

PILGRIMS PRIDE CORP
Form 424B3
December 08, 2004
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Filed pursuant to Rule 424(b)(3)

SEC file No. 333-117472

PROSPECTUS SUPPLEMENT (to Prospectus dated September 23, 2004)

10,000,000 Shares

Pilgrim s Pride Corporation

Common Stock

ConAgra Foods, Inc. is offering 10,000,000 shares of our common stock in an underwritten offering. We will not receive any of the proceeds from the sale of the shares of our common stock sold by the selling stockholder.

Our common stock is listed on the New York Stock Exchange under the symbol PPC. On December 7, 2004, the last reported sale price of our common stock on the New York Stock Exchange was \$30.33 per share.

The underwriters have an option to purchase a maximum of 1,500,000 additional shares from the selling stockholder to cover over-allotments of shares.

Investing in our common stock involves risks. See Risk Factors on page S-11.

PRICE \$29.50 PER SHARE

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ 29.5000	\$ 295,000,000
Underwriting commissions	\$ 1.2538	\$ 12,538,000
Proceeds, before expenses, to selling stockholder	\$ 28.2462	\$ 282,462,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about December 13, 2004.

Joint Book-Running Managers

Merrill Lynch & Co.

JPMorgan

Lehman Brothers

Senior Co-Managers

Credit Suisse First Boston

Citigroup

Morgan Stanley

Banc of America Securities LLC

Deutsche Bank Securities

Harris Nesbitt

December 7, 2004

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[Photos of Pilgrim s Pride Corporation food products with text reading

Better Eating, Better Living]

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Unless the context otherwise requires, we, us, our and similar terms, as well as references to the Company and Pilgrim s Pride, include all of our consolidated subsidiaries. We obtained the industry data used throughout this prospectus supplement from industry publications that we believe to be reliable, but we have not independently verified this information.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. You should assume that this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate only as of its respective date.

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SUMMARY

The following is a summary of the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus and the information incorporated herein by reference. This summary is not complete and does not contain all the information you should consider. You should read the entire prospectus supplement and the accompanying prospectus and the information incorporated by reference herein carefully, including the Risk Factors section. We define the poultry industry as consisting of the chicken and turkey industries. On November 23, 2003, we purchased the chicken division of ConAgra Foods, Inc. (ConAgra Foods). In this prospectus supplement we refer to this acquisition as the ConAgra chicken division acquisition or the fiscal 2004 acquisition and we refer to ConAgra Foods' chicken operations that we acquired as the ConAgra chicken division. Unless otherwise indicated, all information in this prospectus supplement assumes that the underwriters will not exercise the over-allotment option that the selling stockholder has granted to them.

The Company

We are the second largest producer of poultry in both the United States and Mexico, the largest in Puerto Rico, and have one of the best known brand names in the poultry industry. In the United States, we produce both prepared and fresh chicken and turkey; while in Mexico and Puerto Rico, we exclusively produce fresh chicken. Through vertical integration, we control the breeding, hatching and growing of our chickens. For both chicken and turkey we control the processing, preparation, packaging and sale of our product lines, which we believe has made us one of the highest quality, lowest-cost producers of poultry in North America. We have consistently applied a long-term business strategy of focusing our growth efforts on the higher-value, higher-margin prepared foods products and have become a recognized industry leader in this market segment, which represented 46.3% of the net sales of our U.S. chicken products in fiscal 2004. Accordingly, our sales efforts have traditionally been targeted to the foodservice industry, principally chain restaurants and food processors. We have continually made investments to ensure that our prepared foods capabilities remain state-of-the-art and have complemented these investments with a substantial and successful research and development effort. In fiscal 2004, we sold 5.3 billion pounds of dressed chicken and 310.2 million pounds of dressed turkey and generated net sales of \$5.4 billion. In fiscal 2004, our U.S. operations including Puerto Rico accounted for 92.8% of our net sales, with the remaining 7.2% arising from our Mexico operations.

We were incorporated under the laws of the State of Texas in 1968 and reincorporated under the laws of the State of Delaware in 1986. We are the successor to a partnership founded in 1946 as a retail feed store. On October 2, 2004, we employed approximately 35,500 persons in the United States and 4,800 persons in Mexico. Our principal executive offices are located at 110 South Texas Street, Pittsburg, Texas 75686; telephone number (903) 855-1000. See [Where You Can Find More Information](#) for details about information incorporated by reference in this prospectus supplement and the accompanying prospectus.

The U.S. Chicken Industry

The U.S. chicken industry has grown each year for the last twenty years, from 12.3 billion pounds produced in 1983 to 32.4 billion pounds in 2003, a compounded annual growth rate of 5.0%. This growth resulted from increasing domestic and international per capita consumption of chicken and population growth. From 1983 to 2003, annual per capita consumption of chicken in the United States increased 66.7%, while annual per capita consumption of beef declined 17.5% and pork was unchanged. Per capita consumption of chicken in the United States surpassed that of pork in 1984 and beef in 1992. We believe these favorable trends will continue over the long-term due to consumers' continued awareness of the health benefits, convenience, cost advantages and versatility of chicken. The United States Department of Agriculture (USDA) estimates that per capita consumption of chicken in the United States will grow from 80.1 pounds in 2003 to 82.4 pounds in 2008.

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We expect several on-going industry trends to continue in 2005. These include increasing consumer demand for high-quality poultry products in the United States and globally and the consolidation of the United States poultry industry. We believe the consolidation in the industry is driven by the desire for enhanced cost efficiencies, the consolidation of the supermarket and foodservice industries and strict environmental regulations governing the poultry industry. We believe these trends will result in favorable demand for our products, more stable poultry prices and generally improved industry conditions.

We believe that the industry has two major customer categories, foodservice and retail. Foodservice customers principally include chain restaurants, food processors and certain other institutions. Retail customers principally include grocery store chains, wholesale clubs and other retail distributors. While the overall chicken market has grown consistently, we believe the majority of this growth in recent years has been in the foodservice market. According to the National Chicken Council, during the 1999 through 2003 period, sales of chicken products to the foodservice market grew at a compounded annual growth rate of approximately 4.7%, versus 4.3% growth for the chicken industry overall. Foodservice growth is anticipated to continue as food-away-from-home expenditures continue to outpace overall industry growth rates. According to the National Restaurant Association, food-away-from-home expenditures grew at a compounded annual growth rate of approximately 4.1% from 1999 through 2003 and are projected to grow at a 4.6% compounded annual growth rate from 2003 through 2010. As a result, the food-away-from-home category is projected by the National Restaurant Association to account for 53.0% of total food expenditures by 2010, as compared with 46.1% in 2003. Due to internal growth and the fiscal 2004 acquisition, our sales to the foodservice market from fiscal 2000 through fiscal 2004 grew at a compounded annual growth rate of 39.2% and represented 72.8% of the net sales of our U.S. chicken products in fiscal 2004.

Our U.S. Chicken Business

We are the second largest producer of chicken in the United States, and in fiscal 2004 our U.S. chicken operations accounted for 76.3% of our net sales. We produce both prepared and fresh chicken in the United States.

We are the second largest supplier of prepared chicken products in the United States. Our prepared chicken products include portion-controlled breast fillets, tenderloins and strips, delicatessen products, salads, formed nuggets and patties and bone-in chicken parts. These products are sold either refrigerated or frozen and may be fully cooked, partially cooked or raw. In addition, these products are breaded or non-breaded and either pre-marinated or non-marinated. Our prepared chicken products are sold primarily to foodservice customers. Due to increased demand from our foodservice customers and our fiscal 2004 acquisition of the ConAgra chicken division, our prepared chicken products sales from fiscal 2000 through fiscal 2004 grew at a compounded annual growth rate of 31.1% and represented 46.3% of the net sales of our U.S. chicken products in fiscal 2004. We believe our above-market growth of prepared chicken products is attributable to our competitive strengths, which include full-line product capabilities, high-volume production capacities, research and development expertise and extensive distribution and marketing experience. The addition of well-known brands, including Pierce® and Easy-Entrée®, from our fiscal 2004 acquisition have significantly expanded our already sizeable prepared foods chicken offerings. In addition, sales of our prepared chicken products to retail customers have been growing. We expect the retail markets for prepared foods products to continue to grow, and we believe we are well positioned to take advantage of this trend.

We also sell fresh chicken products to the foodservice and retail markets. Our fresh chicken products represented 48.5% of the net sales of our U.S. chicken products in fiscal 2004. Our fresh chicken products consist of refrigerated (non-frozen) whole or cut-up chicken, either pre-marinated or non-marinated, and pre-packaged chicken, which includes various combinations of freshly refrigerated, whole chickens and chicken parts in trays, bags or other consumer packs labeled and priced ready for the retail grocer's fresh meat counter. Our retail sales

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are enhanced by the strong consumer awareness of the Pilgrim's Pride® brand, which is one of the leading chicken brand names in the chicken industry. We believe our brand awareness enhances the distribution of our fresh chicken and enables us to achieve price premiums in certain of our geographic markets.

Our Other Businesses

We are the second largest producer of chicken in Mexico, and in fiscal 2004 our Mexican operations accounted for 7.2% of our net sales. Total production of chicken in Mexico increased from approximately 1.8 billion pounds in 1983 to approximately 5.0 billion pounds in 2003, a compounded annual growth rate of 5.4%. According to an industry source, between 1983 and 2003, annual per capita consumption of chicken in Mexico increased 107.1% to 49.3 pounds per person, as compared to 81.1 pounds per person in the United States. We believe per capita chicken consumption increased in Mexico due to increased disposable income and the price advantage of chicken relative to other meats and will continue to grow in the future as a result of these factors. Since entering the Mexican chicken market in fiscal 1988, we have made significant capital investments to modernize our production technology and improve our distribution network. In addition, we completed several strategic acquisitions, transferred experienced management personnel from the United States and developed a strong local management team. We believe that our strategy enables us to achieve greater brand awareness, increased market share and higher profit margins relative to most other chicken producers in Mexico. As a result, we are well-positioned to capitalize on the projected growth in demand for chicken in Mexico. According to industry data, per capita chicken consumption in Mexico is anticipated to grow from 49.3 pounds in 2003 to 58.9 pounds in 2008 as a result of the country's improving economy and favorable demographic trends.

