

SCHEDULE 14A  
(RULE 14A-101)  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14 (a) IF THE  
SECURITIES EXCHANGE ACT OF 1934

- 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 Pursuant to Rule 14a--11(c) or Rule 14a-12

PILGRIM'S PRIDE CORPORATION

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

(NAME OF PERSON{S} FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of filing fee (Check the appropriate box):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

PILGRIM'S PRIDE CORPORATION  
110 SOUTH TEXAS STREET  
PITTSBURG, TEXAS 75686

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD WEDNESDAY, FEBRUARY 3, 1999

The Annual Meeting of Stockholders of Pilgrim's Pride Corporation (the "Company") will be held at the Company's headquarters building, 110 South Texas Street, Pittsburg, Texas, Wednesday, February 3, 1999, at 11:00 a.m., local time, to consider the following matters:

1. The election of ten Directors for the ensuing year;
2. The appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending October 2, 1999; and
3. To transact such other business as may be properly brought before the meeting or any adjournment. No other matters are expected to be voted on at the meeting.

The Board of Directors has fixed the close of business on December 23, 1998, as the record date for determining stockholders of record entitled to

notice of, and to vote at, the meeting.

Pittsburg, Texas  
December 28, 1998

RICHARD A. COGDILL  
EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER,  
Secretary AND TREASURER

YOUR VOTE IS IMPORTANT!  
PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY.

PILGRIM'S PRIDE CORPORATION  
110 SOUTH TEXAS STREET  
PITTSBURG, TEXAS 75686

PROXY STATEMENT  
GENERAL INFORMATION

The Board of Directors of Pilgrim's Pride Corporation (the "Company") solicits stockholders' proxies in the accompanying form for use at the Annual Meeting of Stockholders to be held on February 3, 1999, at 11:00 a.m., local time, at the Company's headquarters at 110 South Texas Street, Pittsburg, Texas and at any adjournments thereof (the "Meeting"). This Proxy Statement, the accompanying proxy card and the Company's 1998 Annual Report to Stockholders are being mailed, beginning on or about December 28, 1998, to all stockholders entitled to receive notice of, and to vote at, the Meeting.

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

OUTSTANDING VOTING SECURITIES

Each stockholder of record at the close of business on December 23, 1998 (the "Record Date"), will be entitled to twenty votes for each share of the Company's Class B common stock held on the Record Date. The accompanying proxy card indicates the number of shares to be voted. On December 23, 1998, there were 27,589,250 shares of the Company's Class B common stock, \$.01 par value per share, issued and outstanding. No other classes of stock of the Company were issued or outstanding on the Record Date.

VOTING OF PROXIES

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

- (1) read carefully the material in this Proxy Statement;
- (2) specify his or her voting instruction on each item by marking the appropriate boxes on the accompanying proxy card; and
- (3) sign, date and return the card in the enclosed, postage prepaid envelope.

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

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

Unless otherwise indicated by the stockholder, returned proxy cards also confer upon the persons named on the card, as proxies for the stockholder,

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

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

#### VOTES REQUIRED

The holders of at least a majority of the Company's Class B common stock outstanding on the Record Date must be present in person or by proxy at the Meeting for the Meeting to be held. Abstentions and broker non-votes are counted in determining whether at least a majority of the Company's Class B common stock outstanding on the Record Date are present at the Meeting. Directors will be elected by a plurality of the votes cast at the Meeting. The affirmative vote of a majority of the shares of the Company's Class B common stock represented and entitled to vote at the Meeting is required for the appointment of the Company's independent auditors and approval of any other item of business to be voted upon at the Meeting. Abstentions are counted in tabulations of the votes cast on proposals presented to stockholders, whereas broker non-votes are not counted for purposes of determining whether a proposal has been approved. Lonnie "Bo" Pilgrim owned or controlled 16,773,492 shares (60.8%) of the Company's Class B common stock on the Record Date and thus will be able to elect all of the nominees for Directors and to approve Ernst & Young LLP as independent auditors for the Company.

#### STOCKHOLDER PROPOSALS FOR 2000 ANNUAL MEETING

In order for stockholder proposals which are submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 (the "Exchange Act") to be considered by the Company for inclusion in the proxy materials for the 2000 Annual Meeting of Stockholders, they must be received by the Secretary of the Company no later than the close of business on August 25, 1999. For proposals that stockholders intend to present at the 2000 Annual Meeting of Stockholders outside the processes of Rule 14a-8 of the Exchange Act, unless the stockholder notifies the Secretary of the Company of such intent by November 6, 1999, any proxy solicited by the Company for such Annual Meeting will confer on the holder of the proxy discretionary authority to vote on the proposal so long as such proposal is properly presented at the Annual Meeting.

