduction of union dues. This would replace any information currently being provided.

The following orientation language would be added to each agreement and would replace any existing language on the subject:

In the interest of having an educated and stable workforce, along with continuing to improve the bargaining process between the parties and promoting cooperative relations, the parties agree to the following:

The Union Stewards or Union Representative from UFCW Local \_\_\_\_ will be allowed to attend all new employee orientation meetings. The Union Stewards or Union Representative from UFCW Local \_\_\_\_ will be allowed to discuss the benefits new employees will receive due to the collective bargaining process and the benefits of union membership. The Union Stewards or Union Representative from UFCW Local \_\_\_\_ will be allowed up to thirty (30) minutes, as needed, to address employees in the Company Orientation Program. This shall be uninterrupted and during or at the end of the first day of the Company Orientation Program.

The Company and its supervision and UFCW Local \_\_\_\_ and its agents in units covered by this Agreement, agree to treat each other with mutual business respect. When the agents of UFCW Local \_\_\_\_ are in the plant they will respect the Company's need to service customers, and the Company will respect the need of the agents to service their members. The Union Steward or Union Representatives from UFCW Local \_\_\_\_ will be notified in advance of any changes to the orientation schedule of all new hires.

## **11. Benefits Proposal Summary**

### Health Care Proposal – Medical, Dental & Vision

1. Health Plan – The Company will offer the Pilgrim's Pride Corporation Medical Plan, Options PP200 and PP500. The Company will also offer fully insured 100% employee paid dental and vision coverage.

2. In an effort to manage costs and communicate openly concerning employee health care coverage, the Company agrees to meet with representatives of the International Union during the second calendar quarter of each year. The purpose of this meeting is to confer with respect to matters of plan design and cost containment. Notwithstanding the provisions in this paragraph, the Company shall maintain the right to unilaterally change any or all provisions, or raise or adjust the total cost of its corporate wide health plan. However, if the percentage increase in health plan costs for any year exceeds the percentage increase forecasted most recently prior to June of each year in Aon's semi-annual inflation-adjusted trend survey by more than 2 (two) percent, representatives of the Company and the International Union agree to meet and mutually agree to plan design and cost containment changes in the health care plan with the goal to reduce such increase to a level at or below the percentage increase forecasted in the relevant Aon survey. The Company reserves the right to utilize a different benchmark if it shall become necessary or appropriate to do so. Nothing in this agreement shall be interpreted to permit the company to reduce benefits in order to reduce its costs below 75 (seventy - five) percent of the current employee only COBRA base rate (without the 2 (two) percent administrative fee) for the PP500 Plan.
3. In the event any future Health Care Reform legislation is enacted, representatives of the Company and the International Union agree to meet and confer with respect to the impact of such legislation.
4. Health Care Costs for PP500 - The Company will contribute 75% of the cost for employees who enroll in the PP500 Plan. Employees who enroll in the PP500 Plan will contribute 25% of the total cost for the duration of the contract. Contributions will remain the same as currently determined for 2009.
5. Health Care Costs for PP200 - The Company will contribute an amount equal to 75% of the total cost for the PP500 for employees who enroll in the PP200 Plan. Employees who enroll in the PP200 will contribute the remainder of the total cost for the PP200 plan. This cost sharing will be in effect for the remainder of the contract.
6. Health Plan for Batesville, Arkansas, Live Oak, FL and Athens, GA (GK) - For calendar years 2010, 2011 and 2012, the Company agrees that employees will contribute 25% of the total cost of the PP500 plan and 20% of the total cost of the PP200 plan. At the end of the three years, the cost will be as stated in paragraphs 3 and 4 above for all other facilities.

#### Retirement Plan for Union Employees

1. Effective January 1, 2010, the pension benefits under the UFCW supplements of the Retirement Plan for Union Employees will be frozen. There shall be no new participants and benefits accruals for current participants will cease. Employees will eligible to participate in the Retirement Savings Plan 401(k) - 25% company match up to 6% of salary deferrals.

Revised  
7-7-09  
[Signature]

Corrected  
7-6-09  
[Signature]

### Short Term Disability Pay Policy

1. The Company will terminate the insured short term disability plan and provide short term disability pay under the Company's short term disability pay policy. Provisions of the policy are below.

Union hourly employee is eligible for short term disability pay under the policy following one year of service, if he or she:

- (1) Is either-
  - (A) On Medical Leave; or
  - (B) On Occupational Injury Leave and
- (1) If a Texas Employee, has elected any available Premium Benefits under the Employee Protection Plan
- (2) And enrolled in a medical plan.

A Union hourly employee must contact the Short Term Disability Third Party Administrator (STD TPA) to provide any required health care provider information to certify his or her claim prior to receiving short term disability pay.

Service as of Disability	Elimination Period		60% Benefit <sup>†</sup>
	Injury	Illness	
< 1 year of service	N/A	N/A	N/A
1-2 years of service	Day 1 (no wait)	*After 7 days	Up to 13 weeks
2 or more years of service	Day 1 (no wait)	*After 7 days	Up to 26 weeks
† Employee must be in a medical plan to be eligible for STD benefits.			

