PILGRIMS PRIDE CORP
Form DEF 14A
December 24, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ PreliminaryProxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240. 14a-11(c) or §240.14a-12

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

Piligrim s Pride Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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

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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

Notes:

Pilgrim s Pride Corporation

110 South Texas Street

Pittsburg, Texas 75686

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held Wednesday, January 14, 2004

The Annual Meeting of Stockholders of Pilgrim s Pride Corporation (the Company) will be held at the Company s headquarters building, 110 South Texas Street, Pittsburg, Texas, on Wednesday, January 14, 2004, at 11:00 a.m., local time, to consider the following matters:

1. The election of eleven Directors for the ensuing year;

2. The approval of the Pilgrim s Pride Corporation Employee Stock Investment Plan;

3. The appointment of Ernst & Young LLP as the Company s independent auditors for the fiscal year ending October 2, 2004; and

4. To transact such other business as may be properly brought before the meeting or any adjournment. No other matters are expected to be voted on at the meeting.

The Board of Directors has fixed the close of business on December 16, 2003, as the record date for determining stockholders of record entitled to notice of, and to vote at, the meeting.

/s/ Richard A. Cogdill

RICHARD A. COGDILL
Executive Vice President, Chief Financial Officer,

Secretary and Treasurer

Pittsburg, Texas

December 26, 2003

YOUR VOTE IS IMPORTANT!

PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY.

Pilgrim s Pride Corporation

110 South Texas Street

Pittsburg, Texas 75686

PROXY STATEMENT

GENERAL INFORMATION

The Board of Directors of Pilgrim s Pride Corporation (the Company) solicits stockholders proxies in the accompanying form for use at the Annual Meeting of Stockholders to be held on Wednesday, January 14, 2004, at 11:00 a.m., local time, at the Company s headquarters at 110 South Texas Street, Pittsburg, Texas and at any adjournments thereof (the Meeting). This Proxy Statement, the accompanying proxy card and the Company s 2003 Annual Report to Stockholders are being mailed, beginning on or about December 26, 2003, to all stockholders entitled to receive notice of, and to vote at, the Meeting.

The principal executive offices of the Company are located at 110 South Texas Street, Pittsburg, Texas 75686. Any writing required to be sent to the Company should be mailed to this address.

Outstanding Voting Securities

As of December 16, 2003, the record date for determining stockholders entitled to notice of and to vote at the Meeting (the Record Date), the Company had outstanding 66,555,773 shares of its common stock, $.01 par value per share. The Company s Certificate of Incorporation generally provides that holders of its common stock are entitled to 20 votes for each share that has been continuously beneficially owned by such holder since November 21, 2003, subject to compliance with certain procedures, and one vote for all other shares. Article Fourth of the Company s Certificate of Incorporation and the voting procedures adopted thereunder contain several provisions governing the voting power of the Company s common stock, including a presumption that each share of common stock held in street or nominee name or by a broker, clearing agency, voting trustee, bank, trust company or other nominee shall be presumed to have been acquired after November 21, 2003, and accordingly to be entitled to only one vote per share, unless the holder furnished the Company with proof to the contrary. Applying the presumptions described in Article Fourth of the Company s Certificate of Incorporation, the Company s records indicate that 847,697,434 votes are entitled to be cast at the Meeting. All percentages of voting power set forth in this proxy statement have been calculated based on such number of votes. Attached hereto as Annex A is a summary of these voting provisions.

Voting of Proxies

Because many of the Company s stockholders are unable to attend the Meeting, the Board of Directors solicits proxies by mail to give each stockholder an opportunity to vote on all items of business scheduled to come before the Meeting. Each stockholder is urged to:

(1) read carefully the material in this Proxy Statement;

(2) specify his or her voting instructions on each item by marking the appropriate boxes on the accompanying proxy card; and

(3) sign, date and return the proxy card in the enclosed, postage prepaid envelope.

The accompanying proxy card provides a space, with respect to the election of Directors, for a stockholder to withhold voting for any or all nominees for the Board of Directors, but does not permit a stockholder to vote for any nominee not named on the proxy card. The card also allows a stockholder to abstain from voting on any other item if the stockholder chooses to do so.

