SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **November 23, 2003**

PILGRIM'S PRIDE CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**1-9273**	**75-1285071**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

110 South Texas Street	
Pittsburg, Texas	**75686-0093**
(Address of Principal Executive Offices)	(ZIP Code)

Registrant's telephone number, including area code: **(903) 855-1000**

Item 2. Acquisition or Disposition of Assets

This report amends the Current Report on Form 8-K filed by Pilgrim's Pride Corporation ("Pilgrim's Pride") on December 8, 2003 relating to Pilgrim's Pride's November 23, 2003 acquisition of the chicken division of ConAgra Foods, Inc. (the "ConAgra Chicken Division"). The purpose of this amendment is to file: (i) the audited financial statements of the ConAgra Chicken Division at May 25, 2003 and May 26, 2002 and for the fiscal years ended May 25, 2003, May 26, 2002 and May 27, 2001; (ii) the unaudited financial statements of the ConAgra Chicken Division at August 24, 2003 and for the thirteen weeks ended August 24, 2003 and August 25, 2002; and (iii) the unaudited pro forma condensed financial data of Pilgrim's Pride at and for the fiscal year ended September 27, 2003, which give effect to the ConAgra Chicken Division acquisition.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Businesses Acquired.

Filed as Exhibits 99.2 and 99.3 hereto.

(b) Pro Forma Financial Information.

Filed as Exhibit 99.4 hereto.

(c) Exhibits.

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated June 7, 2003, between Pilgrim's Pride Corporation and ConAgra Foods, Inc. (the "Stock Purchase Agreement") (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K, dated June 7, 2003 (the "June 2003 Form 8-K")).
2.2	Exhibit 1.1(a) to the Stock Purchase Agreement – Applicable Accounting Principles (incorporated by reference to Exhibit 99.3 to the June 2003 Form 8-K).
2.3	Exhibit 1.1(b) to the Stock Purchase Agreement – Business Facilities (incorporated by reference to Exhibit 99.4 to the June 2003 Form 8-K).
2.4	Exhibit 1.1(c) to the Stock Purchase Agreement – ConAgra Supply Agreement (incorporated by reference to Exhibit 99.5 to the June 2003 Form 8-K).
2.5	Exhibit 1.1(d) to the Stock Purchase Agreement – Environmental License Agreement (incorporated by reference to Exhibit 99.6 to the June 2003 Form 8-K).
2.6	Exhibit 1.1(f) to the Stock Purchase Agreement – Molinos Supply Agreement (incorporated by reference to Exhibit 99.7 to the June 2003 Form 8-K).
2.7	Exhibit 1.1(g) to the Stock Purchase Agreement – Montgomery Supply Agreement (incorporated by reference to Exhibit 99.8 to the June 2003 Form 8-K).
2.8	Exhibit 1.1(i) to the Stock Purchase Agreement – Registration Rights Agreements (incorporated by reference to Exhibit 99.9 to the June 2003 Form 8-K).

2.9	Exhibit 1.1(k) to the Stock Purchase Agreement – Subordinated Promissory Note (incorporated by reference to Exhibit 99.10 to the June 2003 Form 8-K).
2.10	Exhibit 1.1(m) to the Stock Purchase Agreement – Transition Trademark License Agreement (incorporated by reference to Exhibit 99.11 to the June 2003 Form 8-K).

