

PILGRIMS PRIDE CORP  
Form PREM14A  
August 22, 2003  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.     )**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under 14a-12

**PILGRIM S PRIDE CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

common stock, par value \$0.01 per share; 10.50% Subordinated Notes due March 4, 2011

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(2) Aggregate number of securities to which transaction applies:

Up to 39.4 million shares of common stock and approximately \$194.6 million principal amount of 10.50% Subordinated Notes due March 4, 2011. The actual number of shares and principal amount of the notes to be issued will be determined at closing by reference to the stock price of the Registrant's Class A common stock and the estimated book value of the business to be acquired.

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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):

\$611,686,842, representing \$100 million in cash to be paid at the closing by the Registrant, \$194.6 million principal amount of 10.50% Subordinated Notes due March 4, 2011, and 31,163,326 shares of common stock valued at \$10.175 per share, the average of the high and low sales prices reported on the New York Stock Exchange on August 19, 2003.

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(4) Proposed maximum aggregate value of transaction:

\$ 611,686,842

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(5) Total fee paid:

\$49,485

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.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**Pilgrim s Pride Corporation**

**110 South Texas Street**

**Pittsburg, Texas 75686**

September \_\_, 2003

Dear Fellow Stockholder:

You are cordially invited to attend a Special Meeting of Stockholders of Pilgrim s Pride Corporation to be held on Friday, September 26, 2003, at 9:00 a.m., Central time, at the Company s headquarters building, 110 South Texas Street, Pittsburg, Texas.

At the special meeting, you will be asked to vote upon a proposal to reclassify our Class A common stock and Class B common stock into a single class of common stock. At the effective time of this reclassification, each share of Class A common stock and each share of Class B common stock will be reclassified into one (1) share of new common stock. The new common stock will have the voting and other rights described in the accompanying proxy statement. You will also be asked to vote upon a proposal to issue shares of Pilgrim s Pride common stock to ConAgra Foods, Inc. in connection with the acquisition by Pilgrim s Pride of the ConAgra chicken division. As more fully described in the accompanying proxy statement, we have entered into an agreement to acquire the ConAgra chicken division in exchange for cash, shares of common stock and subordinated notes. We intend that the proposed reclassification of the common stock will be completed prior to the closing of our acquisition of the ConAgra chicken division and ConAgra Foods will receive shares of our new common stock in the acquisition. If for any reason the proposed reclassification is not completed, then ConAgra Foods will receive shares of our existing Class A common stock.

This booklet includes the Notice of Special Meeting of Stockholders and the proxy statement. The proxy statement contains detailed information about the special meeting, the reclassification of our Class A common stock and Class B common stock, the acquisition and issuance of shares to ConAgra Foods, and Pilgrim s Pride Corporation and the ConAgra chicken division. In addition, you may obtain information about Pilgrim s Pride from documents that we have filed with the Securities and Exchange Commission. We encourage you to read all of this information carefully.

Your board of directors believes that the proposed reclassification of the Pilgrim s Pride Class A common stock and Class B common stock into a single class of common stock and the issuance of shares of common stock to ConAgra Foods in connection with the acquisition are in the best interests of Pilgrim s Pride and its stockholders. The Board recommends that you vote FOR each of these proposals.

Your vote is important. Whether or not you plan to attend the special meeting in person, please sign, date and return the enclosed proxy card in the enclosed postage-paid envelope. Voting by proxy will ensure your representation at the special meeting if you do not attend in person.

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On behalf of your board of directors and the officers and employees of Pilgrim s Pride Corporation, I would like to thank you for your continued support.

Very truly yours,

Lonnie Bo Pilgrim

Chairman of the Board

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**PILGRIM S PRIDE CORPORATION**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

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To the Stockholders:

A Special Meeting of Stockholders of Pilgrim s Pride Corporation will be held at the Company s headquarters building, 110 South Texas Street, Pittsburg, Texas, at 9:00 a.m., Central time, on Friday, September 26, 2003, for the following purposes, as more fully described in the attached proxy statement:

1. To consider and vote upon a proposal to amend Article Fourth of Pilgrim s Pride s certificate of incorporation to reclassify the Class A common stock and Class B common stock into a single class of common stock;
2. To consider and vote upon a proposal to approve the issuance to ConAgra Foods, Inc. of shares of Pilgrim s Pride Corporation common stock in connection with the proposed acquisition by Pilgrim s Pride of the ConAgra chicken division, as contemplated by the Stock Purchase Agreement, dated June 7, 2003, as amended, between Pilgrim s Pride and ConAgra Foods; and
3. To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

Stockholders of record of the Company s Class A common stock and Class B common stock at the close of business on September 2, 2003 will be entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof.

Regardless of whether you will attend the special meeting, please sign, date and return the enclosed proxy card in the enclosed postage prepaid envelope as soon as possible to ensure that your shares will be voted at the special meeting in accordance with your instructions. Voting by proxy will not prevent you from voting in person at the special meeting.

By Order of the Board of Directors,

Richard A. Cogdill

Executive Vice President, Chief Financial Officer, Secretary and Treasurer

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**PILGRIM S PRIDE CORPORATION**

**110 South Texas Street**

**Pittsburg, Texas 75686**

**PROXY STATEMENT**

**FOR THE SPECIAL MEETING OF STOCKHOLDERS**

**to be held September 26, 2003**

Our board of directors is furnishing you this proxy statement to solicit proxies on its behalf to be voted at a Special Meeting of Stockholders to be held at the Company's headquarters building, 110 South Texas Street, Pittsburg, Texas, at 9:00 a.m., Central time, on Friday, September 26, 2003. The proxies also may be voted at any adjournments or postponements of the special meeting. We are first sending this proxy statement to stockholders on or about September \_\_, 2003.

At the special meeting, stockholders will be asked to consider and vote upon proposals to (1) amend Article Fourth of our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock and (2) approve the issuance to ConAgra Foods, Inc. of shares of our common stock in connection with our proposed acquisition of the ConAgra chicken division, as contemplated by the Stock Purchase Agreement, dated June 7, 2003, as amended, between us and ConAgra Foods.

Our board of directors has fixed the close of business on September 2, 2003 as the record date for the special meeting. Only holders of record of our Class A common stock or Class B common stock on that date are entitled to notice of and to vote at the special meeting, or at any adjournments or postponements of the special meeting. Each stockholder of record on the record date is entitled to one vote for each share of Class A common stock held and twenty votes for each share of Class B common stock held. On the record date, there were 13,523,429 shares of Class A common stock and 27,589,250 shares of Class B common stock issued and outstanding. Approval of the proposed reclassification of our Class A common stock and Class B common stock into a single class of common stock will require the vote of a majority of the outstanding shares of each of the Class A common stock and Class B common stock outstanding on the record date. Approval of the issuance of the shares to ConAgra Foods will require the vote of a majority of the combined voting power of the shares of Class A common stock and Class B common stock represented at and voting at the special meeting.

Our chairman, Lonnie Bo Pilgrim, and his son, Lonnie Ken Pilgrim, who is one of our directors and officers, collectively own or control 8,618,741 shares (63.7%) of the Class A common stock and 17,163,818 shares (62.2%) of the Class B common stock, and will vote for both proposals, and thus the approval of both proposals is assured.

When the accompanying proxy card is returned properly dated and signed and includes voting instructions, the shares represented by that proxy will be voted as directed by the stockholder submitting the proxy, unless the proxy is revoked before the special meeting. If a proxy is dated, signed and returned, but does not include voting instructions, the shares will be voted FOR each of the above proposals. On any other business that may come before the special meeting or any adjournments or postponements of the special meeting, the persons named on the accompanying form of proxy will vote in accordance with their best judgment.

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**SUMMARY TERM SHEET**

This summary term sheet highlights selected information from this proxy statement and may not contain all of the information that is important to you as a Pilgrim's Pride stockholder. Accordingly, we encourage you to carefully read this entire document and the documents to which we have referred you. You may obtain a copy of the documents to which we have referred you without charge by following the instructions in the section entitled "Where You Can Find More Information."

**The Companies**

***Pilgrim's Pride Corporation.*** Pilgrim's Pride Corporation is the second-largest poultry producer in the United States—the third-largest in chicken and fifth-largest in turkey—and the second largest chicken company in Mexico. We employ more than 24,500 persons and operate processing and further processing plants, distribution centers, hatcheries and feed mills in Texas, Arkansas, Arizona, North Carolina, Pennsylvania, Virginia and West Virginia and Mexico.

Our products are sold to foodservice, retail and frozen entrée customers. The Company's primary distribution is through retailers and restaurants throughout the United States and in the Northern and Central regions of Mexico and to the foodservice industry nationwide in both countries. For more information, please see "Where You Can Find More Information" on page 73.

We are a Delaware corporation with principal executive offices located at 110 South Texas Street, Pittsburg, Texas 75686. The telephone number of our principal executive offices is (903) 855-1000.

***ConAgra Foods, Inc.*** ConAgra Foods, Inc. (ConAgra Foods) is a leading packaged food company, serving a wide variety of food customers. ConAgra Foods operates in four business segments: packaged foods, food ingredients, meat processing and agricultural products. Historically, in its meat processing segment, ConAgra Foods produced and marketed fresh chicken for retail and foodservice customers. ConAgra Foods is a Delaware corporation with principal executive offices located at One ConAgra Drive, Omaha, Nebraska 68102. The telephone number of its principal executive offices is (402) 595-4000.

The ConAgra Foods Chicken Business (referred to in this proxy statement as the ConAgra chicken division) is the fourth-largest chicken producer in the United States. It is a fully-integrated chicken processing business engaged in the production, processing, marketing and distribution of fresh and frozen chicken products. It employs more than 16,000 persons and operates processing and further processing plants, distribution centers, hatcheries and feed mills in Alabama, Arkansas, Georgia, Kentucky, Louisiana, West Virginia and Puerto Rico, with additional facilities in California, Iowa, Mississippi, North Carolina, Tennessee, Texas, Utah, and Wisconsin. For more information, please see "Information Concerning the ConAgra Chicken Division" on page 54.

**The Proposals**

You are being asked to consider and vote upon proposals to:

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amend Article Fourth of our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock; and

approve the issuance to ConAgra Foods of shares of our common stock in connection with our proposed acquisition of the ConAgra chicken division, as contemplated by the Stock Purchase Agreement, dated June 7, 2003, as amended, between us and ConAgra Foods.

### **Reclassification of Class A common stock and Class B common stock (Pages 14 through 25)**

You are being asked to consider a proposed amendment to our certificate of incorporation that would reclassify the Class A common stock and Class B common stock into a single class of common stock. At the effective time of this reclassification, each share of Class A common stock and each share of Class B common stock

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will be reclassified into one (1) share of new common stock. The reclassification of the Class A common stock and the Class B common stock on a one-for-one basis is referred to as the exchange ratio.

We believe that this simplified capital structure will enhance stockholder value by eliminating potential investor confusion and perceived negative impact on the market price of our common stock that results from having a dual class structure. We also believe that the reclassification of our Class A common stock and Class B common stock will potentially increase the liquidity, trading volume and trading efficiencies of our common stock, and potentially increase our investor base.

In connection with the proposed reclassification of the Class A common stock and Class B common stock, Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch) has delivered its written opinion dated August 20, 2003 to a special committee of our board of directors as to the fairness, from a financial point of view, of the exchange ratio pursuant to the proposed reclassification to both the holders of the Class A common stock and the Class B common stock, in each case other than members of the Pilgrim family and their affiliated entities. A copy of Merrill Lynch's opinion is attached to this proxy statement as Annex A. Merrill Lynch's opinion sets forth the assumptions made, matters considered and limits on the scope of review undertaken by Merrill Lynch. Each holder of Class A common stock and Class B common stock is encouraged to read Merrill Lynch's opinion in its entirety. **Merrill Lynch's opinion was intended for the use and benefit of the special committee and the board of directors, does not address the merits of the underlying decision by Pilgrim's Pride to engage in the reclassification and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the reclassification or any related matter.**

Except as to voting rights, the rights of the new common stock will be identical to the rights of the current Class A common stock and Class B common stock. Currently, the holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to twenty votes per share on all matters brought before the stockholders. Except as required by law, the Class A common stock and Class B common stock vote as a single class. Each share of existing Class A common stock or Class B common stock that is reclassified into our new common stock will be entitled to cast twenty votes on all matters submitted to a vote of the stockholders, until there is a change in the beneficial ownership of such share. After the reclassification, following a change in beneficial ownership of a share, the share will be entitled to only one vote. Shares of new common stock issued after the reclassification will also only be entitled to one vote per share, including the shares to be issued to ConAgra Foods in the ConAgra chicken division acquisition.

Because the Class A common stock currently carries one vote per share and the Class B common stock currently carries twenty votes per share, the reclassification will significantly increase the relative voting power of each Class A share and decrease the relative voting power of each Class B share. At present, the Class A shares and Class B shares possess 2.4% and 97.6%, respectively, of our total voting power. After giving effect to the reclassification, the Class A shares and Class B shares currently outstanding would possess 32.9% and 67.1%, respectively, of our total voting power.

Our chairman Lonnie Bo Pilgrim, and his son Lonnie Ken Pilgrim, who is one of our directors and officers, directly and through several family trusts and partnerships (collectively, the Majority Stockholders), collectively control 62.225% of our total voting power and will continue to control over 62% of our total voting power immediately after the reclassification and prior to the closing of the ConAgra chicken division acquisition. So that the reclassification does not increase the percentage of our total voting power controlled by the Majority Stockholders, they have agreed to enter into a voting agreement with us prior to the reclassification. The voting agreement will provide that, as long as the common stock is listed on the New York Stock Exchange, should the combined voting power of shares held by the Majority Stockholders exceed 62.225% of our total voting power, they will vote those shares in excess of that percentage proportionately with the votes of the other Pilgrim's Pride stockholders.

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The board of directors recommends that stockholders vote FOR approval of the proposed amendment.

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**The Acquisition (Pages 25 through 53)**

In accordance with the Stock Purchase Agreement, we have agreed to acquire the ConAgra chicken division through the purchase from ConAgra Foods of all of the issued and outstanding capital stock of four of its wholly-owned subsidiaries. The ConAgra chicken division can generally be viewed as consisting of all of ConAgra Foods' integrated chicken business (including grow-out, slaughter, processing, further processing, rendering, sales and distribution, both in retail and foodservice, and related assets and employees). The ConAgra chicken division does not include (and we are not acquiring) certain branded packaged foods operations, including the Butterball, Banquet, Marie Callender's and Country Skillet further chicken processing and marketing operations. Additionally, we will not be acquiring the ConAgra, Butterball, Banquet, Marie Callender's and Country Skillet trade names.

The purchase price will be calculated based on the final adjusted net book value (as defined in the Stock Purchase Agreement) of the assets and liabilities of the ConAgra chicken division on the closing date of the acquisition. The consideration payable to ConAgra Foods will consist of a combination of cash, shares of our common stock and our 10.50% subordinated notes due March 4, 2011 (the Notes); provided that at our option we may pay the Note portion of the purchase price with cash, subject to certain limitations. The actual number and dollar amount of shares and the principal amount of Notes to be issued, subject to post-closing adjustment, will be determined at the closing of the acquisition by reference to the estimated final adjusted net book value of the ConAgra chicken division on the closing date and the volume weighted average stock price of the Class A common stock on the New York Stock Exchange from June 10, 2003 (the day after the parties announced the acquisition) through the date five trading days prior to the closing date. The volume weighted average stock price used to compute the number of shares to be issued to ConAgra Foods is subject to adjustment in certain circumstances. See The Stock Purchase Agreement Purchase Price Share Portion. In addition, the amount we will record on our financial statements for the stock portion of the purchase price will be based on the market price of our common stock on the closing date; however the volume weighted average stock price is used to compute the number of shares to be issued to ConAgra Foods.