When the accompanying proxy card is properly executed and returned with voting instructions with respect to any of the items to be voted upon, the shares represented by the proxy will be voted in accordance with the stockholder s directions by the persons named on the proxy card as proxies of the stockholder. If a proxy card is signed and returned, but no specific voting instructions are given, the shares represented by the proxy card will be voted for the election of the eleven nominees for Directors named on the accompanying proxy card, for the approval of the Pilgrim s Pride Corporation Employee Stock Investment Plan, and for the appointment of Ernst & Young LLP as the Company s independent auditors.

Unless otherwise indicated by the stockholder, returned proxy cards also confer upon the persons named on the card, as proxies for the stockholder, discretionary authority to vote all shares of stock represented by the proxy card on any item of business that is properly presented for action at the Meeting, even if not described in this Proxy Statement. If any of the nominees for Director named below should be unable or unwilling to accept nomination, the proxies will be voted for the election of such other person as may be recommended by the Board of Directors. The Board of Directors, however, has no reason to believe that any item of business not set forth in this Proxy Statement will come before the Meeting or that any of the nominees for Director will be unavailable for election.

The proxy does not affect a stockholder s right to vote in person at the Meeting. If a stockholder executes a proxy, he or she may revoke it at any time before it is voted by submitting a new proxy card, or by communicating his or her revocation in writing to the Secretary of the Company at 110 South Texas Street, Pittsburg, Texas 75686, or by voting by ballot at the Meeting.

Votes Required

The holders of at least a majority of the voting power of the Company s common stock outstanding on the Record Date must be present in person or by proxy at the Meeting for the Meeting to be held. Abstentions and broker non-votes are counted in determining whether at least a majority of the voting power of the Company s common stock outstanding on the Record Date are present at the Meeting.

Directors will be elected by a plurality of the votes cast at the Meeting. The affirmative vote of a majority of the voting power of the Company s common stock represented and entitled to vote at the Meeting is required for the approval of the Pilgrim s Pride Corporation Employee Stock Investment Plan, the appointment of the Company s independent auditors and approval of any other item of business to be voted upon at the Meeting. Abstentions from voting on any matter will be included in the voting tally. Abstentions will have no effect on the election of Directors. Abstentions will have the same effect as votes against the proposal to approve the Pilgrim s Pride Corporation Employee Stock Investment Plan and the proposal to appoint the Company s independent auditors. Broker non-votes are shares held by a broker or nominee which are represented at the Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal. Broker non-votes will have no effect on the election of Directors or the proposals to approve the Pilgrim s Pride Corporation Employee Stock Investment Plan and appoint the Company s independent auditors. Lonnie Bo Pilgrim owned or controlled 25,351,125 shares (38.1%) of the Company s common stock on the Record Date, and 59.8% of the voting power of the outstanding common stock on the Record Date, and thus will be able to elect all of the nominees for Directors, approve the Pilgrim s Pride Corporation Employee Stock Investment Plan and approve Ernst & Young LLP as independent auditors for the Company.

Stockholder Proposals for 2005 Annual Meeting

The Company s Amended and Restated Corporate Bylaws state that a stockholder must give the Secretary of the Company written notice, at the Company s principal executive offices, of its intent to present a proposal at the Company s 2005 Annual Meeting of Stockholders by September 16, 2004, but not before June 8, 2004. Additionally, in order for stockholder proposals which are submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), to be considered by the Company for inclusion in the Company s proxy materials for the 2005 Annual Meeting of Stockholders, they must be received by the Secretary of the Company at the Company s executive offices no later than the close of business on August 28, 2004.

Cost of Proxy Solicitation

The Company will bear the cost of the Meeting and the cost of soliciting proxies in the accompanying form, including the cost of mailing the proxy material. In addition to solicitation by mail, Directors, officers and other employees of the Company may solicit proxies by telephone or otherwise. They will not be specifically compensated for such services. The Company will request brokers and other custodians, nominees and fiduciaries to forward proxies and proxy soliciting material to the beneficial owners of the Company s common stock and to secure their voting instructions, if necessary. The Company will reimburse them for the expenses in so doing.