In fiscal 2004 our turkey operations accounted for 5.3% of our net sales. The U.S. turkey industry has grown from 2.6 billion pounds produced in 1983 to 5.6 billion pounds produced in 2003, a compounded annual growth rate of 3.9%. This growth resulted from increased per capita consumption of turkey and population growth. We believe the turkey industry will continue to grow over the long-term due to consumers awareness of the health benefits and cost advantages of turkey, and the opportunity to develop and market more convenient, versatile and value-added turkey products in this sector of the poultry industry. The USDA estimates that per capita consumption of turkey in the United States will grow from 17.5 pounds in 2003 to 18.3 pounds in 2008.

Recent Developments

Acquisition of ConAgra Chicken Division

On November 23, 2003, we completed the purchase of the ConAgra chicken division, which was the third largest producer of chicken in the United States. The acquired business has been included in our results of operations since the date of the acquisition. The acquisition provides us with additional lines of specialty prepared chicken products, well-known brands, well-established distributor relationships and Southeastern U.S. processing facilities. The acquisition also includes the largest distributor of chicken products in Puerto Rico. This allows us to provide customers at every point in the distribution chain with the broadest range of quality value-added chicken products and services available in the market today.

We have substantially completed integrating the operations of the ConAgra chicken division into the Company. We believe we have realized significant synergies at this time from the acquisition and believe there will be further synergies identified in the future, as part of our ongoing business strategy implementation, including the implementation of a best practices approach across all of our operations.

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Restructuring of Turkey Operations

On April 26, 2004, we announced a plan to restructure our turkey business to significantly reduce our production of commodity turkey meat and strengthen our focus on value-added turkey products. As part of our restructuring effort, we sold our Hinton, Virginia turkey commodity meat operations. As a result, we now purchase turkey meat for processing into turkey prepared foods products, but continue to grow turkeys for our premium line of fresh and frozen whole turkeys. We estimate that the restructuring will have a positive impact on our fiscal 2005 pre-tax earnings of approximately \$25-\$30 million and decrease our fiscal 2005 commodity sales in our turkey division by approximately \$70 million. In fiscal 2004 we recorded, as cost of sales-restructuring, approximately \$64.2 million and, as other restructuring charges, \$7.9 million related to exit and severance costs. The restructuring will significantly reduce our production of commodity turkey meat and strengthen our focus on value-added turkey products, such as cooked deli breast, turkey sausages, turkey burgers, ground turkey, salads and ready to cook roasts.

Since our announcement of the planned restructuring of our turkey business, and subsequent sale of our Hinton, Virginia operations, we have periodically received indications of interest from various third parties in purchasing all or a portion of our remaining turkey operations. While no decisions have been made regarding whether to sell our remaining turkey operations or the terms on which we would be willing to sell these operations, we evaluate indications of interest on a case-by-case basis as they arise.

Business Strategy

Our objectives are (1) to increase sales, profit margins and earnings and (2) to outpace the growth of, and maintain our leadership position in, the poultry industry. To achieve these goals, we plan to continue to pursue the following strategies:

Capitalize on significant scale with leading industry position and brand recognition. We are the second largest producer of chicken products in the United States. We estimate that our U.S. market share based on the total annual chicken production in the United States is approximately 15.5%, which is approximately 68% higher than the third largest competitor in the chicken industry. The complementary fit of markets, distributor relationships and geographic locations are a few of the many benefits we realized from our acquisition of the ConAgra chicken division. We believe that the acquired business' established relationships with broad-line national distributors have enabled us to expand our customer base and provide nationwide distribution capabilities for all of our product lines. As a result, we believe we are one of only two U.S. chicken producers that can supply the growing demand for a broad range of price competitive standard and specialized products with well-known brand names on a nationwide basis from a single source supplier.

Capitalize on attractive U.S. prepared foods market. We focus our U.S. growth initiatives on sales of prepared foods to the foodservice market because it continues to be one of the fastest growing and most profitable segments in the poultry industry. Products sold to this market segment require further processing, which enables us to charge a premium for our products, reducing the impact of feed ingredient costs on our profitability and improving and stabilizing our profit margins. Feed ingredient costs typically decrease from approximately 32-49% of total production cost for fresh chicken products to approximately 16-25% for prepared chicken products. Due to increased demand from our foodservice customers and our fiscal 2004 acquisition, our sales of prepared chicken products grew from \$641.6 million in fiscal 2000 to \$1,896.4 million in fiscal 2004, a compounded annual growth rate of 31.1%. These prepared food sales represented 46.3% of our total U.S. chicken revenues in fiscal 2004, which we believe provides us with a significant competitive advantage and reduces our exposure to feed price fluctuations. The addition of well-known brands, including Pierce® and Easy-Entrée®, from our fiscal 2004 acquisition have significantly expanded Pilgrim's already

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sizeable prepared foods chicken offerings. Similarly our acquisition of highly customized cooked chicken products, including breaded cutlets, sizzle strips and Wing-Dings®, for restaurants and specialty foodservice customers from this acquisition complement our existing lines of pre-cooked breast fillets, tenderloins, burgers, nuggets, salads and other prepared products for institutional foodservice, fast-food and retail customers.

Emphasize customer driven research and technology. We have a long-standing reputation for customer-driven research and development in designing new products and implementing advanced processing technology. This enables us to better meet our customers' changing needs for product innovation, consistent quality and cost efficiency. In particular, customer-driven research and development is integral to our growth strategy for the prepared foods market in which customers continue to place greater importance on value-added services. Our research and development personnel often work directly with customers in developing products for them, which we believe helps promote long-term relationships.

Enhance U.S. fresh chicken profitability through value added, branded products. Our U.S. fresh chicken sales accounted for \$1,982.7 million, or 48.5%, of our U.S. chicken sales for fiscal 2004. In addition to maintaining the sales of traditional fresh chicken products, our strategy is to shift the mix of our U.S. fresh chicken products by continuing to increase sales of higher margin, faster growing products, such as fixed weight packaged products and marinated chicken and chicken parts and to continually shift portions of this product mix into the higher value and margin prepared chicken products. Much of our fresh chicken products are sold under the Pilgrim's Pride® and Country Pride® brand names, which are two well-known brands in the chicken industry. With the addition of a Gainesville, Georgia processing plant acquired in the fiscal 2004 acquisition, we added to our capabilities to cut and process case-ready, fixed-weight chicken for major national retail customers who are requesting standardized packaging in order to improve their offerings and inventory controls.

Improve operating efficiencies and increase capacity on a cost effective basis. As production and sales grow, we continue to focus on improving operating efficiencies by investing in state-of-the-art technology and processes, training and our total quality management program. Specific initiatives include:

standardizing lowest-cost production processes across our various facilities;

centralizing purchasing and other shared services; and

upgrading technology where appropriate.

In addition, we have a proven history of increasing capacity while improving operating efficiencies at acquired properties both in the United States and Mexico. As a result, according to industry data, since 1993, we have consistently been one of the lowest cost producers of chicken in the United States, and we also believe we are one of the lowest cost producers of chicken in Mexico.

Continue to seek strategic acquisitions. We have pursued opportunities to expand through acquisitions in the past. We expect to continue to evaluate acquisition opportunities in the future that would either complement our existing businesses, broaden our production capabilities and/or improve our operating efficiencies.

Continue to penetrate the growing Mexican market. We seek to leverage our leading market position and reputation for freshness and quality in Mexico by focusing on the following objectives:

to be one of the most cost-efficient producers and processors of chicken in Mexico by applying technology and expertise utilized in the United States;

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to continually increase our distribution of higher margin, more value-added products to national Mexican retail stores and restaurants; and

to continue to build and emphasize brand awareness and capitalize on Mexican consumers' preference for branded products and their insistence on freshness and quality.

Leverage our turkey operations. We plan to take advantage of our leading market position, reputation as a high quality, high service provider of chicken products and the recent restructuring of our turkey operations by focusing on the following objectives:

cross-selling prepared turkey products to existing chicken customers;

developing new and innovative prepared turkey products by capitalizing on our research and development expertise;

improving operating efficiencies in our turkey operations by applying proven management methodologies and techniques employed historically in our chicken operations; and

capitalizing on the unique opportunity to establish, develop and market turkey products under the Pilgrim's Pride® and Pilgrim's Signature® brand names.

Capitalize on export opportunities. We intend to continue to focus on international opportunities to complement our U.S. chicken operations and capitalize on attractive export markets. According to the USDA, the export of U.S. chicken products increased 7.3% from 1999 to 2003. We believe that U.S. chicken exports will grow as worldwide demand increases for high-grade, low-cost protein sources. According to USDA data, the export market for chicken is expected to grow at a compounded annual growth rate of 2.4% from 2003 to 2008. Historically, we have targeted international markets to generate additional demand for our chicken dark meat, which is a natural by-product of our U.S. operations given our concentration on prepared foods products and the U.S. customers' general preference for white meat. As part of this initiative, we have created a significant international distribution network into several markets, including Mexico, which we now utilize not only for dark meat distribution, but also for various higher margin prepared foods and other poultry products. We employ both a direct international sales force and export brokers. Our key international markets include Eastern Europe, including Russia, the Far East and Mexico. We believe that we have substantial opportunities to expand our sales to these markets by capitalizing on direct international distribution channels supplemented by our existing export broker relationships. Our exports and other categories accounted for approximately 4.8% of our net sales in fiscal 2004.