If the estimated final adjusted net book value of the ConAgra chicken division were \$535,566,000 (which was the adjusted net book value at May 25, 2003) and the closing date were August 26, 2003, the stock portion of the purchase price would consist of 31,163,326 shares (based on a volume weighted average price of the Class A common stock of \$7.7336 from June 10 through August 19, 2003) and the balance of the consideration would be payable in \$100 million in cash and, assuming no post-closing adjustment, approximately \$194.6 million in a combination of cash and Notes. On August 13, 2003, we completed the public offering of \$100 million of 9<sup>5</sup>/<sub>8</sub>% Senior Notes due 2011. We intend to pay cash to ConAgra Foods using the proceeds of that offering instead of issuing Notes; provided, however, that if we issue any Notes to ConAgra Foods, the initial principal amount of the Notes must be at least \$100 million or such lesser amount as may be acceptable to ConAgra Foods. The acquisition would be valued on our financial statements at approximately \$610 million plus transaction costs because the stock component of the purchase price would be valued based on our common stock price at closing of \$10.12 (which was the closing price of our Class A common stock on August 19, 2003), which currently exceeds the volume weighted average price of the common stock during the reference period. Accordingly, changes in the final adjusted net book value of the ConAgra chicken division, changes in the volume weighted average price of our common stock and changes in the price of our common stock prior to closing will change the amount of stock and Notes payable to ConAgra Foods and the purchase price of the ConAgra chicken division for purposes of our financial statements. We intend that the proposed reclassification of the Class A common stock and Class B common stock will be completed prior to the closing of our acquisition of the ConAgra chicken division and ConAgra Foods will receive shares of our new common stock in the acquisition. If for any reason the proposed reclassification is not completed, then ConAgra Foods will receive shares of our existing Class A common stock.

**The Subordinated Notes (Pages 40 through 41 and Annex G)**

Unless we exercise our option to pay all of the Note portion of the purchase price in cash, a portion of the purchase price will consist of the Notes. The Notes will be issued under an indenture between us and a trustee. The Notes will be general unsecured obligations of Pilgrim's Pride, and are expressly subordinated in right of payment to all of our existing and future senior indebtedness. The Notes will mature on March 4, 2011. Interest on the Notes will accrue at the rate of 10.50% per annum and will be payable semi-annually in arrears on December 15 and June 15.

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The Notes may be redeemed by us, in whole or in part, for 100% of the then-outstanding principal and accrued interest, as long as they are held by ConAgra Foods or a ConAgra Foods affiliate. We may not redeem less than all of the Notes from ConAgra Foods if ConAgra Foods holds less than, or the redemption would result in



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ConAgra Foods holding less than, \$100 million of the Notes. If ConAgra Foods should transfer the Notes to an unaffiliated third party,

up to 35% of the Notes may be redeemed by us at a 10.5% premium prior to the fourth anniversary of their original issuance from the proceeds, and within 45 days after the completion by us, of a public equity issuance; and

the Notes may be redeemed by us, in whole or in part, at a 5.25% premium from September 15, 2007 through September 14, 2008; at a 2.625% premium from September 15, 2008 through September 14, 2009; and for 100% of the then-outstanding principal and accrued interest at any time after September 14, 2009.

If a change of control (as defined in the indenture) occurs, each noteholder will have the right to require us to repurchase all or any part of that holder's Notes on the terms set forth in the indenture.

We are not required to make mandatory redemption or sinking fund payments with respect to the Notes.

**Recommendation of the Board of Directors (Page 37)**

Our board of directors has determined that the proposed issuance of shares to ConAgra Foods and the proposed purchase of the ConAgra chicken division are in the best interests of Pilgrim's Pride and our stockholders. The board of directors recommends that stockholders vote FOR approval of the proposed issuance of shares to ConAgra Foods in connection with the ConAgra chicken division acquisition.

**Reasons for the Acquisition and Issuance of Shares to ConAgra Foods; Certain Risks of the Acquisition (Pages 28 through 30)**

In reaching its decision that the proposed issuance of the shares to ConAgra Foods and the proposed purchase of the ConAgra chicken division are in the best interests of Pilgrim's Pride and our stockholders, our board of directors considered, among other things:

the financial condition and operating results of the ConAgra chicken division;

the markets served by the ConAgra chicken division in the United States and Puerto Rico;

the distributor relationships, Southeastern processing plants and other facilities of the ConAgra chicken division;

opportunities to achieve significant cost savings through the optimization of production and distribution facilities and the implementation of a best practices approach across all operations, including purchasing, production, logistics and shared services;

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the brands of, and variety of products produced by, the ConAgra chicken division, including higher-margin specialty prepared chicken products; and

the financial and other terms and conditions of the Stock Purchase Agreement and other transaction agreements.

Our board of directors also considered, among other things, the following risks of the proposed acquisition:

the dilution to the ownership percentage of the holders of the currently outstanding Class A common stock and Class B common stock;

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the potential adverse effect on prevailing market prices for the common stock that might occur due to the availability for resale of one-third of the shares 12 months after the closing;

the risk that certain aspects of the businesses of Pilgrim s Pride and the ConAgra chicken division may not be successfully coordinated in a timely manner; and

certain other factors described in this proxy statement.

In the board of directors view, these considerations were not sufficient, either individually or collectively, to outweigh the advantages of the proposed acquisition.

**Opinion of Pilgrim s Pride s Financial Advisor for the Acquisition (Pages 31 through 36 and Annex B)**

In connection with the proposed acquisition, our financial advisor, Credit Suisse First Boston LLC, delivered a written opinion to our board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to Pilgrim s Pride of the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment. The full text of Credit Suisse First Boston s written opinion, dated June 7, 2003, is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Credit Suisse First Boston s opinion was provided to our board of directors in connection with its evaluation of such purchase price, does not address any other aspect of the proposed acquisition or related transactions, and does not constitute a recommendation to any stockholder as to any matters relating to the acquisition or related transactions. Credit Suisse First Boston was not requested to render an updated opinion in connection with the August 11, 2003 and August 20, 2003 amendments to the Stock Purchase Agreement.**

**Closing Conditions (Pages 41 through 43)**

The obligations of Pilgrim s Pride and ConAgra Foods to consummate the acquisition are subject to the satisfaction or waiver of certain conditions, including but not limited to:

approval of the issuance to ConAgra Foods of shares of our common stock pursuant to the Stock Purchase Agreement by the requisite vote of the holders of our Class A common stock and Class B common stock, voting as a single class;

the approval for listing on the New York Stock Exchange of the shares to be issued to ConAgra Foods pursuant to the Stock Purchase Agreement;

the absence of any injunction prohibiting consummation of the acquisition; and

the accuracy of the representations and warranties contained in the Stock Purchase Agreement.

**Non-Competition Covenant (Page 43)**

The Stock Purchase Agreement provides that, for five years after the closing, ConAgra Foods will not compete with us in North America or Central America in the business of growing or slaughtering of chickens, an integrated chicken operation growing, slaughtering and processing chickens, the sale of fresh chicken or the sale of fresh frozen chicken that has not been further processed, and will not use, license or allow any third party to use the names Butterball or Country Skillet as a trademark, service mark, trade name or domain name in connection with any of those activities.

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**Amendment and Termination; Termination Fee (Pages 49 through 51)**

The Stock Purchase Agreement provides that the parties may amend, modify or supplement the agreement by mutual agreement in writing. The Stock Purchase Agreement may be terminated at any time prior to the closing by the mutual consent of Pilgrim's Pride and ConAgra Foods. Either party also may terminate the Stock Purchase Agreement if the closing has not occurred by December 31, 2003 (unless the failure of the closing to occur was due to any breach of the Stock Purchase Agreement by the party seeking to terminate), or for certain other reasons. If the Stock Purchase Agreement is terminated for certain reasons, the terminating party will be obligated to pay the other party a termination fee of \$25 million.

**Share Voting Agreement (Pages 51 through 52)**

In connection with the Stock Purchase Agreement, the Majority Stockholders entered into a Share Voting Agreement with us and ConAgra Foods. In the Share Voting Agreement, the Majority Stockholders agreed, among other things, to vote their shares of Class A common stock and Class B common stock in favor of the issuance of shares of our common stock to ConAgra Foods in connection with the acquisition, and in favor of any proposal or action that would, or could reasonably be expected to, facilitate the acquisition. On the record date, the Majority Stockholders beneficially owned over 60% of the outstanding shares of each of the Class A common stock and Class B common stock, and all of such shares will be voted FOR the proposed issuance of shares to ConAgra Foods and the proposed reclassification of the Class A common stock and Class B common stock into a single class of common stock. Thus, approval of both proposals is assured.

**Other Transaction Agreements (Pages 52 through 53)**

In connection with the closing of the proposed acquisition, we will enter into various other agreements with ConAgra Foods, including the following:

two registration rights agreements, pursuant to which, among other things, we will register the shares and Notes to be issued to ConAgra Foods for resale within 12 months of the closing date, and ConAgra Foods and the Majority Stockholders each will agree to certain restrictions on transfer of their shares of our common stock; and

three supply agreements, pursuant to which we will be a preferred supplier of fresh chicken and certain prepared chicken products to ConAgra Foods and they will be a preferred supplier of grain to us in Puerto Rico.

**Vote Required to Approve the Proposals (Pages 25 and 38)**

Approval of the proposed amendment to our certificate of incorporation to reclassify the Class A common stock and Class B common stock into a single class of common stock will require the vote of a majority of the outstanding shares of each of the Class A common stock and Class B common stock. Approval of the issuance of shares to ConAgra Foods in connection with the acquisition will require the vote of a majority of the combined voting power of the shares of Class A common stock and Class B common stock represented at and voting on the proposal at the special meeting. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to twenty votes per share on these matters.

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Our chairman, Lonnie Bo Pilgrim, and his son, Lonnie Ken Pilgrim, who is one of our directors and officers, collectively own or control 8,618,741 shares (63.7%) of the Class A common stock and 17,163,818 shares (62.2%) of the Class B common stock, and will vote for both proposals, and thus the approval of both proposals is assured.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

This question-and-answer section highlights important information in this proxy statement but does not contain all of the information that is important to you. You should carefully read this entire proxy statement and the other documents we refer you to for a more complete understanding of the matters being considered at the special meeting. In addition, we incorporate by reference important business and financial information about Pilgrim's Pride into this proxy statement. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in the section entitled "Where You Can Find More Information."

**Q: When and where is the special meeting?**

A: The special meeting is scheduled to be held as follows:

Date: September 26, 2003

Time: 9:00 a.m. Central time

Place: Pilgrim's Pride Corporation  
Headquarters Building  
110 South Texas Street  
Pittsburg, Texas 75686

**Q: Who can vote at the special meeting?**

A: You can vote at the special meeting or any postponements or adjournments thereof if you owned shares of Pilgrim's Pride Class A common stock or Class B common stock at the close of business on the record date, which is September 2, 2003. As of the close of business on that day, 13,523,429 shares of Pilgrim's Pride Class A common stock and 27,589,250 shares of Class B common stock were outstanding and entitled to vote.

**Q: What am I being asked to vote on?**

A: You are being asked to vote to:

Approve an amendment to Article Fourth of our certificate of incorporation, which will reclassify our Class A common stock and Class B common stock into a single class of common stock. See "Proposed Reclassification of Class A common stock and Class B common stock into a Single Class."

Approve the issuance to ConAgra Foods of shares of our common stock in connection with our proposed acquisition of the ConAgra chicken division, as contemplated by the Stock Purchase Agreement, dated June 7, 2003, as amended, between us and ConAgra Foods. See "Proposed Issuance of Shares to ConAgra Foods."

**Q: How do I vote?**

A: You may vote your shares either in person or by proxy. There are generally two ways to vote:

by completing, executing and returning your proxy card; and  
by written ballot at the special meeting.

If your shares are held in a brokerage account in your broker's name (this is called street name), you should follow the voting directions provided by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions to your broker or nominee by telephone or the Internet. If you provide specific voting instructions to your broker or nominee



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by mail, telephone or the Internet, your shares should be voted by your broker or nominee as you have directed.

We will pass out written ballots to anyone who wants to vote at the special meeting. If you hold your shares in street name, you must request a legal proxy from your broker to vote at the special meeting.

Your shares will be voted as you indicate on your proxy card. If you return your proxy card but do not mark your voting preference, the individuals named as proxies will vote your shares FOR both proposals described in this proxy statement.

**Q: If my shares are held in my broker's name, will my broker vote my shares for me?**

A: Your broker will vote your shares only if you provide your broker with instructions on how to vote. You should instruct your broker to vote your shares, following the directions provided by your broker. Without instructions, your shares will not be voted.

**Q: What if I change my mind after submitting a proxy?**

A: Your proxy may be revoked at any time before it is voted at the special meeting by (1) written notice to the Secretary of Pilgrim's Pride, (2) submitting another valid proxy by mail that is later dated and properly signed or (3) voting in person at the special meeting.

**Q: Why is stockholder approval necessary for the issuance of shares to ConAgra Foods?**

A: Our listing agreement with the New York Stock Exchange requires stockholder approval for the issuance of shares in a single transaction or series of related transactions equal to 20% or more of Pilgrim's Pride's issued and outstanding common stock. If the ConAgra chicken division had a final adjusted net book value of \$535.6 million (which was the adjusted net book value at May 25, 2003) and the volume weighted average price of our Class A common stock used to compute the share portion of the consideration to be paid to ConAgra Foods was \$7.7336 (which was the volume weighted average price from June 10, 2003 through August 19, 2003, we would issue approximately 31.2 million shares of common stock to ConAgra Foods in the acquisition. This number of shares would represent approximately 43.1% of the total number of shares of common stock outstanding, and approximately 3.7% of our total voting power, after giving effect to the reclassification.

**Q: What vote will be required to approve the proposals?**

A: Approval of the amendment to our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock will require the vote of a majority of the outstanding shares of each of our Class A common stock and Class B common stock. Approval of the issuance of shares to ConAgra Foods will require the vote of a majority of the combined voting power of the shares of Class A common stock and Class B common stock represented at and voting on the proposal at the special meeting. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to twenty votes per share on these matters.

Our chairman, Lonnie Bo Pilgrim, and his son, Lonnie Ken Pilgrim, who is one of our directors and officers, collectively own or control 8,618,741 shares (63.7%) of the Class A common stock and 17,163,818 shares (62.2%) of the Class B common stock, and will vote for both

proposals, and thus the approval of both proposals is assured.

**Q: Do I have any appraisal rights if I oppose the proposals?**

A: No. Under Delaware law, stockholders do not have the right to an appraisal of the value of their shares in connection with either proposal.

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**THE SPECIAL MEETING**

**Date, Time, Place and Purpose of the Special Meeting**

The special meeting will be held as follows:

Date: September 26, 2003

Time: 9:00 a.m. Central time

Place: Pilgrim s Pride Corporation  
Headquarters Building  
110 South Texas Street  
Pittsburg, Texas 75686

The special meeting will be held for the following purposes:

To consider and vote upon a proposal to amend Article Fourth of the certificate of incorporation of Pilgrim s Pride Corporation ( Pilgrim s Pride , we or the Company ) to reclassify our Class A common stock and Class B common stock into a single class of common stock;

To consider and vote upon a proposal to approve the issuance to ConAgra Foods, Inc. ( ConAgra Foods ) of shares of our common stock in connection with our proposed acquisition of the ConAgra chicken division, as contemplated by the Stock Purchase Agreement, dated June 7, 2003, as amended, between us and ConAgra Foods (the Stock Purchase Agreement ); and

To transact any other business that may properly come before the special meeting or any adjournment or postponement thereof.

