PILGRIMS PRIDE CORP
Form DEF 14A
November 12, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. ^)

Filed by the Registrant ¨ Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

PILGRIM S PRIDE CORPORATION

(Name of registrant as specified in its charter)

^

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:
^

(2) Aggregate number of securities to which the transaction applies:
^

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
^

(4) Proposed maximum aggregate value of the transaction:
^

(5) Total fee paid:
^

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

^

(2) Form, Schedule or Registration Statement No.:

^

(3) Filing Party:

^

(4) Date Filed:

^

Pilgrim s Pride Corporation

1770 Promontory Circle

Greeley, Colorado 80634

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 17, 2010

The annual meeting of stockholders of Pilgrim s Pride Corporation will be held at our headquarters, at 1770 Promontory Circle, Greeley, Colorado, on Friday, December 17, 2010, at 10:00 a.m., local time, to consider and vote on the following matters:

1. The election of six JBS Directors for the ensuing year;

2. The election of two Equity Directors and the Founder Director for the ensuing year;

3. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 26, 2010; and

4. Such other business as may properly be brought before the meeting or any adjournment thereof.

No other matters are expected to be voted on at the meeting.

The Board of Directors has fixed the close of business on November 10, 2010, as the record date for determining stockholders entitled to notice of, and to vote at, the annual meeting. If you owned shares of our common stock at the close of business on that date, you are cordially invited to attend the annual meeting. Whether or not you plan to attend the annual meeting, please vote at your earliest convenience. Most stockholders have three options for submitting their votes prior to the meeting:

(1) via the internet;

(2) by phone; or

(3) by mail.

Please refer to the specific instructions set forth on the enclosed proxy card.

Admission to the annual meeting will be limited to our stockholders, proxy holders and invited guests. If you are a stockholder of record, please bring photo identification to the annual meeting. If you hold shares through a bank, broker or other third party, please bring photo identification and a current brokerage statement.

DON JACKSON
President and

Greeley, Colorado

November 12, 2010 *Chief Executive Officer*

YOUR VOTE IS IMPORTANT!

PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY OR VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON DECEMBER 17, 2010: The Proxy Statement and the 2010 Annual Report on Form 10-K are available at www.envisionreports.com/PPC. Enter the 12-digit control number located on the proxy card and click View 2010 Stockholder Material.

Pilgrim s Pride Corporation

1770 Promontory Circle

Greeley, Colorado 80634

PROXY STATEMENT

GENERAL INFORMATION

Why did I receive this proxy statement?

The Board of Directors (the Board of Directors or the Board) of Pilgrim s Pride Corporation is soliciting stockholder proxies for use at our annual meeting of stockholders to be held at our headquarters at 1770 Promontory Circle, Greeley, Colorado, on Friday, December 17, 2010, at 10:00 a.m., local time, and any adjournments thereof (the meeting). This proxy statement, the accompanying proxy card and the annual report to stockholders of Pilgrim s Pride Corporation are being mailed on or about November 17, 2010. Throughout this proxy statement, we will refer to Pilgrim s Pride Corporation as Pilgrim s Pride, we, us or the Company.

What is the record date for the annual meeting and why is it important?

The Board of Directors has fixed November 10, 2010 as the record date for determining stockholders who are entitled to vote at the meeting (the record date). At the close of business on the record date, Pilgrim s Pride had 214,281,914 shares of common stock, par value $0.01 per share, issued and outstanding.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most stockholders of Pilgrim s Pride hold their shares through a broker, bank or other nominee, rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders Of Record: If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote in person at the meeting.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name . As the beneficial owner, you have the right to direct your broker on how to vote your shares, and you are also invited to attend the meeting. Since you are not the stockholder of record, however, you may not vote your shares in person at the meeting unless you obtain a signed proxy from the holder of record giving you the right to vote the shares.

What is a proxy?

A proxy is your legal designation of another person (the proxy) to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the proxies appointed by the Board and identified on the proxy card the authority to vote your shares in the manner you indicate on your proxy card.

What if I receive more than one proxy card?

You will receive multiple proxy cards if you hold shares of our common stock in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. If your shares are held in street name (i.e., by a broker, bank or other nominee), you will receive your proxy card or voting information from your nominee, and you must return your voting instructions to that nominee. You should complete, sign and return each proxy card you receive or submit your voting instructions for each proxy card.

What are the voting rights of the common stock?

Each holder of record of our common stock on the record date is entitled to cast one vote per share on each matter presented at the meeting.

What are the three categories of Directors?

In connection with the Company s emergence from Chapter 11 bankruptcy proceedings on December 28, 2009, the Company adopted an Amended and Restated Certificate of Incorporation (our certificate of incorporation) and entered into a stockholders agreement (the JBS stockholders agreement) with our largest stockholder, JBS USA Holdings, Inc. (JBS USA). Our certificate of incorporation establishes three categories of directors: JBS Directors, Equity Directors and the Founder Director.

JBS Directors are the initial six Directors designated as JBS Directors in the JBS stockholders agreement or their successors. Successor JBS Directors will be nominated by the JBS Nominating Committee. The current JBS Directors are Wesley Mendonça Batista, Joesley Mendonça Batista, José Batista Júnior, Don Jackson, Marcus Vinicius Pratini de Moraes and Wallim Cruz De Vasconcellos Junior.

Equity Directors are the initial two Directors designated as Equity Directors in the JBS stockholders agreement or their successors nominated or appointed by the Equity Nominating Committee or any stockholders other than JBS USA and its affiliates (Minority Investors). The current Equity Directors are Michael L. Cooper and Charles Macaluso.

The Founder Director is Lonnie Bo Pilgrim or, if Lonnie Bo Pilgrim is unable to continue serving on the Board, Lonnie Ken Pilgrim. Currently, the Founder Director is Lonnie Bo Pilgrim.

What are the differences between the categories of Directors?

All of our Directors serve coequal one-year terms. However, only JBS Directors can serve as members of the JBS Nominating Committee, and only Equity Directors can serve on the Equity Nominating Committee.

In connection with our emergence from Chapter 11 bankruptcy proceedings, we entered into the JBS stockholders agreement, which, among other things, requires JBS USA and its affiliates to vote all of our common stock owned by them in the same manner as the shares held by all Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of the election of Equity Directors.

In addition, the JBS stockholders agreement requires JBS USA and its affiliates to vote their shares for the election of the Founder Director until neither of Lonnie Bo Pilgrim and Lonnie Ken Pilgrim is able to continue serving on the Board. Because JBS USA owned or controlled over 50% of the voting power of our outstanding common stock on the record date, the Founder Director is assured of election to the Board.

With respect to all other matters submitted to a vote of holders of common stock, including the election or removal of any JBS Directors, JBS USA and its affiliates may vote shares of common stock held by them in their sole and absolute discretion.

How do I vote my shares?

If you are a stockholder of record, you have several choices. You can vote your proxy:

- by completing, dating, signing and mailing the enclosed proxy card;
- over the telephone; or
- via the internet.

Please refer to the specific instructions set forth on the enclosed proxy card.

If you hold your shares in street name, your broker, bank or nominee will provide you with materials and instructions for voting your shares.

What are the Board s recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1:	**FOR** the election of all six nominees for JBS Director.
Proposal 2:	**FOR** the election of both nominees for Equity Directors and the nominee for Founder Director.
Proposal 3:	**FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 26, 2010.

What are my choices when voting?

With respect to:

Proposal 1:	You may either (i) vote FOR the election of all JBS Director nominees as a group; (ii) withhold your vote on all JBS Director nominees as a group; or (iii) vote FOR the election of all JBS Director nominees as a group except for certain nominees identified by you in the appropriate area on the proxy card or voting instructions.
Proposal 2:	You may either (i) vote FOR the election of both Equity Director nominees and the Founder Director nominee as a group; (ii) withhold your vote on both Equity Director nominees and the Founder Director nominee as a group; or (iii) vote FOR the election of both Equity Director nominees and the Founder Director nominee as a group except for certain nominees identified by you in the appropriate area on the proxy card or voting instructions.
Proposal 3:	In each case, you may vote FOR or AGAINST the proposal, or you may elect to abstain from voting your shares. Abstaining will have the same effect as a vote against the proposal, as discussed below.

How will my shares be voted if I do not specify my voting instructions?

If you sign and return your proxy card without indicating how you want your shares to be voted, the proxies appointed by the Board will vote your shares as follows:

Proposal 1:	**FOR** the election of all six nominees for JBS Director.

Proposal 2: **FOR** the election of both nominees for Equity Director and the nominee for Founder Director.

Proposal 3: **FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 26, 2010.

What vote is required to approve each proposal?

Directors will be elected by a plurality of the votes cast at the meeting. The affirmative vote of a majority of the voting power of our common stock present in person or represented by proxy and entitled to vote at the meeting is required for the ratification of the appointment of our independent registered public accounting firm and approval of any other item of business to be voted upon at the meeting.

A quorum is necessary to hold the meeting. A quorum consists of a majority of the voting power of our common stock issued and outstanding and entitled to vote at the meeting, including the voting power that is present in person or by proxy. If a quorum is not represented in person or by proxy at the meeting or any adjourned meeting, the chairman of the meeting may postpone the meeting from time to time until a quorum will be represented. At any adjourned meeting at which a quorum is represented, any business may be transacted that might have been transacted at the meeting as originally called.

JBS USA owned or controlled over 50% of the voting power of our outstanding common stock on the record date. Therefore, JBS USA will be able to assure a quorum is present and will also be able to elect all of the nominees for JBS Directors and, with certain exceptions, determine the outcome of all other matters presented to a vote of the stockholders. The JBS stockholders agreement, however, requires JBS USA and its affiliates to vote all of our common stock owned by them in the same manner as the shares held by the Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of Proposal 2 to the extent it relates to the election of Messrs. Cooper and Macaluso as Equity Directors.

In addition, the JBS stockholders agreement requires JBS USA and its affiliates to vote their shares for the election of the Founder Director until neither of Lonnie Bo Pilgrim and Lonnie Ken Pilgrim is able to continue serving on the Board. Because JBS USA owned or controlled a majority of our outstanding common stock on the record date, Lonnie Bo Pilgrim, as the nominee for the Founder Director in Proposal 2, is assured of election to the Board at the meeting.