#### COST OF PROXY SOLICITATION

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

#### BOARD OF DIRECTORS

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

#### BOARD COMMITTEES

To assist in carrying out its duties, the Board of Directors has delegated certain authority to the Audit and Compensation Committees. The Board of Directors does not maintain a Nominating Committee. The members of the Audit Committee are Robert E. Hilgenfeld, Vance C. Miller, Sr., James G. Vetter, Jr. and Donald L. Wass. The members of the Compensation Committee are Lonnie "Bo" Pilgrim, Robert E. Hilgenfeld, Vance C. Miller, Sr., Lonnie Ken Pilgrim, James G. Vetter, Jr., Donald L. Wass and Charles L. Black. Each Committee meets to examine various facets of the Company's operations and take appropriate action or make recommendations to the Board of Directors. The Audit Committee's

responsibilities include making recommendations to the Board of Directors regarding the selection of independent public accountants and reviewing the plan and results of the audit performed by the public accountants of the Company and the adequacy of the Company's systems of internal accounting controls, and monitoring compliance with the Company's conflicts of interest and business ethics policies. The Compensation Committee reviews the Company's remuneration policies and practices and establishes the salaries of the Company's officers.

#### MEETINGS

During the Company's fiscal year ending September 26, 1998, there were five meetings of the Board of Directors, two meetings of the Audit Committee, and one meeting of the Compensation Committee. During fiscal 1998, each member of the Board of Directors attended at least 75% of the aggregate number of meetings of the Board and Board Committees on which the Director served.

#### ELECTION OF DIRECTORS

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

## NOMINEES FOR DIRECTOR

LONNIE "BO" PILGRIM, 70, has served as Chairman of the Board since the organization of the Company in July 1968. He was previously Chief Executive Officer from July 1968 to June 1998. Prior to the incorporation of the Company, Mr. Pilgrim was a partner in the Company's predecessor partnership business founded in 1946.

CLIFFORD E. BUTLER, 56, serves as Vice Chairman of the Board. He joined the Company as Controller and Director in 1969, was named Senior Vice President of Finance in 1973, became Chief Financial Officer and Vice Chairman of the board in July 1983, became Executive President in January 1997 and served in such capacity through July 1998 and continues to serve as Vice Chairman of the Board.

DAVID VAN HOOSE, 56, serves as Chief Executive Officer, President and Chief Operating Officer of the Company. He was named Chief Executive Officer and Chief Operating Officer in June 1998 and President in July 1998. He was previously President of Mexico Operations from April 1993 to June 1998 and Senior Vice President, Director General, Mexico Operations from August 1990 to April 1993. Mr. Van Hoose was employed by the Company in September 1988 as Senior Vice President, Texas Processing. Prior to that, Mr. Van Hoose was employed by Cargill, Inc., as General Manager of one of its chicken operations.

RICHARD A. COGDILL, 38, has served as Executive Vice President, Chief Financial Officer, Secretary and Treasurer since January 1997. He became a Director in September 1998. Previously he served as Senior Vice President, Corporate Controller, from August 1992 through December 1996 and as Vice President, Corporate Controller from October 1991 through August 1992. Prior to October 1991 he was a Senior Manager with Ernst & Young LLP. He is a Certified Public Accountant.

LONNIE KEN PILGRIM, 40, has been employed by the Company since 1977 and has been Senior Vice President, Transportation since August 1997. Prior to that he served the Company as its Vice President, Director of Transportation. He has been a member of the Board of Directors since March 1985. He is a son of Lonnie "Bo" Pilgrim.

Charles L. Black, 68, was Senior Vice President, Branch President of NationsBank, Mt. Pleasant, Texas, from December 1981 to his retirement in February 1995. He previously was a Director of the Company from 1968 to August 1992 and has served as a director since his re-election in February 1995.

ROBERT E. HILGENFELD, 73, was elected a Director in September 1986. Mr. Hilgenfeld was Senior Vice President-Marketing-Processing for the Company from 1969 to 1972 and for seventeen years prior to that worked in various sales and management positions for the Quaker Oats Company. From 1972 until April 1986, he was employed by Church's Fried Chicken Company ("Church's") as Vice President-Purchasing Group, Vice President and Senior Vice President. He was elected a Director of Church's in 1985 and retired from Church's in April 1986. Since retirement he has served as a consultant to various companies including the Company.