A copy of the Stock Purchase Agreement is attached to this proxy statement as Annex D, copies of Amendment No. 1 to the Stock Purchase Agreement, dated August 11, 2003, and Amendment No. 2 to the Stock Purchase Agreement dated August 20, 2003, between us and ConAgra, are attached to this proxy statement as Annex E and Annex F, respectively, and a copy of the Certificate of Amendment of Certificate of Incorporation is attached to this proxy statement as Annex C. The shares of our common stock to be issued to ConAgra Foods pursuant to the Stock Purchase Agreement are referred in this proxy statement as the Shares.

**Recommendation of the Board of Directors**

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Our board of directors believes that the proposed reclassification of our Class A common stock and Class B common stock into a single class of common stock, and the proposed issuance of the Shares to ConAgra Foods in connection with the purchase of the ConAgra chicken division, are advisable and fair to, and in the best interests of, Pilgrim's Pride and its stockholders, and recommends that stockholders vote FOR the proposals.

### **Outstanding Voting Securities**

Each stockholder of record at the close of business on September 2, 2003 (the Record Date), will be entitled to one vote for each share of Class A common stock, \$.01 par value per share, and twenty votes for each share of Class B common stock, \$.01 par value per share, held on the Record Date. The accompanying proxy card indicates the number of shares to be voted. On the Record Date, there were 13,523,429 shares of Class A common stock issued and outstanding and there were 27,589,250 shares of Class B common stock issued and outstanding. Approval of the proposed amendment to our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock will require the separate class votes of a majority of the shares of the Class A common stock and a majority of the shares of Class B common stock outstanding on the Record Date. Approval of the issuance of the Shares to ConAgra Foods will require the vote of a majority of the combined voting power of the shares of Class A common stock and Class B common stock represented at and voting at the special meeting, voting as a single class. Our chairman, Lonnie Bo Pilgrim, and his son, Lonnie Ken

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Pilgrim, who is one of our directors and officers, collectively own or control 8,618,741 shares (63.7%) of the Class A common stock and 17,163,818 shares (62.2%) of the Class B common stock, and will vote for both proposals, and thus the approval of both proposals is assured.

A list of stockholders as of the Record Date for the special meeting will be available for examination by any stockholder, for purposes germane to the special meeting, at the special meeting and, during ordinary business hours, for 10 days prior to the date of the special meeting, at 110 South Texas Street, Pittsburg, Texas 75686.

**Quorum**

The holders of at least a majority of the combined voting power of Class A common stock and Class B common stock outstanding on the Record Date must be present in person or by proxy at the special meeting for the special meeting to be held. Abstentions and broker non-votes are counted in determining whether at least a majority of the voting power of our Class A common stock and Class B common stock outstanding on the Record Date are present at the special meeting.

**Proxies**

Because many of our stockholders are unable to attend the special 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 special meeting. Each stockholder is urged to:

read carefully the material in this proxy statement;

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

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

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 both proposals.

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 special meeting, even if not described in this proxy statement. 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 special meeting.

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The proxy does not affect a stockholder's right to vote in person at the special meeting. A stockholder may revoke a proxy at any time before it is voted by submitting a later-dated proxy, or by communicating his or her revocation in writing to the Secretary of Pilgrim's Pride, or by voting by ballot at the special meeting.

If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Your broker, bank, or nominee will not be able to vote your shares unless the broker, bank or nominee receives specific instructions from you. If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

After carefully reading and considering the information contained in this proxy statement, you should complete, sign, date and return the enclosed proxy card in the enclosed postage-prepaid envelope. You can also vote in person at the special meeting, but we encourage you to submit your proxy even if you plan to attend the special meeting.

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**Abstentions and Broker Non-Votes**

Abstentions and broker non-votes will be counted as votes **AGAINST** the proposal to amend our certificate of incorporation to reclassify our Class A common stock and Class B common stock, and will have no effect on the vote to approve the issuance of the Shares to ConAgra Foods. Abstentions and broker non-votes will count towards the determination of a quorum at the special meeting.

**Solicitation**

We will bear the cost of the special 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, our directors, officers and other employees may solicit proxies by telephone or otherwise. They will not be specifically compensated for such services. We will request brokers and other custodians, nominees and fiduciaries to forward proxies and proxy soliciting material to the beneficial owners of Class A common stock and Class B common stock and to secure their voting instructions, if necessary. We will reimburse them for their reasonable expenses in forwarding proxy soliciting material.

**Other Proposals**

Except as indicated in this proxy statement, we do not expect any other matters to be raised at the special meeting. If any other matters should properly come before the meeting, the persons named in the enclosed proxy will vote the proxies in accordance with their best judgment.

**Independent Auditors**

Representatives of Ernst & Young LLP, our independent auditors, are expected to be present at the special meeting, will be given the opportunity to make a statement if they wish to do so, and will be available to respond to appropriate questions.

**Assistance**

If you have any questions about the proposals, the special meeting or how to submit your proxy, need assistance in completing your proxy card, or need additional copies of this proxy statement or the enclosed proxy card, please contact:

Pilgrim s Pride Corporation

110 South Texas Street

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Pittsburg, Texas 75686

Attention: Ric Springstead

Telephone: (903) 855-1000



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## SELECTED HISTORICAL FINANCIAL DATA

## Selected Historical Financial Data of Pilgrim s Pride

We prepared the selected historical consolidated financial data in the table below using our consolidated financial statements. We derived the consolidated statement of income data for the five fiscal years ended September 28, 2002 and the consolidated balance sheet data as of the last day of each such fiscal year from our consolidated financial statements audited by Ernst & Young LLP, independent auditors. We derived the consolidated statement of income data for the nine months ended June 28, 2003 and June 29, 2002 and the consolidated balance sheet data as of June 28, 2003 and June 29, 2002 from our unaudited consolidated financial statements. In the opinion of management, the unaudited interim financial statements for the nine months ended June 28, 2003 and June 29, 2002 include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our financial position and the results of operations for these periods. Operating results for the nine months ended June 28, 2003 are not necessarily indicative of the results that may be expected for the entire fiscal year ending September 27, 2003. The historical data are only a summary and should be read in conjunction with the consolidated financial statements and related notes thereto for the applicable periods. Our audited consolidated balance sheets as of September 28, 2002 and September 29, 2001 and our audited consolidated statements of income for each of the three fiscal years in the period ended September 28, 2002, and the unaudited consolidated financial statements as of June 28, 2003 and June 29, 2002 and for the nine month periods then ended, are incorporated by reference in this proxy statement. See [Where You Can Find More Information](#).

	Fiscal Year Ended					Nine Months Ended	
	September 26,	October 2,	September 30,	September 29,	September 28,	June 29,	June 28,
	1998	1999 <sup>(a)</sup>	2000	2001 <sup>(b)</sup>	2002	2002	2003
(in thousands, except per common share data)							
<b>Income Statement Data:</b>							
Net sales	\$ 1,331,545	\$ 1,357,403	\$ 1,499,439	\$ 2,214,712	\$ 2,533,718	\$ 1,893,899	\$ 1,909,874
Gross margin	136,103	185,708	165,828	213,950	165,165	133,495	140,619
Operating income	77,256	109,504	80,488	94,542	29,904	33,004	37,891
Income before income taxes and extraordinary charge	56,522	90,904	62,786	63,294	1,910		
Interest expense, net	20,148	17,666	17,779	30,775	32,003	24,886	28,835
Income tax expense (benefit) <sup>(c)</sup>	6,512	25,651	10,442	21,263	(12,425)	(7,453)	15,346
Income before extraordinary charge	50,010	65,253	52,344	42,031	14,335	17,509	30,963
Extraordinary charge net of tax				(894)			
Net income	50,010	65,253	52,344	41,137	14,335	17,509	30,963
<b>Per Common Share Data:<sup>(d)</sup></b>							
Income before extraordinary charge	\$ 1.21	\$ 1.58	\$ 1.27	\$ 1.02	\$ 0.35	\$ 0.43	\$ 0.75
Extraordinary charge early repayment of debt				(0.02)			
Net income	1.21	1.58	1.27	1.00	0.35	0.43	0.75
Cash dividends	0.04	0.045	0.06	0.06	0.06	0.045	0.045
Book value	5.58	7.11	8.33	9.27	9.59	9.68	10.27
<b>Balance Sheet Data (end of period):</b>							
Working capital	\$ 147,040	\$ 154,242	\$ 124,531	\$ 203,450	\$ 179,038	\$ 157,980	\$ 267,844

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Total assets	601,439	655,762	705,420	1,215,695	1,227,890	1,218,365	1,278,920
Notes payable and current							
Maturities of long-term debt	5,889	4,353	4,657	5,099	3,483	5,207	2,635
Long-term debt, less current							
maturities	199,784	183,753	165,037	467,242	450,161	418,064	480,150
Total stockholders equity	230,871	294,259	342,559	380,932	394,324	397,910	422,189

- (a) Fiscal 1999 had 53 weeks.
- (b) We acquired WLR Foods, Inc. on January 27, 2001 for \$239.5 million and the assumption of \$45.5 million of indebtedness. The acquisition has been accounted for as a purchase and the results of operations for this acquisition have been included in our consolidated results of operations since the acquisition date.
- (c) Fiscal 2002 includes \$11.9 million of tax benefit from changes in Mexican tax laws.
- (d) Historical per share amounts represent both basic and diluted and have been restated to give effect to a stock dividend issued on July 30, 1999.

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The following table presents selected historical financial data of the ConAgra chicken division on a combined basis as of and for the five fiscal years ended May 25, 2003. The combined statement of income data for each of the three fiscal years in the period ended May 25, 2003 and the combined balance sheet data as of May 25, 2003 and May 26, 2002 was derived from the ConAgra Foods Chicken Business combined financial statements appearing elsewhere in this proxy statement, which have been audited by Deloitte & Touche LLP, independent auditors. The combined statement of income data for the fiscal years ended May 28, 2000 and May 30, 1999 and the combined balance sheet data as of May 27, 2001, May 28, 2000, and May 30, 1999 was derived from the ConAgra Foods Chicken Business unaudited combined financial statements, which are not included in this proxy statement. In the opinion of the ConAgra Foods Chicken Business management, the unaudited combined financial statements include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the financial position and the results of operations of the ConAgra chicken division for these periods. The historical data are only a summary and should be read in conjunction with the combined financial statements and related notes thereto for the applicable periods. You should read this selected historical financial data in conjunction with the audited combined financial statements of the ConAgra Foods Chicken Business and notes thereto beginning on page F-1 of this Proxy Statement.

	Fiscal Year Ended				
	May 30,	May 28,	May 27,	May 26,	May 25,
	1999(a)	2000 (b) (c)	2001	2002 (d)	2003 (e)
	(in millions)				
<b>Income Statement Data:</b>					
Net sales	\$ 1,784.2	\$ 1,993.2	\$ 2,341.0	\$ 2,434.7	\$ 2,341.7
Cost of goods sold	1,689.9	1,906.6	2,263.7	2,267.3	2,258.1
Gross profit	94.3	86.6	77.3	167.4	83.6
Selling, general and administrative expenses	56.3	71.8	72.6	79.4	73.0
Corporate allocations: Selling, general and administrative	7.6	13.8	20.6	19.0	19.3
Corporate allocations: Finance charges	12.3	21.9	31.8	22.7	26.0
Restructuring charges	5.9	56.5			
Income (loss) before income taxes	12.2	(77.4)	(47.7)	46.3	(34.7)
Income tax expense (benefit)	4.5	(28.5)	(17.5)	17.6	(12.9)
Net income (loss)	7.7	(48.9)	(30.2)	28.7	(21.8)
<b>Balance Sheet Data (end of period):</b>					
Working capital	\$ 113.3	\$ 206.7	\$ 260.4	\$ 201.7	\$ 181.8
Total assets	492.1	879.8	882.0	833.1	786.7
Long-term debt, less current maturities	3.2	18.5	17.9	17.1	16.6

- (a) 1999 restructuring charges represent charges for asset impairments.
- (b) 2000 restructuring charges include \$52.7 million of asset impairments and \$3.8 million of other restructuring related charges.
- (c) 2000 amounts reflect the acquisition of Seaboard Farms, the poultry division of Seaboard Corporation, for approximately \$360 million. Seaboard Farms produced and marketed value-added poultry products primarily to foodservice customers and had annual sales of approximately \$480 million.
- (d) As of the beginning of fiscal year 2002, the ConAgra Foods Chicken Business adopted Statement of Financial Accounting Standard (SFAS) No. 133, *Accounting for Derivative Financial Instruments and Hedging Activities*, as amended.
- (e)

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As of the beginning of fiscal year 2003, the ConAgra Foods Chicken Business adopted SFAS No. 142, *Goodwill and Other Intangible Assets*.

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**PROPOSED RECLASSIFICATION OF CLASS A COMMON STOCK AND  
CLASS B COMMON STOCK INTO A SINGLE CLASS**

Item 1 on Proxy Card

**General**

The board of directors has approved, and recommends that the stockholders adopt, a proposal to amend our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock. A copy of the proposed certificate of amendment to our certificate of incorporation is attached to this proxy statement as Annex C. The following discussion is qualified in its entirety by reference to the amendment, which you should read carefully for more details regarding the provisions we describe and for other provisions that may be important to you.

At the effective time of the reclassification, each share of Class A common stock and each share of Class B common stock will be reclassified into one (1) share of new common stock. The new common stock will be our only class of authorized common stock. Following the reclassification, the Class A common stock and Class B common stock will no longer be listed on the New York Stock Exchange or registered under the Securities Exchange Act of 1934. The new common stock will be listed on the New York Stock Exchange under the symbol PPC and registered under the Securities Exchange Act of 1934. As of the Record Date, there were 13,523,429 shares of Class A common stock outstanding and 27,589,250 shares of Class B common stock outstanding. After giving effect to the reclassification, there will be 41,112,679 shares of our new common stock outstanding, all of which will be held by our current stockholders.

Upon approval by the stockholders, our certificate of incorporation will be amended as described in this proxy statement when the Certificate of Amendment of Certificate of Incorporation in the form attached to this proxy statement as Annex C is filed with the Secretary of State of the State of Delaware. Prior to its filing with the Secretary of State of the State of Delaware, the proposed amendment may be abandoned by the board of directors, without further action by the stockholders, at any time before or after the special meeting if for any reason the board of directors deems it advisable.

You should NOT send in your Class A common stock or Class B common stock certificates for exchange. If the reclassification is approved and consummated, your shares of Class A common stock or Class B common stock will automatically be reclassified as our new common stock when the Certificate of Amendment is filed, without any further action. You should retain the certificates for your Class A common stock or Class B common stock, which will be deemed for all purposes to represent the shares of new common stock into which your existing shares were reclassified. While you do not need to exchange your Class A common stock or Class B common stock certificates following this reclassification, you may do so if you wish. Please contact Ric Springstead, Pilgrim's Pride Corporation, 110 South Texas Street, Pittsburg, Texas 75686, Telephone: (903) 855-1000 for further information.