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Our selected consolidated financial data is derived from our audited consolidated financial statements. Historical results should not be taken as necessarily indicative of the results that may be expected for any future period. The following selected consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes related thereto contained in the annual reports and other documents that we have filed with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Fiscal Year Ended				
	September 30,	September 29,	September 28,	September 27,	October 2,
	2000	2001(a)	2002	2003	2004(b)(c)
(In thousands, except per share data)					
Income Statement Data:					
Net sales	\$ 1,499,439	\$ 2,214,712	\$ 2,533,718	\$ 2,619,345	\$ 5,363,723
Cost of sales	1,333,611	2,000,762	2,369,309	2,465,341	4,813,353
Gross profit(d)	165,828	213,950	165,165	200,483	510,101
Selling, general and administrative expenses	85,340	119,408	135,261	136,870	236,864
Operating income(d)	80,488	94,542	29,904	63,613	265,314
Interest expense, net(e)	17,779	30,775	32,003	37,981	52,129
Other (income) expense, net(d)(f)	(77)	1,906	(4,009)	(37,603)	4,650
Income tax expense (benefit)(g)	10,442	20,724	(12,425)	7,199	80,195
Net income	52,344	41,137	14,335	56,036	128,340
Share and Per Share Amounts:					
Earnings per share-basic and diluted	\$ 1.27	\$ 1.00	\$ 0.35	\$ 1.36	\$ 2.05
Dividends per share	0.06	0.06	0.06	0.06	0.06
Average common shares-basic and diluted	41,289,142	41,112,679	41,112,679	41,112,679	62,646,692
Other Data:					
EBITDA(h)	\$ 115,356	\$ 146,166	\$ 103,469	\$ 173,926	\$ 372,501
Depreciation and amortization(i)	36,027	55,390	70,973	74,187	113,788
Capital expenditures	92,128	112,632	80,388	53,574	79,642
Business acquisition, net of equity consideration(a)(b)		239,539		4,499	272,097
Balance Sheet Data (end of period):					
Cash and cash equivalents	\$ 28,060	\$ 20,916	\$ 14,913	\$ 16,606	\$ 38,165
Working capital	124,531	203,350	179,037	211,119	383,726
Total assets	705,420	1,215,695	1,227,890	1,257,484	2,245,989
Total debt, including current maturities	169,694	472,341	453,644	418,645	544,294
Total stockholders' equity	342,559	380,932	394,324	446,696	922,956

- (a) The Company acquired WLR Foods, Inc. on January 27, 2001 for \$239.5 million and the assumption of \$45.5 million of indebtedness. The acquisition has been accounted for as a purchase, and the results of operations for this acquisition have been included in our consolidated results of operations since the acquisition date.

(footnotes continued on following page)

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- (b) The Company acquired the ConAgra chicken division on November 23, 2003 for \$635.2 million including the noncash value of common stock issued of \$357.5 million. The acquisition has been accounted for as a purchase and the results of operations for this acquisition have been included in our consolidated results of operations since the acquisition date. On April 26, 2004, the Company announced a plan to restructure its turkey division, including the sale of some facilities in Virginia. The facilities were sold in the fourth quarter of fiscal 2004. In connection with the restructuring, the Company recorded in cost of sales-restructuring charges of approximately \$64.2 million and \$7.9 million of other restructuring charges.
- (c) Fiscal 2004 had 53 weeks.
- (d) Gross profit, operating income and other (income) expense, net include the following non-recurring recoveries, restructuring charges, and other unusual items for each of the fiscal years presented (in millions):

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Effect on Gross Profit and Operating Income:					
Cost of sales Restructuring	\$	\$	\$	\$	\$ (64.2)
Non-recurring recoveries for recall insurance					23.8
Non-recurring recoveries for avian influenza				26.6	
Non-recurring recoveries for vitamin and methionine litigation			0.8	19.9	0.1
Additional Effect on Operating Income:					
Other restructuring charges	\$	\$	\$	\$	\$ (7.9)
Additional Effect on Income Before Income Taxes:					
Other income, net for vitamin and methionine litigation	\$	\$	\$ 4.3	\$ 36.0	\$ 0.9

In addition, the Company estimates its losses related to the October 2002 recall (excluding the insurance recovery described above) and 2002 avian influenza outbreak negatively affected gross profit and operating income in each of the fiscal years presented as follows (in millions):

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Recall effects (estimated)	\$	\$	\$	\$ (65.0)	\$ (20.0)
Losses from avian influenza (estimated)	\$	\$	\$ (25.6)	\$ (7.3)	\$

- (e) Interest expense, net, consists of interest expense less interest income.
- (f) Includes foreign exchange (gain) loss of approximately \$(0.2) million, \$0.1 million, \$1.5 million, \$(0.4) million and \$0.2 million in the fiscal years 2000, 2001, 2002, 2003 and 2004, respectively.
- (g) Fiscal 2003 included a non-cash tax benefit of \$16.9 million associated with the reversal of a valuation allowance on net operating losses in the Company's Mexico operations. Fiscal 2002 includes an \$11.9 million tax benefit from changes in Mexican tax laws.

(footnotes continued on following page)

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- (h) EBITDA is defined as the sum of net income plus interest, taxes, depreciation and amortization (excluding amortization of capitalized financing costs). Our method of computation may or may not be comparable to other similarly titled measures used in our filings with the SEC or by other companies. See the consolidated statements of income and consolidated statements of cash flows included in our financial statements. EBITDA is presented because we believe that it provides meaningful additional information concerning a company's operating results and its ability to service its long-term debt and to fund its growth, and we believe EBITDA is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of Generally Accepted Accounting Principles (GAAP) results, to compare the performance of companies. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with GAAP.

A reconciliation of net income to EBITDA is as follows:

	Fiscal Year Ended				
	Sept. 30,	Sept. 29,	Sept. 28,	Sept. 27,	Oct. 2,
	2000	2001	2002	2003	2004
	(In thousands)				
Net income	\$ 52,344	\$ 41,137	\$ 14,335	\$ 56,036	\$ 128,340
Add:					
Income tax expense (benefit)	10,442	20,724	(12,425)	7,199	80,195
Interest expense, net	17,779	30,775	32,003	37,981	52,129
Depreciation and amortization(i)	36,027	55,390	70,973	74,187	113,788
Minus:					
Amortization of capitalized financing costs	1,236	1,860	1,417	1,477	1,951
EBITDA	\$ 115,356	\$ 146,166	\$ 103,469	\$ 173,926	\$ 372,501

- (i) Includes amortization of capitalized financing costs of approximately \$1.2 million, \$1.9 million, \$1.4 million, \$1.5 million and \$2.0 million in the fiscal years 2000, 2001, 2002, 2003 and 2004, respectively.

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The following table sets forth our consolidated cash and cash equivalents and capitalization as of October 2, 2004.

We urge you to read this information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes related thereto contained in the annual reports and other documents that we have filed with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of
	October 2, 2004(a)
	(In millions)
Cash and cash equivalents	\$ 38.2
Debt (including current maturities)(b):	
Revolving and revolving/term borrowing facilities	\$
Notes payable to insurance company (due 2012-2013)	123.9
9 ⁵ / ₈ % Senior Notes due 2011	303.0
9 ¹ / ₄ % Senior Subordinated Notes due 2013	100.0
Other debt	17.4
Total debt	\$ 544.3
Stockholders' equity:	
Common stock	\$ 0.7
Additional paid-in capital	431.7
Retained earnings	492.5
Accumulated other comprehensive loss	(0.3)
Less: Treasury stock	(1.6)
Total stockholders' equity	923.0
Total capitalization	\$ 1,467.3

- (a) We will not receive any of the proceeds in connection with the sale of the shares of our common stock by the selling stockholder.
- (b) At October 2, 2004, an additional \$552.6 million was available under the revolving and revolving/term borrowing facilities subject to the terms and conditions thereof. In addition, we have a facility under a Receivables Purchase Agreement, under which we sell, on a revolving basis, up to \$125.0 million of certain of our trade receivables to a special purpose corporation wholly-owned by us, which in turn sells a percentage ownership interest to third parties. The Receivables Purchase Agreement facility expires in June 2008. As of October 2, 2004, the entire amount of this facility was available.

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RISK FACTORS

Before you invest in our common stock, you should consider carefully the following factors, in addition to the other information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus. Investing in our common stock involves a high degree of risk.

Cyclical and Commodity Prices *Industry cyclical can affect our earnings, especially due to fluctuations in commodity prices of feed ingredients, chicken and turkey.*

Profitability in the chicken and turkey industries is materially affected by the commodity prices of feed ingredients, chicken and turkey, which are determined by supply and demand factors. As a result, the chicken and turkey industries are subject to cyclical earnings fluctuations.

The production of feed ingredients is positively or negatively affected primarily by weather patterns throughout the world, the global level of supply inventories and demand for feed ingredients, and the agricultural policies of the United States and foreign governments. In particular, weather patterns often change agricultural conditions in an unpredictable manner. A sudden and significant change in weather patterns could affect supplies of feed ingredients, as well as both the industry's and our ability to obtain feed ingredients, grow chickens and turkeys or deliver products.

High feed ingredient prices have had a material adverse effect on our operating results in the past. We periodically seek, in some instances, to enter into advance purchase commitments or financial hedging contracts for the purchase of feed ingredients in an effort to manage our feed ingredient costs. However, we may not hedge feed ingredient cost risk unless requested by a specific customer or it is otherwise deemed prudent, and any use of such instruments may not be successful.

Contamination of Products *If our poultry products become contaminated, we may be subject to product liability claims and product recalls.*

Poultry products may be subject to contamination by disease producing organisms, or pathogens, such as *Listeria monocytogenes*, *Salmonella* and generic *E. coli*. These pathogens are generally found in the environment and, as a result, there is a risk that they, as a result of food processing, could be present in our processed poultry products. These pathogens can also be introduced as a result of improper handling at the further processing, foodservice or consumer level. These risks may be controlled, although not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once the product has been shipped. Illness and death may result if the pathogens are not eliminated at the further processing, foodservice or consumer level. Even an inadvertent shipment of contaminated products is a violation of law and may lead to increased risk of exposure to product liability claims, product recalls and increased scrutiny by federal and state regulatory agencies and may have a material adverse effect on our business, reputation and prospects.

