

PILGRIMS PRIDE CORP
Form S-3
July 19, 2004
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As filed with the Securities and Exchange Commission on July 19, 2004

Registration No. 333- _____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PILGRIM S PRIDE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-1285071
(I.R.S. Employer
Identification Number)

110 South Texas Street

Pittsburg, Texas 75686-0093

(903) 855-1000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

RICHARD A. COGDILL

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Executive Vice President, Chief Financial Officer, Secretary and Treasurer

110 South Texas Street

Pittsburg, Texas 75686-0093

(903) 855-1000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

ALAN G. HARVEY

Baker & McKenzie LLP

2001 Ross Avenue

Suite 2300

Dallas, Texas 75201

(214) 978-3000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum	Proposed Maximum	Amount of Registration Fee
		Offering Price per Unit	Aggregate Offering Price ⁽¹⁾	
Debt Securities				
Preferred Stock, par value \$.01 per share				
Common Stock, par value \$.01 per share ⁽²⁾	\$500,000,000	⁽³⁾	\$500,000,000	\$63,350
Common Stock, par value \$.01 per share, to be offered by the selling stockholder named herein ⁽⁴⁾	25,443,054	\$31.52	\$801,965,062	\$101,609
Total			\$1,301,965,062	\$164,959

- (1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.
- (2) Such indeterminate number or amount of Debt Securities, Preferred Stock or Common Stock as may from time to time be issued at indeterminate prices in an aggregate public offering price for all securities not to exceed \$500,000,000 or the equivalent thereof in one or more foreign currencies (including composite currencies). This Registration Statement also covers such indeterminate amount of securities as may be issued in exchange for, or upon conversion of, as the case may be, the Debt Securities or Preferred Stock registered hereunder. Such amount is exclusive of accrued interest or dividends, if any. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. No separate consideration will be received for any securities registered hereunder that are issued in exchange for, or upon conversion of, as the case may be, the Debt Securities or Preferred Stock.
- (3) Omitted pursuant to General Instruction II.D. of Form S-3.
- (4) Shares of Common Stock to be offered by the selling stockholder from time to time at indeterminate prices. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) based on the average high and low prices of the Common Stock, as reported on the New York Stock Exchange on July 13, 2004.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information contained in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state in which the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 19, 2004

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 over allot a portion of the securities.

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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 _____, 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 \$16.0 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 \$16.0 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 \$82.0 million, \$54.0 million and \$44.0 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 \$65.0 to \$70.0 million, \$10.0 to \$20.0 million and \$15.0 to \$20.0 million, respectively. As a result of these losses, our claim for business interruption and certain product re-establishment costs amounts to approximately \$74.0 million for the period from

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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 these recent outbreaks or 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.

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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.

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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;

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

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.

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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.

Integration of ConAgra Chicken Division *There can be no assurance that the ConAgra chicken division can be combined successfully with our business.*

In evaluating the terms of our acquisition of ConAgra Foods, Inc.'s chicken division, we analyzed the respective businesses of Pilgrim's Pride and the ConAgra chicken division and made certain assumptions concerning their respective future operations. A principal assumption was that the acquisition will produce operating results better than those historically experienced or presently expected to be experienced in the future by us in the absence of the acquisition. There can be no assurance, however, that this assumption is correct or that the businesses of Pilgrim's Pride and the ConAgra chicken division will be successfully integrated in a timely manner.

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Synergies of ConAgra Chicken Division *We may not achieve cost savings and enhanced growth from the acquisition if we do not successfully integrate the ConAgra chicken division operation.*

We purchased the ConAgra chicken division with the expectation that the acquisition will result in beneficial synergies, such as cost savings and enhanced growth. Any success in realizing these benefits and the timing of this realization, if any, depend upon the successful integration of the operations of the ConAgra chicken division into Pilgrim's Pride, and upon general and industry-specific economic factors. The integration of two independent companies is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

Transitioning and preserving the ConAgra chicken division's customer, contractor, supplier and other important third party relationships;

Integrating corporate and administrative infrastructures;

Coordinating sales and marketing functions;

Minimizing the diversion of management's attention from ongoing business concerns;

Coordinating geographically separate organizations; and

Retaining key employees.

Even if Pilgrim's Pride and the ConAgra chicken division are able to integrate their operations and economic conditions remain stable, there can be no assurance that the anticipated synergies will be achieved.

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;

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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;

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.

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.

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.

Control of Voting Stock *Voting control over Pilgrim s Pride is maintained by Lonnie Bo Pilgrim and Lonnie Ken Pilgrim.*

Through a number of family trusts and limited partnerships, Lonnie Bo Pilgrim and his son Lonnie Ken Pilgrim presently have voting control of 61.115% of the voting power of our outstanding common stock. They are therefore in a position to control the outcome of all actions requiring stockholder approval, including the election of directors. This ensures their ability to control the future direction and management of Pilgrim s Pride. 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, it will constitute an event of default under certain agreements relating to our indebtedness.