**Background of the Proposed Reclassification**

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Our current dual class capital structure was approved by our stockholders in June 1998. The dual class capital structure was intended to provide additional flexibility to Pilgrim's Pride, while permitting us to avoid certain adverse income tax consequences that would result if we ceased to qualify as a family corporation under section 447 of the Internal Revenue Code of 1986.

A corporation is a family corporation if at least 50% of the total combined voting power of all classes of stock entitled to vote and at least 50% of all other classes of stock of the corporation are owned by members of the same family and certain other conditions are met. We are controlled by Lonnie Bo Pilgrim, our founder and Chairman, and his son Lonnie Ken Pilgrim, who is one of our directors and officers. Collectively, they own approximately 62.225% of our total voting power and over 60% of each class of our common stock. We also meet the other requirements of a family corporation.

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Before July 2, 1988, we used the cash method of accounting for federal income tax purposes. Pursuant to changes in the laws enacted by the Revenue Act of 1987, we were required to change our method of accounting from the cash method for federal income tax purposes to the accrual method. As a consequence of this change in our accounting method, we were permitted to create a suspense account in the amount of approximately \$89.7 million. The money in the suspense account represents deferred income arising from our prior use of the cash method of accounting. Beginning in fiscal 1998, we are generally required to include 1/20th of the amount in the suspense account, or approximately \$4.5 million, in taxable income each year for 20 years. As of September 28, 2002, the balance in the suspense account was approximately \$64.0 million. However, the full amount must be included in taxable income in any year that we cease to be a family corporation. Accordingly, if the Pilgrim family ceases to own at least 50% of the total combined voting power of all classes of our stock entitled to vote, we would cease to be a family corporation and would be required to recognize the balance of the suspense account in taxable income.

Our dual class structure was intended to allow us to issue equity securities in connection with acquisitions and to raise equity capital or to issue convertible debt or convertible preferred stock as a means to finance future growth, without diluting the voting power of the Pilgrim family in a way that would cause us to incur additional income tax expense.

At the time the dual class capital structure was implemented, our board of directors considered potential disadvantages of the structure, but determined that the potential benefits that it believed would result from the structure would outweigh any potential disadvantages.

At various times since adoption of our dual class capital structure, our board of directors has discussed the possibility that, in practice, certain disadvantages of the dual class capital structure have outweighed potential advantages related to the structure. The board of directors has noted that, with the exception of the pending acquisition of the ConAgra chicken division, we have not used the Class A common stock in connection with any acquisitions, nor have we sold Class A common stock or debt or shares convertible into Class A common stock in any public or private offering in order to raise capital. Given that we have not enjoyed the intended benefits of the Class A common stock, we have felt the disadvantages of the dual class capital structure more strongly, especially in light of the prevalence of single class capital structures among publicly held corporations. The disadvantages of the dual class capital structure that have been noted by the board of directors include, among others, the following:

potential confusion due to the complicated nature of our capital structure, which may diminish investor interest, analyst coverage, and the size of our investor base; and

impaired liquidity, trading volume, and trading efficiencies.

The board of directors has also noted that the Class A common stock has historically traded at a discount to the Class B common stock that it believes to be excessive. Since the adoption of the dual-class structure, the Class A common stock has generally traded on the New York Stock Exchange at a discount to the Class B common stock. This discount averaged 27.1% from the adoption of the dual-class structure in 1999 through August 5, 2003, and 26.6% over the three months ending August 5, 2003. The trading volume of the Class A common stock averaged approximately 38% that of the Class B common stock from the adoption of the dual-class structure in 1999 through August 5, 2003, and 16.6% over the three months ending August 5, 2003.

From time to time over the last few years, our management has discussed with the New York Stock Exchange and our legal and financial advisors the possibility of combining our two classes of common stock into one class as a means of increasing the trading price of our common stock and enhancing shareholder value. In 2002, we presented a formal proposal to the New York Stock Exchange that the Class A common stock and Class B common stock be reclassified as a new class of common stock, with each reclassified share initially entitled to 20 votes and

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newly issued shares or transferred shares entitled to one vote per share.

In July 2003, the New York Stock Exchange indicated that it would not object to our proposal under its voting rights rules, and our board of directors appointed a special committee comprised of our five outside directors to evaluate the proposal. The special committee, which does not consist of any member of the Pilgrim family or any of our officers or employees, was charged by the board of directors with determining whether this reclassification of the Class A common stock and Class B common stock was in the best interests of Pilgrim's Pride, the Class A



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stockholders and the Class B stockholders, and the terms of any such reclassification, including the rights of the new common stock and the number of new common shares that would be issued for each outstanding share of Class A common stock and Class B common stock, and to make a recommendation to the full board of directors.

The special committee engaged Merrill Lynch as its financial advisor to assist it in evaluating the exchange ratio. At meetings of the special committee on August 6, August 8, August 11 and August 20, 2003, our management, together with our legal counsel and Merrill Lynch, reviewed the proposed reclassification of our Class A common stock and Class B common stock in the manner described in this proxy statement. At the August 6 meeting, Merrill Lynch presented to the special committee its financial analysis of the proposed exchange ratio and indicated that it was prepared to render a written opinion to the special committee as to the fairness of the proposed exchange ratio to both the holders of Class A common stock and Class B common stock, in each case other than members of the Pilgrim family and their affiliated entities. At the August 20 meeting, Merrill Lynch reaffirmed its financial analysis and delivered its opinion to the special committee to the effect that, as of August 20, 2003 and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the exchange ratio pursuant to the proposed reclassification was fair from a financial point of view to both the holders of Class A common stock and Class B common stock, in each case other than members of the Pilgrim family and their affiliated entities. The special committee then unanimously decided that the proposed reclassification was in the best interests of Pilgrim's Pride, the Class A common stock stockholders and the Class B common stock stockholders, and voted to recommend the proposal to the full board of directors.

Based on the recommendation of the special committee and for the reasons described below, our board of directors subsequently determined that the proposed reclassification was in the best interests of Pilgrim's Pride and was in the best interests of and fair to the holders of both the Class A common stock and Class B common stock. The board formally approved the reclassification, including by the unanimous vote of the directors that are neither members of the Pilgrim family nor Pilgrim's Pride officers or employees, voting separately. The directors also recommended that the reclassification be submitted to a vote of our stockholders.

**Reasons for the Proposed Reclassification**

At a board meeting held on August 20, 2003, our board of directors determined that it was in the best interests of Pilgrim's Pride and its stockholders to reclassify the Class A common stock and Class B common stock into new common stock on the terms described in this proxy statement.

In determining whether to approve the reclassification, and in the process of determining that the reclassification is in the best interests of Pilgrim's Pride and its stockholders, our directors considered a number of factors, and came to believe this reclassification will:

eliminate potential investor confusion caused by our dual class capital structure;

simplify our capital structure, which may generate increased investor interest, expanded analyst coverage, and a larger investor base;

potentially increase the liquidity, trading volume, and trading efficiencies of our common shares;

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increase efficiency and flexibility in raising capital and issuing additional shares if, when, and to the extent desired; and

eliminate a perceived negative impact on the market price of our common stock that results from having a dual class capital structure.

Your board of directors also considered the following factors relating to this reclassification, and believes that each supports its determination that the exchange ratio is fair to all of our stockholders:

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the analysis and opinion of Merrill Lynch dated August 20, 2003 to the special committee, to the effect that, as of that date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the exchange ratio pursuant to the proposed reclassification was fair from a financial point of view to both the holders of Class A common stock and Class B common stock, in each case other than members of the Pilgrim family and their affiliated entities;

the holders of the Class A common stock and the holders of the Class B common stock currently have the same economic rights, with the different voting rights representing the only material difference between the Class A common stock and the Class B common stock;

in a merger or reorganization transaction, or in a liquidation of the company, each holder of a share of Class A common stock and each holder of a share of Class B common stock is currently entitled to receive the same kind and amount of shares, securities or other property, except that the holders of Class A common stock and Class B common stock could be offered different kinds of shares in a merger or reorganization transaction if the only difference would be their respective voting rights;

each holder of a share of Class A common stock and each holder of a share of Class B common stock is currently entitled to receive the same cash dividends per share, if any, declared by the Company;

the current and historical trading prices and volumes of the Class A common stock compared to the current and historical trading prices and volumes of the Class B common stock;

the trading price differentials between two classes of stock of other similarly situated companies; and

the exchange ratios utilized by other companies that reclassified two classes of stock into a single class.

The board of directors also considered that this reclassification would increase the relative voting power of current holders of Class A common stock and decrease the relative voting power of current holders of Class B common stock, and provide greater voting rights to our existing stockholders than it would to persons who acquired our common stock in the future, either from us or from our existing stockholders in private or market transactions. In this respect, the increased voting rights of shares that are subject to the reclassification may encourage our stockholders to retain their shares. The board also considered that our Majority Stockholders have agreed to enter into a voting agreement with us so that this reclassification does not result in an increase in their voting control of Pilgrim's Pride.

This discussion of information and factors considered by our board of directors is not intended to be exhaustive, but includes all material factors considered by our board of directors in approving the proposed reclassification. Our board of directors did not assign relative weights to the specific factors it considered in reaching its decision to approve the reclassification. In considering the factors described above, individual directors may have given different weight to different factors. Our board of directors relied on the experience and expertise of its financial advisor for quantitative analysis of the exchange ratio for the reclassification. See **Opinion of Special Committee's Financial Advisor for the Reclassification** below.

**Opinion of Special Committee's Financial Advisor for the Reclassification**

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On August 20, 2003, Merrill Lynch delivered its written opinion to the special committee to the effect that, as of that date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the exchange ratio pursuant to the proposed reclassification was fair from a financial point of view to both the holders of the Class A common stock and the Class B common stock, in each case other than members of the Pilgrim family and their affiliated entities. A copy of Merrill Lynch's opinion is attached to this proxy statement as

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Annex A.

Merrill Lynch's opinion sets forth the assumptions made, matters considered and limits on the scope of review undertaken by Merrill Lynch. Each holder of Class A common stock and Class B common stock is encouraged to read Merrill Lynch's opinion in its entirety. Merrill Lynch's opinion was intended for the use and benefit of the special committee and the board of directors, does not address the merits of the underlying decision by Pilgrim's Pride to engage in the reclassification and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the reclassification or any related matter. The exchange ratio was determined by the special committee and approved by the board of directors. This summary of Merrill Lynch's opinion is qualified by reference to the full text of the opinion attached as Annex A.

In arriving at its opinion, Merrill Lynch, among other things:

Reviewed Pilgrim's Pride's certificate of incorporation as it relates to the rights and privileges of the Class A common stock and the Class B common stock, and held discussions with Pilgrim's Pride's outside counsel regarding such rights and privileges;

Reviewed a draft of the form of proposed certificate of amendment of the certificate of incorporation of Pilgrim's Pride providing for the reclassification, which is referred to as the amendment;

Conducted discussions with members of senior management of Pilgrim's Pride concerning the original creation of a dual class structure, the strategic and other reasons behind the decision of Pilgrim's Pride to engage in the reclassification, and certain other aspects of the reclassification;

Reviewed the market prices, trading volumes and trading liquidity for the Class A common stock and the Class B common stock and compared them with the securities of certain publicly traded dual class companies that Merrill Lynch deemed to be relevant;

Compared the proposed financial terms of the reclassification and the exchange ratio with the financial terms of certain other reclassification transactions that Merrill Lynch deemed to be relevant and the exchange ratios used in such transactions;

Reviewed a draft of the form of voting agreement to be entered into by the Majority Stockholders;

Reviewed a draft of the preliminary proxy statement of Pilgrim's Pride with respect to the reclassification; and

Reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including Merrill Lynch's assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to Merrill Lynch, discussed with or reviewed by or for Merrill Lynch, or publicly available, and Merrill Lynch did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of Pilgrim's Pride, and was not furnished with any such evaluation or appraisal, nor did Merrill Lynch evaluate the solvency or fair value of Pilgrim's Pride under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of Pilgrim's Pride. Merrill Lynch further assumed that the

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reclassification will qualify as a tax-free exchange and recapitalization for U.S. federal income tax purposes, and that the final forms of the amendment and the voting agreement to be entered into by the Majority Stockholders will be substantially similar to the last drafts reviewed by Merrill Lynch. Merrill Lynch also assumed that the reclassification will be consummated in accordance

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with the terms of the amendment and as described in the proxy statement.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Merrill Lynch as of, the date of its opinion.

Merrill Lynch was not requested to and did not provide advice concerning the structure, the exchange ratio or any other aspects of the reclassification. In addition, Merrill Lynch was not asked to address, and Merrill Lynch's opinion did not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Pilgrim's Pride other than the holders of the Class A common stock and the Class B common stock (in each case other than members of the Pilgrim family and their affiliated entities). Merrill Lynch did not express any opinion as to the prices at which the Class A common stock or the Class B common stock will trade following the announcement of the reclassification or as to the prices at which the common stock will trade following consummation of the reclassification, and Merrill Lynch's opinion did not address the relative fairness of the exchange ratio to the holders of the Class A common stock and the Class B common stock.

The following is a summary of the material financial and comparative analyses performed by Merrill Lynch that were presented to the special committee in connection with its opinion. The financial analyses summarized below include information presented in tabular format. In order to understand fully Merrill Lynch's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Merrill Lynch's financial analyses.

**Historical Trading Analysis**

Merrill Lynch reviewed the historical trading performance and the trading liquidity of the Class A common stock and Class B common stock for the period from June 1, 1999 through August 5, 2003. This analysis included an examination of the percentage by which the daily closing price per share of Class A common stock traded at a premium or a discount to the daily closing price per share of Class B common stock, as well as the percentage by which the daily closing price per share of Class B common stock traded at a premium or a discount to the daily closing price per share of Class A common stock. The trading premium or discount was calculated for all trading days between July 21, 1999, when Class A common stock first began trading, through August 5, 2003. Merrill Lynch also analyzed the ratio of the average daily trading volume of Class B common stock traded relative to the average daily trading volume of Class A common stock, which is referred to as the relative trading liquidity.

This analysis showed the following:

**Average Historical Trading & Liquidity<sup>(1)</sup>**

Class A common stock	Class B common stock	Class B common stock/ Class A common stock
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	(Discount)/ premium to Class B common stock	Trading volume (000s)	(Discount)/ premium to Class A common stock	Trading volume (000s)	relative trading liquidity
Since Split Date <sup>(2)</sup>	(27.1%)	16.1	37.8%	42.4	2.63x
Last 2-years	(27.2%)	13.2	37.6%	47.3	3.60x
Last 1-year	(26.8%)	13.7	36.7%	56.2	4.11x
Last 6-months	(27.6%)	14.9	38.2%	62.4	4.19x
Last 3-months	(26.6%)	22.9	36.1%	88.2	3.85x
Current	(22.9%)	10.9	29.7%	65.7	6.03x

(1) Source: Bloomberg. Trading data through August 5, 2003.

(2) Class A common stock began trading on the New York Stock Exchange on July 21, 1999.

**Analysis of Publicly Traded Companies with Dual-Class Capital Structures**

Merrill Lynch analyzed a group of seventeen companies, which are referred to as the dual-class companies, that had two classes of common stock publicly traded on the New York Stock Exchange with market capitalizations



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greater than \$100 million, where the high-vote shares traded at a premium to low-vote shares. Merrill Lynch derived average trading premia of the high-vote shares over the low-vote shares of the dual-class companies for various periods as set forth below, and compared those premia to the corresponding premia for the Class B common stock over the same periods.