In October 2002, one product sample produced in our Franconia, Pennsylvania facility that had not been shipped to customers tested positive for *Listeria*. We later received information from the USDA suggesting environmental samples taken at the facility had tested positive for both the strain of *Listeria* identified in the product and a strain having characteristics similar to those of the strain identified in a Northeastern *Listeria* outbreak. As a result, we voluntarily recalled all cooked deli products produced at the plant from May 1, 2002 through October 11, 2002. We carried insurance designed to cover the direct recall related expenses and certain aspects of the related business interruption caused by the recall. However, the losses attributable to this recall significantly exceeded our insurance coverage.

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Livestock and Poultry Disease *Outbreaks of livestock diseases in general, and poultry disease in particular, can significantly restrict our ability to conduct our operations.*

We take all reasonable precautions to ensure that our flocks are healthy and that our processing plants and other facilities operate in a sanitary and environmentally sound manner. However, events beyond our control, such as the outbreak of disease, could significantly restrict our ability to conduct our operations. Furthermore, an outbreak of disease could result in governmental restrictions on the import and export of our fresh chicken, turkey or other products to or from our suppliers, facilities or customers, or require us to destroy one or more of our flocks. This could result in the cancellation of orders by our customers and create adverse publicity that may have a material adverse effect on our ability to market our products successfully and on our business, reputation and prospects.

An outbreak of low-pathogenic avian influenza, a disease contagious to turkey, chicken and other birds, had a negative effect on our fiscal 2002 and the first six months of fiscal 2003 operating results. There can be no assurance that any future poultry disease outbreaks will not have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

Product Liability *Product liability claims or product recalls can adversely affect our business reputation and expose us to increased scrutiny by federal and state regulators.*

The packaging, marketing and distribution of food products entails an inherent risk of product liability and product recall and the resultant adverse publicity. We may be subject to significant liability if the consumption of any of our products causes injury, illness or death. We could be required to recall certain of our products in the event of contamination or damage to the products. In addition to the risks of product liability or product recall due to deficiencies caused by our production or processing operations, we may encounter the same risks if any third party tampers with our products. We cannot assure you that we will not be required to perform product recalls, or that product liability claims will not be asserted against us, in the future. Any claims that may be made may create adverse publicity that would have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

We voluntarily recalled all cooked deli products produced at one of our facilities from May 1, 2002 through October 11, 2002. In connection with this recall, we were named as a defendant in twelve lawsuits brought by individuals alleging injuries resulting from contracting listeria monocytogenes. There can be no assurance that any litigation or reputational injury associated with this or any future product recalls will not have a material adverse effect on our ability to market our products successfully and on our business, reputation, prospects, financial condition and results of operations.

Insurance *We are exposed to risks relating to product liability, product recalls, property damage and injuries to persons for which insurance coverage is expensive, limited and potentially inadequate.*

Our business operations entail a number of risks, including risks relating to product liability claims, product recalls, property damage and injuries to persons. We currently maintain insurance with respect to certain of these risks, including product liability insurance, property insurance, workers compensation insurance and general liability insurance, but in many cases such insurance is expensive, difficult to obtain and no assurance can be given that such insurance can be maintained in the future on acceptable terms, or in sufficient amounts to protect us against losses due to any such events, or at all. Moreover, even though our insurance coverage may be designed to protect us from losses attributable to certain events, it may not adequately protect us from liability and expenses we incur in connection with such events. For example, the losses attributable to our October 2002 recall of cooked deli-products produced at one of our facilities significantly exceeded available insurance

coverage. Additionally, in the past, two of our insurers encountered financial difficulties and were unable to

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fulfill their obligations under the insurance policies as anticipated and, separately, two of our other insurers contested coverage with respect to claims covered under policies we purchased, forcing us to litigate the issue of coverage before we were able to collect under these policies.

Government Regulation Regulation, present and future, is a constant factor affecting our business.

The chicken and turkey industries are subject to federal, state and local governmental regulation, including in the health and environmental areas. We anticipate increased regulation by various agencies concerning food safety, the use of medication in feed formulations and the disposal of poultry by-products and wastewater discharges. Unknown matters, new laws and regulations, or stricter interpretations of existing laws or regulations may materially affect our business or operations in the future.

Significant Competition Competition in the chicken and turkey industries with other vertically integrated poultry companies, especially companies with greater resources, may make us unable to compete successfully in these industries, which could adversely affect our business.

The chicken and turkey industries are highly competitive. Some of our competitors have greater financial and marketing resources than us. In both the United States and Mexico, we primarily compete with other vertically integrated poultry companies.

In general, the competitive factors in the U.S. poultry industry include:

Price;

Product quality;

Brand identification;

Breadth of product line; and

Customer service.

Competitive factors vary by major market. In the foodservice market, competition is based on consistent quality, product development, service and price. In the U.S. retail market, we believe that competition is based on product quality, brand awareness, customer service and price. Further, there is some competition with non-vertically integrated further processors in the prepared food business.

In Mexico, where product differentiation has traditionally been limited, product quality and price have been the most critical competitive factors. Additionally, the North American Free Trade Agreement, which went into effect on January 1, 1994, required annual reductions in tariffs for

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chicken and chicken products in order to eliminate those tariffs by January 1, 2003. On November 21, 2002, the Mexican Secretariat of the Economy announced that it would initiate an investigation to determine whether a temporary safeguard action was warranted to protect the domestic poultry industry when import tariffs on poultry were eliminated in January 2003. In July 2003, the United States and Mexico entered into a safeguard agreement with regard to imports into Mexico of chicken leg quarters from the United States. Under this agreement, a tariff rate for chicken leg quarters of 98.8% of the sales price was established. This tariff rate was reduced on January 1, 2004 and is to be reduced in each of the following four years in equal increments so that the final tariff rate at January 1, 2008 will be zero. As those tariffs are reduced, increased competition from chicken imported into Mexico from the United States may have a material adverse effect on the Mexican chicken industry in general, and on our Mexican operations in particular.

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Potential Acquisitions We may pursue additional opportunities to acquire complementary businesses, which could increase leverage and debt service requirements and could adversely affect our financial situation if we fail to successfully integrate the acquired business.

We intend to continue to pursue selective acquisitions of complementary businesses in the future. Inherent in any future acquisitions are certain risks such as increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material adverse effect on our operating results, particularly during the period immediately following such acquisitions. Additional debt or equity capital may be required to complete future acquisitions, and there can be no assurance that we will be able to raise the required capital. Furthermore, acquisitions involve a number of risks and challenges, including:

Diversion of management's attention;

The need to integrate acquired operations;

Potential loss of key employees and customers of the acquired companies;

Lack of experience in operating in the geographical market of the acquired business; and

An increase in our expenses and working capital requirements.

Any of these and other factors could adversely affect our ability to achieve anticipated cash flows at acquired operations or realize other anticipated benefits of acquisitions.

Assumption of Unknown Liabilities in Acquisitions Assumption of unknown liabilities in acquisitions may harm our financial condition and operating results.

Acquisitions may be structured in such a manner that would result in the assumption of unknown liabilities not disclosed by the seller or uncovered during pre-acquisition due diligence. For example, our acquisition of the ConAgra chicken division was structured as a stock purchase. In that acquisition we assumed all of the liabilities of the ConAgra chicken division, including liabilities that may be unknown. We negotiated and obtained from ConAgra Foods certain representations and warranties concerning contingent liabilities and other obligations of the entities holding the ConAgra chicken division assets to reduce the risk that we will bear such subsidiaries' liability for unknown liabilities. ConAgra Foods also agreed to indemnify us for breaches of representations and warranties concerning the pre-closing operations of the ConAgra chicken division and for certain liabilities of the entities holding the ConAgra chicken division assets. ConAgra Foods' indemnification obligations are generally subject to a \$30 million deductible, and there may be circumstances in which ConAgra Foods' indemnification obligations do not provide us protection from contingent or other obligations of the entities holding the ConAgra chicken division assets, or other pre-closing liabilities of the ConAgra chicken division. These obligations and liabilities could harm our financial condition and operating results.

Leverage Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our debt securities.

Our indebtedness could adversely affect our financial condition, which could have important consequences to you. For example, it could:

Increase our vulnerability to general adverse economic conditions;

Limit our ability to obtain necessary financing and to fund future working capital, capital expenditures and other general corporate requirements;

Require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;

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Limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

Place us at a competitive disadvantage compared to our competitors that have less debt;

Limit our ability to pursue acquisitions and sell assets; and

Limit, along with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds. Failing to comply with those covenants could result in an event of default or require redemption of indebtedness. Either of these events could have a material adverse effect on us.

Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future, which is dependent on various factors. These factors include the commodity prices of feed ingredients, chicken and turkey, and general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Despite our significant indebtedness, we are not prohibited from incurring significant additional indebtedness in the future. If additional debt is added to our current debt levels, the related risks that we now face could intensify.

Foreign Operations Risks Our foreign operations pose special risks to our business and operations.

We have significant operations and assets located in Mexico. Foreign operations are subject to a number of special risks, including among others:

Currency exchange rate fluctuations;

Trade barriers;

Exchange controls;

Expropriation; and

Changes in laws and policies, including those governing foreign-owned operations.

Currency exchange rate fluctuations have adversely affected us in the past. Exchange rate fluctuations or one or more other risks may have a material adverse effect on our business or operations in the future.

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Our operations in Mexico are conducted through subsidiaries organized under the laws of Mexico. We may rely in part on intercompany loans and distributions from our subsidiaries to meet our obligations. Claims of creditors of our subsidiaries, including trade creditors, will generally have priority as to the assets of our subsidiaries over our claims. Additionally, the ability of our Mexican subsidiaries to make payments and distributions to us will be subject to, among other things, Mexican law. In the past, these laws have not had a material adverse effect on the ability of our Mexican subsidiaries to make these payments and distributions. However, laws such as these may have a material adverse effect on the ability of our Mexican subsidiaries to make these payments and distributions in the future.