2.11	Exhibit 1.1(n) to the Stock Purchase Agreement – Voting Agreement (incorporated by reference to Exhibit 99.12 to the June 2003 Form 8-K).
2.12	Exhibit 9.2.1 to the Stock Purchase Agreement – Amendment to Buyer's Certificate of Incorporation (incorporated by reference to Exhibit 99.13 to the June 2003 Form 8-K).
2.13	Exhibit 9.4.3 to the Stock Purchase Agreement – Retained Assets (incorporated by reference to Exhibit 99.14 to the June 2003 Form 8-K).
2.14	Amendment No. 1 to Stock Purchase Agreement, dated August 11, 2003, between Pilgrim's Pride Corporation and ConAgra Foods, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 12, 2003).
2.15	Amendment No. 2 to Stock Purchase Agreement, dated August 20, 2003, between Pilgrim's Pride Corporation and ConAgra Foods, Inc. (incorporated by reference to Annex F to the Company's Definitive Proxy Statement dated November 3, 2003).
2.16	Amendment No. 3 to Stock Purchase Agreement, dated November 23, 2003, between Pilgrim's Pride Corporation and ConAgra Foods, Inc. (incorporated by reference to Exhibit 2.16 to the Company's Current Report on Form 8-K dated December 8, 2003).
23.1	Consent of Deloitte & Touche LLP.*
99.1	Press Release dated November 24, 2003 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated December 8, 2003).
99.2	Unaudited Combined Financial Statements of the ConAgra Foods Chicken Business (a Division of ConAgra Foods, Inc.) at August 24, 2003 and for the thirteen weeks ended August 24, 2003 and August 25, 2002.*
99.3	Audited Combined Financial Statements of the ConAgra Foods Chicken Business (a Division of ConAgra Foods, Inc.) at May 25, 2003 and May 26, 2002 and for the fiscal years ended May 25, 2003, May 26, 2002 and May 27, 2001.*
99.4	Unaudited Pro Forma Financial Data.*

* filed herewith.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PILGRIM'S PRIDE CORPORATION

Date: January 13, 2004

By: /s/ Richard A. Cogdill
Richard A. Cogdill
Executive Vice President, Chief Financial Officer,
Secretary and Treasurer

Exhibit Index

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99.3	Audited Combined Financial Statements of the ConAgra Foods Chicken Business (a Division of ConAgra Foods, Inc.) at May 25, 2003 and May 26, 2002 and for the fiscal years ended May 25, 2003, May 26, 2002 and May 27, 2001.*

99.4	Unaudited Pro Forma Financial Data.*

* filed herewith.

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 3-12043 and No. 333-74984 on Form S-8 and No. 333-84861 on Form S-3 of Pilgrim's Pride Corporation of our report dated August 1, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to change in methods of accounting for goodwill and other intangibles in 2003 and for derivative instruments and other hedging activities in 2002), relating to the combined balance sheets of the ConAgra Foods Chicken Business (a division of ConAgra Foods, Inc.) as of May 25, 2003 and May 26, 2002 and the related combined statements of earnings, of stockholder's net investment and advances and of cash flows for each of the three years in the period ended May 25, 2003, included in this Current Report on Form 8-K of Pilgrim's Pride Corporation.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Omaha, Nebraska
January 13, 2004

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED BALANCE SHEETS
(Dollars in thousands)
(unaudited)

	August 24, 2003	May 25, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,707	$ 6,324
Receivables, less allowance for doubtful accounts of $3,816 and $2,443	112,979	105,595
Inventories	200,259	209,639
Other current assets	8,817	7,932
Total current assets	323,762	329,490
Property, plant and equipment	830,221	827,488
Less accumulated depreciation	(417,208)	(407,654)
Property, plant and equipment, net	413,013	419,834
Goodwill	36,344	36,344
Other assets	1,034	1,021
	$ 774,153	$ 786,689
LIABILITIES AND STOCKHOLDER'S NET INVESTMENT AND ADVANCES		
Current liabilities		
Current installments of long-term debt	$ 120	$ 400
Accounts payable	62,200	62,208
Deferred income taxes	13,362	13,882
Other accrued liabilities	74,220	71,213
Total current liabilities	149,902	147,703
Long-term debt, excluding current installments	16,641	16,635
Deferred income taxes	11,239	11,239
Other noncurrent liabilities	1,000	780
Commitments and contingencies		
Stockholder's net investment and advances	595,371	610,332
	$ 774,153	$ 786,689