Board of Directors

The Board of Directors has the responsibility for establishing broad corporate policies and for the overall performance of the Company. However, it is not involved in day-to-day operating details. Members of the Board are kept informed of the Company s business through discussions with the Chairman and other officers and by reviewing analyses and reports sent to them each month, as well as by participating in Board and committee meetings.

Board Committees

To assist in carrying out its duties, the Board of Directors has delegated certain authority to the Audit and Compensation Committees. The Board of Directors does not maintain a Nominating Committee. The members of the Audit Committee are Charles L. Black, S. Key Coker, Vance C. Miller, Sr. and Donald L. Wass, Ph.D. The members of the Compensation Committee are Lonnie Bo Pilgrim, Vance C. Miller, Sr., Lonnie Ken Pilgrim, James G. Vetter, Jr., and Charles L. Black. In November 2003, Blake D. Lovette replaced Charles Black on the Compensation Committee. The Compensation Committee also has a subcommittee made up of Charles L. Black, Vance C. Miller, Sr. In November 2003, Blake D. Lovette also was appointed to the Compensation Subcommittee. Each Committee meets to examine various facets of the Company s operations and take appropriate action or make recommendations to the Board of Directors.

The Audit Committee s responsibilities include the selection of independent public accountants, reviewing the plan and results of the audit performed by the public accountants of the Company and the adequacy of the Company s systems of internal accounting controls, and monitoring compliance with the Company s conflicts of interest and business ethics policies. The Audit Committee is composed entirely of Directors the Board of Directors has determined to be independent within the meaning of Sections 303.01(B)(2)(a) and (3) of the New York Stock Exchange s listing standards. Although the Board of Directors has determined that each of the members of the Audit Committee are financially literate and at least one member has accounting or financial management expertise, in each case as required by the New York Stock Exchange s listing standards, it has not concluded that any of such individuals is a financial expert under the Sarbanes-Oxley Act of 2002. The Company does not currently have a financial expert on its Audit

Committee because it does not have any Directors that the Board has concluded is a financial expert and meets the independence requirements for an Audit Committee member and has not made any determination as to whether or not to add such an individual to the Board and the Audit Committee.

The Compensation Committee reviews the Company s remuneration policies and practices and establishes the salaries of the Company s officers. The Compensation Committees subcommittee is responsible for administering certain aspects of the Senior Executive Performance Bonus Plan dealing with compensation for designated Section 162(m) participants, currently Mr. Lonnie Bo Pilgrim.

Meetings

During the Company s fiscal year ended September 27, 2003, there were six regular and six telephonic meetings of the Board of Directors, four meetings of the Audit Committee, one meeting of the Compensation Committee and one meeting of the Compensation Subcommittee. During fiscal 2003, each member of the Board of Directors attended at least 75% of the aggregate number of meetings of the Board and Board Committees on which the Director served.

ELECTION OF DIRECTORS

At the Meeting, eleven Directors are to be elected, each to hold office for one year or until his successor is duly elected and qualified. Unless otherwise specified on the proxy card, the shares represented by the enclosed proxy will be voted for the election of the eleven nominees named below. The Board of Directors has no reason to believe that any nominee will be unable to serve if elected. In the event any nominee shall become unavailable for election, it is intended that such shares will be voted for the election of a substitute nominee selected by the Board of Directors.

NOMINEES FOR DIRECTOR

Lonnie Bo Pilgrim, 75, has served as Chairman of the Board since the organization of the Company in July 1968. He was previously Chief Executive Officer from July 1968 to June 1998. Prior to the incorporation of the Company, Mr. Pilgrim was a partner in the Company s predecessor partnership business founded in 1946.

Clifford E. Butler, 61, serves as Vice Chairman of the Board. He joined the Company 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 in January 1997 and served in such capacity through July 1998.

O.B. Goolsby, Jr., 56, serves as President and Chief Operating Officer of the Company. He became a Director in January, 2003. 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 April 1986 to August 1992 and was previously employed by the Company from November 1969 to January 1981.