Control of Voting Stock Control over Pilgrim s Pride is maintained by members of the family of Lonnie Bo Pilgrim.

As described in more detail in the Company s Annual Report on Form 10-K for the fiscal year ended October 2, 2004 incorporated herein by reference, through two limited partnerships and related trusts and voting agreements, Lonnie Bo Pilgrim, Patty R. Pilgrim, his wife, and Lonnie Ken Pilgrim, his son, control over 60% of the voting power of our outstanding common stock. Accordingly, they control the outcome of all actions requiring stockholder approval, including the election of directors and significant corporate transactions, such as

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a merger or other sale of Pilgrim s Pride or its assets. This ensures their ability to control the foreseeable future direction and management of Pilgrim s Pride. In addition, an event of default under certain agreements related to our indebtedness will occur if Lonnie Bo Pilgrim and certain members of his family cease to own at least a majority of the voting power of the outstanding common stock.

Deferred Taxes Potential accrual of deferred taxes may affect our net income and cash flow.

We have not provided any deferred income taxes on the undistributed earnings of our Mexico subsidiaries based upon the determination that such earnings will be indefinitely reinvested. As of October 2, 2004, the cumulative undistributed earnings of these subsidiaries were approximately \$230.0 million. If these earnings were not considered indefinitely reinvested, deferred U.S. and foreign income taxes would have been provided, after consideration of estimated foreign tax credits. However, determination of the amount of deferred federal and foreign income taxes is not practical.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Statements of our intentions, beliefs, expectations or predictions for the future, denoted by the words anticipate, believe, estimate, expect, project, imply, intend, foresee and similar expressions, are forward-looking statements that reflect our current views about future events and are subject to risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include those identified in the Risk Factors section of this prospectus supplement and the following:

Matters affecting the poultry industry generally, including fluctuations in the commodity prices of feed ingredients, chicken and turkey;

Disease outbreaks affecting the production performance and/or marketability of our poultry products;

Contamination of our products, which can lead to product liability claims and product recalls;

Exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate;

Management of our cash resources, particularly in light of our leverage;

Restrictions imposed by, and as a result of, our leverage;

Currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations;

Changes in laws or regulations affecting our operations, as well as competitive factors and pricing pressures;

Risks associated with the acquisition of ConAgra Foods' chicken division including possible unknown liabilities assumed in connection with the acquisition and loss of customers of the acquired business;

Inability to recognize the anticipated cost savings and anticipated benefits in connection with our turkey division restructuring; and

The impact of uncertainties of litigation as well as other risks described in our filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in these forward-looking statements as a result of these factors, among others, many of which are beyond our control.

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In making these statements, we are not undertaking, and specifically decline to undertake, any obligation to address or update each or any factor in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have caused changes in information contained in previous filings or communications. Though we have attempted to list comprehensively these important cautionary risk factors, we wish to caution investors and others that other factors may in the future prove to be important in affecting our business or results of operations.

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We will not receive any of the proceeds from the sale of the shares of our common stock offered by this prospectus supplement and accompanying prospectus.

COMMON STOCK PRICE RANGE AND DIVIDENDS

Our common stock is listed on the New York Stock Exchange under the symbol PPC. Prior to November 22, 2003, we had two classes of common stock, Class B common stock (symbol CHX) and Class A common stock (symbol CHX A), both of which were listed on the New York Stock Exchange.

The following table sets forth the high and low prices and dividends relating to the common stock and the Class B and Class A common stock for the fiscal quarters indicated:

Fiscal Quarter	2005		2004		2003		Dividends	
	High	Low	High	Low	High	Low	2004	2003
Common Stock								
First (through December 7, 2004)	\$ 35.00	\$ 25.76	\$ 18.50	\$ 13.44			\$ 0.015	
Second			23.10	16.17			0.015	
Third			29.88	21.10			0.015	
Fourth			32.09	23.02			0.015	
Class B Common Stock								
First			\$ 14.39	\$ 12.50	\$ 9.60	\$ 5.28	\$	\$ 0.015
Second					8.79	7.09		0.015
Third					9.18	7.98		0.015
Fourth					13.80	9.52		0.015
Class A Common Stock								
First			\$ 14.55	\$ 12.53	\$ 7.15	\$ 4.01	\$	\$ 0.015
Second					6.24	4.94		0.015
Third					7.06	5.52		0.015
Fourth					13.65	7.18		0.015

With the exception of two quarters in 1993, our Board of Directors has declared cash dividends of \$0.015 per share of common stock (on a split adjusted basis) every fiscal quarter since our initial public offering in 1986. Payment of future dividends will depend upon our financial condition, results of operations and other factors deemed relevant by our Board of Directors, as well as any limitations imposed by lenders under our credit facilities and public debt. Our revolving credit facility and revolving/term borrowing facility currently limit dividends to a maximum of \$6.5 million per year.

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Set forth below is certain information relating to our current directors and executive officers:

<u>Name</u>	<u>Age</u>	<u>Positions</u>
Lonnie Bo Pilgrim(1)	76	Chairman of the Board
Clifford E. Butler	62	Vice Chairman of the Board
O.B. Goolsby, Jr.	57	President, Chief Executive Officer and Director
Richard A. Cogdill	44	Executive Vice President, Chief Financial Officer, Secretary, Treasurer and Director
J. Clinton Rivers	45	Chief Operating Officer
Robert A. Wright	50	Executive Vice President of Sales and Marketing
Lonnie Ken Pilgrim(1)	46	Executive Vice President, Assistant to Chairman and Director
Charles L. Black	75	Director
Linda Chavez(2)	57	Director
S. Key Coker	47	Director
Keith W. Hughes(2)	58	Director
Blake D. Lovette(1)	62	Director
Vance C. Miller, Sr.(1)(2)	71	Director
James G. Vetter, Jr.(1)	70	Director
Donald L. Wass, Ph.D.	72	Director

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

Lonnie Bo Pilgrim has served as Chairman of the Board since the organization of Pilgrim's Pride in July 1968. He was previously Chief Executive Officer from July 1968 to June 1998. Prior to the incorporation of Pilgrim's Pride, Mr. Pilgrim was a partner in its predecessor partnership business founded in 1946.

Clifford E. Butler serves as Vice Chairman of the Board. He joined us as Controller and Director in 1969, was named Senior Vice President of Finance in 1973, became Chief Financial Officer and Vice Chairman of the Board in July 1983, became Executive President on January 1997 and served in such capacity through July 1998.

O.B. Goolsby, Jr. has served as President and Chief Executive Officer of the Company since September 2004. He became a Director in January 2003. Mr. Goolsby served as President and Chief Operating Officer from November 2002 to October 2004. Prior to being named as President and Chief Operating Officer in November 2002, Mr. Goolsby served as Executive Vice President, Prepared Foods Complexes from June 1998 to November 2002. He was previously Senior Vice President, Prepared Foods Operations from August 1992 to June 1998 and Vice President, Prepared Foods Operations from September 1987 to August 1992 and was previously employed by the Company from November 1969 to January 1981.

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Richard A. Cogdill has served as Executive Vice President, Chief Financial Officer, Secretary and Treasurer since January 1997. He became a Director in September 1998. Previously he served as Senior Vice President, Corporate Controller, from August 1992 through December 1996 and as Vice President, Corporate Controller from October 1991 through August 1992. Prior to October 1991, he was a Senior Manager with Ernst & Young LLP. He is a Certified Public Accountant.

J. Clinton Rivers has served as Chief Operating Officer of the Company since October 2004. Prior to that, he served as Executive Vice President, Prepared Food Operations. Prior to assuming the position of

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Executive Vice President of Prepared Food Operations in 2002, Mr. Rivers was the Senior Vice President, Prepared Foods Operations, beginning in 1999, and earlier was named Vice President of Prepared Foods Operations in 1992. In 1989, he became Plant Manager of the Company's largest production facility in Mt. Pleasant, Texas, after leaving the Company for a brief period. He originally joined Pilgrim's Pride in 1986 as Quality Assurance Manager.

Robert A. Wright serves as Executive Vice President of Sales and Marketing. Prior to being named Executive Vice President of Sales and Marketing in June 2004, Mr. Wright served as Executive Vice President, Turkey Division since October 2003 when he joined Pilgrim's Pride. Prior to October 2003, Mr. Wright served as President of Butterball Turkey Company for five years.

Lonnie Ken Pilgrim has been employed by the Company since 1977 and has been Executive Vice President, Assistant to Chairman since November 2004. He served as Senior Vice President, Transportation from August 1997 to November 2004. Prior to that he served the Company as its Vice President, Director of Transportation. He has been a member of the Board of Directors since March 1985. He is a son of Lonnie Bo Pilgrim.

Charles L. Black was Senior Vice President, Branch President of NationsBank, Mt. Pleasant, Texas, from December 1981 to his retirement in February 1995. He previously was a Director of Pilgrim's Pride from 1968 to August 1992 and has served as a Director since his re-election in February 1995.

Linda Chavez is President of the Center for Equal Opportunity, a non-profit public policy research organization in Sterling, Virginia. Previously, she served as Chairman, National Commission on Migrant Education from 1988 to 1992 and White House Director of Public Liaison in 1985. She was elected a Director in July 2004. She also serves on the board of directors of ABM industries, Inc., a facilities service contractor, as well as on the boards of several non-profit organizations.

S. Key Coker has served as Executive Vice President of Compass Bank, a \$27 billion dollar bank with offices throughout the southern United States, since October 2000. Previously, he served as Senior Vice President from June 1995 through September 2000 and has been employed by Compass Bank since 1992. He is a career banker with 25 years of experience in banking. He was appointed a Director in September 2000.