With respect to all other matters submitted to a vote of holders of common stock, including the election or removal of any JBS Directors, JBS USA and its affiliates may vote shares of common stock held by them in their sole and absolute discretion.

How are abstentions and broker non-votes treated?

Abstentions from voting on any matter will be counted in the tally of votes. Abstentions will have no effect on the election of Directors, but an abstention will have the same effect as a vote against any other proposals.

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. A broker non-vote will be deemed present at the annual meeting and will be counted for purposes of determining whether a quorum exists. Under the rules that govern brokers who are voting with respect to shares held by them in street name, if the broker has not been furnished with voting instructions by its client at least ten days before the meeting, those brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the appointment of auditors, submitted to the stockholders in Proposal 3. Non-routine matters include the election of Directors, submitted to stockholders in Proposal 1 and Proposal 2. As a result, with regard to Proposal 1 and Proposal 2, brokers have no discretion to vote shares where no voting instructions are received, and no vote will be cast if you do not vote on those proposals. Consequently, broker non-votes will have no effect on the elections of Directors. ***We urge you to vote on ALL voting items.***

Can I change my vote after I have mailed in my proxy card?

Yes. You may revoke your proxy by doing one of the following:

- by sending to the Secretary of the Company a written notice of revocation that is received prior to the meeting;
- by submitting a new proxy card bearing a later date to the Secretary of the Company so that it is received prior to the meeting; or
- by attending the meeting and voting your shares in person.

Who will pay the cost of this proxy solicitation?

We will pay the cost of preparing, printing and mailing this proxy statement and of soliciting proxies. We will request brokers, custodians, nominees and other like parties to forward copies of proxy materials to beneficial owners of our common stock and will reimburse these parties for their reasonable and customary charges or expenses.

Is this proxy statement the only way that proxies are being solicited?

No. In addition to mailing these proxy materials, certain of our Directors, officers or employees may solicit proxies by telephone, facsimile, e-mail or personal contact. They will not be specifically compensated for doing so.

Stockholder Proposals for 2011 Annual Meeting

We currently expect that our 2011 Annual Meeting of Stockholders will be held on December 16, 2011. Our bylaws state that a stockholder must have given our Secretary written notice, at our principal executive offices, of the stockholder s intent to present a proposal at the 2011 Annual Meeting by August 18, 2011, but not before March 21, 2011. Additionally, in order for stockholder proposals submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), to be considered for inclusion in the proxy materials for the 2011 Annual Meeting, they must be received by our Secretary at our principal executive offices no later than the close of business on July 19, 2011.

Did the Company change its fiscal year since the last annual meeting of stockholders?

Yes, on December 28, 2009, we adopted restated bylaws, which changed the Company s fiscal year end from the Saturday nearest September 30 of each year to the last Sunday in December of each year. This change aligns the Company s reporting cycle with the fiscal calendar of JBS USA. The change was effective with the Company s 2010 fiscal year, which began on September 27, 2009, and will end on December 26, 2010, and resulted in an approximate three-month transition period which began September 27, 2009 and ended December 27, 2009 (the Transition Period). We now operate on the basis of a 52/53-week fiscal year that ends on the Sunday falling on or before December 31. Throughout this proxy statement, we provide disclosures for 2009 Fiscal Year and the Transition Period.

PROPOSAL 1. ELECTION OF JBS DIRECTORS

Subject to limited exceptions, our certificate of incorporation specifies that the Board of Directors will consist of nine members. Our Board currently has nine members. Proxies cannot be voted for a greater number of persons than the nine nominees named.

Pursuant to our certificate of incorporation and the JBS stockholders agreement, our Board of Directors includes six JBS Directors, including the Chairman of the Board, who are designated by JBS USA. Pursuant to our stockholders agreement, Don Jackson, our Chief Executive Officer, was appointed to the Board and is included in the designees of JBS USA.

At the meeting, nine Directors, including six JBS Directors, are to be elected, each to hold office for one year or until his or her successor is duly elected and qualified. Unless otherwise specified on the proxy card or voting instructions, the shares represented by the proxy will be voted for the election of the six nominees named below. If any nominee becomes unavailable for election, it is intended that such shares will be voted for the election of a substitute nominee selected by the JBS Nominating Committee. Our Board of Directors has no reason to believe that any substitute nominee or nominees will be required.

Nominees for JBS Directors

Wesley Mendonça Batista, 40, currently serves as Chairman of the Board of Pilgrim s Pride Corporation. Mr. Batista became President and Chief Executive Officer of JBS USA in May 2007. Mr. Batista also serves as a member of JBS USA s Board of Directors. Mr. Batista is the Vice President of JBS S.A. s Board of Directors. Mr. Batista has served in various capacities at JBS S.A. since 1987. Mr. Batista is the brother of Joesley Mendonça Batista, a Director of the Company and the President of JBS S.A., and José Batista Júnior, a Director of the Company and a Director of JBS S.A., and is the son of José Batista Sobrinho, the founder of JBS S.A. and a member of its Board of Directors.

Mr. Batista brings to the Board of Pilgrim s Pride significant senior leadership and industry experience. Mr. Batista has long been one of the most respected executives in Brazil s protein industry, and his reputation is now firmly established worldwide. Mr. Batista grew up in the protein industry, and it is his strategic insight and entrepreneurial spirit that has facilitated the growth of JBS through numerous acquisitions, expanding its reach across the globe. As Chairman of the Board, Mr. Batista has direct responsibility for Pilgrim s Pride s strategy and operations.

Joesley Mendonça Batista, 38, is currently the Chief Executive Officer of JBS S.A. and the President of its Board of Directors. Mr. Batista has served in various capacities at JBS S.A. since 1988. Mr. Batista is the brother of Wesley Mendonça Batista, a Director of the Company, and José Batista Júnior, a Director of the Company and of JBS S.A., and the son of José Batista Sobrinho, the founder of JBS S.A. and a member of its Board of Directors.

Mr. Batista has worked in the protein industry for 20 years, most recently rising to the post of President and Chief Executive Officer of JBS S.A. During his tenure as President and CEO, JBS S.A. has expanded dramatically in the United States, acquiring Swift & Company in 2007, Smithfield Beef Group and Five Rivers Ranch Cattle Feeding in 2008, and a 64% interest in the Company last year. Mr. Batista brings to the Board significant leadership, sales and marketing, industry, technical, and global experience.

José Batista Júnior, 50, is currently a Director of JBS USA, LLC and of JBS S.A. Mr. Batista Júnior has served in various capacities at JBS S.A. since 1974 and as a member of the Board of Directors of JBS S.A. since January 2, 2007. Mr. Batista Júnior is the brother of Wesley Mendonça Batista and Joesley Mendonça Batista, and the son of José Batista Sobrinho, the founder of JBS S.A. and a member of its Board of Directors.

Mr. Batista, known as Junior, began his career in the industry in 1977 when he took a position as a trainee in Friboi (now JBS S.A.) in Brazil and worked in all facets of the business, rising to lead the sales, hygiene, and cleaning divisions until he was named President of the Board of Directors of JBS S.A. in 2006. In addition to his vast industry experience, Mr. Batista brings to the Board significant global experience and knowledge of competitive strategy and international competition.

Don Jackson, 59, has served as President, Chief Executive Officer and Director since January 2009. Previously, Dr. Jackson served as president of Foster Farms poultry division, based in Livingston, California, since 2000. Prior to that, he served as executive vice president for foodservice of the former ConAgra Poultry Company in Duluth, Georgia. Before that he worked for 22 years for Seaboard Farms of Athens, Georgia, including four years as president and CEO of their poultry division. Dr. Jackson served as our Chief Executive Officer and President during the pendency of our Chapter 11 bankruptcy proceedings.

In addition to his 32 years of leadership and experience in various executive positions at five different companies as detailed above, Dr. Jackson brings invaluable industry-specific expertise to the Board. After earning his PhD in Animal Science from Colorado State University in Fort Collins, Colorado, Dr. Jackson advanced through the Seaboard Farms organization and led Live Production there before serving as Seaboard s President and CEO. Accordingly, Dr. Jackson brings unparalleled industry insight which, in his role as President and CEO, has proven integral to the Company s success during and subsequent to its emergence from Chapter 11 bankruptcy.

Marcus Vinicius Pratini de Moraes, 71, is currently a member of the Board and President of the Business Strategy Committee of JBS Friboi, Chairman of the Brazilian Chapter of CEAL (Business Council of Latin America), Vice Chairman of the Board of COSAN Ltd., a member of the Board of COSCEX - Superior Council of Foreign Trade at FIESP (Foreign Trade Board of the Federation of Industries of the State of Sao Paulo), and Director of DEAGRO Division - Agrobusiness Department for Products of Animal Origin at FIESP (Foreign Trade Board of the Federation of Industries of the State of Sao Paulo). Dr. Pratini de Moraes was a former Chairman of the Advisory Board of Solvay and Cie., Brazil and a former member of the Advisory Council of BM&F (Brazilian Mercantile & Futures Exchange. Dr. Pratini de Moraes was a member of the Supervisory Board of ABN AMRO Bank from 2003 to 2007. He also had a long career in Brazil s public sector.

Dr. Pratini de Moraes brings to the Board of Directors continuing experience in dealing with foreign governments and substantial expertise in matters affecting international commerce. Dr. Pratini de Moraes has served in various roles in Brazilian government including, but not limited to, the Deputy Minister of Planning, the Minister of Industry and Trade, a Congressman, the Minister of Mines and Energy and the Minister of Agriculture, Livestock and Food Supply. Additionally, as a director for other multinational companies, Dr. Pratini de Moraes also provides cross-board experience.

Wallim Cruz De Vasconcellos Junior, 52, has served as a Partner of Iposeira Partners Ltd, a provider of advisory services for mergers and acquisitions and restructuring transactions since 2003. Mr. Vasconcellos served as a Consultant to IFC/World Bank from 2003 to 2008. He is currently a Member of the Board of Santos Brasil S.A. and served as a Member of the Board of Cremer S.A. from 2006 to 2008.