Richard A. Cogdill, 43, has served as Executive Vice President, Chief Financial Officer, Secretary and Treasurer (the Company s Principal Financial and Accounting Officer) 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.

Lonnie Ken Pilgrim, 45, has been employed by the Company since 1977 and has been Senior Vice President, Transportation since August 1997. 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, 74, 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 the Company from 1968 to August 1992 and has served as a Director since his re-election in February 1995.

S. Key Coker, 46, has served as Executive Vice President of Compass Bank, a $20 billion dollar bank with offices throughout the southern United States, since October 2000. Previously, he served as Senior Vice President of Compass Bank from June 1995 through September 2000 and had been employed by Compass Bank since 1992. He is a career banker with 21 years of experience in banking. He was appointed a

Director in September 2000, following the resignation of Robert Hilgenfeld on August 2, 2000.

Blake D. Lovette, 61, was appointed a director of the Company in November 2003. He has served as a consultant to companies serving the food industry and private investors since July 2002. From 1998 to June 2002, he was President of ConAgra Poultry Company, a fully-integrated chicken processing business engaged in the production, processing, marketing and distribution of fresh and frozen chicken products. 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., 70, 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 the Board and Chief Executive Officer of Henry S. Miller Cos., a Dallas, Texas, real estate services firm, since 1991. Mr. Miller also serves as a director of Resurgence Properties, Inc.

James G. Vetter, Jr., 69, has practiced law in Dallas, Texas, since 1966. He is a shareholder of the Dallas law firm of Godwin Gruber, 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., 71, was elected a Director of the Company in May 1987. He has been President of the William Oncken Company of Texas, a time management consulting company, since 1970.

Report of the Audit Committee

Pursuant to the Audit Charter attached to the Company s proxy statement within the last three years, the Audit Committee oversees the Company s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed and discussed the audited financial statements in the Annual Report with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The committee reviewed with the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company s accounting principles and such other matters as are required to be discussed with the committee under generally accepted auditing standards. In addition, the committee has discussed with the independent auditors the auditor s independence from management and the Company, and has received from the independent auditors the written disclosures required by the Independence Standards Board.

The committee discussed with the Company s internal and independent auditors the overall scope and plans for their respective audits. The committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls and the overall quality of the Company s financial reporting. In reliance on the reviews and discussions referred to above, the committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended September 27, 2003 for filing with the Securities and Exchange Commission. The committee and the Board have also recommended the selection of the Company s independent auditors.

The members of the Audit committee are independent as defined in Sections 303.01(B)(2)(a) and (3) of the New York Stock Exchange s listing standards.

Audit Committee

Charles L. Black
Vance C. Miller, Sr.
Donald L. Wass, Ph.D.
S. Key Coker

Independent Auditor Fee Information

Fees for professional services provided by our independent auditors, Ernst & Young LLP, for each of the last two fiscal years are as follows:

Description of Services	Fiscal 2003	Fiscal 2002
Audit fees	$ 1,370,000	$ 834,000
Audit related fees	238,000	490,000
Fees for tax services	97,000	219,000
All other fees	225,000	62,000
Total fees	$ 1,930,000	$ 1,605,000

Audit Fees

Fees for audit services included fees associated with the annual audit, the reviews of the Company s quarterly reports on Form 10-Q, statutory audits required internationally, and accounting consultations on new and emerging accounting issues provided in connection with the audits. The fiscal 2003 audit fee also includes fees for assistance with the registration and sale of debt securities to help finance the acquisition of the ConAgra Foods chicken business (ConAgra Poultry) completed in November 2003, and the definitive proxy statement prepared and submitted to shareholders in connection of with the ConAgra Poultry acquisition. The 2002 audit fee has been adjusted to include $74,000 related to the 2002 annual audit that was not reported in the fiscal 2002 proxy statement, as such amounts had not been finalized at the completion of the proxy statement.

Audit-Related Fees

Fees for audit-related services in fiscal 2003 principally included audit and tax due diligence, accounting consultations, and assistance with other matters associated with the ConAgra Poultry acquisition. The fiscal 2002 fees include fees in connection with providing internal audit service through July 2002.