VANCE C. MILLER, SR., 64, was elected a Director in September 1986. Mr. Miller has been Chairman of Vance C. Miller Interests, a real estate development company formed in 1977 and has served as the Chairman of the Board and Chief Executive Officer of Henry S. Miller Cos., a Dallas, Texas real estate services firm since 1991. Mr. Miller also serves as a director of Resurgence Properties, Inc.

JAMES G. VETTER, JR., 64, has practiced law in Dallas, Texas, since 1966. He is a member of the Dallas law firm of Godwin & Carlton, P.C., and has served as general counsel and a Director since 1981. Mr. Vetter is a Board Certified-Tax Law Specialist and serves as a lecturer and author in tax matters.

DONALD L. WASS, PH. D., 66, was elected a Director of the Company in May 1987. He has been President of the William Oncken Company of Texas, a time management consulting company, since 1970.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 1998, the members of the Company's Compensation Committee were: Lonnie "Bo" Pilgrim, Robert E. Hilgenfeld, Vance C. Miller, Sr., Lonnie Ken Pilgrim, James G. Vetter, Jr., Donald L. Wass and Charles L. Black.

The Company has been and continues to be a party to certain transactions with Lonnie "Bo" Pilgrim and a law firm affiliated with James G. Vetter, Jr.

These transactions, along with all other transactions between the Company and affiliated persons, require the prior approval of the Audit Committee of the Board of Directors.

The Company's transactions with Lonnie "Bo" Pilgrim, Chairman of the Board of the Company, have allowed the Company to obtain the use of required production facilities and equipment on terms which management believes are not less favorable to the Company than could have been arranged with unaffiliated persons. Since 1985, Lonnie "Bo" Pilgrim, Chairman of the Board of the Company, has engaged in chicken grow-out operations with the Company which involve the purchase of chicks, feed and veterinary and technical services from the Company and the growing-out of chickens to maturity at which time they are purchased by the Company. Chicks, feed and services are purchased from the Company for their fair market value, and the Company purchases the mature chickens from Mr. Pilgrim at market-quoted prices at the time of purchase. Management of the Company believes that this operation is conducted on terms not less favorable than those which could be arranged with unaffiliated persons. During fiscal year 1998, the Company paid Mr. Pilgrim, doing business as Pilgrim Poultry G.P. ("PPGP"), \$21,883,000 for chickens produced in his grow-out operations, and PPGP paid the Company \$21,396,000 for chicks, feed and services. Lonnie "Bo" Pilgrim is the sole proprietor of PPGP.

PPGP also produces eggs for the Company. In addition to the chicken grow-out operations described above, PPGP contracts with the Company to house and care for Company flocks used for egg production and is paid an egg grower fee based on actual production. The egg grower contract between PPGP and the Company renews automatically as each expended flock of laying hens is replaced by a new flock. The contract is cancelable by either party at any time prior to the time when the then current producing flock is 48 weeks old. Flocks are normally replaced every 14 months. Management of the Company believes that these relationships are on terms not less favorable to the Company than those which could be arranged with unaffiliated persons. During fiscal year 1998, the Company paid contract egg grower's fees to PPGP of \$4,989,000.

Since 1985, the Company has leased an airplane from Lonnie "Bo" Pilgrim under a lease agreement which provides for monthly lease payments of \$33,000 plus operating expenses, which terms management of the Company believes to be substantially similar to those obtainable from unaffiliated parties. During fiscal 1998, the Company had lease expenses of \$396,000 and operating expenses of \$52,980 associated with the use of this airplane.

Historically, much of the Company's debt has been guaranteed by the major stockholders of the Company. In consideration of such guarantees, the Company has paid such stockholders a quarterly fee equal to .25% of the average aggregate outstanding balance of such guaranteed debt. During fiscal 1998, the Company incurred \$889,000 for such guarantees and paid \$938,000 to Lonnie "Bo" Pilgrim, \$50,000 to Lonnie Ken Pilgrim, a Director of the Company, and \$4,000 to each of his two remaining children.

Godwin & Carlton, P.C., has represented and currently represents the Company in connection with a variety of legal matters. James G. Vetter, Jr., is a Director of the Company and is an Executive Vice President of Godwin & Carlton, P.C. During fiscal year 1998, the Company paid Godwin & Carlton, P.C., legal fees of \$335,311 in connection with such matters.

Mr. Hilgenfeld, a member of the Company's Compensation Committee, served as an officer of the Company prior to 1973.

