

PILGRIMS PRIDE CORP
Form 424B5
August 04, 2005
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PROSPECTUS SUPPLEMENT

(to Prospectus dated September 23, 2004)

15,443,054 Shares

Pilgrim s Pride Corporation

Common Stock

We are issuing the 15,443,054 shares of our common stock to be sold in the offering at a price of \$34.65 per share. We have entered into an agreement to purchase 15,443,054 shares of our common stock from ConAgra Foods, Inc. for an aggregate purchase price of approximately \$482.4 million, which we will pay with a portion of the net proceeds of the offering.

Our common stock is listed on the New York Stock Exchange under the symbol PPC. On August 3, 2005, the last reported sale price of our common stock on the New York Stock Exchange was \$37.41 per share.

Investing in our common stock involves risk. See Risk Factors on page S-1 of this prospectus supplement.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ 34.65	\$ 535,101,821
Underwriting discounts and commissions	\$ 0.79	\$ 12,200,013

Proceeds to us (before expenses)	\$	33.86	\$ 522,901,808
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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers expects to deliver the shares on or about August 9, 2005.

LEHMAN BROTHERS

August 3, 2005

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Unless the context otherwise requires, we, us, our and similar terms, as well as references to the Company and Pilgrim s Pride, include all of our consolidated subsidiaries.

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

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PILGRIM S PRIDE CORPORATION

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

RISK FACTORS

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

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

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

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

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

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

Poultry products may be subject to contamination by disease producing organisms, or pathogens, such as *Listeria monocytogenes*, *Salmonella* and generic *E coli*. These pathogens are generally found in the environment and, as a result, there is a risk that they, as a result of food processing, could be present in our processed poultry products. These pathogens can also be introduced as a result of improper handling at the further processing,

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foodservice or consumer level. These risks may be controlled, although not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once the product has been shipped. Illness and death may result if the pathogens are not eliminated at the further processing, foodservice or consumer level. Even an inadvertent shipment of contaminated products is a violation of law and may lead to increased risk of exposure to product liability claims, product recalls and increased scrutiny by federal and state regulatory agencies and may have a material adverse effect on our business, reputation and prospects.

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

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

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

An outbreak of low-pathogenic avian influenza, a disease contagious to turkey, chicken and other birds, had a negative effect on our fiscal 2002 and the first six months of fiscal 2003 operating results. Additionally, from time to time we have had occurrences of avian influenza and other poultry diseases that have not had a material effect on our operations, including a recent outbreak of avian influenza in Mexico that is currently being controlled through a government-sanctioned vaccination program. However, there can be no assurance that any 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 voluntarily recalled all cooked deli products produced at one of our facilities from May 1, 2002 through October 11, 2002. In connection with this recall, we were named as a defendant in 13 lawsuits brought by

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individuals alleging injuries resulting from contracting listeria monocytogenes. There can be no assurance that any litigation or reputational injury associated with this or any future product recalls will not have a material adverse effect on our ability to market our products successfully and on our business, reputation, prospects, financial condition and results of operations.

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

Our business operations entail a number of risks, including risks relating to product liability claims, product recalls, property damage and injuries to persons. We currently maintain insurance with respect to certain of these risks, including product liability insurance, property insurance, workers compensation insurance and general liability insurance, but in many cases such insurance is expensive, difficult to obtain and no assurance can be given that such insurance can be maintained in the future on acceptable terms, or in sufficient amounts to protect us against losses due to any such events, or at all. Moreover, even though our insurance coverage may be designed to protect us from losses attributable to certain events, it may not adequately protect us from liability and expenses we incur in connection with such events. For example, the losses attributable to our October 2002 recall of cooked deli-products produced at one of our facilities significantly exceeded available insurance coverage. Additionally, in the past, two of our insurers encountered financial difficulties and were unable to fulfill their obligations under the insurance policies as anticipated and, separately, two of our other insurers contested coverage with respect to claims covered under policies we purchased, forcing us to litigate the issue of coverage before we were able to collect under these policies.

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

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

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

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

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

Price;

Product quality;

Brand identification;

Breadth of product line; and

Customer service.

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

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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, 2005 to 59.3% and is to be reduced in each of the following three years in equal increments so that the final tariff rate at January 1, 2008 will be zero. As those tariffs are reduced, increased competition from chicken imported into Mexico from the United States may have a material adverse effect on the Mexican chicken industry in general, and on our Mexican operations in particular.

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

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

Diversion of management's attention;

The need to integrate acquired operations;

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

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

An increase in our expenses and working capital requirements.

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

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

Acquisitions may be structured in such a manner that would result in the assumption of unknown liabilities not disclosed by the seller or uncovered during pre-acquisition due diligence. For example, our acquisition of the ConAgra Foods, Inc. chicken division was structured as a stock purchase. In that acquisition we assumed all of the liabilities of the ConAgra chicken division, including liabilities that may be unknown. These liabilities could harm our financial condition and operating results.

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

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

Increase our vulnerability to general adverse economic conditions;

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

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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; and

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

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

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

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

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

Currency exchange rate fluctuations;

Trade barriers;

Exchange controls;

Expropriation; and

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

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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.

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

As described in more detail in the Company s Annual Report on Form 10-K for the fiscal year ended October 2, 2004 incorporated herein by reference, through two limited partnerships and related trusts and voting

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agreements, Lonnie Bo Pilgrim, Patty R. Pilgrim, his wife, and Lonnie Ken Pilgrim, his son, control over 60% of the voting power of our outstanding common stock. Accordingly, they control the outcome of all actions requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of Pilgrim's Pride or its assets. This ensures their ability to control the foreseeable future direction and management of Pilgrim's Pride. In addition, an event of default under certain agreements related to our indebtedness will occur if Lonnie Bo Pilgrim and certain members of his family cease to own at least a majority of the voting power of the outstanding common stock.