\* Union Hourly Employees may elect to use vacation days in order to receive pay during the 7 day elimination period.

### **12. Term of Agreement**

The Union has agreed that all agreements expiring during the remainder of 2009 and 2010 will be extended for an additional two (2) years from the expiration dates of such agreements with wage increases given in the amount of twenty-five cents (\$0.25) in each of the two years of the extension. For those positions not paid by the hour, the Company will determine the formula for adjusting the basis on which their pay is determined so that they are paid the equivalent of twenty-five cents (\$0.25) per hour. The Company agrees to provide the Union with the information which forms the basis of this calculation.

13. **1113 COMPLIANCE, 1113 WAIVER, CONDITIONS TO EFFECTIVENESS/ASSUMPTION, EXCULPATION**

1. 1113 Compliance - The modifications to this Agreement (the "Modifications") were agreed to by United Food & Commercial Workers International Union and its Locals (collectively, "UFCW") and the Company in furtherance of the Company's effort to improve liquidity and profitability and successfully restructure its capital structure and operations and reorganize through the Chapter 11, and in consideration of the Company's agreements herein. This agreement as modified (the "Modified Agreement") will be binding on any Chapter 11 trustee appointed in these cases or other entity operating with the equivalent authority of a Chapter 11 trustee.

The Company and UFCW believe that:

- The Modifications are based on the most complete and reliable information available to the Company
- The Modifications permit the Company to avoid irreparable harm and provide for the necessary modifications to the Agreement that are necessary, fair, and equitable in order to permit the successful restructuring and reorganization of the Company in Chapter 11 and the continuation of its business.
- The balance of equities favors the Company entering into the Modified Agreement and the Company's adherence thereto.

2. 1113 Waiver. Neither the Company nor any Company affiliate will file or support any motion pursuant to 11 U.S.C. Sections 1113, 1113(e), or any other relevant provision of the Bankruptcy Code, seeking rejection or modification of, or relief or interim relief from, the Modified Agreement (a "Motion"). The Company and its affiliates specifically waive the right to file or support a Motion, and the Company and its affiliates will actively oppose any such Motion if filed by another party.

3. Conditions to Effectiveness/Assumption. The Modified Agreement will become effective immediately upon approval by the Bankruptcy Court, for which the Company will expeditiously seek approval and the draft of such papers which the Company will review prior to filing with counsel for the UFCW, and upon ratification by the Locals. Any plan of reorganization for the Company and its affiliates shall provide for assumption of the Modified Agreement, and the Company agrees that it will not file, sponsor or support confirmation of a plan of reorganization that does not provide for assumption of the Modified Agreement.



4. Exculpation. To the extent any plan of reorganization for the Company and its affiliates contains exculpation or release provisions, any such plan of reorganization will include the same plan exculpation and release provision for (a) the Company and all of its affiliates, and each of their current or former officers, directors, employees, agents, attorneys, accountants, advisors, consultants, actuaries, investment bankers, experts and other representatives, and (b) the UFCW, and each of its current or former members, officers, committee members, employees, advisors, attorneys, accountants, actuaries, investment bankers, consultants, agents and other representatives, with respect to any liability such person or entity may have in connection with or related to the PPC bankruptcy cases; the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of any of the plan of reorganization, the disclosure statement concerning the plan of reorganization, the Restructuring Agreement, or any contract, employee pension or other benefit plan, instrument, release or other agreement of document created, modified, amended, terminated or entered into in connection with either the plan of reorganization or any agreement between the Company and the UFCW, or any other act taken or omitted to be taken in connection with PPC's bankruptcy.

#### **14. Union Access**

The following access language shall be adopted into all of the Agreements and shall replace any existing access language:

During the term of this Agreement, designated union representatives may be provided access to the plant for the purpose of observing compliance with the terms of this agreement as well as to adjust any grievances or complaints arising under this Agreement. Prior to entering the plant, however, said representative(s) must notify Human Resources or whomever Human Resources shall designate. At all times while on the Company's premises, union representatives shall comply with the Company's safety and security policies and practices. The Company has the option of accompanying any union representative while in the plant production or operating areas. Conferences or meetings between union representatives and employee(s) shall be conducted in non-working areas and on non-working time so that there shall be no interference with, or interruption of normal operating conditions.

#### **15. Payment of Professional Fees**

The Company agrees to pay on behalf of the UFCW the professional fees incurred in connection with negotiation, preparation and obtaining bankruptcy court approval of this Agreement in the maximum aggregate amount of one hundred thousand dollars (\$100,000.00), subject to the UFCW's professionals submission of invoices to the Company, in a form reasonably satisfactory to the Company.

All previous tentative agreements reached during local negotiations shall remain in effect except as modified in this Agreement.