Tax Fees

Fees for tax services include state, federal and international tax compliance and tax advice and tax planning on both a state, federal and international level.

All Other Fees

All other fees include fees for all other services not included within audit fees, audit-related fees and tax fees. These amounts principally include advisory services related to the Company s product recall experienced in early fiscal 2003 and a special project for the audit committee performed in 2002.

Compensation Committee Interlocks and Insider Participation

During fiscal 2003, the members of the Company s Compensation Committee were Lonnie Bo Pilgrim, Chairman of the Board of the Company, Vance C. Miller, Sr., Lonnie Ken Pilgrim, Senior Vice President, Transportation of the Company, James G. Vetter, Jr., and Charles L. Black.

The Company has been and continues to be a party to certain transactions with Lonnie Bo Pilgrim and a law firm affiliated with James G. Vetter, Jr. These transactions, along with all other transactions between the Company and affiliated persons, require the prior approval of the Audit Committee of the Board of Directors. Set forth below is a summary of these transactions:

At certain times during the year, Lonnie Bo Pilgrim purchases our live chickens and hens, feed inventory and veterinary and technical services during the grow-out process and then contracts with us to resell the birds at maturity. Chicks, feed and services are purchased from us for their fair market value, and we purchase the mature chickens from Mr. Pilgrim at a market-based formula price subject to a ceiling price calculated at Mr. Pilgrim s cost plus 2 percent. Additionally, we process the payroll for certain employees of Mr. Pilgrim and Pilgrim Poultry G.P. (PPGP) as well as perform certain administrative bookkeeping services for Mr. Pilgrim s personal businesses. During fiscal 2003, we paid Mr. Pilgrim, doing business as PPGP, $48,722,000 for chickens produced in his grow-out operations, and PPGP paid us $48,130,000 for chicks, feed and services, including the payroll services described above. Lonnie Bo Pilgrim is the sole proprietor of PPGP.

PPGP also rents facilities to us for the production of eggs. On December 29, 2000, we entered into an agreement with PPGP to rent its egg production facilities for a monthly amount of $62,500. During fiscal year 2003, we paid rental on the facilities of $750,000 to PPGP. Our management believes that the terms of this agreement with PPGP are substantially similar to, and contain terms not less favorable to us than, agreements obtainable from unaffiliated parties.

We also maintain depository accounts with a financial institution of which Lonnie Bo Pilgrim is a major stockholder. Fees paid to this bank in fiscal 2003 are insignificant, and as of September 27, 2003, we had bank balances at this financial institution of approximately $2.2 million.

Since 1985, we have leased an airplane from Lonnie Bo Pilgrim under a lease agreement which provides for monthly lease payments of $33,000 plus operating expenses, which terms our management believes to be substantially similar to those obtainable from unaffiliated parties. During fiscal 2003 we had lease expenses of $396,000 and operating expenses of $260,185 associated with the use of this airplane.

Historically, much of our debt has been guaranteed by our major stockholders. In consideration of such guarantees, we have paid such stockholders a quarterly fee equal to .25% of the average aggregate outstanding balance of such guaranteed debt. During fiscal 2003, we paid $3,236,000 to Pilgrims Interests, Ltd., an affiliate of Lonnie Bo Pilgrim.

Certain members of the family of Lonnie Bo Pilgrim are employed by us, including his son, Lonnie Ken Pilgrim, a Director and our Senior Vice President, Transportation, his son, Pat Pilgrim, our Vice President Special Projects, and his daughter, Greta Pilgrim-Owens, our Vice President Consumer Communication, who received total compensation in fiscal 2003 of $279,190, $268,331 and $287,369, respectively.

Godwin Gruber, P.C., represents us in connection with a variety of legal matters. James G. Vetter, Jr., is a Director of Pilgrim s Pride and is a shareholder of Godwin Gruber, P.C. During fiscal 2003, we paid Godwin Gruber, P.C., legal fees of $61,365 in connection with such matters.