Risks Associated with Tax Status *Potential payment of deferred taxes may affect our cash flow.*

Before July 2, 1988, we used the cash method of accounting for income tax purposes. Pursuant to changes in the laws enacted by the Revenue Act of 1987, we were required to change our method of accounting for federal income tax purposes from the cash method to the accrual method. As a consequence of this change in our

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accounting method, we were permitted to create a suspense account in the amount of approximately \$89.7 million. This account represents deferred income arising from our prior use of the cash method of accounting.

Beginning in fiscal 1998, we are generally required to include 1/20th of the amount in the suspense account, or approximately \$4.5 million, in taxable income each year for the next 20 years. As of September 27, 2003, approximately \$59.5 million remained to be included in our taxable income in future years. However, the full amount must be included in taxable income in any year that Pilgrim's Pride ceases to be a family corporation. We will cease to be a family corporation if Lonnie Bo Pilgrim's family ceases to own at least 50% of the total combined voting power of all classes of stock entitled to vote. If that occurs, we would be required to recognize the balance of the suspense account in taxable income.

Currently there exists no plan or intention on the part of Lonnie Bo Pilgrim's family to transfer enough Pilgrim's Pride stock so that we cease to qualify as a family corporation. However, this may happen, and the suspense account might be required to be included in our taxable income.

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 September 27, 2003, the cumulative undistributed earnings of these subsidiaries were approximately \$195.5 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements of our intentions, beliefs, expectations or predictions for the future, denoted by the words may, could, 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 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;

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management of our cash resources, particularly in light of our substantial leverage;

restrictions imposed by, and as a result of, our substantial 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;

inability to consummate, or effectively integrate, any acquisition, including our recently completed acquisition of ConAgra Foods Inc.'s chicken division, or realize the associated anticipated cost savings and operating synergies; and

the impact of uncertainties of litigation as well as other risks described in our filings with the SEC.

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

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total amount of \$500,000,000 or the equivalent denominated in foreign currencies.

In addition, under this shelf process, the selling stockholder may, from time to time, sell shares of common stock in one or more offerings. Each time the selling stockholder sells shares, the selling stockholder is required to provide you with this prospectus, and, in some cases, a prospectus supplement.

This prospectus provides you with a general description of the securities offered by us as well as the shares of common stock the selling stockholder may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. In some cases, the selling stockholder will also be required to provide a prospectus supplement containing specific information about the selling stockholder and the terms of the securities being offered. The prospectus supplement may also add to, update or change information contained in the prospectus and, accordingly, to the extent inconsistent, information in this prospectus is superceded by the information in the prospectus supplement.

The prospectus supplement to be attached to the front of this prospectus may describe, as applicable: the terms of the securities offered, specific information about the selling stockholder, the initial public offering price, the price paid for the securities, net proceeds and the other specific terms related to the offering of these securities.

You should only rely on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making offers to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the cover of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

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

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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:

our Annual Report on Form 10-K for the fiscal year ended September 27, 2003;

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our Quarterly Reports on Form 10-Q for the fiscal quarter ended January 3, 2004 and for the fiscal quarter ended April 3, 2004;

our Current Reports on Form 8-K dated November 21, 2003, December 8, 2003, January 27, 2004 and April 26, 2004 and on Form 8-K/A filed on January 13, 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 (excluding those filings made under Items 9 or 12 of Form 8-K) under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, including any filings made after the date of the initial registration statement and prior to effectiveness of the registration statement until we complete our sale of the securities to the public.

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

THE COMPANY

We are the second-largest poultry producer in the United States, the largest chicken company in Puerto Rico and the second-largest chicken company in Mexico. We employ more than 40,000 persons and have major operations in Texas, Alabama, Arkansas, Georgia, Kentucky, Louisiana, North Carolina, Pennsylvania, Tennessee, Virginia, West Virginia, Mexico and Puerto Rico, with other facilities in Arizona, California, Iowa, Mississippi, Utah and Wisconsin.

Our products are sold to foodservice, retail and frozen entree customers, and our primary distribution is through retailers, foodservice distributors and restaurants throughout the United States and Puerto Rico and in the Northern and Central regions of Mexico. Through vertical integration, we control the breeding, hatching and growing of chickens and turkeys and 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

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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. 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.

Pilgrim s Pride Corporation, which was incorporated in Texas in 1968 and reincorporated in Delaware in 1986, is the successor to a partnership founded in 1946 as a retail feed store. Our principal office is located at 110 South Texas Street, Pittsburg, Texas 75686-0093 and our telephone number is (903) 855-1000.

USE OF PROCEEDS

Unless we state otherwise in the applicable prospectus supplement, we expect to use the net proceeds from the sale of the securities to fund the expansion of our business, including for:

capital expenditures;

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additional working capital;

repayment or reduction of long term and short term debt;

financing acquisitions; and

general corporate purposes.

We may invest funds that we do not immediately require in short-term marketable securities or apply them to the reduction of short-term indebtedness. The precise amount and timing of the application of those proceeds will depend upon a variety of factors, including our funding requirements and the availability and cost of other funds. The applicable prospectus supplement will disclose any proposal to use proceeds from any offering of securities.