See notes to the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED STATEMENTS OF EARNINGS
(Dollars in thousands)
(unaudited)

	Thirteen weeks ended	
	August 24, 2003	August 25, 2002
Net sales	$ 607,016	$ 606,505
Costs and expenses:		
Cost of goods sold	582,747	564,932
Selling, general and administrative expenses	18,081	19,564
Corporate allocations: Selling, general and administrative expenses	5,275	4,775
Corporate allocations: Finance charges	8,810	6,385
Income (loss) before income taxes and cumulative effect of change in accounting	(7,897)	10,849
Income tax expense (benefit)	(3,001)	4,036
Cumulative effect of change in accounting	(106)	—
Net income (loss)	$ (5,002)	$ 6,813

See notes to the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Thirteen weeks ended	
	August 24, 2003	August 25, 2002
Cash flows from operating activities:		
Net income (loss)	$ (5,002)	$ 6,813
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	15,276	15,268
Cumulative effect of change in accounting	106	—
Change in operating assets and liabilities	2,692	(13,506)
Net cash flows from operating activities	13,072	8,575
Cash flows from investing activities:		
Additions to property, plant and equipment	(8,406)	(5,106)
Net cash flows from investing activities	(8,406)	(5,106)
Cash flows from financing activities:		
Repayment of long-term debt	(274)	(593)
Stockholder's net investment and advances/(distributions)	(9,009)	3,327
Net cash flows from financing activities	(9,283)	2,734
Net change in cash and cash equivalents	(4,617)	6,203
Cash and cash equivalents at beginning of period	6,324	—
Cash and cash equivalents at end of period	$ 1,707	$ 6,203

See notes to the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Accounting Policies

The unaudited financial information reflects all adjustments (consisting of normal and recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the results of operations, financial position, and cash flows for the periods presented. These combined financial statements should be read in conjunction with the combined financial statements and related notes of the ConAgra Foods Chicken Division (the "company") included elsewhere in this Proxy Statement.

The results of operations for any quarter or a partial fiscal year period are not necessarily indicative of the results to be expected for other periods or the full fiscal year.

Stock-Based Compensation—The company has stock option plans approved by stockholders, which provide for granting of options to employees for purchase of common stock at prices equal to the fair market value at the time of grant. The company accounts for its employee stock option plans in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*. Accordingly, no stock-based compensation expense is reflected in net income, as options granted under these plans have an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table provides required pro forma information regarding net income assuming the company recognized expense for its employee stock options using the fair value method. The fair value of options was estimated at the date of the grant using the Black-Scholes option pricing model. Pro forma net income (loss) is as follows:

	Thirteen weeks ended	
	August 24, 2003	August 25, 2002
Net income (loss), as reported	$ (5,002)	$ 6,813
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(169)	(169)
Pro forma net income (loss)	$ (5,171)	$ 6,644

Comprehensive Income—Comprehensive income includes net income and certain derivative-related activity.

	Thirteen weeks ended	
	August 24, 2003	August 25, 2002
Net income (loss)	$ (5,002)	$ 6,813
Derivative adjustment	(884)	6,296
Comprehensive income	$ (5,886)	$ 13,109

Accounting Changes—Effective May 26, 2003, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 143, *Accounting for Asset Retirement Obligations*, which requires the company to recognize the fair value of a liability associated with the cost the company is legally obligated to incur in order to retire an asset at some point in the future. The associated asset retirement costs are capitalized as part of the carrying amount of the associated long-lived asset. Over time, the liability will increase, reflecting the accretion of the obligation from its present value to the amount the company will pay to extinguish the liability, and the capitalized asset retirement costs will be depreciated over the useful life of the related assets. Application of this new accounting standard resulted in a cumulative effect of an accounting change that decreased net income by $.1 million in the first quarter of fiscal 2004. This also resulted in the company recognizing an asset retirement obligation of $.2 million in other noncurrent liabilities and increasing property, plant and equipment, net by $.1 million. The majority of the company's asset retirement obligations relate to various contractual obligations for restoration of leased assets at the end of lease terms. There have been no significant changes in the company's asset retirement obligations for the thirteen week period ended August 24, 2003.