We have entered into chicken grower contracts involving farms owned by certain of our officers, providing the placement of Pilgrim s Pride-owned flocks on their farms during the grow-out phase of production. These contracts are on terms substantially the same as contracts entered into by us with unaffiliated parties and can be terminated by either party upon completion of the grow-out of each flock. The aggregate amount paid by us to Lonnie Bo Pilgrim under these grower contracts during fiscal 2003 was $247,895.

EXECUTIVE COMPENSATION

The following table sets forth a summary of compensation paid to the Company s Chief Executive Officer and the other persons serving as executive officers during fiscal 2003. See Nominees for Director Compensation Committee Interlocks and Insider Participation above and Certain Transactions below for a discussion of transactions with the Company s Directors and executive officers.

SUMMARY COMPENSATION TABLE

		Annual Compensation			
Name and Principal Position	**Fiscal Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**All Other Compensation(1)**
Lonnie Bo Pilgrim	2003	$ 1,071,200	$ 586,640	$ 59,196	$ 28,543
Chairman of the Board	2002	1,071,200	476,841	119,913	70,126
	2001	1,071,200	566,942	24,081	12,066
David Van Hoose	2003	162,766		2,434	1,466,863
Former Chief Executive Officer[2]	2002	551,359		27,843	16,114
	2001	535,300	462,796	13,381	11,500
Clifford E. Butler	2003	388,921	183,640	12,544	3,009
Vice Chairman of the Board	2002	388,868	111,133	12,661	2,763
	2001	388,868	111,133	9,720	2,06
O. B. Goolsby, Jr.	2003	373,577	301,325	12,455	2,649
President and Chief Operating Officer	2002	222,664	115,062	6,286	4,128
	2001	216,179	115,610	5,404	2,239
Richard A. Cogdill	2003	324,873	350,000	8,480	927
Executive Vice President,	2002	318,092	300,000	9,027	1,669

Chief Financial Officer,	2001	308,828	300,000	7,720	1,357
Secretary and Treasurer					

(1) Includes the following items of compensation:

a. Company s contributions to the named individual under its 401(k) Salary Deferral Plan in the following amounts: Lonnie Bo Pilgrim, $26 (2003), $52 (2002), $52 (2001); David Van Hoose, $56 (2003), $312 (2002), $312 (2001); Clifford E. Butler, $324 (2003), $312 (2002), $312 (2001); Richard A. Cogdill, $334 (2003), $312 (2002), $312 (2001); and O.B. Goolsby, Jr., $338 (2003), $312 (2002), $312 (2001).

b. Section 79 income to the named individual due to group term life insurance in excess of $50,000 in the following amounts: Lonnie Bo Pilgrim, $28,517 (2003), $70,074 (2002), $12,014 (2001); David Van Hoose, $4,343 (2003), $15,802 (2002), $11,187 (2001); Clifford E. Butler, $2,685 (2003), $2,451 (2002), $1,749 (2001); Richard A. Cogdill, $593 (2003), $1,357 (2002), $1,045 (2001); and O.B. Goolsby, Jr., $2,409 (2003), $3,816 (2002), $1,927 (2001).

(2) On November 11, 2002, the Company announced that Mr. Van Hoose would retire as Chief Executive Officer of the Company effective March 29, 2003. In connection with his retirement, Mr. Van Hoose entered into a Retirement Agreement with the Company. Under the terms of the Retirement Agreement, Mr. Van Hoose continued to receive his current salary and benefits until March 29, 2003 and received a lump sum payment of $1,300,000; however, he did not receive any further bonus or incentive compensation. Pursuant to the terms of the Retirement Agreement, on May 2, 2003, the Company purchased his residence for $625,000.

Directors Fees

The Company pays its Directors who are not employees of the Company $6,000 per meeting attended in person, plus expenses, and Directors who are not employees of the Company also receive $2,500 and $1,250 per telephonic meeting that they participate in that lasts at least 45 minutes or less than 45 minutes, respectively.

Report of Compensation Committee

The Compensation Committee establishes executive compensation and oversees the administration of the bonus plan for key members of management and the Company s employee benefit plans.

The following is a report submitted by the Compensation Committee members in their capacity as the Board s Compensation Committee, addressing the Company s compensation policy as it related to the named executive officers for fiscal 2003.