Regarded as one of Brazil s preeminent business strategists, Mr. Vasconcellos brings to the Board real-time experience in the areas of mergers and acquisitions, capital markets, finance, and restructurings, and offers unique insights into global market strategies. In addition, Mr. Vasconcellos experience working on behalf of public financial institutions enables him to provide perspective and oversight with regard to the Company s financial strategies.

The Board of Directors recommends that you vote FOR the election of all of the individuals who have been nominated to serve as JBS Directors. Proxies will be so voted unless stockholders specify otherwise.

PROPOSAL 2. ELECTION OF EQUITY DIRECTORS AND THE FOUNDER DIRECTOR

Pursuant to our certificate of incorporation and the JBS stockholders agreement, our Board of Directors includes two members designated by the statutory Equity Committee, our Equity Directors, and one member who is the Founder Director. Our two Equity Director nominees are Michael L. Cooper and Charles Macaluso. Our Founder Director is Lonnie Bo Pilgrim.

The JBS stockholders agreement requires JBS USA and its affiliates to vote all of our common stock owned by them in the same manner as the shares held by the Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of this Proposal 2 to the extent it relates to the election of Messrs. Cooper and Macaluso.

In addition, the Company and Lonnie Bo Pilgrim entered into a consulting agreement dated September 16, 2009 (the Consulting Agreement), which became effective upon our emergence from Chapter 11 proceedings on December 28, 2009. Pursuant to the terms of the Consulting Agreement, among other things, the Company agreed that Mr. Pilgrim would be nominated for subsequent terms on the Board during the term of the Consulting Agreement. The JBS stockholders agreement also requires JBS USA and its affiliates to vote their shares for the election of the Founder Director at the meeting. Because JBS USA owned or controlled a majority of our outstanding common stock on the record date, the Founder Director is assured of election to the Board at the meeting.

At the meeting, nine Directors, including two Equity Directors and the Founder Director, are to be elected, each to hold office for one year or until his or her successor is duly elected and qualified. Unless otherwise specified on the proxy card or voting instructions, the shares represented by the proxy will be voted for the election of the three nominees named below. If either nominee for Equity Director becomes unavailable for election, it is intended that such shares will be voted for the election of a substitute nominee selected by the Equity Nominating Committee. If Lonnie Bo Pilgrim becomes unavailable for election, it is intended that such shares will be voted for the election of Lonnie Ken Pilgrim in accordance with the provisions of our certificate of incorporation and the JBS stockholders agreement. Our Board of Directors has no reason to believe that any substitute nominee or nominees will be required.

Nominees for Equity Director and Founder Director

Lonnie Bo Pilgrim, 82, has served as a Director since July 1968. He served as the Senior Chairman of the Board from July 2007 to December 2009. He served as Chairman of the Board from our organization in July 1968 until July 2007. He also served as Chief Executive Officer from July 1968 to June 1998. Prior to our incorporation, Mr. Pilgrim was a partner in our predecessor partnership business founded in 1946. Mr. Pilgrim served as our Senior Chairman of the Board during the pendency of our Chapter 11 bankruptcy proceedings.

Mr. Pilgrim is a director and former chairman of the National Chicken Council. As a past leader in the Midwest Feed Manufacturer s Association, the Texas Water Resources Board and the Texas Governor s Task Force for Agriculture, he has been an ardent spokesman for the agriculture industry. Mr. Pilgrim is also a former member of the Dallas Baptist University Board of Trustees and is Chairman and majority owner of Pilgrim Bank in northeast Texas. As an original partner in the Company s predecessor partnership founded in 1946, Mr. Pilgrim brings vast experience and a unique perspective to our Board. His experience with the Company is unparalleled, and his involvement with numerous other companies provides cross-board and industry-wide expertise.

Michael L. Cooper, 60, is the Executive Vice President, Managing Partner, Chief Financial Officer and a Director of Kincannon & Reed, an executive search firm for the food and agribusiness sectors, where he has been employed since July 2004. He also currently serves on the National Chicken Council s Allied Leader Board. From September 2002 to July 2004, Mr. Cooper served as the Chief Executive Officer of Meyer Natural Angus. From January 1996 to July 2002, Mr. Cooper was employed by Perdue Farms, Inc., where he served in various roles, including as President, Retail Products, from February 2000 to July 2002, and as Senior Vice President and Chief Financial Officer from January 1996 through February 2000. From August 1992 to January 1996, he served as Vice President, Chief Financial Officer, Secretary and Treasurer of Rocco Enterprises. Mr. Cooper also served in various senior financial roles with Dial Corporation over a 14 year career with that company.

Mr. Cooper brings to the Board significant senior leadership, management, operational, financial, and brand management experience. His extensive poultry industry experience enables him to offer a valuable insight on the business, financial and regulatory issues currently being faced by the poultry industry.

Charles Macaluso, 66, has been a principal of Dorchester Capital, LLC, a management consulting and corporate advisory service firm focusing on operational assessment, strategic planning and workouts since 1998. From 1996 to 1998, he was a partner at Miller Associates, Inc., a workout, turnaround partnership, focusing on operational assessment, strategic planning and crisis management. Mr. Macaluso currently serves as a director of the following public companies: Global Crossing Ltd., where he is also a member of the audit committee; Lazy Days RV SuperCenters, Inc., where he is also a member of the audit committee; and Darling International, as Lead Director. He also serves as a Chairman of the Board of three private companies.

Mr. Macaluso brings fundamental expertise to our Board in the areas of operational assessment, strategic planning, crisis management, and turnaround advisory services, which expertise supports the Board s efforts in overseeing and advising on strategy and financial matters. In addition, Mr. Macaluso brings to the Board substantial cross-board expertise due to his tenure on a number of public and private company boards and committees.

The Board of Directors recommends that you vote FOR the election of all of the individuals who have been nominated to serve as Equity Directors and as the Founder Director. Proxies will be so voted unless stockholders specify otherwise.

CORPORATE GOVERNANCE

Board of Directors

Our Board of Directors has the responsibility for establishing broad corporate policies and for our overall performance, but it is not involved in our day-to-day operating decisions. Members of the Board are informed of our business through discussions with the Chief Executive Officer and other officers, and through their review of analyses and reports sent to them each month, as well as through participation in Board and committee meetings.

Board of Directors Independence

Our Board of Directors has affirmatively determined that each of Michael L. Cooper, Charles Macaluso, Marcus Vinicius Pratini de Moraes and Wallim Cruz De Vasconcellos Junior, has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and is independent within the meaning of our Corporate Governance Policy s categorical independence standards and the NYSE listing standards.

Committees of the Board of Directors

To assist in carrying out its duties, the Board of Directors has delegated certain authority to the Audit, Compensation, JBS Nominating and Equity Nominating Committees. Each committee of the Board meets to examine various facets of our operations and take appropriate action or make recommendations to the Board of Directors.

Audit Committee. The Audit Committee prior to emergence from our Chapter 11 bankruptcy proceedings consisted of Vance C. Miller, Sr., Keith W. Hughes and Linda Chavez. All of the members of the Audit Committee resigned on December 28, 2009. Since their resignation, the members of the Audit Committee have been Michael L. Cooper, Charles Macaluso and Wallim Cruz De Vasconcellos Junior. Our Audit Committee s responsibilities include selecting our independent registered public accounting firm, reviewing the plan and results of the audit performed by our independent registered public accounting firm and the adequacy of our systems of internal accounting controls, and monitoring compliance with our conflicts of interest and business ethics policies. The Audit Committee is composed entirely of Directors who the Board of Directors has determined to be independent within the meaning of the NYSE listing standards. The Board has determined that each of the members of the Audit Committee is financially literate for purposes of the applicable listing standards of the NYSE (financially literate) and Michael L. Cooper is an audit committee financial expert within the meaning of the regulations of the SEC. The Audit Committee has an Audit Committee Charter, which is available on our website at www.pilgrimspride.com, under the Investors Corporate Governance caption.

Compensation Committee. The Compensation Committee prior to emergence from our Chapter 11 bankruptcy proceedings consisted of Lonnie Bo Pilgrim, the co-founder and former Senior Chairman of the Board, his son, Lonnie Ken Pilgrim, and three independent directors, including Vance C. Miller, Sr., James G. Vetter, Jr. and Blake D. Lovette. Prior to emergence from our Chapter 11 bankruptcy proceedings, the Compensation Committee also had a subcommittee consisting of Charles L. Black and Vance C. Miller, Sr. All of the members of the Compensation Committee resigned on December 28, 2009. Since that time, the members of the Compensation Committee have been Wesley Mendonça Batista, Wallim Cruz de Vasconcellos Junior and Michael Cooper.

Our Compensation Committee reviews our remuneration policies and practices and establishes the salaries of our officers. Prior to our emergence from Chapter 11 bankruptcy proceedings, the Compensation Subcommittee was responsible for administering certain aspects of the Pilgrim s Pride Corporation Senior Executive Performance Bonus Plan dealing with compensation for designated Section 162(m) participants, which for fiscal year end September 26, 2009 and the transition period from September 27, 2009 through December 27, 2009 included Lonnie Bo Pilgrim, Lonnie Ken Pilgrim and Richard A. Cogdill. The Compensation Committee does not have a Charter.

Special Nominating Committees. Under our certificate of incorporation, the Board also has two Special Nominating Committees, which include the JBS Nominating Committee and the Equity Nominating Committee. The JBS Nominating Committee is required to consist solely of JBS Directors and presently includes Wesley Mendonça Batista, Joesley Mendonça Batista, José Batista Júnior, Don Jackson, Marcus Vinicius Pratini de Moraes and Wallim Cruz De Vasconcellos Junior. The Equity Nominating Committee is required to consist solely of all of the Equity Directors and presently includes Michael L. Cooper and Charles Macaluso.

The JBS Nominating Committee has the exclusive authority to nominate the JBS Directors, fill JBS Director vacancies and select the members of the JBS Nominating Committee. The Equity Nominating Committee has the exclusive authority to nominate the Equity Directors, fill Equity Director vacancies, select the members of the Equity Nominating Committee, and to call a special meeting of stockholders under certain circumstances. The Equity Nominating Committee, acting by majority vote, also has the exclusive right to control the exercise of our rights and remedies under the JBS stockholders agreement. Any member or alternate member of the Equity Nominating Committee may be removed only by the approval of a majority of the members of the Equity Nominating Committee.