This analysis showed the following:

**Average High-Vote to Low-Vote Premium<sup>(1)</sup>**

	<b>Dual class companies</b>	<b>Pilgrim s Pride</b>
Since Split <sup>(2)</sup>	9.6%	37.8%
Last 2-years	9.1%	37.6%
Last 1-year	8.7%	36.7%
Last 6-months	7.7%	38.2%
Last 3-months	5.4%	36.1%
Current	4.4%	29.7%

(1) Source: Bloomberg. Trading data through August 5, 2003.

(2) Class A common stock began trading on the New York Stock Exchange on July 21, 1999.

**Impact of Potential Exchange Ratios on Pro Forma Economic Ownership**

Merrill Lynch analyzed the impact of a range of potential exchange ratios on the pro forma economic ownership of the Class A common stock and the Class B common stock. Assuming the Class B common stock were reclassified into new common stock at an exchange ratio equal to 1.0, this analysis showed that if the Class A common stock were reclassified into new common stock at an exchange ratio greater than 1.0, this would imply economic dilution to the holders of the Class B common stock, and if the Class A common stock were reclassified into new common stock at an exchange ratio less than 1.0x, this would imply economic accretion to the holders of the Class B common stock. Similarly, assuming the Class A common stock were reclassified into new common stock at an exchange ratio equal to 1.0, this analysis showed that if the Class B common stock were reclassified into new common stock at an exchange ratio greater than 1.0, this would imply economic dilution to the holders of the Class A common stock, and if the Class B common stock were reclassified into new common stock at an exchange ratio less than 1.0x, this would imply economic accretion to the holders of the Class A common stock.

**Analysis of Historical Reclassification Transactions**

Merrill Lynch analyzed ten selected historical reclassification transactions in which two classes of common stock of a single company with differential voting rights were reclassified or combined into a single class of common stock. Merrill Lynch analyzed the exchange ratio, the combined equity value, the 3-year average trading premium of the high-vote shares over the low-vote shares, the high-vote shares to low-vote shares trading volume ratio, and the days to trade outstanding for both high-vote and low-vote shares for each of these reclassification

transactions.

This analysis showed the following:

### Selected Historical Reclassification Transactions

(dollars in millions)

Shareholder meeting	Company	Exchange ratio	Combined equity value <sup>(1)</sup>	3-year	High vote	Days to Trade shares outstanding <sup>(4)</sup>	
				average trading premium <sup>(2)</sup>	volume/low vote	High vote	Low vote
date					volume(3)	vote	vote
05/28/03	Florida East Coast Industries Inc.	1.00	\$ 869.9	(5.1%)	0.59x	1,400	718
12/13/02	Reader s Digest	1.22	2,282.3	(9.0%)	0.02	1,693	293
05/02/02	Freeport McMoRan Copper & Gold Inc.	1.00	2,216.8	7.8%	6.87	61	261
09/21/01	Conoco, Inc.	1.00	17,754.7	2.1%	2.71	236	274
04/25/01	Raytheon Company	1.00	11,303.4	(2.3%)	0.41	188	185
04/25/01	Waddell & Reed Financial, Inc.	1.00	3,025.2	(4.7%)	0.09	2,093	209
01/22/01	Continental Airlines	1.32	3,037.4	1.7%	0.00	10,394	169
08/15/00	J.M. Smucker Company	1.00	452.2	15.1%	1.67	710	1,174
06/28/00	Mitchell Energy	1.00	1,317.4	(0.3%)	0.33	648	260
12/23/98	Remington Oil & Gas	1.15	90.7	9.1%	0.03	3,560	491

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- (1) As of one day prior to announcement.
- (2) Based on average of available closing prices up to three years prior to announcement. Premium based on high-vote share class to low-vote share class.
- (3) Based on average volume for the 30-day period ended one day prior to announcement.
- (4) Represents number of days required for current volume to equal the number of shares outstanding for the high-vote and low-vote shares, respectively.

**Pro Forma Economic and Voting Impact of the Reclassification**

Merrill Lynch reviewed the economic and voting ownership of the Class A common stock and the Class B common stock and compared it to the pro forma economic and voting ownership resulting from the reclassification, as well as that resulting from the combined effect of the reclassification and the ConAgra chicken division acquisition.

This analysis showed the following:

	<b>Illustrative</b>					
	<b>Pro forma</b>					
	<b>Reclassification and ConAgra acquisition<sup>(3)(5)</sup></b>					
	<b>Current ownership<sup>(1)</sup></b>		<b>Pro forma reclassification<sup>(3)</sup></b>		<b>acquisition<sup>(3)(5)</sup></b>	
	<b>Economic %</b>	<b>Voting %<sup>(2)</sup></b>	<b>Economic %</b>	<b>Voting %</b>	<b>Economic %</b>	<b>Voting %</b>
<b>Class A common stock</b>						
<b>Stockholders</b>						
Pilgrim Family	63.7%	1.5%	21.0%	21.0%	11.5%	20.1%
Other Insiders	1.1%	0.0%	0.4%	0.4%	0.2%	0.3%
Public	35.2%	0.8%	11.6%	11.6%	6.4%	11.1%
<b>Total</b>	<b>100.0%</b>	<b>2.4%</b>	<b>32.9%</b>	<b>32.9%</b>	<b>18.1%</b>	<b>31.6%</b>
<b>Class B common stock</b>						
<b>Stockholders</b>						
Pilgrim Family	62.2%	60.7%	41.7%	41.7%	22.9%	40.1%
Other Insiders	0.3%	0.3%	0.2%	0.2%	0.1%	0.2%
Public	37.5%	36.6%	25.1%	25.1%	13.8%	24.1%
<b>Total</b>	<b>100.0%</b>	<b>97.6%</b>	<b>67.1%</b>	<b>67.1%</b>	<b>36.9%</b>	<b>64.5%</b>
<b>Combined Stockholders</b>						
Pilgrim Family	62.7%	62.2%	62.7%(4)	62.7%(4)	34.5%	60.3%
Other Insiders	0.6%	0.4%	0.6%	0.6%	0.3%	0.6%
Public Stockholders Class A common stock	11.6%	0.8%	11.6%	11.6%	6.4%	11.1%
Public Stockholders Class B common stock	25.1%	36.6%	25.1%	25.1%	13.8%	24.1%

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ConAgra Foods	0.0%	0.0%	0.0%	0.0%	45.0%	3.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- (1) Source: Pilgrim s Pride and CDA/Spectrum as of August 5, 2003.
- (2) Class A common stock and Class B common stock voting percentage indicates overall voting interest. Voting interest within each class is equal to corresponding economic interest.
- (3) Based on 1.0x shares of common stock for each outstanding Class A common stock and Class B common stock share.
- (4) Voting power in excess of 62.2% will be voted proportionally with that of other shareholders.
- (5) Based on average Class A common stock share closing price from June 10, 2003 to August 5, 2003 of \$7.83 per share; assumes 33.7 million shares of common stock issued to ConAgra Foods.

The summary set forth above summarizes the material analyses performed by Merrill Lynch but does not purport to be a complete description of the analyses performed by Merrill Lynch in arriving at its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial or summary description. Accordingly, Merrill Lynch believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by Merrill Lynch, without considering all analyses and factors, could create an incomplete view of the processes underlying the Merrill Lynch opinion. Merrill Lynch did not assign relative weights to any of its analyses in preparing its opinion. The matters considered by Merrill Lynch in its analyses were based on numerous macroeconomic, operating and financial assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Pilgrim s Pride s and Merrill Lynch s control and involve the application of complex methodologies and educated judgments.

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In addition, no company utilized as a comparison in the analyses described above is identical to Pilgrim's Pride, and none of the transactions utilized as a comparison is identical to the reclassification.

The special committee selected Merrill Lynch to deliver its opinion because of Merrill Lynch's reputation as an internationally recognized investment banking firm with substantial experience in transactions similar to the reclassification and because Merrill Lynch is familiar with Pilgrim's Pride and its business. As part of Merrill Lynch's investment banking business, Merrill Lynch is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements.

Merrill Lynch has, in the past, provided financing services to Pilgrim's Pride and may continue to do so and has received, and may receive, fees for the rendering of those services. In addition, in the ordinary course of Merrill Lynch's business, Merrill Lynch and its affiliates may actively trade the Class A common stock and the Class B common stock and other securities of Pilgrim's Pride for their own account and for the accounts of customers. Accordingly, Merrill Lynch and its affiliates may at any time hold a long or short position in such securities.

Pilgrim's Pride paid Merrill Lynch a customary fee upon delivery of its opinion. In addition, Pilgrim's Pride has agreed to reimburse Merrill Lynch for its reasonable out-of-pocket expenses incurred in connection with its engagement (including the reasonable fees and disbursements of legal counsel), and to indemnify Merrill Lynch and related parties from and against specified liabilities, including liabilities under the federal securities laws, arising out of its engagement.

**Description of the New Common Stock**

Following the reclassification, our certificate of incorporation will not contain any provision for Class A common stock or Class B common stock. In connection with the elimination of the dual class capital structure, our certificate of incorporation will authorize 160 million shares of common stock instead of 100 million shares of Class A common stock and 60 million shares of Class B common stock.

Except as to voting rights, the rights of the new common stock will be substantially identical to the rights of the current Class A common stock and Class B common stock. Currently, the holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to twenty votes per share on all matters brought before the stockholders. Except as required by law, the Class A common stock and Class B common stock vote as a single class. Each share of existing Class A common stock or Class B common stock that is reclassified into our new common stock will be entitled to cast twenty votes on all matters submitted to a vote of the stockholders, until there is a change in the beneficial ownership of such share, as determined by us or our transfer agent based upon criteria specified in the certificate of amendment to our certificate of incorporation and written procedures we may adopt from time to time.

Generally, a change in beneficial ownership of an outstanding share of common stock will be deemed to have occurred whenever a change occurs in any person or group of persons who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares:

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voting power, which includes the power to vote or to direct the voting of such share of common stock;

investment power, which includes the power to direct the sale or other disposition of such share of common stock;

the right to receive or retain the proceeds of any sale or other disposition of such share of common stock; or

the right to receive any distributions, including cash dividends, in respect of such share of common stock.

Absent proof to the contrary, a change in beneficial ownership will be deemed to have occurred whenever a share of common stock is transferred of record into the name of any other person.

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The following events, however, will not be deemed to result in a change of beneficial ownership:

any event that occurred prior to the filing of the certificate of amendment under the terms of any contract (other than a contract for the purchase and sale of shares of common stock contemplating prompt settlement), including contracts providing for options, rights of first refusal and similar arrangements in existence at the time of such filing to which any holder of shares of common stock is a party;

any transfer of any interest in a share of common stock pursuant to a bequest or inheritance by operation of law upon the death of any individual, or by any other transfer to or primarily for the benefit of a family member(s) of the transferor or any trust, partnership or other entity primarily for the benefit of such family member(s), or pursuant to an appointment of a successor trustee, general partner or similar fiduciary or the grant of a proxy or other voting rights to one or more persons with respect to any such trust, partnership or other entity, including a gift;

any change in the beneficiary of any trust or any distribution of a share of common stock from trust, by reason of birth, death, marriage or divorce, the adoption of a person prior to age 18 or the passage of a given period of time or the attainment by a person of a specific age, or the creation or termination of any guardianship or custodial arrangement;

any transfer of any interest in a share of common stock from one spouse to another by reason of separation or divorce or under or pursuant to community property laws or other similar laws of any jurisdiction;

any appointment of a successor trustee, agent, guardian, custodian or similar fiduciary with respect to a share of common stock if neither such successor has nor its predecessor had the power to vote or to dispose of such share of common stock without further instructions from others;

any change in the person to whom dividends or other distributions in respect of a share of common stock are to be paid pursuant to the issuance or modification of a revocable dividend payment order;

any transfer of the beneficial ownership of a share of common stock from one of our employee benefit plans to another;

the grant by any person of the right to vote any shares of which such person is the beneficial owner, provided the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

any event occurring under the Share Voting Agreement among the Majority Stockholders and ConAgra Foods or the voting agreement among the Majority Stockholders and us described below.

Following a change in beneficial ownership of a share that is reclassified, the share will be entitled to only one vote. Shares of new common stock issued after the reclassification will also only be entitled to one vote per share, including the shares to be issued to ConAgra Foods in the ConAgra chicken division acquisition. Shares held in street name or by a broker or nominee will be presumed to have been acquired after the reclassification and to therefore have one vote per share. This presumption is rebuttable by the holder's showing that such share was subject to the reclassification and that no change in beneficial ownership of such share has occurred since the reclassification.

**Effects of the Proposed Reclassification**

***Voting Interest.*** Because the Class A common stock currently carries one vote per share, and the Class B common stock currently carries twenty votes per share, the reclassification will significantly increase the relative voting power of each share of Class A common stock and decrease the relative voting power of each share of Class



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B common stock. At present, the Class A common stock and Class B common stock possess 2.4% and 97.6%, respectively, of our total voting power. After giving effect to the reclassification, the Class A common stock and Class B common stock would possess 32.9% and 67.1%, respectively, of our total voting power.

Our chairman Lonnie Bo Pilgrim, and his son Lonnie Ken Pilgrim, who is one of our directors and officers, directly and through several family trusts and partnerships (collectively, the Majority Stockholders ), collectively control 62.225% of our total voting power and will continue to control over 62% of our total voting power immediately after the reclassification. So that the reclassification does not increase the percentage of our total voting power controlled by the Majority Stockholders they have agreed to enter into a voting agreement with us prior to the reclassification. The voting agreement will provide that, as long as the common stock is listed on the New York Stock Exchange, should the combined voting power of shares held by the Majority Stockholders exceed 62.225% of our total voting power, they will vote those shares in excess of that percentage proportionately with the votes of the other Pilgrim s Pride stockholders.

***Economic Interest.*** The reclassification will have no impact on the economic equity interest of holders of Class A common stock and Class B common stock. The shares held by the holders of our Class A common stock and Class B common stock currently represent 32.9% and 67.1%, respectively, of the total outstanding shares of common stock. After the adoption of the proposed amendment to effect the reclassification, the shares of new common stock held by current holders of Class A common stock and Class B common stock would be 32.9% and 67.1%, respectively.

***Capitalization.*** The reclassification will have no impact on the total issued and outstanding shares of common stock. As of the Record Date, there were 41,112,679 shares of common stock issued and outstanding, consisting of 13,523,429 shares of Class A common stock and 27,589,250 shares of Class B common stock. After the reclassification, there will be 41,112,679 shares of the new common stock outstanding. In addition, the amendment will not increase our total number of authorized shares of common stock. The amendment to effect the reclassification authorizes the issuance of 160,000,000 shares of new common stock, which is the combined total number of shares of Class A common stock and Class B common stock currently authorized by our certificate of incorporation.

***Market Price of Common Stock.*** After the reclassification, the market price of shares of our new common stock will depend, as before the reclassification, on many factors including our future performance, general market conditions and conditions in the industry in which we operate. Accordingly, we cannot predict the price at which our new common stock will trade following the reclassification, just as we could not predict the prices at which Class A common stock and Class B common stock would trade following the creation of the dual-class structure. On August 21, 2003, the trading day immediately prior to our announcement of the proposed reclassification, the per-share closing prices of our Class A common stock and Class B common stock on the New York Stock Exchange were \$10.10 and \$13.15 , respectively. On September \_\_, 2003, the per-share closing prices of our Class A common stock and Class B common stock on the New York Stock Exchange were \$\_\_\_ and \$\_\_\_ , respectively.