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

Additional outbreaks of avian influenza or other diseases affecting the production performance and/or marketability of our poultry products;

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

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

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

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

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

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

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

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

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

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

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

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USE OF PROCEEDS

The proceeds to us from this offering will be approximately \$522.9 million, before the estimated expenses of the offering. We intend to use approximately \$482.4 million of the net proceeds from the offering to purchase 15,443,054 shares of our common stock held by ConAgra Foods, Inc., with the balance of such proceeds to be used for general corporate purposes. We will generally bear the expenses of the stock repurchase transaction and of this offering.

Purchase Agreement

We have entered into a Purchase Agreement with ConAgra Foods, Inc. under which we will purchase from ConAgra Foods, Inc., at, or promptly following, and conditioned on the closing of this offering, 15,443,054 shares of our common stock at an aggregate purchase price equal to approximately \$482.4 million. The shares of our common stock held by ConAgra Foods, Inc. are subject to the restrictions contained in the Registration Rights and Transfer Restriction Agreement described in the accompanying prospectus under Selling Stockholder Registration Rights. Pursuant to the Registration Rights and Transfer Restriction Agreement, without our consent, except pursuant to a third party tender offer, ConAgra Foods, Inc. would not be entitled to sell any shares of our common stock until December 13, 2005, at which time it would be entitled to sell 6,962,036 shares and the remaining 8,481,018 shares would not be saleable until December 13, 2006. Upon the repurchase of the 15,443,054 shares of our common stock from ConAgra Foods, Inc., the Registration Rights and Transfer Restriction Agreement will terminate.

Common Stock Ownership of ConAgra Foods, Inc.

ConAgra Foods, Inc. beneficially owns 15,443,054 shares of our common stock, or 23.2% of the outstanding shares of our common stock. Upon completion of this offering, ConAgra Foods, Inc. will not own any shares of our common stock.

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UNDERWRITING

Under the terms of an underwriting agreement, which we will file as an exhibit to our current report on Form 8-K and incorporate by reference in this prospectus supplement and the accompanying prospectus, Lehman Brothers Inc., as the underwriter in this offering, has agreed to purchase from us 15,443,054 shares of common stock.

The underwriting agreement provides that the underwriter's obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

the representations and warranties made by us to the underwriter are true;

there is no material change in our business or the financial markets; and

we deliver customary closing documents to the underwriter.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriter. The underwriting fee is the difference between the initial price to the public and the amount the underwriter pays to us for the shares.

Per share	\$ 0.79
Total	\$ 12,200,013

The underwriter has advised us that it proposes to offer the shares of common stock directly to the public at the public offering price on the cover of this prospectus supplement and to selected dealers, which may include the underwriter, at such offering price less a selling concession not in excess of \$0.10 per share. After the offering, the underwriter may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be approximately \$1.0 million (exclusive of underwriting discounts and commissions).

Lock-Up Agreements

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We, Lonnie Bo Pilgrim, Patricia R. Pilgrim, Lonnie K. Pilgrim and certain affiliated entities of the Pilgrim family have agreed that, during a period of 90 days from the date of this prospectus supplement in the case of the Company, and 60 days from the date of this prospectus supplement in the case of the Pilgrim family stockholders, neither we nor these stockholders will, without the prior written consent of the underwriter:

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

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

The restrictions described in this paragraph do not apply to:

the sale of shares of common stock by us to the underwriter pursuant to this offering;

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

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

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

Indemnification

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, and to contribute to payments that the underwriter may be required to make for these liabilities.

Stabilization and Short Positions

The underwriter may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Securities Exchange Act of 1934:

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

A short position involves a sale by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase in the offering, which creates the short position. This short position may be either a covered short position or a naked short position. Because the underwriter does not have an option to purchase additional shares from us, any short position will be a naked short position. The underwriter will close out any short position by purchasing shares in the open market.

These stabilizing transactions and covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

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

Electronic Distribution

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A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by the underwriter or by its affiliates. In those cases, prospective investors may view offering terms online and prospective investors may be allowed to place orders online. The underwriter may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriter on the same basis as other allocations.

Other than the prospectus in electronic format, the information on the underwriter's website and any information contained in any other website maintained by the underwriter is not part of this prospectus supplement, the accompanying prospectus or the registration statement of which the prospectus forms a part, has not been approved and/or endorsed by us or the underwriter in its capacity as underwriter and should not be relied upon by investors.

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Stamp Taxes

If you purchase shares of common stock offered in this prospectus supplement and the accompanying prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement.

Relationships

From time to time, Lehman Brothers Inc. and its affiliates have, directly or indirectly, provided investment and commercial banking or financial advisory services to us, our affiliates and other companies in the poultry industry, for which they have received customary fees and commissions, and expect to provide these services to us and others in the future, for which they expect to receive customary fees and commissions.

Listing

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

LEGAL MATTERS

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

EXPERTS

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

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ATTACHED PROSPECTUS

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

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

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

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

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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

100 F Street, NE, Room 1580

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 October 2, 2004;

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

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

our Current Report on Form 8-K dated December 27, 2004;

our Quarterly Report on Form 10-Q for the quarterly period ended January 1, 2005;

our Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2005;

our Quarterly Report on Form 10-Q for the quarterly period ended July 2, 2005; 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.

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

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

4845 US Highway 271 North

Pittsburg, Texas 75686

Telephone (903) 434-1000

Attention: Corporate Secretary

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PROSPECTUS

Pilgrim s Pride Corporation

\$500,000,000

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

25,443,054 Shares of Common Stock

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

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

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

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

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

The date of this prospectus is September 23, 2004.

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RISK FACTORS

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

Risks Relating to Our Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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