#### COMPENSATION

##### EXECUTIVE COMPENSATION

The following table sets forth a summary of compensation paid to the Company's Chief Executive Officer and its five other most highly compensated executive officers.

##### SUMMARY COMPENSATION TABLE

##### ANNUAL COMPENSATION

NAME AND PRINCIPAL POSITION	Fiscal Year	SALARY	BONUS	Other Annual Compensation	All Other Compensation(1)
					COMPENSATION
Lonnie "Bo" Pilgrim	1998	\$501,314	\$210,975	\$36,558	\$11,430
Chairman of the Board	1997	487,672	139,571	28,127	11,123
	1996	475,065	123,443	26,518	10,763

Clifford E. Butler	1998	372,267	156,666	9,304	3,213
Vice Chairman of the Board	1997	344,679	98,647	14,651	2,596
	1996	253,368	65,836	7,505	6,204
David Van Hoose	1998	283,395	200,000	6,579	6,704
Chief Executive Officer,	1997	254,992	72,978	6,000	7,042
President, and	1996	248,400	64,545	6,000	7,634
Chief Operating Officer					
Robert L. Hendrix	1998	262,119	110,356	6,523	4,801
Executive Vice President	1997	254,992	72,978	15,200	7,276
Growout and Processing	1996	248,400	64,545	10,200	7,777
Richard A. Cogdill	1998	204,905	100,000	5,115	776
Executive Vice President	1997	190,575	54,542	10,540	458
Chief Financial Officer	1996	144,103	37,444	4,383	458
Secretary and Treasurer					
Lindy M. Pilgrim(2)	1998	285,345	0	2,235	236,704(3)
President and	1997	338,119	261,881	14,469	2,728
Chief Operating Officer	1996	329,378	270,622	9,275	6,871

(1) Includes the following items of compensation:

a. Company's contribution to the named individual under its 401(k) Salary Deferral Plan in the following amounts: Lonnie "Bo" Pilgrim, \$52 (1998, 1997 & 1996); Clifford E. Butler, \$312 (1998), \$792 (1997), \$5,033 (1996); David Van Hoose, \$312 (1998), \$707 (1997), \$4,913 (1996); Robert L. Hendrix, \$318 (1998), \$792 (1997), \$5,028 (1996); Richard A. Cogdill, \$312 (1998), \$260 (1997), \$260 (1996); and Lindy M. Pilgrim, \$252 (1998), \$792 (1997), \$5,028 (1996);

b. Section 79 income to the named individual due to group term life insurance in excess of \$50,000 in the following amounts: Lonnie "Bo" Pilgrim, \$11,379 (1998), \$11,071 (1997), \$10,711 (1996); Clifford E. Butler, \$2,901 (1998), \$1,804 (1997), \$1,171 (1996); David Van Hoose, \$6,392 (1998), \$6,335 (1997), \$2,721 (1996); Robert L. Hendrix, \$4,482 (1998), \$6,484 (1997), \$2,749 (1996); Richard A. Cogdill, \$464 (1998), \$198 (1997), \$198 (1996); and Lindy M. Pilgrim \$1,983 (1998), \$1,936 (1997), \$1,843 (1996).

(4) No longer employed by the Company.

(3) Termination includes settlement to Lindy M. Pilgrim in the amount of \$230,000.

#### DIRECTORS' FEES

The Company pays its Directors who are not employees of the Company \$4,000 per meeting attended, plus expenses.

#### REPORT OF COMPENSATION COMMITTEE

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

The following is a report submitted by the Compensation Committee members in their capacity as the Board's Compensation Committee, addressing the Company's compensation policy as it related to the named executive officers for fiscal 1998.

#### PERFORMANCE MEASURES

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

#### FISCAL COMPENSATION

For fiscal 1998 the Company's executive compensation program consisted of (a) base salary, (b) a discretionary bonus based upon the factors described above, (c) the bonus plan described below, (d) Company contributions to the Company's 401(k) salary deferral plan which are made up of mandatory contributions of one dollar per week and matching contributions of up to five dollars per week and additional matching contributions of up to four percent of an executive's compensation subject to an overall Company contribution limit of

five percent of domestic income before taxes, and (e) Company contributions to the Employee Stock Investment Plan in an amount equal to 33 1/3 percent of the officers' payroll deduction for purchases of the Company's common stock under the plan, which deductions are limited to 7 1/2 percent of the officer's base pay.