**Certain Federal Income Tax Consequences**

We have summarized below certain federal income tax consequences of the proposed amendment based on the Internal Revenue Code of 1986, as amended and currently in effect. This summary does not discuss all aspects of federal income taxation that may be relevant to you in light of your individual circumstances. In addition, this summary is included for general information purposes only and is not intended to constitute advice regarding the federal income tax consequences of the proposed amendment. You are urged to consult your own tax advisor with respect to the tax consequences of the proposed amendment, including tax reporting requirements and tax consequences under state, local or foreign law.

We believe that as a result of the proposed amendment:

no gain or loss will be recognized for federal income tax purposes by any of the holders of our Class A common stock or any of the holders of our Class B common stock upon the reclassification of shares of our Class A common stock and Class B common stock into shares of new common stock;

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the basis of new common stock will be the same as the stockholder's aggregate basis in the Class A common stock and Class B common stock;

the holding period of the new common stock will include such stockholder's holding period for the Class A common stock and Class B common stock, provided that each share of Class A common stock and Class B common stock was held by such stockholder as a capital asset as defined in Section 1221 of the Internal Revenue Code on the effective date of the amendment; and

no gain or loss will be recognized for federal income tax purposes by us upon the reclassification and conversion of shares of our Class A common stock and Class B common stock into shares of new common stock.

**Required Vote and Board of Directors Recommendation**

Approval of the proposed amendment to our certificate of incorporation to reclassify our Class A common stock and Class B common stock into a single class of common stock will require the separate class votes of a majority of the shares of the Class A common stock and a majority of the shares of Class B common stock outstanding on the Record Date. Abstentions and broker non-votes will have the same effect as votes against the proposal.

The board of directors recommends a vote FOR approval of the proposed amendment. Properly dated and signed proxies will be so voted unless stockholders specify otherwise.

**PROPOSED ISSUANCE OF SHARES TO CONAGRA FOODS**

Item 2 on Proxy Card

**General**

Our board of directors has approved the Stock Purchase Agreement and the acquisition of the ConAgra chicken division, including the proposed issuance of the Shares to ConAgra Foods as a part of the purchase price. You are being asked to vote at the special meeting on a proposal to approve the issuance of the Shares to ConAgra Foods as contemplated by the Stock Purchase Agreement.

Under the Stock Purchase Agreement, we would acquire all of the issued and outstanding capital stock of the four wholly-owned subsidiaries of ConAgra Foods that comprise its chicken division: ConAgra Poultry Company, To-Ricos, Inc., Lovette Company, Inc. and Hester Industries, Inc. (collectively, the Acquired Companies). The ConAgra chicken division can generally be viewed as consisting of all of ConAgra Foods integrated chicken business (including grow-out, slaughter, processing, further processing, rendering, sales and distribution, both in retail and foodservice, and related assets and employees). Notwithstanding the foregoing, the ConAgra chicken division does not include the further chicken processing and marketing operations included in ConAgra Foods packaged foods segment, including, without limitation, the Butterball, Banquet, Marie Callender's and Country Skillet further processing and marketing operations. Additionally, Pilgrim's Pride will not be acquiring

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the ConAgra, Butterball, Banquet, Marie Callender's and Country Skillet trade names. The purchase price will be calculated based on the final adjusted net book value of the assets and liabilities of the ConAgra chicken division on the closing date of the acquisition. If the estimated final adjusted net book value were \$535.6 million (which was the ConAgra chicken division's adjusted net book value at May 25, 2003), the consideration payable to ConAgra Foods would consist of \$100 million in cash, approximately 31.2 million Shares and, assuming no post-closing adjustment, Notes having a principal amount of approximately \$194.6 million. On August 13, 2003, we completed the public offering of \$100 million of 9<sup>5</sup>/<sub>8</sub>% Senior Notes due 2011. We intend to pay cash to ConAgra Foods using the proceeds of that offering instead of issuing Notes; provided, however, that if we issue any Notes to ConAgra Foods, the initial principal amount of the Notes must be at least \$100 million or such lesser amount as may be acceptable to ConAgra Foods. See "The Stock Purchase Agreement - Purchase Price." Under this scenario, the amount we would record as the purchase price on our financial statements would be approximately \$610 million plus transaction costs, assuming our common stock price at closing were \$10.12 (which was the closing price of our Class A common stock on August 19, 2003).

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**Background**

Since as early as 1999, we have pursued a strategy of continuing to add value to all of our products and services. In addition to growing our existing business operations, one of the ways that we have executed this strategy has been to take advantage of strategic acquisition opportunities that have enabled us to expand our product mix and distribution capabilities across the United States, particularly for higher-margin prepared foods products. Consistent with that strategy, in January 1999, we acquired a prepared foods processing plant from Plantation Foods, Inc., and in January 2001, we acquired WLR Foods, Inc., which was then the twelfth largest chicken company and fourth largest turkey company in the United States. The WLR Foods merger enabled us to significantly expand our operations in the mid-Atlantic region of the United States, improving our ability to serve our existing customers and our ability to serve additional markets.

Over the last several years, ConAgra Foods has been pursuing an acquisition and divestiture strategy to shift its focus toward its core branded and value-added products. In 2002, for example, ConAgra Foods sold its fresh beef and fresh pork operations. Between September 2002 and February 2003, our senior management began to consider whether we should pursue the acquisition of some of ConAgra Foods' chicken operations as a means of enhancing our existing capabilities.

In February 2003, we began discussions with executives of ConAgra Foods concerning the possible acquisition of some of ConAgra Foods facilities, either through purchase or in exchange for one of our processing facilities. On March 7, 2003, Richard A. Cogdill, our executive vice president and chief financial officer, and Patrick Koley, vice president, corporate planning, of ConAgra Foods, signed mutual confidentiality agreements so that we could begin to exchange confidential business information with ConAgra Foods in connection with a possible transaction.

Over the next several weeks, Messrs. Cogdill and Koley continued general discussions about each party's possible interest in a transaction. On March 20, 2003, representatives of our senior management, including our chairman, Lonnie Bo Pilgrim, our vice chairman, Clifford E. Butler, our president and chief operating officer, O.B. Goolsby, Jr., our executive vice president of sales and marketing, Michael J. Murray, and Mr. Cogdill, met in Dallas, Texas with Mr. Koley and Messrs. Jerry Dowd and Tom Southworth, the president and chief operating officer and senior vice president and senior financial officer, respectively, of ConAgra Poultry Company. At this meeting, the ConAgra Foods representatives expressed an interest in selling to us several of their facilities in exchange for cash and/or one of our processing facilities. We expressed our interest in a larger acquisition that would include ConAgra Foods' cooking-related assets, and advised that we would consider the purchase of their fresh chicken operations in connection with such a larger acquisition.

During April 2003, the parties continued to exchange business information and discuss a possible acquisition by us of several ConAgra Foods facilities. On April 18, 2003, Mr. Cogdill advised Mr. Koley that we were interested in pursuing the acquisition of selected fresh chicken facilities and ConAgra Foods' cooking-related assets for a combination of common stock and debt, based on the book value of the assets and liabilities to be acquired. Additionally, Mr. Cogdill stated that we would be willing to consider the acquisition of other selected ConAgra chicken division facilities in the United States and Puerto Rico. While no proposal for an acquisition was then made, the parties agreed to continue their dialogue.

On April 24, 2003, Mr. Koley advised Mr. Cogdill that ConAgra Foods was interested in discussing the sale to us of selected facilities, and at that time was not interested in a transaction involving any of its cooking operations. Mr. Cogdill advised that we were willing to acquire one of the facilities under discussion, but were not interested in acquiring other fresh operations unless they were part of a larger acquisition including some cooking-related assets. Over the next two weeks, the parties continued to discuss our possible acquisition of one of the ConAgra chicken division's facilities on a book value basis for the fixed assets plus some working capital components, and arrangements were made for our representatives to visit the facility under discussion.

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In early May 2003, Lonnie Bo Pilgrim and Dwight Goslee, executive vice president operation, control and development of ConAgra Foods, had several telephone conversations in which Mr. Pilgrim expressed our interest in meeting with him and Bruce Rohde, president and chief executive officer of ConAgra Foods, to discuss a larger acquisition of ConAgra Foods chicken operations. On May 9, 2003, Messrs. Pilgrim, Butler and Cogdill met

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with Messrs. Rohde and Goslee in Omaha, Nebraska. We expressed our interest in acquiring all of ConAgra Foods' chicken operations on a book value basis for \$100 million in cash, common stock representing approximately 40-45% of the consideration, and a subordinated note for the balance of the consideration. The parties reached a general understanding as to the framework of an acquisition, discussed a schedule for preparation of the requisite documentation and presentation of the matter to each company's board of directors, and agreed to direct their counsel to prepare a term sheet for our acquisition of the entire ConAgra chicken division in accordance with the parties' discussions.

Between May 12 and May 16, the parties and their legal advisors prepared and discussed a term sheet for the proposed acquisition. The parties decided that, in lieu of executing a term sheet, they would proceed promptly with due diligence and commence negotiations directed towards reaching agreement on a definitive stock purchase agreement.

On May 19, 2003, at a special meeting of our board of directors, Messrs. Pilgrim and Cogdill briefed our directors concerning the status and substance of our discussions with ConAgra Foods. The directors discussed the proposed structure and sources of funds for the acquisition. At this meeting, Messrs. Pilgrim and Cogdill received support for continued negotiation of an acquisition. The board also authorized Mr. Cogdill to engage a nationally recognized investment banking firm to advise us in connection with the proposed acquisition and evaluate whether the purchase price to be paid in a proposed acquisition was fair, from a financial point of view, to us. Also, on May 19, 2003, our audit committee authorized Mr. Cogdill to engage our independent auditors to provide certain due diligence services in connection with the proposed acquisition.

Between May 19 and May 22, 2003, our representatives visited all of the major facilities of the ConAgra chicken division to conduct on-site due diligence, and between May 19 and June 6, 2003, our representatives and legal and financial advisors conducted due diligence on the ConAgra chicken division. We also, together with our legal advisors, prepared and negotiated the terms of the Stock Purchase Agreement.

On May 28, 2003, at a regular meeting of our board of directors, Mr. Cogdill provided the directors with an update regarding the proposed acquisition of the ConAgra chicken division and the status of negotiations with ConAgra Foods regarding the Stock Purchase Agreement. Mr. Cogdill also reviewed with the directors certain unaudited financial information regarding the ConAgra chicken division.

On May 30, 2003, at a special meeting of our board of directors, the board reviewed the terms of a draft Stock Purchase Agreement for the proposed acquisition. Mr. Cogdill and Baker & McKenzie, our legal counsel in connection with the proposed acquisition, reported to the board concerning the status of negotiations relating to the Stock Purchase Agreement and other transaction agreements. Also participating in the meeting were representatives of Credit Suisse First Boston, our financial advisor in connection with the acquisition. Credit Suisse First Boston discussed with the board the financial terms of the proposed acquisition, the types of financial analyses that it would perform in its evaluation of the purchase price and the status of its financial due diligence. The directors discussed the acquisition, the draft stock purchase agreement and other documentation in detail, and authorized Mr. Cogdill to continue to negotiate the terms of the Stock Purchase Agreement and other transaction agreements.

On Saturday, June 7, 2003, a special meeting of our board of directors was held to consider the proposed transaction. During this meeting, Mr. Cogdill reviewed the proposed acquisition with the board. The review included the strategic reasons for the proposed acquisition, a financial review, a review of the ConAgra chicken division's business operations and financial condition, and a report describing the results of our due diligence review. During the board meeting, our counsel, Baker & McKenzie, delivered a presentation concerning the proposed transaction, including a review of the principal terms of the Stock Purchase Agreement and other transaction agreements. In addition, Credit Suisse First Boston reviewed with the board its financial analysis of the purchase price provided for in the Stock Purchase Agreement as of that date and rendered to the board its opinion described below under the caption "Opinion of Pilgrim's Pride's Financial Advisor for the Acquisition" beginning on page 31. After full discussion and consideration, the board unanimously approved the Stock Purchase Agreement and the acquisition and

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adopted resolutions authorizing and directing our officers to execute and deliver the Stock Purchase Agreement and related transaction agreements, with such changes as may be deemed advisable by such officers, subject to approval by regulatory authorities and the approval by our stockholders of the issuance of Shares to ConAgra Foods in connection with the acquisition. The board also resolved to recommend that our



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stockholders approve the issuance of shares to ConAgra Foods in connection with the acquisition. For a description of the reasons for the decision and recommendation, see **Reasons for the Acquisition and the Issuance of Shares to ConAgra Foods** below.

On June 7, 2003, the parties executed the Stock Purchase Agreement. Simultaneously, Lonnie Bo Pilgrim, Lonnie Ken Pilgrim and Pilgrim Interests, Ltd., our majority stockholders, signed the Share Voting Agreement with ConAgra Foods. The signing of the Stock Purchase Agreement was publicly announced by the parties on Monday, June 9, 2003.

In August 2003, the parties and their legal advisors prepared and negotiated two amendments to the Stock Purchase Agreement. On August 7, we entered into Amendment No. 1 to the Stock Purchase Agreement with ConAgra Foods. Amendment No.1 provides that we may pay cash to ConAgra Foods in lieu of all or part of the portion of the purchase price that was to be represented by the Notes, provided that if we issue the Notes in payment of a portion of the purchase price, the initial amount of the Notes must be at least \$100 million, or a lesser amount acceptable in writing to ConAgra Foods. On August 20, we entered into Amendment No. 2 to the Stock Purchase Agreement. In Amendment No. 2, ConAgra Foods consented to the reclassification of our Class A common stock and Class B common stock prior to the closing of the ConAgra chicken division acquisition, and agreed that it would receive our new common stock at closing rather than Class A common stock. In addition, the parties amended the manner in which the number of shares to be issued to ConAgra under the Stock Purchase Agreement will be determined. See **The Stock Purchase Agreement Purchase Price Share Portion**.

**Reasons for the Acquisition and the Issuance of Shares to ConAgra Foods**

Our board of directors believes that the acquisition and the proposed issuance of the Shares to ConAgra Foods are in the best interests of Pilgrim's Pride. We believe that with ConAgra Foods' specialty prepared chicken products, brands, well-established distributor relationships and Southeastern United States processing facilities, we will be able to provide customers at every point on the distribution chain with the broadest range of quality value-added chicken products and services available in the market today. We believe that ConAgra Foods' facilities will allow us to expand our reach across the Southeastern United States, which will complement our existing Central and Mid-Atlantic regional operations in the United States. In addition, our purchase of the ConAgra chicken division will enable us to provide fresh chicken products to supermarkets and other retail customers throughout the Southeastern and Midwestern portions of the United States. Furthermore, as the largest distributor of chicken products in Puerto Rico, our purchase of the ConAgra chicken division will also provide us with a solid foothold in a profitable market. We also believe that the acquisition will present us opportunities to achieve significant cost savings through the optimization of production and distribution facilities and the implementation of a "best practices" approach across all operations, including purchasing, production, logistics and shared services.

Following the completion of the ConAgra chicken division acquisition, we will be the second largest producer of chicken products in the United States. We estimate that our market share based on total annual chicken production in the United States following the acquisition will be 16.3%, which is nearly twice the estimated market share of the third largest competitor in the chicken industry. The complementary fit of markets, distributor relationships and geographic locations are a few of the many benefits we anticipate realizing from this acquisition. We believe that ConAgra Foods' established relationship with broad-line national distributors will enable us to expand our customer base and provide nationwide distribution capabilities for all of our product lines. As a result, we believe we will be one of only two U.S. chicken producers that can supply the growing demand for a broad range of price competitive standard and specialized products with well-known brand names on a nationwide basis from a single-source supplier.

