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JBS to buy Pilgrim's Pride out of bankruptcy for \$2.8 million

By James C. Webster

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The U.S. subsidiary of Brazil's meat giant JBS S.A. is to buy a majority share of Pilgrim's Pride, the largest U.S. chicken processor, and allow Pilgrim's and six of its subsidiaries to emerge from bankruptcy protection in December, the companies announced today. The deal is subject to approval of the bankruptcy court and agreement by U.S. antitrust regulators.

Pilgrim's was to file today a joint plan of reorganization and disclosure statement under bankruptcy code. The companies valued the transaction at approximately \$2.8 billion with Pilgrim's selling 64 percent of the new common stock of the reorganized Pilgrim's Pride to JBS S.A., through its JBS USA Holdings subsidiary for \$800 million cash. Proceeds from the sale of new common stock of the reorganized Pilgrim's will pay approved creditors in full, either in cash or by issuance of a new note, the Texas company's statement said.

Existing Pilgrim's Pride common stock will be canceled and shareholders will receive the same number of new common stock shares representing 36 percent of the reorganized company. The plan also calls for exit financing of \$1.75 billion provided by a lending group arranged by CoBank and Rabobank. Pilgrim's said it anticipates the plan will be confirmed by the bankruptcy court in time to emerge from bankruptcy by the end of December, one year after it was filed.

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