For the UFCW and its Locals: Mark Lauritsen 6/30/09  
Mark Lauritsen, International Vice President, UFCW

For the Company: Jane Brookshire 6/30/09  
Jane Brookshire, EVP Human Resource, Pilgrim's Pride

Date: June 30, 2009

July 9, 2009

### **MEMORANDUM OF AGREEMENT**

The following represents certain items on which tentative agreement was reached during collective bargaining between Pilgrim's Pride Corporation and the United Food and Commercial Workers Union Local 2008 and International Brotherhood of Teamsters Local 878, both of whom represents certain Company employees at its Batesville, Arkansas facility. All tentative items of agreement are subject to ratification by the membership of the local unions. These items are in addition to tentative agreements reached during negotiations with the UFCW International, which are also subject to the aforementioned ratification. Any ratified agreement(s) are also subject to the approval of the bankruptcy court and shall not become effective until such time as approval is granted.

1. **AGREEMENT.** Amend the effective dates to reflect the appropriate dates based on ratification of successor agreement.

2. **ARTICLE 3 SECTION 5.** Amend this section so that it reads as follows:

Employees shall be paid for three (3) consecutive working days, with the day of the funeral occurring within that time period, for attendance at the funeral of an immediate family member which shall only include, for the purpose of this provision, spouse, children, mother, father (or previously designated guardian, but not both), mother-in-law, father-in-law, grandparents, sister, brother, sister-in-law and brother-in-law (spouse siblings), son and daughter-in-law, and grandchildren. The Company shall require proof of attendance at a funeral or cremation, otherwise the time off shall be without pay. The weekend (Saturday and Sunday), or the scheduled days off for those for whom Saturday and Sunday are regularly scheduled workdays will be bridged and will not break the consecutive day requirements of this provision.

The intent of the funeral pay is to provide for loss of income when an employee misses a scheduled day(s) of work in connection with the death and funeral of a covered relative.

3. **ARTICLE 7.** Amend Section 4 as follows:

Increase the number of arbitrators from five (5) to seven (7).

Add the following new language: Each party may reject a panel in its entirety once and request a new panel. In the event either party rejects a panel, a request for a new panel will be submitted immediately.

4. **ARTICLE 9. Delete Section 6.**

Section 9. Amend the current language so that it reads as follows:

Company employees and those employees who retire and are eligible for a pension from the Company will be eligible to purchase products. The product purchase is intended for use by the employee and his/her immediate family. All products produced at the Batesville plant may be available for purchase.

5. **BATESVILLE SUPPLEMENT. ARTICLE 10 SECTION 2.**


Add Marination/Cut up to the list of work areas.

Wages:	<u>1<sup>st</sup> Year</u>	<u>2<sup>nd</sup> Year</u>	<u>3<sup>rd</sup> Year</u>
	\$0.25	\$0.25	\$0.25


The actual effective dates of the wage increases will be determined based on the approval of the ratified agreements by the bankruptcy court.


**Atkins and Clinton Supplement Documents:** Inasmuch as these facilities have been closed, the aforementioned supplement documents shall be deleted from the Agreement.

For the Company

  
Date 7-9-09

For the Unions

  
Date 7-10-09

  
Date 7/10/09



TO: Ty Barnhart, UFCW Local 227

FROM: William D. Knight Jr , Complex HR Manager

RE: Concession Bargaining Side Agreement

DATE: August 17, 2009

Below you will find the list of items that were discussed and agreed upon on Friday August 14<sup>th</sup>. It is the hope of the management team of this complex that we can continue to work together to ensure that our partners are treated fairly, while also being provided the tools and support needed, for them to have successful careers at Pilgrims Pride.

Please review the below listed items:

- 1 The company has agreed to remove any attendance related occurrences that were given out on January 27<sup>th</sup>, 2009 as a result of the anticipated snowstorm. This will have an effect on a total of 53 partners at the Mayfield, KY processing plant. There were not any discharges resulting from the occurrences given on this day.
- 2 The company has agreed to reduce the 6 month provision (perfect attendance) within the attendance policy to 3 months. With this change, if a partner goes 3 months with perfect attendance, his/her record will be cleaned of any attendance discipline. (This provision will remain the same throughout the course of this agreement.)
- 3 The company has agreed to substitute 2 floating holidays for the following:
  - Good Friday
  - Christmas Eve(Holiday pay would be in accordance with proposed concession agreement)
- 4 The company has agreed to provide a space for the union to conduct union business that will provide a measure of privacy. The location of the space will be determined later.
- 5 The Company agrees to work in conjunction with union representatives to provide a health fair for our employees, within the next 12 months. Family members of employees will be invited and encouraged to participate. The health fair vendors will include representatives from the health care field recommended by both the Union and the Company and shall also include representatives from the Company's corporate benefits department.

Implementation of the above listed items is contingent upon the successful ratification by the Mayfield union membership of the concession agreement negotiated with the UFCW International Union

Thanks in advance for your cooperation,



William D. Knight Jr

Cc: Jane Brookshire  
Eugene Earl  
Steve Bolden  
Terry Paschall  
Gary K Best  
Irv Conely