We expect that the ConAgra chicken division acquisition will result in significant cost saving opportunities and enhanced growth. We intend to integrate the ConAgra chicken division into Pilgrim's Pride as rapidly as possible while minimizing disruption to our respective operations. We

expect to realize significant annualized cost savings after the ConAgra chicken division acquisition by:

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taking advantage of our geographic presence by optimizing our supply chain management and logistics;

optimizing the uses of all production and distribution facilities; and

determining and implementing a "best practices" approach across all operations, including purchasing, production and shared services.

To reach its conclusion to approve, and recommend that the stockholders of Pilgrim's Pride approve, the issuance of the Shares, the Board considered a number of factors in addition to those listed above, including the following:

the financial condition and operating results of the ConAgra chicken division;

the markets served by the ConAgra chicken division in the United States and Puerto Rico;

the financial and other terms and conditions of the Stock Purchase Agreement and other transaction agreements;

the complementary nature of Pilgrim's Pride's and ConAgra Foods' chicken businesses, products, assets, managements, strategic objectives and opportunities; and

the financial presentation of Credit Suisse First Boston, including its opinion, dated June 7, 2003, to the Board as to the fairness, from a financial point of view and as of that date, of the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment, as more fully described in "Opinion of Pilgrim's Pride's Financial Advisor for the Acquisition."

In reaching its decision to approve the acquisition, the Stock Purchase Agreement and the issuance of the Shares to ConAgra Foods, and to recommend approval of the issuance of Shares to the Pilgrim's Pride stockholders, the board of directors did not assign any relative or specific weights to the various factors considered. Instead, the board of directors conducted an overall analysis of the factors described above and the risks described below, including by participating in discussions with and asking questions of our management and our legal and financial advisors. In considering these factors and risks, individual directors may have given different weight to different factors.

**Certain Risks of the Acquisition**

In deciding whether to approve the issuance of the Shares to ConAgra Foods, our stockholders should consider the following factors, in addition to the other matters set forth in this proxy statement:

***Shares Eligible for Future Sale.*** Sales of substantial amounts of common stock in the public market after the issuance of the Shares could adversely affect prevailing market prices. Twelve months following the closing of the acquisition, up to one-third of the Shares to be issued to ConAgra Foods may be sold pursuant to an effective registration statement. Pursuant to the Registration Rights and Transfer Restriction Agreement, we will register for resale all of the Shares issued to ConAgra Foods within twelve months following the closing. See "Transaction

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Agreements   Registration Rights Agreements   Registration Rights and Transfer Restrictions Agreement.

***No Assurance the Businesses Can Be Combined Successfully.*** In evaluating the terms of the acquisition and the issuance of the Shares to ConAgra Foods, we analyzed the respective businesses of Pilgrim's Pride and the ConAgra chicken division and made certain assumptions concerning their respective future operations. A principal assumption was that the acquisition will produce operating results better than those historically experienced or presently expected to be experienced in the future by us in the absence of the acquisition. See   Reasons for the Acquisition and the Issuance of Shares to ConAgra Foods.   There can be no assurance, however, that this assumption is correct or that the businesses of Pilgrim's Pride and the ConAgra chicken division will be successfully integrated in a timely manner.

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***Failure to Achieve Beneficial Synergies.*** We entered into the Stock Purchase Agreement with the expectation that the acquisition will result in beneficial synergies, such as cost savings and enhanced growth. See Reasons for the Acquisition and the Issuance of Shares to ConAgra Foods. Any success in realizing these benefits and the timing of this realization, if any, depend upon the successful integration of the operations of the ConAgra chicken division into Pilgrim's Pride, and upon general and industry-specific economic factors. The integration of two independent companies is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

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

integrating corporate and administrative infrastructures;

coordinating sales and marketing functions;

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

coordinating geographically separate organizations; and

retaining key employees.

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

***Assumption of Unknown Liabilities.*** The acquisition is structured as a stock purchase, which may result in us owning subsidiaries with unknown liabilities. We negotiated and obtained from ConAgra Foods certain representations and warranties concerning contingent liabilities and other obligations of the Acquired Companies to reduce the risk that we will bear such subsidiaries' liability for unknown liabilities. ConAgra Foods also agreed to indemnify us for breaches of representations and warranties concerning the pre-closing operations of the ConAgra chicken division and for certain liabilities of the Acquired Companies. Certain of ConAgra Foods' indemnification obligations are subject to a cap in the aggregate amount of \$200 million. Nevertheless, ConAgra Foods' indemnification obligations are generally subject to a \$30 million deductible, and there may be circumstances in which ConAgra Foods' indemnification obligations do not provide us protection from contingent or other obligations of the Acquired Companies, or other pre-closing liabilities of the ConAgra chicken division. Such obligations and liabilities could have a material adverse effect on us. See The Stock Purchase Agreement Indemnification.

***Dilution of Equity Interest and Voting Power.*** The ownership percentage and voting power of the holders of the currently outstanding shares of Class A common stock and Class B common stock will be diluted by the issuance of the Shares. Prior to the acquisition, the Class A stockholders collectively owned approximately 32.9% of our total outstanding shares and 2.4% of our total voting power, and the Class B stockholders collectively owned approximately 67.1% of our total outstanding shares and 97.6% of our total voting power. After giving effect to the proposed reclassification of the Class A common stock and Class B common stock into a single class, the current Class A stockholders will own approximately 32.9% of our total outstanding shares and our total voting power, and the Class B stockholders will own approximately 67.1% of our total outstanding shares and our total voting power. After giving effect to the subsequent issuance of approximately 31.2 million Shares to ConAgra Foods, the current Class A stockholders would own approximately 18.7% of our total outstanding shares and approximately

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31.7% of our total voting power, and the current Class B stockholders would own approximately 38.2% of our total outstanding shares and 64.7% of our total voting power.

In the board of directors' view, these considerations were not sufficient, either individually or collectively, to outweigh the advantages of the proposed acquisition.

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**Opinion of Pilgrim s Pride s Financial Advisor for the Acquisition**

Credit Suisse First Boston has acted as Pilgrim s Pride s financial advisor in connection with the acquisition. Pilgrim s Pride selected Credit Suisse First Boston based on Credit Suisse First Boston s experience, reputation and familiarity with Pilgrim s Pride and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In connection with Credit Suisse First Boston s engagement, Pilgrim s Pride requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to Pilgrim s Pride of the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment. On June 7, 2003, at a meeting of the Pilgrim s Pride board of directors held to evaluate the acquisition, Credit Suisse First Boston rendered to the Pilgrim s Pride board an oral opinion, which opinion was confirmed by delivery of a written opinion dated June 7, 2003, to the effect that, as of that date and based on and subject to the matters described in its opinion, the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment, was fair, from a financial point of view, to Pilgrim s Pride. Credit Suisse First Boston was not requested to render an updated opinion in connection with the August 11, 2003 and August 20, 2003 amendments to the Stock Purchase Agreement.

**The full text of Credit Suisse First Boston s written opinion, dated June 7, 2003, to the Pilgrim s Pride board of directors, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex B and is incorporated into this proxy statement by reference. Holders of Pilgrim s Pride common stock are encouraged to read this opinion carefully and in its entirety. Credit Suisse First Boston s opinion was provided to the Pilgrim s Pride board of directors in connection with its evaluation of the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment, and relates only to the fairness, from a financial point of view, to Pilgrim s Pride of such purchase price. Credit Suisse First Boston s opinion does not address any other aspect of the proposed acquisition or any related transaction and does not constitute a recommendation to any stockholder as to any matters relating to the proposed acquisition or any related transaction. The summary of Credit Suisse First Boston s opinion in this proxy statement is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Credit Suisse First Boston reviewed the Stock Purchase Agreement dated June 7, 2003 and related documents, and also reviewed publicly available business and financial information relating to Pilgrim s Pride. Credit Suisse First Boston reviewed other information relating to Pilgrim s Pride and business and financial information relating to the ConAgra chicken division, including financial forecasts and other information and data for Pilgrim s Pride and the ConAgra chicken division, provided to or discussed with Credit Suisse First Boston by the management of Pilgrim s Pride as well as other business and financial data provided to or discussed with Credit Suisse First Boston by the managements of ConAgra Foods and the Acquired Companies. Credit Suisse First Boston met with the managements of Pilgrim s Pride, ConAgra Foods and the Acquired Companies to discuss the business and prospects of Pilgrim s Pride and the ConAgra chicken division. Credit Suisse First Boston considered financial and stock market data of Pilgrim s Pride and financial data of the ConAgra chicken division and compared those data with similar data for publicly held companies in businesses similar to those of Pilgrim s Pride and the ConAgra chicken division and considered, to the extent publicly available, the financial terms of business combinations and other transactions that have been effected. Credit Suisse First Boston also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that it reviewed or considered and relied on that information being complete and accurate in all material respects. With respect to financial forecasts and other information and data for Pilgrim s Pride and the ConAgra chicken division provided to or discussed with Credit Suisse First Boston by the management of Pilgrim s Pride, Credit Suisse First Boston was advised, and assumed, that the forecasts and other information and data, including the potential cost savings and other synergies anticipated by the management of





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Pilgrim's Pride to result from the acquisition, were reasonably prepared on bases reflecting the best currently available estimates and judgments of Pilgrim's Pride's management as to the future financial performance of Pilgrim's Pride and the ConAgra chicken division and the other matters covered by such forecasts and other information and data, and further assumed, with Pilgrim's Pride's consent, that the financial results reflected in those forecasts and other information and data would be realized in the amounts and at the times projected. With respect to the estimates as to the adjusted net book value of the ConAgra chicken division and other financial data provided to or discussed with Credit Suisse First Boston by the managements of ConAgra Foods and the Acquired Companies, Credit Suisse First Boston was advised, and assumed, that those estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of ConAgra Foods and the Acquired Companies and further assumed, with Pilgrim's Pride's consent, that the actual adjusted net book value and other financial data would not vary from such estimates in any respect material to Credit Suisse First Boston's analyses. Credit Suisse First Boston assumed, with Pilgrim's Pride's consent, that in the course of obtaining the necessary regulatory and third party approvals and consents for the proposed acquisition, no modification, delay, limitation, restriction or condition would be imposed that would have an adverse effect on Pilgrim's Pride, the ConAgra chicken division or the contemplated benefits to Pilgrim's Pride of the acquisition and that the acquisition would be consummated as described to Credit Suisse First Boston in accordance with the terms of the Stock Purchase Agreement, without waiver, amendment or modification of any material term, condition or agreement. Representatives of Pilgrim's Pride advised Credit Suisse First Boston, and Credit Suisse First Boston therefore also assumed, with Pilgrim's Pride's consent, that the acquisition would be treated as an asset purchase for U.S. federal income tax purposes under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended.

Credit Suisse First Boston was not requested to, and it did not, make an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Pilgrim's Pride or the ConAgra chicken division, and Credit Suisse First Boston was not furnished with any evaluations or appraisals. Credit Suisse First Boston did not express any opinion as to what the value of Pilgrim's Pride Class A common stock (or, if the reclassification is approved, Pilgrim's Pride common stock) or the Notes actually will be when issued in the acquisition or the prices or values at which Pilgrim's Pride Class A common stock (or, if the reclassification is approved, Pilgrim's Pride common stock) or the Notes will trade or otherwise be transferable at any time. Credit Suisse First Boston's opinion did not address the relative merits of the acquisition as compared to other business strategies that might have been available to Pilgrim's Pride or Pilgrim's Pride's underlying business decision to proceed with the acquisition. Except as described above, Pilgrim's Pride imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

Although Credit Suisse First Boston evaluated the purchase price provided for in the Stock Purchase Agreement, dated June 7, 2003, prior to its amendment, Credit Suisse First Boston was not requested to, and it did not, recommend the specific consideration payable in the acquisition, which consideration was determined between Pilgrim's Pride and ConAgra Foods. Credit Suisse First Boston's opinion was necessarily based on information available to it, and financial, economic, market and other conditions as they existed and could be evaluated on the date of Credit Suisse First Boston's opinion. Although subsequent developments may affect its opinion, Credit Suisse First Boston does not have any obligation to update, revise or reaffirm its opinion.

In preparing its opinion to the Pilgrim's Pride board of directors, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying its opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Pilgrim's Pride. No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is identical to



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Pilgrim's Pride, the ConAgra chicken division or the proposed acquisition, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Credit Suisse First Boston's analyses are inherently subject to substantial uncertainty.

Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the Pilgrim's Pride board of directors in its evaluation of the proposed acquisition and should not be viewed as determinative of the views of the Pilgrim's Pride board of directors or management with respect to the acquisition or the purchase price.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion dated June 7, 2003 delivered to the Pilgrim's Pride board of directors. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses.** For purposes of the summary of Credit Suisse First Boston's analyses, the term "June 7, 2003 estimated purchase price" refers to an estimated purchase price of \$586 million based on the net book value of the ConAgra chicken division at May 25, 2003 of \$675 million as estimated as of June 7, 2003 by the managements of ConAgra Foods and the Acquired Companies, less a discount amount of \$100 million as specified in the Stock Purchase Agreement net of an estimated \$10.6 million for reimbursable transaction costs expected to be incurred by ConAgra Foods.

***Analyses of the ConAgra Chicken Division***

**Selected Companies Analysis.** Using publicly available information, Credit Suisse First Boston reviewed the market values and trading multiples of the following selected publicly traded companies in the meat and crop industries:

<u>Meat</u>	<u>Crop</u>
Hormel Foods Corporation	Archer-Daniels-Midland Company
Pilgrim's Pride	Bunge Limited
Sanderson Farms, Inc.	
Seaboard Corporation	
Smithfield Foods, Inc.	
Tyson Foods, Inc.	

All multiples were based on closing stock prices on June 5, 2003. Estimated financial data for the selected companies were based on publicly available research analysts' estimates. Estimated financial data for the ConAgra chicken division were based on internal estimates of Pilgrim's Pride's management and the Acquired Companies' managements. Credit Suisse First Boston compared enterprise values of the ConAgra chicken division and the selected companies as a multiple of latest 12 months and estimated calendar year 2003 earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA, and three-year average EBITDA for the latest 12 fiscal quarters. Credit Suisse

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First Boston also compared equity values of the ConAgra chicken division and the selected companies as a multiple of latest available net book value. Credit Suisse First Boston then applied a range of selected multiples derived from the selected companies to corresponding financial data for the ConAgra chicken division. This analysis indicated the following implied reference range for the ConAgra chicken division, as compared to the June 7, 2003 estimated purchase price:

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Implied Reference Range for	June 7, 2003
the ConAgra Chicken Division	Estimated Purchase Price
<hr/>	<hr/>
\$500 million - \$625 million	\$586 million

**Precedent Transactions Analysis.** Using publicly available information, Credit Suisse First Boston reviewed the implied enterprise values and purchase price multiples in the following nine selected transactions in the meat industry:

<u>Acquiror</u>	<u>Target</u>
Swift Foods Company (Hicks, Muse, Tate & Furst Incorporated)	ConAgra Foods, Inc Fresh Beef and Pork
Smithfield Foods, Inc.	Packerland Holdings, Inc.
Smithfield Foods, Inc.	Moyer Packing Company
Hormel Foods Corporation	Jerome Foods, Inc. (d/b/a The Turkey Store Company)
Tyson Foods, Inc.	IBP, inc.
Pilgrim s Pride	WLR Foods, Inc.
Smithfield Foods, Inc.	Murphy Farms, Inc.
ConAgra Foods	Seaboard Corporation Poultry Division
IBP, inc.	Thorn Apple Valley, Inc.