Keith W. Hughes was elected a Director of the Company in September 2004. He was Chairman and CEO of Dallas-based Associates First Capital from 1994 to 2000 when it merged with Citigroup, and served as Associates First Capital's President and Chief Operating Officer from 1991 to 1994. Prior to joining Associates, he held various roles in the financial services industry working for Continental Illinois Bank in Chicago, Northwestern Bank in Minneapolis and Crocker Bank in San Francisco. Mr. Hughes also serves as a director of Carreker Corporation, a financial software and consulting organization; Texas Industries, Inc., a producer of steel, concrete and aggregate construction material; and Certegy Inc., a credit card and check authorization business. He is a former Vice Chairman and member of the Board of Directors of Citigroup. In Dallas, he serves on the board of the Children's Medical Center, and is a member of the Board of the University of Texas Southwestern Medical School Foundation.

Blake D. Lovette was appointed a director of the Company in November 2003. He has served as a consultant to companies serving the food industry and private investor since July 2002. From 1998 to June 2002, he was President of ConAgra Poultry Company. Mr. Lovette has served as a poultry company executive for many years. He was President and Chief Operating Officer of Valmac Industries from 1979 to 1985. From 1985 to 1988, Mr. Lovette led the Shenandoah Products Corporation operations of Perdue Farms. He was President and Chief Operating Officer of poultry operations of Holly Farms Corporation from 1988 to 1990, and was with the Lovette Company from 1990 to 1998.

Vance C. Miller, Sr. was elected a Director in September 1986. Mr. Miller has been Chairman of Vance C. Miller Interests, a real estate development company formed in 1977 and has served as the Chairman of

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the Board and Chief Executive Officer of Henry S. Miller Cos., a Dallas, Texas real estate services firm since 1991. Mr. Miller was appointed by the President of the United States to serve as Director of Fannie Mae from 1986 to 1989.

James G. Vetter, Jr. has practiced law in Dallas, Texas since 1966. He is a partner of the Dallas law firm of Godwin Gruber, LLP (formerly Godwin & Carlton, P.C.), and has served as general counsel and a Director since 1981. Mr. Vetter is a Board Certified-Tax Law Specialist and serves as a lecturer and author in tax matters.

Donald L. Wass, Ph.D. was elected a Director in May 1987. He has been President of the William Oncken Company of Texas, a time management consulting company, since 1970.

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IMPORTANT U.S. TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax consequences of the purchase, ownership and disposition of our common stock applicable to Non-U.S. Holders. A Non-U.S. Holder is a beneficial owner of our common stock that holds our common stock as a capital asset and who is generally an individual, corporation, estate or trust other than:

an individual who is a citizen or resident of the United States;

a corporation (or entity taxed as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or of any subdivision thereof;

an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; and

a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

This summary is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations that may be relevant to the purchase, ownership and disposition of our common stock by a prospective investor in light of his, her or its personal circumstances. This summary considers only Non-U.S. Holders that are the beneficial owners of our common stock that will own our common stock as a capital asset.

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, referred to as the Code, applicable Treasury regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis, and any change could affect the continuing validity of this discussion. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder's particular circumstances (including potential application of the alternative minimum tax). In particular, this discussion does not address the U.S. federal income tax consequences to certain holders that are subject to special treatment (such as holders who are broker-dealers, insurance companies, tax-exempt organizations, banks, financial institutions, or financial services entities); holders of our common stock held as part of a straddle, hedge, constructive sale or conversion transaction with other investments; holders who received our common stock as compensation; holders who have elected mark-to-market accounting; and certain expatriates or former long-term residents of the United States. Additionally, the discussion does not consider the tax treatment of holders who are partnerships or pass-through entities for U.S. federal income tax purposes, or persons who hold our common stock through a partnership or other pass-through entity. In addition, this discussion does not consider any aspect of state, local or non-U.S. tax laws.

Each prospective Non-U.S. Holder is advised to consult such person's own tax advisor with respect to the federal, state, local or non-U.S. tax consequences of purchasing, holding and disposing of our common stock.

U.S. Trade or Business Income

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For purposes of the discussion below, dividends and gains on the sale, exchange or other disposition of our common stock will be considered to be U.S. trade or business income if such income or gain is:

effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business; or

in the case of a treaty resident, attributable to a U.S. permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. Holder in the United States.

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Generally, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates. Any U.S. trade or business income received by a Non-U.S. Holder that is a corporation also may, under specific circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be applicable under an income tax treaty.

Dividends

Dividends, if any, paid to a Non-U.S. Holder of our common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable tax treaty. However, dividends that are U.S. trade or business income are not subject to the withholding tax. To claim an exemption from withholding in the case of U.S. trade or business income, or to claim the benefits of an applicable tax treaty, a Non-U.S. Holder must provide us or our agent with a properly executed IRS Form W-8ECI (in the case of U.S. trade or business income) or IRS Form W-8BEN (in the case of a treaty), or any successor form as the Internal Revenue Service designates, as applicable, prior to the payment of the dividends. These IRS forms must be periodically updated. A Non-U.S. Holder who is claiming the benefits of an applicable tax treaty may be required, in certain circumstances, (a) to obtain and to provide a U.S. taxpayer identification number or (b) to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country. Also, special procedures are provided under applicable Treasury regulations for payments through qualified intermediaries.

Sale or Exchange of Our Common Stock

Except as described below and subject to the discussion concerning backup withholding, any gain realized by a Non-U.S. Holder on the sale or exchange of our common stock generally will not be subject to U.S. federal income or withholding tax, unless:

the gain is U.S. trade or business income;

subject to certain exceptions, the Non-U.S. Holder is an individual who holds our common stock as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition and meets other requirements; or

we are or have been a U.S. real property holding corporation (a USRPHC) for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition of our common stock and the Non-U.S. Holder's holding period for our common stock.

The tax relating to stock in a USRPHC does not apply to a Non-U.S. Holder whose holdings, actual and constructive, at all times during the applicable period amount to 5% or less of our common stock, provided that the common stock is regularly traded on an established securities market. Our common stock currently is traded on an established securities market. Generally, a corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we have not been and are not currently a USRPHC for U.S. federal income tax purposes, nor do we anticipate becoming a USRPHC in the future. However, no assurance can be given that we will not become a USRPHC. Non-U.S. Holders are urged to consult their tax advisors to determine the application of these rules to their disposition of our common stock.

Federal Estate Taxes

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Common stock owned or treated as owned by an individual who is a Non-U.S. Holder at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

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Information Reporting Requirements and Backup Withholding Tax

We must report annually to the Internal Revenue Service and to each Non-U.S. Holder any dividend that is paid to the Non-U.S. Holder. Copies of these information returns also may be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Treasury regulations provide that the backup withholding tax (currently at a rate of 28%) and certain information reporting will not apply to dividends paid on our common stock provided that the Non-U.S. Holder, prior to payment, provides a properly executed IRS Form W-8BEN certifying that the Non-U.S. Holder is not a U.S. person, or otherwise establishes an exemption, provided that neither we nor our paying agent have actual knowledge, or reason to know, that the Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the Non-U.S. Holder, prior to payment, certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge, or reason to know, that the Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a U.S. related person). In the case of the payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, the Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker, prior to payment, has documentary evidence in its files that the owner is a Non-U.S. Holder and the broker has no knowledge, or reason to know, to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is provided to the Internal Revenue Service.

The preceding discussion of the material U.S. federal income and estate tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult his, her or its own tax advisor as to particular tax consequences to it of purchasing, holding and disposing our common stock, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable law.

SELLING STOCKHOLDER

As of December 6, 2004, ConAgra Foods, Inc., the selling stockholder, beneficially owned 25,443,054 shares of our common stock, or 38.2% of the outstanding shares of our common stock. Upon completion of this offering of 10,000,000 shares of common stock, the selling stockholder will beneficially own 15,443,054 shares of our common stock, or 23.2%, assuming no exercise of the underwriters' option to purchase up to an additional 1,500,000 shares of common stock from the selling stockholder to cover over-allotments of shares. In connection with this offering, we have waived the restrictions on transfer of a portion of the shares being sold in this offering contained in the registration statement that would otherwise have become saleable one year following the date of this offering. The remaining shares of common stock held by ConAgra Foods after this offering will remain subject to the restrictions contained in the registration rights agreement described in the accompanying prospectus under Selling Stockholder Registration Rights. Accordingly, without our consent, except pursuant to a third-party tender offer, ConAgra Foods will not be entitled to sell any further shares of our common stock until one year following the date of this offering at which time it will be entitled to sell 6,962,036 shares assuming no exercise of the underwriters' over-allotment option and 5,462,036 shares assuming the full exercise of this option. Further, 8,481,018 shares remain saleable two years following the date of this offering.

Table of Contents**UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities Inc., Lehman Brothers Inc., Credit Suisse First Boston LLC, Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated, Banc of America Securities LLC, Deutsche Bank Securities Inc. and Harris Nesbitt Corp. are acting as representatives of the underwriters named below. Subject to the terms and conditions described in an underwriting agreement, dated December 7, 2004, among us, the selling stockholder and the underwriters, the selling stockholder has agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from the selling stockholder, the number of shares listed opposite their names below.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,900,000
J.P. Morgan Securities Inc.	2,200,000
Lehman Brothers Inc.	2,200,000
Credit Suisse First Boston LLC	900,000
Citigroup Global Markets Inc.	600,000
Morgan Stanley & Co. Incorporated	600,000
Banc of America Securities LLC	200,000
Deutsche Bank Securities Inc.	200,000
Harris Nesbitt Corp.	200,000
Total	10,000,000

The underwriters have agreed to purchase all of the shares sold under the underwriting agreement if any of the shares are purchased. If an underwriter defaults, the underwriting agreement provides that the underwriting commitment of a non-defaulting underwriter may be increased or the underwriting agreement may be terminated.

The selling stockholder has granted to the underwriters a 30-day option to purchase an additional 1,500,000 shares of common stock at the public offering price indicated on the cover of this prospectus supplement less underwriting discounts and commissions. The option may be exercised solely to cover over-allotments.

The underwriting agreement entitles the underwriters to terminate the underwriting agreement and the offering in certain circumstances prior to the payment and closing date.