If SFAS No. 143 would have been in effect in the first quarter of fiscal 2003, net income for that quarter would not have been materially different from that which was previously reported.

During the first quarter of the current fiscal year, the company adopted SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, *Accounting for Derivative Financial Instruments and Hedging Activities,* and its related amendment, SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities* (collectively "SFAS No. 133"). This Statement is generally effective for contracts entered into or modified after June 30, 2003 and did not have a material impact on the company's financial statements.

The company adopted SFAS No. 142, *Goodwill and Other Intangible Assets*, at the beginning of fiscal 2003. In accordance with SFAS No. 142, the company completed its initial impairment testing of goodwill and identifiable intangible assets with indefinite lives. The initial adoption of SFAS No. 142 did not have a material impact on the company's financial statements.

Recently Issued Accounting Pronouncements—In November 2002, the FASB's Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*. EITF Issue No. 00-21 provides guidance for revenue arrangements that involve the delivery or performance of multiple products or services where performance may occur at different points or over different periods of time. EITF Issue No. 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003 (i.e., the company's second quarter of fiscal 2004). The company does not expect the adoption of EITF Issue No. 00-21 to have a material impact on the company's financial statements.

In May 2003, the EITF reached a consensus on EITF Issue No. 01-8, *Determining Whether an Arrangement Contains a Lease.* EITF Issue No. 01-8 requires a party to a service contract or similar arrangement to determine whether the arrangement is or includes a lease within the scope of SFAS No. 13, *Accounting for Leases.* EITF Issue No. 01-8 is effective for arrangements entered into or modified after August 24, 2003 and is not expected to have a material impact on the company's financial statements.

2. Inventories

Inventories are comprised of the following:

	August 24, 2003	May 25, 2003
Product inventories:		
Raw materials	$ 18,252	$ 19,166
Finished goods	82,501	91,651
Work in process	34	40
Livestock	89,228	88,538
Supplies	10,244	10,244
	$ 200,259	$ 209,639

3. Derivative Financial Instruments

The company is exposed to market risk, such as changes in commodity prices. To attempt to minimize exposure associated with market volatility, the company may enter into various derivative transactions (e.g., futures and options) pursuant to established company policies.

The fair value of derivative assets is recognized within prepaid expenses and other current assets, while the fair value of derivative liabilities is recognized within other accrued liabilities. As of August 24, 2003 and May 25, 2003, the fair value of derivatives recognized within prepaid expenses and other current assets was $2.1 million and $2.3 million, respectively, while the amount recognized within other accrued liabilities was not significant.

For the thirteen week period ended August 24, 2003 and August 25, 2002, the ineffectiveness associated with derivatives designated as cash flow and fair value hedges was not significant. As of August 24, 2003 and August 25, 2002 the ineffectiveness associated with derivatives designated as cash flow and fair value hedges was a gain of $.8 million. Hedge ineffectiveness is recognized within cost of goods sold. The company does not exclude any component of the hedging instrument's gain or loss when assessing effectiveness.

Generally, the company hedges a portion of its anticipated consumption of commodity inputs for periods of up to 12 months. The company may enter into longer-term hedges on particular commodities if deemed appropriate. As of August 24, 2003, the company had hedged certain portions of its anticipated consumption of commodity inputs through May 2004.

As of August 24, 2003 and May 25, 2003, the net deferred gain recognized in accumulated other comprehensive income was $.8 million and $1.6 million, net of tax, respectively. The company anticipates the net of tax gain of $.8 million as of August 24, 2003, will be transferred out of accumulated other comprehensive income and recognized within earnings over the next 12 months.