For so long as JBS USA and its affiliates beneficially own 35% or more of our outstanding common stock, no person may be nominated as an Equity Director by the Equity Nominating Committee if JBS USA reasonably determines that such person (i) is unethical or lacks integrity or (ii) is a competitor or is affiliated with a competitor of the Company. Two Equity Directors (or one if there is only one Equity Director on the Board) must satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and be financially literate, and, for so long as there are two or more Equity Directors on the Board, at least one Equity Director must qualify as an audit committee financial expert as that term is used in Item 407 of Regulation S-K under the Exchange Act (or any successor rule).

If JBS USA and its affiliates own at least 50% of our outstanding common stock, at least one JBS Director is required:

- to be an independent director,
- to satisfy the independence requirements of Rule 10A-3 under the Exchange Act, and
- to be financially literate.

Each of the Board s Special Nominating Committees has a Charter, current copies of which are available on our website at www.pilgrimspride.com, under the Investors Corporate Governance caption.

Our Special Nominating Committees do not have a policy with regard to the consideration of any Director candidates recommended by our stockholders, and they do not have a formal policy with regard to the consideration of diversity in identifying Director nominees. However, the Special Nominating Committees strive to achieve a balance of knowledge, experience and perspective such that the Board reflects a diversity of backgrounds and experiences. In addition, the Special Nominating Committees will consider stockholder recommendations for candidates for the Board, which should be sent to Pilgrim s Pride Corporation, Corporate Secretary, 1770 Promontory Circle, Greeley, Colorado 80634.

Meetings

During the fiscal year ended September 26, 2009, the Board of Directors held 15 regular and 17 telephonic meetings, the Audit Committee held 5 regular meetings and 5 telephonic meetings, the Compensation Committee held 3 meetings, the Compensation Subcommittee held no meetings, and there were 8 executive sessions including only non-management Directors. During the Transition Period from September 27, 2009 through December 27, 2009 the Board of Directors held 1 regular and 1 telephonic meeting, the Audit Committee held 1 regular meeting and no telephonic meetings, the Compensation Committee held no meetings, the Compensation Subcommittee held no meetings, and there was 1 executive session including only non-management Directors. During each of 2009 Fiscal Year and the Transition Period, each member of the Board of Directors attended at least 75% of the aggregate number of meetings of the Board and Board Committees on which the Director served. All Directors attended our 2008 Annual Meeting. An annual meeting of stockholders was not held during 2009. While we do not have a formal policy regarding Director attendance at annual meetings of stockholders, we encourage each Director to attend each annual meeting of stockholders.

11

Board Leadership Structure and Risk Oversight

The position of our Chairman of the Board and the office of the President and Chief Executive Officer are held by different persons. Our Chairman of the Board is Wesley Mendonça Batista, and our Chief Executive Officer and President is Don Jackson.

We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board. We believe the division of duties is especially appropriate as legal and regulatory requirements applicable to the Board and its committees continue to expand, and it facilitates the appropriate levels of communication between the Board of Directors and executive management for Board oversight of the Company and its management.

Because Wesley Mendonça Batista, Joesley Mendonça Batista, José Batista Júnior, Don Jackson and Lonnie Bo Pilgrim are not independent Directors, the Board will either designate an independent Director to preside at the meetings of the non-management and independent Directors or they will prescribe a procedure by which a presiding Director is selected for these meetings. In the absence of another procedure being adopted by the Board, the person appointed will be the independent Director with the longest tenure on the Board in attendance at the meeting. The Board generally holds meetings of non-management directors 4 times per year and meetings of independent directors 4 times per year.

The Company s management is responsible for the ongoing assessment and management of the risks the Company faces, including risks relating to capital structure, strategy, liquidity and credit, financial reporting and public disclosure, operations and governance. The Board oversees management s policies and procedures in addressing these and other risks. Additionally, each of the Board s four committees (the Audit Committee, Compensation Committee and the Special Nominating Committees) monitor and report to the Board those risks that fall within the scope of such committees respective areas of oversight responsibility. For example, the full Board directly oversees strategic risks. The Special Nominating Committees directly oversee risk management relating to Director nominations and independence. The Compensation Committee directly oversees risk management relating to employee compensation, including any risks of compensation programs encouraging excessive risk-taking. Finally, the Audit Committee directly oversees risk management relating to financial reporting, public disclosure and legal and regulatory compliance. The Audit Committee is also responsible for assessing the steps management has taken to monitor and control these risks and exposures and discussing guidelines and policies with respect to the Company s risk assessment and risk management.

Communications with the Board of Directors

Stockholders and other interested parties may communicate directly with our Board of Directors, any of its committees, all independent Directors, all non-management Directors, or any one Director serving on the Board by sending written correspondence to the desired person or entity attention of our Corporate Counsel at Pilgrim s Pride Corporation, 1770 Promontory Circle, Greeley, Colorado 80634. Communications are distributed to the Board, or to any individual Director or Directors as appropriate, depending on the facts and circumstances outlined in the communication.

Code of Business Conduct and Ethics and Corporate Governance Policies

Our Board of Directors has adopted a Code of Business Conduct and Ethics and Corporate Governance Policies of the Board of Directors. The full texts of the Code of Business Conduct and Ethics and Corporate Governance Policies are posted on our website at www.pilgrimspride.com, under the Investors Corporate Governance caption and are also available in print to any stockholder who requests them. We intend to disclose future amendments to, or waivers from, certain provisions of the Code of Business Conduct and Ethics on our website within four business days following the date of such amendment or waiver.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the board of Directors of Pilgrim s Pride Corporation (the Company) has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company s Proxy Statement for the fiscal year ended September 26, 2009 and the three-month period from September 27, 2009 to December 27, 2009 (the Proxy Statement). Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement to be filed with the Securities and Exchange Commission.

Compensation Committee

Wesley Mendonça Batista
Michael Cooper
Wallim Cruz de Vasconcellos Junior

The information contained in this report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended.

COMPENSATION DISCUSSION AND ANALYSIS

The following discusses the material elements of the compensation for our current and former principal executive officer, principal financial officer and four other most highly compensated executive officers listed in the Summary Compensation Table on page 26 (collectively, the named executive officers) during our fiscal year ended September 26, 2009 (2009 Fiscal Year) and the three-month period from September 27, 2009 to December 27, 2009 (the Transition Period). The Transition Period results from the change in the Company s fiscal year end from the Saturday nearest September 30 of each year to the last Sunday in December of each year. To assist in understanding compensation for the 2009 Fiscal Year and the Transition Period, we have included a discussion of our compensation policies and decisions for periods before and after the 2009 Fiscal Year and the Transition Period where relevant. For information concerning the compensation discussion and analysis of William K. Snyder, our former Chief Restructuring Officer, see Chief Restructuring Officer below.

We emerged from our Chapter 11 bankruptcy proceedings on December 28, 2009. The Compensation Committee prior to our emergence from bankruptcy consisted of Lonnie Bo Pilgrim, the co-founder and former Senior Chairman of the Board, his son, Lonnie Ken Pilgrim, and three independent directors, including Vance C. Miller, Sr., James G. Vetter, Jr. and Blake D. Lovette. All of the members of the Compensation Committee resigned from the committee on December 28, 2009. Effective on December 28, 2009, Wesley Mendonça Batista, Michael Cooper and Wallim Cruz de Vasconcellos Junior were appointed to the Compensation Committee. All actions, determinations and decisions made by the Compensation Committee during the 2009 Fiscal Year and the Transition Period were made by the prior Compensation Committee.

Prior to the commencement, and during the pendency of our Chapter 11 bankruptcy proceedings, our prior Compensation Committee had the overall responsibility for establishing executive compensation and overseeing the administration of our incentive plans and employee benefit plans. However, during our Chapter 11 bankruptcy proceedings, many of the prior Compensation Committee s actions (including its approval of the amended and restated employment agreement of Don Jackson, our President and Chief Executive Officer (the Employment Agreement) and the 2009 Performance Bonus Plan (the FY2009 Performance Bonus Plan) and its engagement of Mr. Snyder as the Company s Chief Restructuring Officer), were subject to the approval of the Bankruptcy Court. The Employment Agreement, the FY2009 Performance Bonus Plan, and certain other actions of the Compensation Committee during the 2009 Fiscal Year and the Transition Period were also subject to negotiations with the Company s statutory committees formed during the bankruptcy proceedings, the Unsecured Creditors Committee, the Equity Committee, and other constituencies.

Executive Compensation Philosophy and Objectives

Prior to our Chapter 11 bankruptcy proceedings, the objectives of our compensation program were to attract, retain and motivate competent executive officers who had the experience and ability to contribute to the success of our business. Given the challenges faced by our Company and our industry during the 2009 Fiscal Year and the Transition Period, the Compensation Committee determined to motivate current senior executives, as well as attract and motivate new executives, to attain performance goals that would allow us to continue as a going concern and to develop a reorganization plan that would enable us to achieve an expedient and successful reorganization and emerge from bankruptcy positioned for long-term profitability and growth. Accordingly, our compensation program for the 2009 Fiscal Year and the Transition Period, was designed to reward effectiveness, efficiency, flexibility and commitment with the goal of retaining and motivating our executives and, as deemed appropriate, to attract new executives to achieve our corporate objectives.

As discussed above, during our reorganization proceedings, certain aspects of our executive compensation program were subject to the requirements of the Bankruptcy Code, as well as approval by the Bankruptcy Court, the statutory committees and other constituencies. Consequently, the Compensation Committee s philosophy and objectives were often affected by the requirements of the Bankruptcy Code and the Bankruptcy Court and the interests of the statutory committees.

Role of the Compensation Committee and Executive Officers in Compensation Decisions

The prior Compensation Committee was responsible for establishing and overseeing the overall compensation structure, policies and programs of the Company and assessing whether our compensation structure resulted in appropriate compensation levels and incentives for executive management of the Company. The Compensation Committee attempted to ensure that the total compensation paid to each executive officer was fair, reasonable, competitive and motivational. In making compensation decisions, the Compensation Committee considered, among other things, data provided by its outside compensation consultant, the recommendations of Lonnie Bo Pilgrim, our co-founder and former Senior Chairman, and during the pendency of the Chapter 11 bankruptcy proceedings, the input of the statutory committees and other constituencies.