The representatives have advised us and the selling stockholder that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus supplement and to dealers at that price at a concession not in excess of \$0.75 per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$0.10 per share to other dealers.

The following table shows the total public offering price, underwriting commission and proceeds before expenses to the selling stockholder.

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	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$ 29.5000	\$ 295,000,000	\$ 339,250,000
Underwriting commission	\$ 1.2538	\$ 12,538,000	\$ 14,418,700
Proceeds, before expenses, to the selling stockholder	\$ 28.2462	\$ 282,462,000	\$ 324,831,300

In addition, we estimate that our expenses in connection with this offering will be approximately \$0.3 million.

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If all the shares are not sold at the initial price to the public, the underwriters may change the initial price to the public and the other selling terms.

The underwriters expect to deliver the shares to purchasers in New York, New York against payment therefor in U.S. dollars on or about December 13, 2004.

We, the selling stockholder, Lonnie Bo Pilgrim, Patricia R. Pilgrim, Lonnie K. Pilgrim and certain affiliated entities of the Pilgrim family have agreed that, during a period of 90 days from the date of this prospectus supplement, neither we nor the selling stockholder will, without the prior written consent of the representatives:

directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of our common stock or any securities convertible into or exercisable or exchangeable for our common stock or file any registration statement under the Securities Act of 1933 with respect to any of the foregoing; or

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of our common stock, whether any such swap or transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

The restrictions described in this paragraph do not apply to:

the sale of shares of common stock to the underwriters pursuant to this offering;

the issuance by us of shares of common stock upon the exercise of options or warrants or the conversion of securities outstanding on the date of this prospectus supplement; and

the issuance by us of common stock or options to purchase common stock under our existing employee (or non-employee director) benefit plans.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Until the distribution of the shares is completed, rules of the SEC may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the common stock in connection with the offering, i.e., if they sell more shares than are listed on the cover of this prospectus supplement, the representatives may reduce that short position on behalf of the underwriters by purchasing shares in the

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open market. Purchases of the common stock to stabilize its price or to reduce a short position may cause the price of the common stock to be higher than it might be in the absence of these purchases.

Neither we, the selling stockholder nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we, the selling stockholder nor any of the underwriters makes any representation that the representatives will engage in these transactions on behalf of the underwriters or that these transactions, once commenced, will not be discontinued without notice.

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From time to time, some of the underwriters and their affiliates have provided, and may continue to provide, investment banking and commercial banking services to us and the selling stockholder for fees and commissions that we and the selling stockholder, as applicable, believe are customary.

We and the selling stockholder have agreed with the underwriters to indemnify each other against some liabilities relating to this offering, including liabilities under the Securities Act of 1933.

Our common stock is listed on The New York Stock Exchange under the symbol PPC.

UK

The offering is only being made to persons in the United Kingdom whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the UK Financial Services and Markets Act 2000 (FSMA), and each Underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of the common stock in circumstances in which section 21(1) of FSMA does not apply to us. Each of the Underwriters agrees and acknowledges that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the common stock in, from or otherwise involving the United Kingdom.

Netherlands

The common stock may not be offered, transferred, sold or delivered to any individual or legal entity other than to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities) in the Netherlands.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by Baker & McKenzie LLP, Dallas, Texas. Weil, Gotshal & Manges LLP, Dallas, Texas and New York, New York, advised the underwriters in connection with the offering of common stock.

EXPERTS

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The consolidated financial statements of Pilgrim's Pride Corporation appearing in Pilgrim's Pride Corporation's Annual Report (Form 10-K) for the year ended October 2, 2004 have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ATTACHED PROSPECTUS

This document is a prospectus supplement that supplements the attached prospectus, which forms a part of a registration statement that we have filed with the SEC. This prospectus supplement relates to the offering of our common shares as described herein.

This prospectus supplement and the information incorporated by reference into it may add, update or change information in the attached prospectus. If the information in this prospectus supplement or the information incorporated by reference into it is inconsistent with the attached prospectus, this prospectus supplement or the information incorporated by reference into it will apply and will supercede the information in the accompanying prospectus.

You should rely on the information contained in or incorporated by reference in this prospectus supplement and the attached prospectus. Neither we nor the underwriters have authorized any person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it.

To understand the offering of shares of our common stock under this prospectus supplement and attached prospectus, you should carefully read this prospectus supplement and attached prospectus. You should also read the documents referred to in **Where You Can Find More Information** below for more information about us and our financial statements.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the following location of the SEC:

Public Reference Room

450 Fifth Street, N.W.

Washington, D.C. 20549

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public over the Internet at the SEC's Web site at <http://www.sec.gov>. In addition, you may inspect our SEC filings at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. Any information referenced this way is considered to be part of this prospectus, and any information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents that we have filed with the SEC:

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our Annual Report on Form 10-K for the fiscal year ended October 2, 2004;

our Annual Report on Form 10-K/A-1 for the fiscal year ended October 2, 2004;

our Current Report on Form 8-K dated December 7, 2004; and

the description of our common stock contained in our Registration Statement on Form 8-A/A-3 filed with the SEC on November 21, 2003.

We also incorporate by reference any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we complete our sale of the securities to the public.

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This prospectus is part of a registration statement we have filed with the SEC relating to the securities. As permitted by SEC rules, this prospectus does not contain all of the information included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement and the exhibits and schedules for more information about us and our securities. The registration statement and exhibits and schedules are also available at the SEC's Public Reference Room or through its Web site.

You may obtain a copy of these filings, at no cost, by writing or calling us at the following address:

Pilgrim's Pride Corporation

110 South Texas Street

Pittsburg, Texas 75686-0093

Telephone (903) 855-1000

Attention: Corporate Secretary

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PROSPECTUS

Pilgrim s Pride Corporation

\$500,000,000

**Debt Securities, Preferred Stock and
Common Stock**

25,443,054 Shares of Common Stock

We may offer and sell securities from time to time in one or more series or classes and in amounts, at prices and on terms that we will determine at the time of the offering, with a total initial offering price of up to \$500,000,000. In addition, the selling stockholder may offer and sell 25,443,054 shares of common stock. We will not receive any proceeds from the sale by the selling stockholder of the shares of common stock.

We will provide the specific terms of the securities, other than the shares of common stock, which are described in this prospectus beginning on page 18, in the supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you decide to invest. This prospectus may not be used to sell securities other than shares of common stock unless accompanied by a prospectus supplement describing the method and terms of the offering of those offered securities. We or the selling stockholder may sell the securities directly or distribute them through underwriters or dealers. See **Plan of Distribution**. In addition, the underwriters may overallocate a portion of the securities.

Our common stock trades on the New York Stock Exchange under the symbol **PPC**. On July 13, 2004, the last reported sale price of our common stock on the New York Stock Exchange was \$31.62.

Investing in our securities involves risk. See Risk Factors beginning on page 1 for a discussion of factors you should consider carefully before deciding to invest in the securities offered by this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 23, 2004.

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RISK FACTORS

Before you invest in our securities, you should consider carefully the following factors, in addition to the other information contained in this prospectus and in any applicable prospectus supplement.

Risks Relating to Our Business

Cyclical and Commodity Prices *Industry cyclical can affect our earnings, especially due to fluctuations in commodity prices of feed ingredients, chicken and turkey.*

Profitability in the chicken and turkey industries is materially affected by the commodity prices of feed ingredients, chicken and turkey, which are determined by supply and demand factors. As a result, the chicken and turkey industries are subject to cyclical earnings fluctuations.

The production of feed ingredients is positively or negatively affected primarily by weather patterns throughout the world, the global level of supply inventories and demand for feed ingredients, and the agricultural policies of the United States and foreign governments. In particular, weather patterns often change agricultural conditions in an unpredictable manner. A sudden and significant change in weather patterns could affect supplies of feed ingredients, as well as both the industry's and our ability to obtain feed ingredients, grow chickens and turkeys or deliver products.

High feed ingredient prices have had a material adverse effect on our operating results in the past. We periodically seek, to the extent available, to enter into advance purchase commitments or financial hedging contracts for the purchase of feed ingredients in an effort to manage our feed ingredient costs. The use of such instruments may not be successful.

Contamination of Products *If our poultry products become contaminated, we may be subject to product liability claims and product recalls.*

Poultry products may be subject to contamination by disease producing organisms, or pathogens, such as *Listeria monocytogenes*, *Salmonella* and generic *E coli*. These pathogens are generally found in the environment and, as a result, there is a risk that they, as a result of food processing, could be present in our processed poultry products. These pathogens can also be introduced as a result of improper handling at the further processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once the product has been shipped. Illness and death may result if the pathogens are not eliminated at the further processing, foodservice or consumer level. Even an inadvertent shipment of contaminated products is a violation of law and may lead to increased risk of exposure to product liability claims, product recalls and increased scrutiny by federal and state regulatory agencies and may have a material adverse effect on our business, reputation and prospects.

In October 2002, one product sample produced in our Franconia, Pennsylvania facility that had not been shipped to customers tested positive for Listeria. We later received information from the USDA suggesting environmental samples taken at the facility had tested positive for both the strain of Listeria identified in the product and a strain having characteristics similar to those of the strain identified in a Northeastern Listeria

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outbreak. As a result, we voluntarily recalled all cooked deli products produced at the plant from May 1, 2002 through October 11, 2002. No illnesses associated with the Listeria strain in a Northeastern outbreak have been linked to any of our products and none of our products have tested positive for the outbreak strain. We carried insurance designed to cover the direct recall related expenses and certain aspects of the related business interruption caused by the recall, and subject to our insurer's reservation of rights, we have received \$16 million of advance payments from our insurer with respect to the product recall claim as of July 13, 2004. As of April 3, 2004, we had recorded \$10.2 million as a receivable, net of the deductible amount of \$0.5 million and the \$16

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million advance payments from our insurer, for recall related expenses, which we believe to be due from our insurer. We estimate that the sales in our turkey division were negatively affected by approximately \$82 million, \$54 million and \$44 million during fiscal 2003 and for the first six months of fiscal 2003 and the first six months of fiscal 2004, respectively. For those same periods we estimate operating margins were negatively affected by approximately \$65 to \$70 million, \$10 to \$20 million and \$15 to \$20 million, respectively. As a result of these losses, our claim for business interruption and certain product re-establishment costs amounts to approximately \$74 million for the period from the date of the recall through October 11, 2003, the 1-year anniversary of the recall and the insurance policy time limitation period for business interruption loss recovery. Aggregating the direct recall expense claim with the anticipated business interruption and product re-establishment costs, our total claim is expected to be approximately \$100 million, although our policy limit is \$50 million, \$16.0 million of which had been received as of April 3, 2004 and \$10.2 million of which continues to be recorded as a receivable from our insurer.