Performance Measures

The Compensation Committee s establishment of annual executive compensation is a subjective process in which the Committee considers many factors, including the Company s performance as measured by earnings for the year, each executive s specific responsibilities, the contribution to the Company s profitability by each executive s specific areas of responsibility, the level of compensation believed necessary to motivate and retain qualified executives and the executive s length of time with the Company.

Fiscal Compensation

For fiscal 2003, the Company s executive compensation program consisted of (a) base salary, (b) a discretionary bonus based upon the factors described above, (c) the bonus plan described below, (d) Company contributions to the Company s 401(k) salary deferral plan which are made up of mandatory contributions of one dollar per week and matching contributions of up to five dollars per week and additional matching contributions of up to four percent of an executive s compensation subject to an overall Company contribution limit of five percent of domestic income before taxes and (e) Company contributions to the Employee Stock Investment Plan in an amount equal to 33 1/3% of the officers payroll deduction for purchases of the Company s common stock under the plan, which deductions are limited to 7 1/2% of the officer s base salary, overtime pay and bonuses.

In establishing the fiscal 2003 compensation for Lonnie Bo Pilgrim, the Company s Chairman of the Board, the Compensation Committee did not adjust Mr. Pilgrim s annual base salary from $1,071,200. Mr. Pilgrim s bonus for fiscal 2003 consisted of a discretionary bonus of $586,640. This discretionary bonus was made in response to the Compensation Committee s subjective assessment of Mr. Pilgrim s contribution to the Company s performance in fiscal 2003.

In establishing the fiscal 2003 compensation for David Van Hoose, the Company s Chief Executive Officer, the Compensation Committee did not adjust Mr. Van Hoose s annual base salary from $551,359. Mr. Van Hoose did not receive a bonus with respect to fiscal 2003, although, in connection with his retirement effective March 29, 2003, Mr. Van Hoose entered into a Retirement Agreement with the Company which provides for certain payments to be made to him as disclosed in the Summary Compensation Table above.

The Company s objective is to obtain financial performance that achieves increased return on equity, sales volume, earnings per share and net income. The Compensation Committee believes that linking executive compensation to corporate performance results in a better alignment of compensation with corporate goals and stockholder interests.

The Company s Senior Executive Performance Bonus Plan (the Plan) provides for five percent of the Company s U.S. income before income taxes to be allocated among certain key members of management. Such amount is allocated among all plan participants based upon the ratio of each participant s eligible salary to the aggregate salaries of all participants and the number of months of the fiscal year the participant was approved for participation. The Plan also provides for a Subcommittee to administer the plan provisions dealing with certain designated Section 162(m) participants, currently Mr. Lonnie Bo Pilgrim. The Compensation Committee retains the right, in its sole discretion, to reduce, increase or eliminate, prior to payment thereof, the amount of any bonus that would otherwise be due under the Plan to non-Section 162(m) participants, and the Compensation Subcommittee retains these same rights, except for the right to increase bonus amounts, for designated Section 162(m) participants. Participants may generally be added or removed from the plan at the discretion of the Compensation Committee. Participants must continue to be employed by the Company on January 1 following the end of a fiscal year in order to be paid a bonus with respect to that year. Bonuses are typically paid during the January following the fiscal year with respect to which the bonus has been granted.

<u>Compensation Committee</u>

Lonnie Bo Pilgrim

Charles L. Black

Vance C. Miller, Sr.

Lonnie Ken Pilgrim

James G. Vetter, Jr.

<u>Compensation Subcommittee</u>

Charles L. Black

Vance C. Miller, Sr.

COMPANY PERFORMANCE

The following graph shows a five-year comparison of cumulative total returns for the Company s previously outstanding Class A common stock and Class B common stock, the Russell 2000 composite index and a peer group selected by the Company. On November 21, 2003, each share of the Company s then outstanding Class A common stock and Class B common stock was reclassified into one share of new common stock, which is now the only authorized class of the Company s common stock.