For the thirteen weeks ended August 24, 2003 and August 25, 2002, a net of tax $.2 million gain and $.3 million loss was transferred from accumulated other comprehensive income into income, respectively.

For the thirteen week period ended August 24, 2003 and August 25, 2002, the company did not discontinue any cash flow hedges or firm commitments.

4. Related Party Transactions

ConAgra Food's executive, finance, legal, tax and other corporate departments perform certain administrative and other services for the company. Expenses incurred by ConAgra Foods and allocated to the company are determined based on specific services being provided or are allocated based on ConAgra Food's investment in the company in proportion to ConAgra Food's total investment in its subsidiaries. In addition, ConAgra Foods charges the company finance charges on ConAgra Food's investment in the company and net intercompany advances. Management believes that such expense allocations are reasonable. It is not practical to estimate the expenses that would have been incurred by the company if it had been operated on a stand-alone basis. Corporate allocations include allocated selling, administrative and general expenses of approximately $5.3 million and $4.8 million for the thirteen weeks ended August 24, 2003 and August 25, 2002, respectively, and allocated finance charges of $8.8 million and $6.4 million for the thirteen weeks ended August 24, 2003 and August 25, 2002, respectively.

The company also has transactions in the normal course of business with parties under common ownership. Net sales to related parties were $43.4 million and $39.6 million for the thirteen weeks ended August 24, 2003 and August 25, 2002, respectively. With respect to the gross margins associated with related party net sales, certain products are sold at cost while others are sold at prices resulting in gross margins similar to third-party net sales.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
ConAgra Foods Chicken Business

We have audited the accompanying combined balance sheets of the ConAgra Foods Chicken Business (a division of ConAgra Foods, Inc.) (the "company"), as of May 25, 2003 and May 26, 2002, and the related combined statements of earnings, of stockholder's net investment and advances and of cash flows for each of the three years in the period ended May 25, 2003. The combined financial statements include the accounts of the companies discussed in Note 1, which are under common ownership and management. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of the ConAgra Foods Chicken Business as of May 25, 2003 and May 26, 2002, and the combined results of its operations and of its combined cash flows for each of the three years in the period ended May 25, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in 2003 the company changed its method of accounting for goodwill and other intangible assets and in 2002 the company changed its method of accounting for derivative instruments and other hedging activities.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Omaha, Nebraska
August 1, 2003

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED BALANCE SHEETS
(Dollars in Thousands)

	May 25, 2003	May 26, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,324	$ —
Receivables, less allowance for doubtful accounts of $2,443 and $3,063	105,595	117,208
Inventories	209,639	225,222
Other current assets	7,932	7,229
Total current assets	329,490	349,659
Property, plant and equipment:		
Land and land improvements	34,284	33,969
Buildings, machinery and equipment	741,397	712,974
Furniture, fixtures, office equipment and other	40,370	39,262
Construction in progress	11,437	10,574
	827,488	796,779
Less accumulated depreciation	(407,654)	(353,109)
Property, plant and equipment, net	419,834	443,670
Goodwill	36,344	36,344
Deferred income taxes	—	1,497
Other assets	1,021	1,905
	$ 786,689	$ 833,075
LIABILITIES AND STOCKHOLDER'S NET INVESTMENT AND ADVANCES		
Current liabilities:		
Current installments of long-term debt	$ 400	$ 833
Accounts payable	62,208	61,018
Deferred income taxes	13,882	6,007
Other accrued liabilities	71,213	80,076
Total current liabilities	147,703	147,934
Long-term debt, excluding current installments	16,635	17,091
Deferred income taxes	11,239	—
Other noncurrent liabilities	780	835
Commitments and contingencies		
Stockholder's net investment and advances	610,332	667,215
	$ 786,689	$ 833,075

The accompanying notes are an integral part of the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED STATEMENTS OF EARNINGS
(Dollars in Thousands)