On February 24, 2004, we filed suit against our insurer, Ace American Insurance Company (Ace), in the District Court of the State of Texas for Dallas County seeking judgment for the remaining \$34.0 million owing under the policy, consequential and punitive damages, costs and interest. On March 19, 2004, Ace filed a general denial answer to our suit filed against them. We continue to believe, however, that we will recover the remaining amounts owed to us by our insurer under the policy. However, no assurances can be given that we will ultimately recover to the full extent of the policy. Regardless of the outcome of this litigation, the continuing effects of the recall on our business will not be covered by insurance.

Livestock and Poultry Disease *Outbreaks of livestock diseases in general, and poultry disease in particular, can significantly restrict our ability to conduct our operations.*

We take all reasonable precautions to ensure that our flocks are healthy and that our processing plants and other facilities operate in a sanitary and environmentally sound manner. However, events beyond our control, such as the outbreak of disease, could significantly restrict our ability to conduct our operations. Furthermore, an outbreak of disease could result in governmental restrictions on the import and export of our fresh chicken, turkey or other products to or from our suppliers, facilities or customers, or require us to destroy one or more of our flocks. This could result in the cancellation of orders by our customers and create adverse publicity that may have a material adverse effect on our ability to market our products successfully and on our business, reputation and prospects.

An outbreak of low-pathogenic avian influenza, a disease contagious to turkey, chicken and other birds, had a material adverse effect on our fiscal 2002 and the first six months of fiscal 2003 operating results. Additionally, there have recently been outbreaks of avian influenza identified in the Northeastern United States and Texas. Although in June 2004 avian influenza had been identified in only two of our flocks, a number of countries have banned imports of live poultry and/or poultry products from Delaware, Pennsylvania, Texas and in some cases, the entire United States. There can be no assurance that any future poultry disease outbreaks will not have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

Product Liability *Product liability claims or product recalls can adversely affect our business reputation and expose us to increased scrutiny by federal and state regulators.*

The packaging, marketing and distribution of food products entails an inherent risk of product liability and product recall and the resultant adverse publicity. We may be subject to significant liability if the consumption of any of our products causes injury, illness or death. We could be required to recall certain of our products in the event of contamination or damage to the products. In addition to the risks of product liability or product recall due to deficiencies caused by our production or processing operations, we may encounter the same risks if any third party tampers with our products. We cannot assure you that we will not be required to perform product recalls, or that product liability claims will not be asserted against us, in the future. Any claims that may

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be made may create adverse publicity that would have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

We recalled all cooked deli products produced at one of our facilities from May 1, 2002 through October 11, 2002. In connection with this recall, we were named as a defendant in six lawsuits brought by individuals alleging injuries resulting from contracting *listeria monocytogenes*. There can be no assurance that any litigation or reputational injury associated with this or any future product recalls will not have a material adverse effect on our ability to market our products successfully and on our business, reputation, prospects, financial condition and results of operations.

Insurance We are exposed to risks relating to product liability, product recalls, property damage and injuries to persons for which insurance coverage is expensive, limited and potentially inadequate.

Our business operations entail a number of risks, including risks relating to product liability claims, product recalls, property damage and injuries to persons. We currently maintain insurance with respect to certain of these risks, including product liability insurance, property insurance, workers compensation insurance and general liability insurance, but in many cases such insurance is expensive, difficult to obtain and no assurance can be given that such insurance can be maintained in the future on acceptable terms, or in sufficient amounts to protect us against losses due to any such events, or at all. Moreover, even though our insurance coverage may be designed to protect us from losses attributable to certain events, it may not adequately protect us from liability and expenses we incur in connection with such events. For example, we expect losses attributable to our October 2002 recall of cooked deli-products produced at one of our facilities to significantly exceed available insurance coverage, and we have recently filed a lawsuit against our insurer seeking recovery of the remaining amounts owing under the policy, as described above. Additionally, in the past one of our insurers encountered financial difficulties and was unable to fulfill its obligations under one of our insurance policies and one of our insurers contested coverage with respect to a claim forcing us to litigate the issue of coverage.

Substantial Leverage Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the debt securities.

We presently have, and expect to continue to have, a substantial amount of indebtedness. Our substantial indebtedness could adversely affect our financial condition, which could have important consequences to you. For example, it could:

Make it more difficult for us to satisfy our obligations under our indebtedness, including our debt securities;

Increase our vulnerability to general adverse economic conditions;

Limit our ability to obtain necessary financing and to fund future working capital, capital expenditures and other general corporate requirements;

Require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;

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Limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

Place us at a competitive disadvantage compared to our competitors that have less debt;

Limit our ability to pursue acquisitions and sell assets;

Make us vulnerable to increases in interest rates because a substantial portion of our borrowings are at variable interest rates; and

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Limit, along with the financial and other restrictive covenants in our indebtedness, our ability to borrow additional funds. Failing to comply with those covenants could result in an event of default or require redemption of indebtedness. Either of these events could have a material adverse effect on us.

Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future, which is dependent on various factors. These factors include the commodity prices of feed ingredients, chicken and turkey, and general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Additional Borrowings Available *Despite our substantial indebtedness, we may still be able to incur significantly more debt. This could intensify the risks described above.*

Despite our substantial indebtedness, we are not prohibited from incurring significant additional indebtedness in the future. If additional debt is added to our current debt levels, the related risks that we now face could intensify.

Significant Competition *Competition in the chicken and turkey industries with other vertically integrated poultry companies, especially companies with greater resources, may make us unable to compete successfully in these industries, which could adversely affect our business.*

The chicken and turkey industries are highly competitive. Some of our competitors have greater financial and marketing resources than us. In both the United States and Mexico, we primarily compete with other vertically integrated poultry companies.

In general, the competitive factors in the U.S. poultry industry include:

Price;

Product quality;

Brand identification;

Breadth of product line; and

Customer service.

Competitive factors vary by major market. In the foodservice market, competition is based on consistent quality, product development, service and price. In the U.S. retail market, we believe that competition is based on product quality, brand awareness and customer service. Further, there is some competition with non-vertically integrated further processors in the U.S. prepared food business.

In Mexico, where product differentiation has traditionally been limited, product quality and price have been the most critical competitive factors. Additionally, the North American Free Trade Agreement, which went into effect on January 1, 1994, required annual reductions in tariffs for chicken and chicken products in order to eliminate those tariffs by January 1, 2003. On November 21, 2002, the Mexican Secretariat of the Economy announced that it would initiate an investigation to determine whether a temporary safeguard action was warranted to protect the domestic poultry industry when import tariffs on poultry were eliminated in January 2003. In July 2003, the United States and Mexico entered into a safeguard agreement with regard to imports into Mexico of chicken leg quarters from the United States. Under this agreement, a tariff rate for chicken leg quarters of 98.8% of the sales price was established. This tariff rate was reduced on January 1, 2004 and is to be reduced in each of the following four years in five equal increments so that the final tariff rate at January 1, 2008 will be zero. As those tariffs are reduced, increased competition from chicken imported into Mexico from the United States may have a material adverse effect on the Mexican chicken industry in general, and on our Mexican operations in particular.

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Assumption of Unknown Liabilities *Liabilities of the ConAgra chicken division may harm our financial condition and operating results.*

We assumed all of the liabilities of the ConAgra chicken division, including liabilities that may be unknown. We negotiated and obtained from ConAgra Foods certain representations and warranties concerning contingent liabilities and other obligations of the entities holding the ConAgra chicken division assets to reduce the risk that we will bear such subsidiaries' liability for unknown liabilities. ConAgra Foods also agreed to indemnify us for breaches of representations and warranties concerning the pre-closing operations of the ConAgra chicken division and for certain liabilities of the entities holding the ConAgra chicken division assets. Certain of ConAgra Foods' indemnification obligations are subject to a cap in the aggregate amount of \$200 million. Nevertheless, ConAgra Foods' indemnification obligations are generally subject to a \$30 million deductible, and there may be circumstances in which ConAgra Foods' indemnification obligations do not provide us protection from contingent or other obligations of the entities holding the ConAgra chicken division assets, or other pre-closing liabilities of the ConAgra chicken division.

Potential Acquisitions *We may pursue additional opportunities to acquire complementary businesses, which could increase leverage and debt service requirements and could adversely affect our financial situation if we fail to successfully integrate the acquired business.*

We intend to continue to pursue selective acquisitions of complementary businesses in the future. Inherent in any future acquisitions are certain risks such as increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material adverse effect on our operating results, particularly during the period immediately following such acquisitions. Additional debt or equity capital may be required to complete future acquisitions, and there can be no assurance that we will be able to raise the required capital. Furthermore, acquisitions involve a number of risks and challenges, including:

Diversion of management's attention;

The need to integrate acquired operations;

Potential loss of key employees and customers of the acquired companies;

Lack of experience in operating in the geographical market of the acquired business; and

An increase in our expenses and working capital requirements.

Any of these and other factors could adversely affect our ability to achieve anticipated cash flows at acquired operations or realize other anticipated benefits of acquisitions.

Foreign Operations Risks *Our foreign operations pose special risks to our business and operations.*

We have substantial operations and assets located in Mexico. Foreign operations are subject to a number of special risks, including among others:

Currency exchange rate fluctuations;

Trade barriers;