In establishing the fiscal 1998 compensation for Lonnie "Bo" Pilgrim, the Company's Chairman of the Board, the Compensation Committee adjusted Mr. Pilgrim's base salary by 2.8% to reflect changes in cost of living and his bonus was determined pursuant to the bonus plan discussed below. No discretionary bonuses were awarded to Mr. Pilgrim for fiscal 1998.

In connection with the appointment of David Van Hoose as the Company's Chief Executive Officer, President and Chief Operating Officer, in July 1998 the Compensation Committee established a base salary of \$400,000 for Mr. Van Hoose using the Performance Measures mentioned above. In addition to his bonus determined pursuant to the bonus plan discussed below, Mr. Van Hoose was awarded a discretionary bonus of \$80,767 for fiscal 1998.

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

The Company maintains a bonus plan which provides for five percent of the Company's U.S. income before income taxes to be allocated among certain key members of management. Such amount is allocated among all plan participants based upon the ratio of each participant's eligible salary to the aggregate salaries of all participants and the number of months of the fiscal year the participant was approved for participation. Currently, there are 16 participants in the plan, including the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, President and Chief Operating Officer, the four Executive Vice Presidents, the six Senior Vice Presidents and three other employees. Participants may be added or removed from the plan at the discretion of the Compensation Committee. Participants must continue to be employed by the Company on January 1 following the end of a fiscal year in order to be paid a bonus with respect to that year. Bonuses are typically paid during the January following the fiscal year with respect to which the bonus has been granted.

Lonnie "Bo" Pilgrim  
Robert E. Hilgenfeld  
Vance C. Miller, Sr.  
Lonnie Ken Pilgrim  
James G. Vetter, Jr.  
Donald L. Wass  
Charles L. Black

## COMPANY PERFORMANCE

The following graph shows a five year comparison of cumulative total returns for the Company, the Russell 2000 composite index, a New Peer Group and an Old Peer Group selected by the Company.

### COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN\* AMONG PILGRIM'S PRIDE CORPORATION, THE RUSSELL 2000 INDEX AND A PEER GROUP

RESEARCH DATA GROUP

Total Return - Data Summary

#### Cumulative Total Return

	10/2/93	10/1/94	9/30/95	9/28/96	9/27/97	9/26/98
PILGRIM'S PRIDE CORPORATION	100.00	119.61	98.56	108.84	195.14	244.45
NEW PEER GROUP	100.00	116.32	120.92	111.19	157.02	154.91
OLD PEER GROUP	100.00	129.19	119.33	125.11	184.70	196.46
RUSSELL 2000	100.00	102.56	126.66	143.20	190.84	157.54

The total cumulative return on investment (change in the year end stock price plus reinvested dividends) for each of the periods for the Company, the Russell 2000 composite index and the peer group is based on the stock price or composite index at the end of fiscal 1993.

The above graph compares the performance of the Company with that of the Russell 2000 composite index and a new and old group of peer companies with the investment weighted on market capitalization. Companies in the old peer group were as follows: Golden Poultry Company, Hudson Foods, Inc., Sanderson Farms, Inc., Cagles, Inc. and the Company. Companies in the new peer group are Sanderson Farms, Inc., WLR Foods, Cagles, Seaboard and the Company. These companies were selected because of their similar operations and market capitalizations relative to the Company and were approved by the Compensation Committee. The old peer group included Golden Poultry Company and Hudson Foods, Inc. Golden Poultry Company was acquired by Gold Kist on 9/5/97, a non-publicly traded company. Hudson Foods, Inc. was acquired by Tyson Foods, Inc. on 1/9/98. Accordingly, Golden Poultry and Hudson's returns on investment only include stock price data through their last day of active trading.

#### CERTAIN OTHER TRANSACTIONS

The Company has entered into chicken grower contracts involving farms owned by certain of its officers, providing the placement of Company-owned flocks on their farms during the grow-out phase of production. The contracts are on terms substantially the same as contracts entered into by the Company with unaffiliated parties and can be terminated by either party upon completion of the grow-out of each flock. The aggregate amounts paid by the Company to its officers and Directors under grower contracts during the fiscal year 1998 were as follows: Clifford E. Butler--\$194,612, O.B. Goolsby--\$155,454, and James J. Miner--\$181,523. See "Compensation Committee Interlocks and Insider Participation" for a discussion of the Company's transactions with Lonnie "Bo" Pilgrim, Lonnie Ken Pilgrim and James G. Vetter, Jr.