Lonnie Bo Pilgrim annually reviewed the performance of all executive officers and key employees with the full Compensation Committee and made recommendations of base salaries and bonuses based on these reviews. The Committee considered these reviews and recommendations and then exercised its discretion in adopting or modifying any recommended salaries and bonuses.

Compensation Consultant

During the 2009 Fiscal Year, the Company retained a compensation consultant, Hewitt Associates, LLC (Hewitt Consulting), to conduct a comprehensive assessment of our executive compensation program relative to competitive markets, as well as conduct an analysis of certain retention strategies for our senior management team. Hewitt Consulting sought input and feedback from management regarding its consulting work product in order to confirm alignment with the Company s business strategy and identify data questions or other similar issues, if any, prior to its presentations to the Compensation Committee.

Prior to the commencement of our Chapter 11 bankruptcy proceedings, Hewitt Consulting provided our Compensation Committee with advice and analysis relating to an overall assessment of our executive compensation program. Hewitt Consulting compared our executive compensation levels and the relationship between our compensation levels to companies with operations and lines of business comparable to ours, including Campbell Soup Company, ConAgra Foods, Inc., Corn Products International, Inc., Del Monte Foods Company, General Mills, Inc., H.J. Heinz Company, The Hershey Company, Hormel Foods Corporation, Kellogg Company, Land O Lakes, Sara Lee Corporation, Tyson Foods, Inc. and Wm. Wrigley Jr. Company. Executive positions were individually benchmarked with the peer group companies data using a review of the job responsibilities and scope for each executive role as defined by their job descriptions. The survey provided by Hewitt Consulting showed that our total executive compensation levels ranked below market levels, which was in part due to the lack of equity incentive compensation programs. After consideration of this assessment, the Compensation Committee and the Board of Directors approved an enhanced, multifaceted executive compensation program consisting of (1) base salaries, (2) cash incentive compensation, (3) long-term incentive compensation consisting of both restricted stock grants and stock options, (4) change in control agreements and (5) certain perquisites and other personal benefits. However, given the challenges faced by our Company in the 2009 Fiscal Year and our Chapter 11 bankruptcy proceedings, the proposed compensation program, including the long-term incentive compensation component, was not implemented in the 2009 Fiscal Year.

Throughout the 2009 Fiscal Year and the Transition Period, Hewitt Consulting continued to provide recommendations to our Compensation Committee for improvement of our compensation program, including competitive change-in-control severance recommendations based on the practices of our industry peers, the adoption of new incentive compensation and retention plans and the modification of certain existing compensation plans.

We also engaged Hewitt Consulting to assist us in the design and assessment of the structure of the FY2009 Performance Bonus Plan. Hewitt Consulting analyzed the competitiveness of the award opportunities and concluded that target awards under the FY2009 Performance Bonus Plan were consistent with market target award opportunities. In connection with the approval of the Employment Agreement, Hewitt Consulting also provided to the Compensation Committee a survey conducted in May 2008 of chief executive officer compensation of industry peers that included ConAgra Foods, Inc., Dean Foods Co., Seaboard Corporation, Smithfield Foods, Inc., Hormel Foods Inc. and Tyson Foods, Inc.

Components of Compensation

During the 2009 Fiscal Year and the Transition Period, the principal elements of compensation for our executive officers were (1) base salaries, (2) cash incentive compensation and (3) certain perquisites and other personal benefits. We do not have a formal stock ownership requirement for our executive officers and, historically, we have had no equity-based incentive compensation. However, on January 27, 2009, after approval by our Compensation Committee and the Bankruptcy Court, we granted a restricted stock award (described below under Restricted Stock Grant) to Dr. Jackson in connection with entering into the Employment Agreement, to attract Dr. Jackson to serve as the Company s President and Chief Executive Officer.

We also made matching contributions to the Company s 401(k) salary deferral plan during the 2009 Fiscal Year and the Transition Period, including matching contributions of our common stock. In addition, we made contributions to the Employee Stock Investment Plan for purchases of our common stock under the plan. However, matching contributions of common stock to these plans were permanently suspended in November 2008.

Base Salary

We provide our named executive officers and other employees with a base salary to provide a fixed amount of compensation for services during the fiscal year. Base salaries have historically been subjectively determined by the Compensation Committee for each of the executive officers on an individual basis, taking into consideration a subjective assessment of individual contributions to Company performance, length of tenure, compensation levels for comparable positions, internal equities among positions and the recommendations of our former Senior Chairman. The Compensation Committee completed its annual compensation review with respect to the executive officers of the Company on September 24, 2008, and, given the challenges faced by the Company and the industry, determined that compensation levels would remain substantially unchanged for the 2009 Fiscal Year and the Transition Period. During the 2009 Fiscal Year and the Transition Period, Dr. Jackson s base compensation was governed by the Employment Agreement, which was entered into on January 27, 2009 and is discussed below under Jackson Employment Agreement. Lonnie Ken Pilgrim s salary declined during the 2009 Fiscal Year and Transition Period due to a decrease in Mr. Pilgrim s responsibilities after the commencement of the Company s Chapter 11 bankruptcy proceedings.

Cash Incentive Compensation

Historically, under the Pilgrim s Pride Corporation Senior Executive Performance Bonus Plan (the Bonus Plan), we awarded annual cash bonuses to executive officers and other management personnel based on our performance and profitability in the year with respect to which bonuses were awarded. The Bonus Plan was not approved by the Bankruptcy Court and no bonuses were paid to executive officers under the Bonus Plan with respect to the 2009 Fiscal Year or the Transition Period performance.

Bonuses paid to executives for the 2009 Fiscal Year performance were made under the FY 2009 Performance Bonus Plan. No bonuses were paid with respect to performance during the Transition Period. In addition to its assistance with the design and assessment of the structure of the FY2009 Performance Bonus Plan, Hewitt Consulting also analyzed the competitiveness of the award opportunities. Hewitt Consulting concluded that target awards under the FY2009 Performance Bonus Plan were consistent with market target award opportunities. The FY2009 Performance Bonus Plan was presented to, negotiated with, and approved by, the Unsecured Creditors Committee and the Equity Committee. Following meetings in May and August 2009, our Board approved, subject to Bankruptcy Court approval, the FY2009 Performance Bonus Plan. On September 29, 2009, the Bankruptcy Court entered an order approving the FY2009 Performance Bonus Plan.

The FY2009 Performance Bonus Plan was an incentive plan for approximately 80 key employees and executives, including our named executive officers, tasked with assisting us in the Chapter 11 proceedings. In approving the FY2009 Performance Bonus Plan, the Compensation Committee considered the significant efforts of employees and executives required, in addition to performance of their day to day responsibilities, for the preparation and negotiation of a confirmable plan of reorganization and with respect to the analysis and resolution of thousands of claims filed in the Chapter 11 proceedings. The goals of the FY2009 Performance Bonus Plan were to:

- motivate the Company s executive officers and other key employees who were not eligible to receive any form of performance-based incentive compensation since the beginning of the Chapter 11 proceedings;
- align all such executives and employees interests with the goals of the stockholders and creditors that the Company become profitable and emerge from bankruptcy;
- provide an incentive for all such executives and employees to achieve profit goals; and
- fill the gap in the lack of retention programs for the executive officers and key employees while in bankruptcy.

The awards paid under the FY2009 Performance Bonus Plan were linked to our earnings before interest, taxes, depreciation, amortization and restructuring costs (EBITDAR) in the third and fourth quarters of the 2009 Fiscal Year and the successful emergence from bankruptcy. The Committee approved the EBITDAR threshold performance level of at least $225 million in EBITDAR below which no awards were earned. In addition to remain eligible for an award under the FY2009 Performance Bonus Plan, a participant had to be employed by the Company through its emergence from bankruptcy.

Each participant that was eligible for an award under the FY2009 Performance Bonus Plan received a cash bonus equal to such participant s pro rata share of a pool equal to the sum of (1) $2.6 million, plus (2) 4% of any portion of the Company s EBITDAR for the third and fourth quarters of the 2009 Fiscal Year that exceeded $225 million. Each participant s pro rata share of the total pool available to all participant s under the FY2009 Performance Bonus Plan was based on the factor of such individual s target bonus percentage, as set by our Board, multiplied by the amount of such participant s annualized base salary accrued with respect to FY2009 (the Bonus Factor). Notwithstanding the foregoing, the FY2009 Performance Bonus Plan provided that if our EBITDAR for the third and fourth quarters of the 2009 Fiscal Year met or exceeded $325 million, each award pursuant to the plan would be equal to an amount that is at least 100% of the applicable participant s Bonus Factor. The awards earned in the 2009 Fiscal Year under the FY2009 Performance Bonus Plan and paid to our named executive officers are disclosed in the Summary Compensation Table and in the 2009 Fiscal Year Grants of Plan-Based Awards table below.

The FY2009 Performance Bonus Plan was administered by the Compensation Committee. The Compensation Committee had the discretion to reduce, increase or eliminate a bonus payable to any participant and to pay bonuses in excess of the total bonus pool amount. The FY2009 Performance Bonus Plan did not satisfy the requirements of Section 162(m) of the Code regarding executive compensation.

Other Compensation

Our executive officers receive no special employee benefits. During our Chapter 11 bankruptcy proceedings, our executive officers were able to participate on the same basis as other employees in the provisions of the Company s 401(k) salary deferral plan. Contributions to the Company s 401(k) salary deferral plan are made up of a 30% matching contribution on the first 6% of pay and an additional matching contribution on up to 6% of an executive s compensation, subject to an overall contribution limit for all employees 401(k) and other profit sharing plans of 5% of domestic income before taxes. In November 2008, the Company notified its employees advising each person that any matching contributions to the Company s 401(k) salary deferral plan that he had previously elected to be invested in Company common stock would be automatically invested in the plan s default investment option unless the employee elected a different investment. All full-time employees in the U.S. are eligible to participate in the 401(k) salary deferral plan. We do not have any other pension plan for our executive officers.