All multiples for the selected transactions were based on publicly available financial information. Estimated financial data for the ConAgra chicken division were based on internal estimates of Pilgrim s Pride s management and the Acquired Companies managements. Credit Suisse First Boston compared enterprise values in each of the selected transactions as a multiple of the target company s latest 12 months EBITDA and three-year average EBITDA for the latest 12 fiscal quarters prior to the date of public announcement of the relevant transaction. Credit Suisse First Boston also compared equity values in the selected transactions as a multiple of latest available net book value. Credit Suisse First Boston then applied a range of selected multiples derived from the selected transactions to corresponding financial data for the ConAgra chicken division. This analysis indicated the following implied reference range for the ConAgra chicken division, as compared to the estimated June 7, 2003 purchase price:

Implied Reference Range for	June 7, 2003
the ConAgra Chicken Division	Estimated Purchase Price
<hr/>	<hr/>
\$600 million - \$700 million	\$586 million

**Discounted Cash Flow Analysis.** Credit Suisse First Boston performed a discounted cash flow analysis of the ConAgra chicken division to calculate the estimated present value of the stand-alone, unlevered, after-tax free cash flows that the ConAgra chicken division could generate over fiscal years ended May 31, 2004 through 2008. Estimated financial data for the ConAgra chicken division were based on internal estimates of Pilgrim s Pride s management. Credit Suisse First Boston applied a range of EBITDA terminal value multiples of 6.0x to 7.0x to the ConAgra chicken division s calendar year 2008 estimated EBITDA. The present value of the cash flows and terminal values were calculated using discount rates ranging from 7.5% to 10.0%. This analysis indicated the following implied reference range for the ConAgra chicken division, as compared to the estimated June 7, 2003 purchase price:

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Implied Reference Range for

the ConAgra Chicken Division

(without Synergies)

June 7, 2003

Estimated Purchase Price

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\$575 million - \$700 million

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\$586 million

Credit Suisse First Boston also performed a discounted cash flow analysis of the ConAgra chicken division applying the same assumptions described above but giving effect to potential cost savings and other synergies

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anticipated by the management of Pilgrim's Pride to result from the acquisition. This analysis indicated the following implied reference range for the ConAgra chicken division, as compared to the estimated June 7, 2003 purchase price:

Implied Reference Range for	
the ConAgra Chicken Division	June 7, 2003
(with Synergies)	Estimated Purchase Price
<hr/>	<hr/>
\$875 million - \$1,000 million	\$586 million

***Analyses of Pilgrim's Pride***

***Selected Companies Analysis.*** Using publicly available information, Credit Suisse First Boston reviewed the market values and trading multiples of the following selected publicly traded companies in the meat and crop industries:

<b><u>Meat</u></b>	<b><u>Crop</u></b>
Hormel Foods Corporation Sanderson Farms, Inc. Seaboard Corporation Smithfield Foods, Inc. Tyson Foods, Inc.	Archer-Daniels-Midland Company Bunge Limited

All multiples were based on closing stock prices on June 5, 2003. Estimated financial data for the selected companies were based on publicly available research analysts' estimates. Estimated financial data for Pilgrim's Pride were based on estimates of Pilgrim's Pride's management. Credit Suisse First Boston compared enterprise values of Pilgrim's Pride and the selected companies as a multiple of latest 12 months and estimated calendar year 2003 EBITDA and three-year average EBITDA for the latest 12 fiscal quarters. Credit Suisse First Boston also compared equity values of Pilgrim's Pride and the selected companies as a multiple of latest available net book value. Credit Suisse First Boston then applied a range of selected multiples derived from the selected companies to corresponding financial data for Pilgrim's Pride normalized to eliminate the effect of one-time gains and losses attributable to Pilgrim's Pride's business operations. This analysis indicated the following implied aggregate equity reference range for Pilgrim's Pride, as compared to the aggregate equity value implied for Pilgrim's Pride based on the closing prices of Pilgrim's Pride Class A common stock and Class B common stock on June 5, 2003:

Implied Aggregate Equity	Implied Aggregate Equity Value of
Reference Range for Pilgrim's Pride	Pilgrim's Pride Based on Closing Prices of
<hr/>	<hr/>
\$250 million - \$425 million	Pilgrim's Pride Common Stock on June 5, 2003
	<hr/>
	\$321 million

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**Discounted Cash Flow Analysis.** Credit Suisse First Boston performed a discounted cash flow analysis of Pilgrim's Pride to calculate the estimated present value of the stand-alone, unlevered, after-tax free cash flows that Pilgrim's Pride could generate over fiscal years ended September 30, 2004 through 2007. Estimated financial data for Pilgrim's Pride were based on internal estimates of Pilgrim's Pride's management. Credit Suisse First Boston applied a range of EBITDA terminal value multiples of 6.0x to 7.0x to Pilgrim's Pride's fiscal year 2007 estimated EBITDA. The present value of the cash flows and terminal values were calculated using discount rates ranging from 7.5% to 10.5%. This analysis indicated the following implied aggregate equity reference range for Pilgrim's Pride, as compared to the aggregate equity value implied for Pilgrim's Pride based on the closing prices of Pilgrim's Pride Class A common stock and Class B common stock on June 5, 2003:



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Implied Aggregate Equity	Implied Aggregate Equity Value of Pilgrim s Pride Based on Closing Prices of Pilgrim s Pride Common Stock on June 5, 2003
Reference Range for Pilgrim s Pride	
\$700 million - \$950 million	\$321 million

**Pro Forma Accretion/Dilution Analysis.** Credit Suisse First Boston analyzed the potential pro forma financial effect of the acquisition on Pilgrim s Pride s fiscal years 2004, 2005 and 2006 estimated earnings per share, commonly referred to as EPS, under two cases, a management case, which was based on Pilgrim s Pride s internal management estimates for fiscal years 2004, 2005 and 2006 excluding a one-time loss in fiscal year 2004 attributable to Pilgrim s Pride s business operations, and a street case, which was based on publicly available research analysts estimates for Pilgrim s Pride for fiscal years 2004 and 2005. Each case was analyzed assuming 0%, 50% and 100% of potential cost savings and other synergies anticipated by the management of Pilgrim s Pride to result from the acquisition were realized. Estimated financial data for the ConAgra chicken division were based on internal estimates of Pilgrim s Pride s management. Based on the estimated purchase price for the ConAgra chicken division, this analysis indicated the following:

under the management case, the proposed acquisition could be dilutive to Pilgrim s Pride s estimated EPS in each of the periods reviewed regardless of the synergy level achieved; and

under the street case, the proposed acquisition could be dilutive to Pilgrim s Pride s estimated EPS in fiscal year 2004 regardless of the synergy level achieved, dilutive to Pilgrim s Pride s estimated EPS in fiscal year 2005 assuming no cost savings or other synergies were realized, and accretive to Pilgrim s Pride s estimated EPS in fiscal year 2005 assuming either 50% or 100% of such potential cost savings and other synergies were realized.

The actual results achieved by the combined company may vary from projected results and the variations may be material.

***Other Factors***

In the course of preparing its opinion, Credit Suisse First Boston also reviewed and considered other information and data, including:

the historical price performance and trading volume of Pilgrim s Pride Class A common stock and Class B common stock and the relationship between movements in Pilgrim s Pride common stock and selected companies in related industries; and

publicly available research analysts reports for Pilgrim s Pride.

***Miscellaneous***

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Pilgrim s Pride has agreed to pay Credit Suisse First Boston customary fees for its financial advisory services in connection with the acquisition. Pilgrim s Pride also has agreed to reimburse Credit Suisse First Boston for its reasonable expenses, including the fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates in the past have provided services to Pilgrim s Pride and ConAgra Foods unrelated to the proposed acquisition, for which services Credit Suisse First Boston and its affiliates have received compensation. Credit Suisse First Boston also acted as sole manager in connection with an underwritten public offering of our senior notes, the proceeds of which will be used to finance the acquisition, for which services Credit Suisse First Boston also received compensation. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the securities of Pilgrim s Pride and ConAgra Foods for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

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**Recommendation of the Board of Directors**

Our board of directors has determined that the proposed issuance of the Shares to ConAgra Foods and the purchase of the ConAgra chicken division are in the best interests of Pilgrim's Pride and our stockholders. The board of directors unanimously recommends a vote FOR approval of the proposed issuance of the Shares to ConAgra Foods.

**Regulatory Filings and Approvals**

The acquisition is subject to review by the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act). Under the HSR Act, Pilgrim's Pride and ConAgra Foods are required to make pre-acquisition notification filings and to await the expiration or early termination of the statutory waiting period prior to completing the acquisition. On June 10, 2003, the parties filed the required information with the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission. The statutory waiting period under the HSR Act expired on July 11, 2003.

Despite expiration of the statutory waiting period, and even after completion of the acquisition, either the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission could challenge, seek to block or block the acquisition under the antitrust laws, as it deems necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the acquisition, before or after it is completed. We cannot be sure that a challenge to the acquisition will not be made or that, if a challenge is made, that Pilgrim's Pride and ConAgra Foods will prevail.

Other than applicable antitrust laws, neither we nor ConAgra Foods are aware of any other regulatory requirements or governmental approvals or actions that may be required to consummate the acquisition, except as described above. Should any such approval or action be required, it is presently contemplated that such approval or action would be sought. There can be no assurance, however, that any such approval or action, if needed, could be obtained and would not be conditioned in a manner that would cause the parties to abandon the acquisition.

**Accounting Treatment**

The acquisition will be accounted for as a purchase business combination in accordance with accounting principles generally accepted in the United States, with Pilgrim's Pride treated as the acquirer. Accordingly, the assets and liabilities of Pilgrim's Pride are recorded at historical amounts, without restatement to fair values. The assets and liabilities of the ConAgra chicken division will be revalued to estimated fair value at the date of the acquisition, with any excess of the purchase price over the sum of such fair values recorded as goodwill. The estimated fair values are preliminary and subject to change.

**Requirement for Stockholder Approval**

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Our listing agreement with the New York Stock Exchange requires stockholder approval for the issuance of Pilgrim's Pride common stock that represents in the aggregate more than 20% of the issued and outstanding shares of Pilgrim's Pride common stock. As of the Record Date, 13,523,429 shares of Pilgrim's Pride Class A common stock and 27,589,250 shares of Class B common stock were issued and outstanding. If the ConAgra chicken division had a final adjusted net book value of \$535.6 million (which was the adjusted net book value at May 25, 2003) and the volume weighted average price of our Class A common stock used to compute the share portion of the consideration to be paid to ConAgra Foods was \$7.7336 (which was the volume weighted average price from June 10, 2003 through August 19, 2003, we would issue approximately 31.2 million shares of common stock to ConAgra Foods in the acquisition. This number of shares would represent approximately 43.1% of the total number of shares of common stock outstanding, and approximately 3.7% of our total voting power, after giving effect to the reclassification. Accordingly, stockholder approval of the issuance of the Shares is required.

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Although we need to issue the Shares to ConAgra Foods in order to complete the purchase of the ConAgra chicken division, we are not seeking stockholder approval for the purchase of the ConAgra chicken division because stockholder approval of this purchase is not required under Delaware law, our certificate of incorporation or our listing agreement with the New York Stock Exchange. At any time before or after the special meeting and prior to the closing of the ConAgra chicken division acquisition, the board of directors, subject to the terms and conditions of the Stock Purchase Agreement, may abandon the acquisition or amend the terms of the Stock Purchase Agreement and other transaction agreements, if for any reason the board deems it advisable to do so.

**Required Vote**

Approval of the issuance of the Shares to ConAgra Foods will require the vote of a majority of the combined voting power of the shares of Pilgrim's Pride Class A common stock and Class B common stock represented in person or by proxy and voting at the special meeting. Abstentions and broker non-votes will not affect the outcome of this proposal. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to twenty votes per share.

**THE STOCK PURCHASE AGREEMENT**

*The following is a summary of certain provisions of the Stock Purchase Agreement and the other transaction agreements not summarized elsewhere in this proxy statement. A copy of the Stock Purchase Agreement is attached to this proxy statement as Annex D and copies of Amendment No. 1 to the Stock Purchase Agreement and Amendment No. 2 to the Stock Purchase Agreement are attached to this proxy statement as Annex E and Annex F, respectively. This summary is qualified in its entirety by reference to the Stock Purchase Agreement, as amended, which you should read carefully for more details regarding the provisions we describe below and for other provisions that may be important to you.*

**Overview**

On June 7, 2003, we entered into the Stock Purchase Agreement with ConAgra Foods for our acquisition of the ConAgra chicken division. The Stock Purchase Agreement provides that we will purchase all of the issued and outstanding capital stock of the Acquired Companies for an aggregate purchase price payable in cash, Shares of our common stock, and subordinated Notes. In connection with the acquisition, we also will enter into certain other agreements with ConAgra Foods and its subsidiaries, including two registration rights agreements, three supply agreements, a transition trademark license agreement, a transition services agreement and an environmental license agreement.

**Purchase Price**

**General.** The purchase price will be calculated based on the Final Adjusted Net Book Value (as defined in the Stock Purchase Agreement) of the assets and liabilities of the ConAgra chicken division on the closing date of the acquisition.

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At closing, the consideration payable to ConAgra Foods will be estimated based on ConAgra Foods' good faith estimate of the adjusted net book value, as of the closing date, of the ConAgra chicken division. Based upon this estimate, we will pay ConAgra Foods at closing \$100 million in cash and pay the remainder of the consideration through a combination of Shares and Notes; provided that at our option we may pay the Note portion with cash, subject to certain limitations.

**Share Portion.** The actual number and dollar amount of Shares to be issued will be determined at the closing of the acquisition by reference to the volume weighted average stock price of the Class A common stock on the New York Stock Exchange from June 10, 2003 (the day after the parties announced the acquisition) through the fifth trading day prior to the closing date (the Average Price). From June 10, 2003 through August 19, 2003, the Average Price was \$7.7336.

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The number of Shares to be issued to ConAgra Foods at closing will equal the lesser of 39,400,000 or the number of Shares determined by dividing (i) forty-five percent (45%) of the estimated adjusted net book value by (ii) the greater of (1) the Average Price and (2) \$5.35. For example, if the adjusted net book value of the ConAgra chicken division was \$535,566,000 (which was the adjusted net book value at May 25, 2003) and the fifth trading day prior to the closing date was August 19, 2003, the share portion of the consideration would consist of 31,163,326 Shares (45% of \$535,566,000, divided by \$7.7336, the Average Price of the Class A common stock from June 10 through August 19, 2003).

Notwithstanding the foregoing, the number of Shares to be issued to ConAgra Foods will be based on an adjusted volume weighted average price (the Adjusted VWAP) rather than the Average Price if the spread between the volume weighted average price (VWAP) of our Class A common stock and the VWAP of our Class B common stock over the period from August 22, 2003 through the date five trading days prior to the closing date (the Subsequent Period) is smaller than 35% of the VWAP of the Class A common stock over that period.

Adjusted VWAP means the VWAP of the Class A common stock computed over the period from June 10, 2003 through the date five trading days prior to the closing date, except that:

if the VWAP Adjustment Amount (as defined below) is greater than zero, then in lieu of the actual trading price of the Class A common stock over the Subsequent Period, such Adjusted VWAP shall be computed as if all trades in Cl