We will not receive any of the proceeds from sales of our common stock by the selling stockholder.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our ratio of earnings to fixed charges for each of the periods indicated:

	Six Months Ended April 3, 2004	Fiscal Year Ended				
		September 27, 2003	September 28, 2002	September 28, 2001	September 29, 2000	October 2, 1999
Ratio of earnings to fixed charges ⁽¹⁾	2.87	2.21	(2)	2.13	3.04	4.33

(1) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes and extraordinary items plus fixed charges (excluding capitalized interest). Fixed charges consist of interest (including capitalized interest) on all indebtedness, amortization of capitalized financing costs and that portion of rental expense that we believe to be representative of interest.

(2) Earnings were insufficient to cover fixed charges by \$4,104,000.

DESCRIPTION OF DEBT SECURITIES**General**

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The debt securities we may offer pursuant to this prospectus will be general unsecured obligations of Pilgrim's Pride Corporation and will be either senior or subordinated debt. In this description, references to Pilgrim's Pride, we, us or our refer only to Pilgrim's Pride Corporation and to any of our subsidiaries. Our unsecured senior debt securities will be issued under an Indenture, dated as of August 9, 2001, between us and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as trustee, or another indenture to be entered into by us and JP Morgan Chase Bank or another trustee. We also may appoint JP Morgan Chase Bank or another trustee as trustee for one or more series of senior debt securities that we may issue under the August 9, 2001, senior debt indenture. The unsecured subordinated debt securities will be issued under a separate indenture to be entered into by us and The Bank of New York or another trustee.

Copies of the August 9, 2001, senior debt indenture and its first supplemental indenture have been previously filed with the SEC and incorporated by reference as an exhibit to the registration statement of which this prospectus is a part, and are incorporated by reference into this prospectus. Another form of senior debt indenture is filed as an exhibit to the registration statement of which this prospectus is a part and is incorporated by reference into this prospectus. A form of the subordinated debt indenture is filed as an exhibit to the registration statement of which this prospectus is a part and is incorporated by reference into this prospectus. You should refer to the applicable indenture for more specific information. In addition, you should consult the applicable prospectus supplement for particular terms of our debt securities.

The senior debt securities will rank equally with each other and with all of our other unsecured and unsubordinated indebtedness. Our senior debt securities will effectively be subordinated to our secured indebtedness, including amounts we have borrowed under any secured revolving or term credit facility, and the liabilities of our subsidiaries. The subordinated debt securities will be subordinate and junior in right of payment, as

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more fully described in an indenture and in any applicable supplement to the indenture, to all of our senior indebtedness. See Subordination of Subordinated Debt Securities.

The descriptions under this heading relating to the debt securities and the indentures are summaries of their anticipated provisions. The summaries do not restate those provisions in their entirety and are qualified in their entirety by reference to the actual indenture and debt securities. Forms of the indentures under which we may issue our debt securities have been filed as an exhibit to the registration statement of which this prospectus is a part. You should read the indentures for provisions that may be important to you because it, and not this summary, will define your rights as a holder of debt securities.

This prospectus describes certain general terms and provisions of our debt securities. When we offer to sell a particular series of debt securities, we will describe the specific terms of the series in a supplement to this prospectus. Those terms may differ from the terms summarized below. We will also indicate in the applicable prospectus supplement the extent to which the general terms and provisions described in this prospectus apply to a particular series of debt securities.

The indentures do not limit the amount of debt securities that we may issue under it. We may issue the debt securities in one or more series, each in an aggregate principal amount authorized by us before the issuance of that series.

Terms

We will include in a supplement to this prospectus the specific terms of each series of the debt securities being offered. These terms will include some or all of the following:

the title of the debt securities and whether the debt securities will be senior or subordinated debt;

the total principal amount of the debt securities authorized and the amount outstanding, if any;

the maturity date or dates of the debt securities;

the interest rate or rates, if any (which may be fixed or variable), and, if applicable, the method used to calculate the interest rate;

the date or dates from which interest will accrue and on which interest will be payable and the dates used to determine the persons to whom interest will be paid;

the place or places where the principal of, and any premium or interest on, the debt securities will be paid;

the terms for redemption or early payment, if any, including any mandatory or optional sinking fund or analogous provision;

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whether the debt securities will be convertible or exchangeable into shares of common stock or preferred stock and the terms and conditions governing such conversion or exchange, including the conversion price or exchange rate, as applicable;

whether the debt securities will be issued in the form of one or more global securities and whether such global securities will be issuable in temporary global form or permanent global form;

if other than United States dollars and denominations of \$1,000 or any multiple of \$1,000, the currency or currencies or currency unit or currency units and denominations in which the debt securities will be issued;

whether, and the terms and conditions on which, we or a holder of debt securities may elect that, or the other circumstances under which, the payment of principal of, or premium or interest, if any, on, the debt securities is to be made in a currency or currencies (including composite currencies) other than that in which the debt securities are denominated;

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if the amount of payments of principal of (and premium, if any) and any interest on the debt securities may be determined with reference to any commodities, currencies or indices, or values, rates or prices, and the manner in which those amounts will be determined;

if other than the principal amount, the portion of the principal amount of the debt securities that we will pay upon acceleration of the maturity date;

the applicability of the legal defeasance and covenant defeasance provisions in the applicable indenture;