The Company has also historically maintained an Employee Stock Investment Plan pursuant to which we contributed an amount equal to 33 $^{1}/3$% of an officer s payroll deduction for purchases of our common stock under the plan. In November 2008, matching contributions that employees had previously elected to be invested in our common stock were permanently suspended. In December 2009, we terminated the Employee Stock Investment Plan. Contributions to named executive officers made in the 2009 Fiscal Year under our 401(k) salary deferral plan and under the Employee Stock Investment Plan are reported in the Summary Compensation Table.

During our Chapter 11 bankruptcy proceedings, we also maintained and continue to maintain the Pilgrim s Pride Corporation 2005 Deferred Compensation Plan (the Deferred Compensation Plan) to help provide for the long-term financial security of our US employees who meet the Internal Revenue Service definition of a highly compensated employee, which include all of our named executive officers and certain other key personnel. Under the Deferred Compensation Plan, participants may elect to defer up to 80% of their base salary and/or up to 100% of their annual cash bonus payments as part of their personal retirement or financial planning. Executive officers who elect to defer compensation in the Deferred Compensation Plan must do so annually prior to the beginning of each calendar year and may direct the investment of the amount deferred and retained by us. The Deferred Compensation Plan is administered by the administrative committee appointed by our Board, and deferred compensation may be invested in authorized funds which are similar to the investment options available under our 401(k) salary deferral plan. Additional information regarding deferred compensation is reported below in the Nonqualified Deferred Compensation Table.

We also provide a variety of health and welfare programs to all eligible employees to offer employees and their families, protection against catastrophic loss and to encourage healthy lifestyles. The health and welfare programs we offer include medical, wellness, pharmacy, dental, vision, life insurance and accidental death and disability. Our executive officers and management generally are eligible for the same benefit programs on the same basis as our other domestic employees.

Perquisites and Other Personal Benefits

During our Chapter 11 bankruptcy proceedings, we provided our named executive officers with perquisites and other personal benefits that we believed to be reasonable and consistent with our overall compensation program to better enable us to attract and retain competent executives for key positions. The Compensation Committee periodically reviewed the levels of perquisites and other personal benefits that we provided to our named executive officers. During the 2009 Fiscal Year and the Transition Period, our executive officers received perquisites involving items such as personal use of automobiles. In addition, our executive officers had access to the personal use of corporate aircraft, which was suspended following the commencement of our bankruptcy proceedings, and they were also eligible to receive company-paid or company-subsidized life insurance and disability coverage on the same basis as our other domestic payroll employees. Information regarding these perquisites is reported below in the Summary Compensation Table. Additionally, as described under Compensation Committee Interlocks and Insider Participation and Certain Transactions, certain relatives of our executive officers were employed by the Company during the 2009 Fiscal Year and the Transition Period and had business transactions with the Company. In establishing the compensation of the executive officers, the prior Compensation Committee considered all perquisites and other personal benefits.

Short Term Management Incentive Plan and Long Term Incentive Plan

In September 2009, our Board approved, subject to confirmation of the Plan of Reorganization by the Bankruptcy Court and the approval of our stockholders, the Short Term Management Incentive Plan, a new annual incentive program for use following the Company s exit from bankruptcy, providing for the grant of bonus awards payable upon achievement of specified performance goals (the STIP). The Bankruptcy Court and the stockholders approved the STIP in connection with the confirmation of the Plan of Reorganization in December 2009. The STIP permits the grant of 162(m) awards and bonus awards that are not intended to so qualify. Full-time salaried, exempt employees of the Company and its affiliates who are selected by the administering committee will be eligible to participate in the STIP. No awards were granted under the STIP prior to our emergence from the Chapter 11 bankruptcy proceedings.

In September 2009, our Board also approved, subject to confirmation of the Plan of Reorganization by the Bankruptcy Court and stockholder approval, a new, performance-based, omnibus long-term incentive plan (the LTIP). The LTIP provides for the grant following the Company s exit from its Chapter 11 proceedings of a broad range of long-term equity-based and cash-based awards to the Company s officers and other employees, members of the Board and any consultants. The Bankruptcy Court and the stockholders approved the LTIP in connection with the confirmation of the Plan of Reorganization in December 2009. The equity-based awards that may be granted under the LTIP include incentive stock options, within the meaning of the Code, non-qualified stock options, stock appreciation rights, restricted stock awards and restricted stock units. No awards were granted under the LTIP prior to our emergence from the Chapter 11 bankruptcy proceedings.

Change in Control Agreements

In October 2008, we entered into change in control agreements with Lonnie Ken Pilgrim and Richard A. Cogdill, and in September 2009 we entered into a change in control agreement with Don Jackson (collectively, the Change in Control Agreements). Lonnie Bo Pilgrim was not party to a Change of Control Agreement. Upon our emergence from the Chapter 11 bankruptcy proceedings effective on December 28, 2009, Richard A. Cogdill was terminated as the Chief Financial Officer, Secretary, Treasurer and Principal Accounting Officer of the Company, and Lonnie Ken Pilgrim was terminated as the Senior Vice President, Transportation of the Company. For information concerning the payments made under their Change of Control Agreement, see Executive Compensation Summary Compensation Table. In October 2008, we also entered into a change in control agreement with Gary D. Tucker, who was appointed as the Company s Principal Financial Officer on December 28, 2009. On June 1, 2010, Mr. Tucker entered into a letter agreement with the Company relating to his employment. In connection with the letter agreement, Mr. Tucker s change in control agreement was terminated. For further information concerning the letter agreement, see Tucker Letter Agreement below.

The Company believes that the Change in Control Agreements were critical to our ability to attract and retain highly qualified employees who provide essential services for our successful emergence from bankruptcy and continued long-term profitability and growth. Such agreements reduce personal uncertainty that arises from the possibility of a future business combination or restructuring. Moreover, the Change in Control Agreements were designed to offset the uncertainty of executives regarding their own futures if a change in control or termination actually occurs. In addition, we believe that the Change in Control Agreements increase stockholder value by encouraging the executives to consider change in control transactions that are in the best interest of the Company and its stockholders, even if the transaction may ultimately result in their termination of employment.

The Change in Control Agreements had an initial term of three years. The Change in Control Agreements had two triggers: (1) a change in control (the Change in Control) and (2) separation from the Company. The change of ownership of the Company pursuant to the Plan of Reorganization qualified as the first trigger for the first two years following confirmation of the Plan of Reorganization.

Generally, the Change in Control Agreements provide that, except in the case of Dr. Jackson, any stock options and other equity awards held by the executives will become fully vested and exercisable upon a Change in Control (however, no such awards will be outstanding as of the Change in Control) and that, if the Company terminates an executive s employment for reasons other than cause or if the executive resigns for good reason (as these terms are defined in the Change in Control Agreements) within a specified time period following a Change in Control, then the executive will be entitled to certain severance benefits. The employment period is 24 months in the case of Mr. Pilgrim and Dr. Jackson and 18 months in the case of Mr. Cogdill. Upon the termination of an executive s employment during the employment period, the Change in Control Agreements provides:

For a lump sum severance payment that includes the executive s target annual bonus for the fiscal year in which the termination occurs, prorated through the date of termination, and an amount based on the sum of the executive s annual base salary and target annual bonus, multiplied by 3.0 in the case of Mr. Pilgrim and Dr. Jackson and by 2.5 in the case of Mr. Cogdill.

That the executives may be entitled to receive a tax gross-up payment to compensate them for specified excise taxes, if any, imposed on the severance payment.

Up to 18 months of the Company-paid COBRA premiums.

In the case of Dr. Jackson, any stock options and other equity awards held by him will become fully vested and exercisable.

In addition, the Change in Control Agreements provide that, for a period of 24 months in the case of Mr. Pilgrim and Dr. Jackson and 18 months in the case of Mr. Cogdill, from the date of any termination of the executive s employment that results in a severance payment under the executive s Change in Control Agreement, the executive will not (a) divulge confidential information regarding the Company, (b) solicit or induce employees of the Company to terminate their employment with the Company, or (c) seek or obtain any employment or consulting relationship with any specified competitor of the Company. See discussion below under Potential Payments Upon Termination or Change In Control, for additional information regarding compensation and benefits that Dr. Jackson is entitled to receive upon the Change in Control.

Jackson Employment Agreement

In December 2008, in an effort to bring a fresh perspective to the Company and to maximize the opportunities available to the Company through its restructuring, the Board approved the appointment of Dr. Jackson as our Chief Executive Officer and President. Dr. Jackson replaced the former Chief Executive Officer and the Chief Operating Officer of the Company. As an inducement to join the Company, as well as to create an incentive for Dr. Jackson to forego other career opportunities, the committee determined it was necessary to offer an employment agreement to Dr. Jackson, setting forth specific elements of compensation, termination, and other arrangements.

As discussed above, Hewitt Consulting provided the Compensation Committee a survey conducted in May 2008 of chief executive officer compensation of industry peers that included ConAgra Foods, Inc., Dean Foods Co., Seaboard Corporation, Smithfield Foods, Inc., Hormel Foods, Inc. and Tyson Foods, Inc. The Company negotiated the terms of the Employment Agreement with the Unsecured Creditors Committee. On January 27, 2009, the Bankruptcy Court approved, and we entered into the Employment Agreement with Dr. Jackson. Dr. Jackson s compensation is largely dictated by the Employment Agreement.

In determining Dr. Jackson s compensation, the Compensation Committee primarily took into account: (1) input and data provided by Hewitt Consulting, as described above; (2) a comparison to competitive pay practices for other senior level executive positions; (3) the challenges inherent in inducing Dr. Jackson to leave his then current place of employment and attracting him to a company subject to Chapter 11 bankruptcy proceedings; (4) the input provided by, and approval of, the Unsecured Creditors Committee and other constituencies; (5) the qualifications and experience of Dr. Jackson; and (6) the nature of Dr. Jackson s service as Chief Executive Officer and President.

Base Salary and Incentive Compensation

Under the Employment Agreement, Dr. Jackson has an annual base salary of not less than $1,500,000. Dr. Jackson received a bonus of $3,000,000 (Sign on Bonus), which is subject to repayment on a pro-rata basis over a three year period in the event his employment is terminated under specified circumstances.