#### SECURITY OWNERSHIP

The following table sets forth, as of December 10, 1998, certain information with respect to the beneficial ownership of the Company's Class B common stock (no Class A common stock had been issued as of such date) by (i) each stockholder beneficially owning at least 5% of the Company's outstanding Class B common stock; (ii) each director of the Company who is a stockholder of the Company; (iii) each of the currently employed executive officers listed in the executive compensation table who is a stockholder of the Company; and (iv) all executive officers and directors of the Company as a group.

NAME OF BENEFICIAL OWNERS	Amount and Nature of Beneficial OWNERSHIP	Percent of CLASS
Lonnie "Bo" Pilgrim (a)(b) 110 South Texas Street Pittsburg, Texas 75686	16,773,492	60.8%
Lonnie Ken Pilgrim(a)(b)(c)	529,355	1.9
Clifford E. Butler(b)	32,704	(c)
Richard A. Cogdill(b)	7,984	(c)
Robert L. Hendrix(b)	25,276	(c)
David Van Hoose(b)	6,144	(c)
James G. Vetter, Jr.	1,550	(c)
Donald L. Wass	300	(c)
All executive officers and directors as a group (17) persons	17,416,466	62.7%

(a) Includes 60,387 shares held of record by Pilgrim Family Trust I, an irrevocable trust dated June 16, 1987, for the benefit of Lonnie "Bo" Pilgrim's surviving spouse and children, of which Lonnie Ken Pilgrim and Patty R. Pilgrim, Lonnie "Bo" Pilgrim's wife, are co-trustees, and 60,386 shares held of record by Pilgrim Family Trust II, an irrevocable trust dated December 23, 1987, for the benefit of Lonnie "Bo" Pilgrim and his children, of which Lonnie "Bo" Pilgrim and Lonnie Ken Pilgrim are co-trustees. Lonnie "Bo" Pilgrim disclaims any beneficial interest in the shares held by his children.

(e) Includes shares held in trust by the Company's 401(k) Salary Deferral Plan.

(f) Less than 1%.

(d) Includes 6,465 shares held by his wife, and 60,387 and 60,386 shares held by Pilgrim Family Trust I and Pilgrim Family Trust II, respectively, for both of which Lonnie Ken Pilgrim serves as a co-trustee. Also includes 25,350 shares held in two irrevocable trusts dated December 15, 1994 and October 31, 1989 of which Lonnie Ken Pilgrim is a co-trustee for the benefit of his children. Lonnie Ken Pilgrim disclaims any beneficial interest in the foregoing shares.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of the Company's Class B common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater than ten-percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based on its review of the copies of such forms received by it, the Company believes that all filing requirements applicable to its officers, directors and greater than ten-percent beneficial owners were complied with.

#### ITEM 2. APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors recommends the appointment of Ernst & Young LLP as the Company's independent auditors for the 1999 fiscal year. This firm of certified public accountants has served as independent auditors of the Company pursuant to annual appointment by the Board of Directors since 1969 except for 1982 and 1983.

Representatives of Ernst & Young are expected to be present at the Meeting and to be available to respond to appropriate questions. They will be given the opportunity to make a statement if they wish to do so.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR FISCAL YEAR 1999.

#### FINANCIAL STATEMENTS AVAILABLE

FINANCIAL STATEMENTS FOR THE COMPANY ARE INCLUDED IN THE ANNUAL REPORT TO STOCKHOLDERS FOR THE YEAR 1998. ADDITIONAL COPIES OF THESE STATEMENTS, AS WELL AS FINANCIAL STATEMENTS FOR PRIOR YEARS AND THE ANNUAL REPORT TO THE SECURITIES

AND EXCHANGE COMMISSION ON FORM 10-K, MAY BE OBTAINED WITHOUT CHARGE FROM THE SECRETARY OF THE COMPANY, 110 SOUTH TEXAS STREET, PITTSBURG, TEXAS 75686. FINANCIAL STATEMENTS ARE ALSO ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, WASHINGTON, D.C. 20549, AND THE NEW YORK STOCK EXCHANGE.

OTHER BUSINESS

The Board of Directors is not aware of, and it is not anticipated that there will be presented to the Meeting, any business other than the election of the Directors and the proposal to appoint Ernst & Young independent auditors described above. If other matters properly come before the Meeting, the persons named on the accompanying proxy card will vote the returned proxies as the Board of Directors recommends.

Please date, sign and return the proxy at your earliest convenience. A prompt return of your proxy will be appreciated as it will save the expense of further mailing.

By order of the Board of Directors

RICHARD A. COGDILL  
EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER  
SECRETARY AND TREASURER

Pittsburg, Texas  
December 28, 1998