	Cumulative Total Return*					
	9/26/98	10/02/99	9/30/00	9/29/01	9/28/02	9/27/03
PILGRIM S PRIDE CORPORATION-CLASS A	100	38	36	67	50	91
PILGRIM S PRIDE CORPORATION-CLASS B	100	45	36	73	49	69
PEER GROUP	100	116	145	114	103	141
RUSSELL 2000	100	58	42	82	68	111

* $100 invested on 9/26/98 in stock or index including reinvestment of dividends.

On July 30, 1999, the Company issued a stock dividend of one share of Class A common stock for every two shares of Class B common stock held to stockholders of record on June 30, 1999. This was the first issuance of the Company s Class A common stock. The above results for the Company s Class B common stock were adjusted for the Class A common stock dividend. The Company s Class A common stock was not outstanding at the beginning of fiscal 1999 and is presented on a separate line of the graph.

The total cumulative return on investment (change in the year-end stock price plus reinvested dividends) for each of the periods for the Company, the Russell 2000 composite index and the peer group is based on the stock price or composite index at the end of fiscal 1998.

The above graph compares the performance of the Company with that of the Russell 2000 composite index and a group of peer companies with the investment weighted on market capitalization. Companies in the peer group are Sanderson Farms, Inc., Cagle s, Inc., and the Company. These companies were selected because of their similar operations and market capitalizations relative to the Company and were approved by the Compensation Committee.

CERTAIN TRANSACTIONS

Pilgrim s Pride Corporation has been and continues to be a party to certain transactions with Lonnie Bo Pilgrim, its Chairman, Clifford E. Butler, its Vice Chairman, O.B. Goolsby, its President and Chief Operating Officer, a law firm affiliated with James G. Vetter, Jr., one of its Directors, and Blake D. Lovette, one of its Directors. These transactions, along with all other transactions between Pilgrim s Pride Corporation and affiliated persons, require the prior approval of the Audit Committee of the Board of Directors, and the Audit Committee has approved each of these transactions.

In addition to his Directorship, the Company has entered into an arrangement with Blake D. Lovette to provide periodic consulting services so that the compensation Mr. Lovett will receive as a consultant, when aggregated with his Director compensation, will total $100,000 per year.

We have entered into chicken grower contracts involving farms owned by certain of our officers, providing the placement of Pilgrim s Pride-owned flocks on their farms during the grow-out phase of production. These contracts are on terms substantially the same as contracts entered into by us with unaffiliated parties and can be terminated by either party upon completion of the grow-out of each flock. The aggregate amounts paid by us to our current officers under these grower contacts during fiscal 2003 were as follows: Clifford E. Butler, $205,351 and O.B. Goolsby, Jr., $330,621.

We also employ Clifford E. Butler s son, Shane Butler, our Vice President Prepared Foods, Mt. Pleasant and Waco, who was paid total compensation of $140,454 in fiscal 2003 and O.B. Goolsby s daughter, Melissa Goolsby, Sales Field Service Representative, who was paid total compensation of $24,838 in fiscal 2003.

See Nominees for Director Compensation Committee Interlocks and Insider Participation, which is incorporated herein by reference, for a discussion of the Company s transactions with Lonnie Bo Pilgrim and James G. Vetter, Jr.

SECURITY OWNERSHIP

The following table sets forth, as of December 16, 2004 (except as otherwise noted), certain information with respect to the beneficial ownership of the Company s common stock by (a) each stockholder beneficially owning more than 5% of the Company s outstanding common stock; (b) each Director and Director nominee of the Company who is a stockholder of the Company; (c) each of the executive officers listed in the executive compensation table who is a stockholder of the Company; and (d) all executive officers and Directors of the Company as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Outstanding Common Stock	Percent of Voting Power
Pilgrim Interests, Ltd 110 South Texas Street Pittsburg, Texas 75686	22,118,077	33.2%	52.2%
Lonnie Bo Pilgrim(a)(b) 110 South Texas Street Pittsburg, Texas 75686	25,351,125	38.1%	59.8%
Lonnie Ken Pilgrim(a)(b)(c) 110 South Texas Street Pittsburg, Texas 75686	22,851,377	34.3%	53.9%
ConAgra Foods, Inc.(d) One ConAgra Drive Omaha, Nebraska 68102	25,443,054	38.2%	3.0%