Additionally, Dr. Jackson earned $2,000,000 as a reorganization bonus, which was determined based upon the Company achieving certain performance targets. Under the terms of the Employment Agreement, the restructuring bonus is payable as follows:

- $2,000,000 is earned upon occurrence of the following conditions (i) confirmation of the Plan of Reorganization (as defined in the Employment Agreement), (ii) EBITDAR is at least $300 million for the third and fourth fiscal quarters of the Company s fiscal year ended 2009, and (iii) the annualized operational improvements of the Company and its subsidiaries are at least $100 million for the Company s fiscal year ended 2009 compared to the Company s fiscal year ended 2008; and

- if the above conditions are not satisfied, then $1,000,000 is earned upon the occurrence of the following conditions: (i) confirmation of the Plan of Reorganization, (ii) EBITDAR is at least $200 million for the third and fourth fiscal quarters of the Company s fiscal year ended 2009, and (iii) the annualized operational improvements of the Company and its subsidiaries are at least $50 million for the Company s fiscal year ended 2009 compared to the Company s fiscal year ended 2008.

No reorganization bonus is payable under the Employment Agreement if the EBITDAR is less than $200 million for the third and fourth fiscal quarters of the Company s fiscal year ended 2009, or if the annualized operational improvements of the Company and its subsidiaries are less than $50 million.

Under the Employment Agreement, Dr. Jackson is also eligible to participate in all incentive plans, practices, policies and programs applicable generally to other executive personnel of the Company, including, but not limited to, the FY2009 Performance Bonus Plan. Accordingly, Dr. Jackson is also entitled to participate in the FY2009 Performance Bonus Plan.

Restricted Stock Grant

On January 27, 2009, under the terms of the Employment Agreement, Dr. Jackson was granted a restricted stock award of 3,085,656 of the Company s common stock (the Shares), vesting when certain conditions and performance targets are met. Under the terms of the Employment Agreement, one-half of the Shares vests upon the occurrence of the following conditions: (1) confirmation of the Plan of Reorganization and, (2) the EBITDAR is at least an aggregate of $300 million for the third and fourth fiscal quarters of 2009. The remaining one-half of the Shares vests if the EBITDAR for the last 12 months ending on the last day of the fiscal month immediately preceding substantial consummation of the Company s plan of reorganization is at least an aggregate of $500 million. In connection with the confirmation of the Plan of Reorganization, the emergence of the Company from Chapter 11 bankruptcy proceedings and the satisfaction of the performance targets, the Shares vested in December 2009.

Perquisites and Other Personal Benefits

Under the Employment Agreement, Dr. Jackson is entitled to participate in the Company s savings and retirement plans, practices and programs generally applicable to other executive personnel of the Company. Dr. Jackson is also eligible to participate in all group benefits plans and programs the Company has established or may establish for its executive employees, including the Company s executive relocation policy and repayment agreement, which provides moving and other relocation related expenses, including assistance selling a home and temporary housing. Any amounts under the executive relocation policy and repayment agreement must be repaid if employment is terminated within one year from the hire date.

Separation Agreements

On December 16, 2008, our board of directors accepted the resignations of J. Clinton Rivers, the Company s former Chief Executive Officer and President, and Robert A. Wright, the Company s former Chief Operating Officer. In connection with the resignations, the Company entered into a separation agreement and consulting agreement with Mr. Wright on December 22, 2008, and a separation agreement and consulting agreement with Mr. Rivers December 24, 2008. Under the terms of the separation agreements, each of them resigned as an officer, director, employee and any other capacity of the Company and its subsidiaries and agreed to terminate their change in control agreements with the Company. The Company agreed to pay a severance payment of $143,242 to each of Mr. Rivers and Mr. Wright. Pursuant to the terms of the consulting agreements, each agreed to provide consulting services to the Company on an as-requested basis for a fee of (a) $83,500 per month, for a term of four months, in the case of Mr. Rivers, and (b) $50,000 per month, for a term of three months, in the case of Mr. Wright. The consulting agreements also included non-competition covenants for the duration of the agreements. The amounts paid under the separation agreements were limited by provisions of the Bankruptcy Code. The separation agreements were approved by the Bankruptcy Court in January 2009 and the consulting agreements were approved by the Bankruptcy Court in March 2009.

Severance Plan

Prior to our emergence from the Chapter 11 bankruptcy proceedings, we maintained the Pilgrim s Pride Corporation Severance Plan (the Severance Plan), pursuant to which we provided severance payments to eligible employees, including our named executive officers, if their employment was terminated without cause, as defined in the Severance Plan. The Severance Plan did not cover termination due to death, disability, retirement, termination for cause or termination at the end of the leave of absence that exceeded the maximum permitted by the Company. Under the Severance Plan, in exchange for signing an enforceable waiver and release agreement, upon termination without cause, a named executive officer was entitled to receive as severance pay an amount equal to: one week per year of service with the Company, plus a minimum of 16 supplemental weeks (in addition to years of service amount), with a total maximum of 52 weeks of pay. In addition, if the Company provided less than two weeks notice of termination without cause, an executive officer would have been entitled up to two additional weeks of severance in lieu of notice. Additional benefits available to eligible employees under the Severance Plan included career transition services as determined by the Company, including without limitation, written materials, company sponsored training and job fairs.

Chief Restructuring Officer

On November 7, 2008, our board of directors appointed Mr. Snyder as the Chief Restructuring Officer of the Company. As Chief Restructuring Officer, Mr. Snyder assisted the Company in capitalizing on cost reduction initiatives, developing restructuring plans and exploring opportunities to improve its long-term liquidity.

Mr. Snyder, a Managing Partner of CRG Partners Group, LLC (CRG), a provider of corporate turnaround and restructuring services, was employed by CRG and performed services as Chief Restructuring Officer of the Company through CRG. As a result, Mr. Snyder did not receive any compensation directly from the Company and did not participate in any of the Company s employee benefits plans. The Company compensated CRG for Mr. Snyder s services at a rate of $550 per hour. CRG s engagement with the Company and Mr. Snyder s services as Chief Restructuring Officer were terminated upon the Company s emergence from the Chapter 11 bankruptcy proceedings.

Tax Considerations

Section 162(m) of the Internal Revenue Code imposes limitations on the deductibility for federal income tax purposes of compensation over $1,000,000 paid to each of our five most highly paid executive officers in a taxable year. Compensation above $1,000,000 may only be deducted if it is performance-based compensation within the meaning of the Code. Amounts payable under the Bonus Plan are intended to be performance-based compensation meeting these requirements and, as such, be fully deductible. However, the Company has not adopted a policy requiring all compensation to be deductible. For the 2009 Fiscal Year and the Transition Period, certain amounts paid (including bonuses to certain executive officers under the FY2009 Performance Bonus Plan) did not qualify as performance-based compensation and were not deductible.

Tucker Letter Agreement

As discussed above, Gary D. Tucker was appointed as the Company s Principal Financial Officer upon the Company s emergence from the Chapter 11 bankruptcy proceedings effective on December 28, 2009. Mr. Tucker has served as the Company s Senior Vice President, Corporate Controller since June 1, 2003 and continues to also hold this position. On June 1, 2010, Gary D. Tucker entered into a letter agreement with us (the Letter Agreement) pursuant to which Mr. Tucker s annual base salary was increased from $250,215 to $300,000, effective June 1, 2010. The Letter Agreement provides that Mr. Tucker will be eligible to receive a target bonus equal to 50% of his annual base salary, contingent upon Mr. Tucker s continued employment through the 2010 calendar year, as well as the Company making a threshold earnings goal. The potential bonus award was granted under the STIP. For additional information regarding Mr. Tucker s bonus award, see Changes in Incentive Compensation for Fiscal 2010.

In addition, under the Letter Agreement, Mr. Tucker will receive a one-time cash payment equal to $650,000 payable upon the earliest of (i) the mandatory exchange transaction (the Mandatory Exchange Transaction) of the Company s common stock for shares of common stock of JBS USA Holdings, Inc. (JBS USA), (ii) any similar event to the Mandatory Exchange Transaction whereby the Company would cease to be deemed a publicly-traded company or would merge with JBS USA and (iii) the date of termination of Mr. Tucker s employment for any reason other than Cause (as defined in the change in control agreement dated October 10, 2008 between Mr. Tucker and the Company). Mr. Tucker s change in control agreement was terminated in connection with the Company and Mr. Tucker entering into the Letter Agreement.

Changes in Incentive Compensation for Fiscal Year 2010

As part of developing the Company s compensation strategy for the fiscal year ending December 26, 2010, the Compensation Committee established new annual performance goals and target payout amounts under the STIP for Dr. Jackson, our President and Chief Executive Officer, and Mr. Tucker, our Principal Financial Officer. The committee determined to establish the 2010 fiscal year performance measure under STIP solely based on income (loss) from continuing operations plus interest, taxes, depreciation and amortization (EBITDA). The Compensation Committee elected to use EBITDA as our sole performance measure under the STIP because EBITDA is a common analytical indicator within our industry and it provides a simple and understandable measure of our liquidity. For Dr. Jackson and Mr. Tucker, the committee approved the target EBITDA amount of $500 million and a threshold EBITDA amount of $425 million (85% of the EBITDA target). No bonus will be paid to participants under the STIP for 2010 fiscal year performance if EBITDA for the fiscal year is below the $425 million threshold.

The Compensation Committee established a sliding scale to determine the amount of annual cash bonus. Dr. Jackson and Mr. Tucker are each eligible to receive a bonus payout of 50% of their base salary if the Company achieves 85% of target EBITDA. Dr. Jackson is eligible to receive a bonus payout of (1) 50% of his base salary if the Company achieves 85% of target EBITDA, (2) between 50% and 100% of his base salary if the Company achieves over 85% and less than 100% of target EBITDA, (3) 100% of his base salary if the Company achieves 100% of target EBITDA and (4) 100% of his base salary plus a percentage of EBITDA in excess of $500 million if the Company achieves over 100% of target EBITDA. The maximum bonus that Dr. Jackson is eligible to receive under the STIP for fiscal year 2010 performance is $9.0 million.

EXECUTIVE COMPENSATION

The table below summarizes compensation paid to or earned by our named executive officers including our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers serving at the end of 2009 Fiscal Year and the Transition Period, as well as certain other former executive officers for whom disclosure is required for 2009 Fiscal Year and the Transition Period. Except for Don Jackson, none of the executive officers listed in the table currently serve as our executive officers. For purposes of the tables below, the Transition Period is listed as 2009T.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary[(a)] ($)	Bonus[(b)] ($)	Stock Awards[(f)]	Non-Equity Incentive Plan Compensation[(c)] ($)	Change in Nonqualified Deferred Compensation Earnings	All Other Compensation[(d)(e)] ($)	Total ($)
Lonnie Bo Pilgrim	2009T	375,000	-0-	-0-	-0-	-0-	6,924	381,924
Senior Chairman of the Board [(g)]	2009	1,500,000	-0-	-0-	-0-	-0-	44,498	1,544,498
	2008	1,498,398	-0-	-0-	-0-	-0-	570,399	2,068,797
	2007	1,415,899	390,118	-0-	484,052	-0-	926,474	3,216,543
Don Jackson	2009T	375,000	-0-	1,789,680	-0-	-0-	1,414	2,166,094
President and Chief Executive Officer [(h)]	2009	975,000	3,000,000	-0-	3,674,713	-0-	5,484	7,655,197
Richard A. Cogdill	2009T	200,000	-0-	-0-	-0-	5,026	5,170,976	5,376,002
Chief Financial Officer,	2009	800,000	-0-	-0-	893,181	12,818	5,053	1,711,052
Secretary and Treasurer [(i)]	2008	797,491	-0-	-0-	-0-	(156,358)	35,763	676,896
	2007	669,125	184,362	-0-	228,753	100,130	18,687	1,201,057
Lonnie Ken Pilgrim	2009T	62,500	-0-	-0-	-0-	(11)	3,906,792	3,969,281
Senior Vice President,	2009	341,346	-0-	-0-	209,339	(3)	3,014	553,696
Transportation [(j)]	2008	496,326	-0-	-0-	-0-	278	47,473	544,077
	2007	308,827	85,090	-0-	105,578	473	88,919	588,887
William K. Snyder	2009T	55,385	-0-	-0-	-0-	-0-	526,610	581,995
Chief Restructuring Officer [(k)]	2009	832,418	-0-	-0-	-0-	-0-	5,024,180	5,856,598
J. Clinton Rivers	2009T	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Former President and Chief	2009	296,154	-0-	-0-	-0-	18,478	479,998	794,630
Executive Officer [(l)]	2008	907,491	-0-	-0-	-0-	(135,857)	26,505	798,139
	2007	669,125	184,362	-0-	228,753	78,569	4,842	1,165,651
Robert A. Wright	2009T	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Former Chief Operating	2009	177,692	-0-	-0-	-0-	(2,294)	294,842	470,240
Officer[(m)]	2008	547,776	-0-	-0-	-0-	(342,967)	25,050	229,859

(a) The amounts disclosed in the Salary column include amounts deferred under the Deferred Compensation Plan as disclosed in the Nonqualified Deferred Compensation Table.

(b) Bonuses paid to Don Jackson with respect to his 2009 Fiscal Year performance included a sign on bonus of $3,000,000 under the Employment Agreement. No bonuses were paid during the Transition Period.

(c) Reflects (i) the amounts earned under the FY2009 Performance Bonus Plan for 2009 performance and paid in connection with the Company s emergence from bankruptcy in December 2009 and (ii) a restructuring bonus of $2,000,000 under the Employment Agreement paid in connection with the Company s emergence from bankruptcy in December 2009. During the Transition Period there were no compensation amounts classified under the Non-Equity Incentive Plan.

(d) For the 2009 Fiscal Year, the All Other Compensation column includes the following items of compensation:

i. Personal use of corporate aircraft by the named individual: Lonnie Bo Pilgrim, $5,189. During 2008 and early 2009, we owned and operated airplanes to facilitate business travel of certain of our employees in as safe a manner as possible with the best use of their time. Certain of the named executive officers use the corporate aircraft for business travel and on a limited basis for personal travel. The value of personal aircraft usage reported above is based on the direct operating cost to us. The methodology calculates our incremental cost based on the average weighted cost of fuel, aircraft maintenance, landing fees, trip-related hangar and parking costs, and smaller variable costs. Since the corporate aircraft is used primarily for business travel, the methodology excludes fixed costs, which do not change based on usage, such as pilots and other employees salaries, purchase cost of the aircraft and non-trip related hangar expenses. On certain occasions, an employee s spouse or other family member may accompany the employee on a flight. No additional direct operating cost is incurred in such situations under the foregoing methodology.

ii. Personal use of corporate automobile by the named individuals: Lonnie Bo Pilgrim, $24,951 and Don Jackson, $297.

iii. Our contributions to the named individuals under our Employee Stock Investment Plan in the following amounts: Lonnie Bo Pilgrim, $0; Lonnie Ken Pilgrim, $0; J. Clinton Rivers, $1,923; Richard A. Cogdill, $1,537; and Robert A. Wright, $1,154.

iv. Our contributions to the named individuals under our 401(k) Salary Deferral Plan in the following amounts: Lonnie Bo Pilgrim, $0; Don Jackson, $0; Richard A. Cogdill, $1,764; Lonnie Ken Pilgrim, $1,558; J. Clinton Rivers, $0; and Robert A. Wright, $0.

v. Section 79 income to the named individuals due to group term life insurance in the following amounts: Lonnie Bo Pilgrim, ($2,569); Don Jackson, $3,118; Richard A. Cogdill, $1,152; Lonnie Ken Pilgrim, $1,224; J. Clinton Rivers, $688; and Robert A. Wright, $301.

vi. The Company reimburses employees for a portion of their long-term disability premium cost. The named individuals reimbursements for a portion their long-term disability premium cost in the following amounts: Lonnie Bo Pilgrim, $599; Don Jackson, $386; Richard A. Cogdill, $599; Lonnie Ken Pilgrim, $232; J. Clinton Rivers, $145; and Robert A. Wright, $145.

vii. In addition to Lonnie Ken Pilgrim, certain other members of the family of Lonnie Bo Pilgrim were employed by us in 2009, including his son, Pat Pilgrim, and his daughter, Greta Pilgrim-Owens, who received total compensation for 2009 of $4,212 and $12,116, respectively. Pat Pilgrim s and Greta Pilgrim-Owens employment with the Company terminated on September 28, 2008.

viii. The Company paid severance payments of $143,242 to each of J. Clinton Rivers and Robert A. Wright. The Company also entered into consulting agreements with J. Clinton Rivers and Robert A. Wright, who received total compensation of $334,000 and $150,000 respectively under the agreements.

ix. The amount reported for Mr. Snyder represents fees of $5,024,180 paid to CRG. See note (k) below.

x. Dr. Jackson received $1,683 in relocation expenses.

(e) For the Transition Period, the All Other Compensation column includes the following items of compensation:

i. Personal use of corporate automobile by the named individuals: Lonnie Bo Pilgrim, $6,661 and Don Jackson, $62.

ii. Our contributions to Lonnie Ken Pilgrim of $206 under our 401(k) Salary Deferral Plan.

iii. Section 79 income to the named individuals due to group term life insurance in the following amounts: Lonnie Bo Pilgrim, $114; Don Jackson, $1,203; Richard A. Cogdill, $284; Lonnie Ken Pilgrim, $305.

iv. The Company reimburses employees for a portion of their long-term disability premium cost. The named individuals reimbursements for a portion of their long-term disability premium cost were as follows: Lonnie Bo Pilgrim, $149; Don Jackson, $149; Richard A. Cogdill, ($408); Lonnie Ken Pilgrim, $149.

v. The amount reported for Mr. Snyder represents fees of $526,610 paid to CRG. See note (k) below.

vi. The Company paid severance, severance gross-up for taxes, pro-rata bonus and health benefits to the following employees on December 28, 2009:

a. Lonnie Ken Pilgrim received $3,127,397 in severance, $758,770 in gross-up for taxes, and $19,965 for health benefits.

b. Rick A. Cogdill received $4,203,836 in severance, $947,299 in gross-up for taxes, and $19,965 for health benefits.

(f) Dr. Jackson received 3,085,656 shares of restricted stock as detailed in his Employment Agreement. The value of the stock award at date of grant was $1,789,680.

(g) Mr. Pilgrim ceased serving as Senior Chairman effective immediately following our emergence from bankruptcy, but remained as a Director of the Company.

(h) Don Jackson was appointed as President and Chief Executive Officer of the Company on December 16, 2008. The Bankruptcy Court approved the Employment Agreement and Dr. Jackson began serving as President and Chief Executive Officer on January 27, 2009.

(i) Mr. Cogdill s employment with the Company terminated on December 28, 2009.

(j) Lonnie Ken Pilgrim has served as Senior Vice President, Transportation since February 2009. He also served as Chairman of the Board from July 2007 to January 2009 and as interim President from December 2008 to January 2009. Mr. Pilgrim s employment with the Company terminated on December 28, 2009.

(k) Mr. Snyder, a Managing Partner of CRG, was appointed as the Chief Restructuring Officer of the Company on November 7, 2008. The Company compensated CRG for Mr. Snyder s services at a rate of $550 per hour. CRG s engagement with the Company and Mr. Snyder s services as Chief Restructuring Officer were terminated upon the Company s emergence from the Chapter 11 bankruptcy proceedings.

(l) Mr. Rivers was appointed President, Chief Executive Officer and Director on March 4, 2008. Mr. Rivers resigned as an officer and director of the Company on December 16, 2008.

(m) Mr. Wright was appointed Chief Operating Officer on March 26, 2008. Mr. Wright resigned as an officer of the Company on December 16, 2008.

2009 FISCAL YEAR AND TRANSITION PERIOD GRANTS OF PLAN-BASED AWARDS TABLE

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non- Equity Incentive Plan Awards[(a)]		Estimated Future Payouts Under Equity Incentive Plan Awards[(b)]	Full Grant Date Fair Value ($)
			Threshold ($)	Target ($)		