	Fiscal years ended		
	May 25, 2003	May 26, 2002	May 27, 2001
Net sales	$ 2,341,653	$ 2,434,723	$ 2,341,004
Costs and expenses:			
Cost of goods sold	2,258,043	2,267,351	2,263,717
Selling, general and administrative expenses	73,034	79,354	72,603
Corporate allocations: Selling, general and administrative	19,331	18,984	20,576
Corporate allocations: Finance charges	26,034	22,670	31,819
	2,376,442	2,388,359	2,388,715
Income (loss) before income taxes	(34,789)	46,364	(47,711)
Income tax expense (benefit)	(12,943)	17,628	(17,514)
Net income (loss)	$ (21,846)	$ 28,736	$ (30,197)

The accompanying notes are an integral part of the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED STATEMENTS OF STOCKHOLDER’S NET INVESTMENT AND ADVANCES
(Dollars in Thousands)

	Net Investment and Advances/ (Distributions)	Accumulated Other Comprehensive Income/ (Loss)	Stockholder’s Net Investment and Advances
Balance at May 28, 2000	$ 731,087	$ —	$ 731,087
Net loss	(30,197)	—	(30,197)
Net investment and advances	33,565	—	33,565
Balance at May 27, 2001	734,455	—	734,455
Comprehensive income (loss):			
Net income	28,736	—	28,736
Cumulative effect of change in accounting, net of tax	—	(6,737)	(6,737)
Derivative adjustment, net of tax	—	6,422	6,422
Total comprehensive income			28,421
Net investment and advances (distributions)	(95,661)	—	(95,661)
Balance at May 26, 2002	667,530	(315)	667,215
Comprehensive income (loss):			
Net loss	(21,846)	—	(21,846)
Derivative adjustment, net of tax	—	1,952	1,952
Total comprehensive loss			(19,894)
Net investment and advances (distributions)	(36,989)	—	(36,989)
Balance at May 25, 2003	$ 608,695	$ 1,637	$ 610,332

The accompanying notes are an integral part of the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

COMBINED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Fiscal years ended		
	May 25, 2003	May 22, 2002	May 27, 2001
Cash flows from operating activities:			
Net income (loss)	$ (21,846)	$ 28,736	$ (30,197)

Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	60,651	58,926	58,355
Amortization	—	963	1,246
Deferred income taxes	19,436	18,757	12,473
Noncash pension benefits	(55)	82	753
Change in assets and liabilities:			
Receivables	11,613	3,086	(17,247)
Inventories	15,583	23,802	(29,448)
Other assets	2,133	(2,625)	3,655
Accounts payable and accrued liabilities	(6,498)	12,764	9,090
Net cash flows from operating activities	81,017	144,491	8,680
Cash flows from investing activities:			
Additions to property, plant and equipment	(36,298)	(54,818)	(48,603)
Notes receivable and other items	(517)	2,493	3,359
Net cash flows from investing activities	(36,815)	(52,325)	(45,244)
Cash flows from financing activities:			
Payment of long-term debt	(889)	(688)	(680)
Stockholder's net investment and advances/(distributions)	(36,989)	(95,661)	33,565
Net cash flows from financing activities	(37,878)	(96,349)	32,885
Net change in cash and cash equivalents	6,324	(4,183)	(3,679)
Cash and cash equivalents at beginning of year	—	4,183	7,862
Cash and cash equivalents at end of year	$ 6,324	$ —	$ 4,183

The accompanying notes are an integral part of the combined financial statements.

CONAGRA FOODS CHICKEN BUSINESS
(A Division of ConAgra Foods, Inc.)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business—ConAgra Foods Chicken Business (the "company") (a division of ConAgra Foods, Inc.) ("ConAgra Foods") is involved in the processing, packaging and delivery of chicken products to grocery, foodservice, institutional, and special market customers. The company operates in one reportable business segment.

Fiscal Year—The company's fiscal year ends on the last Sunday in May. The fiscal years for the financial statements presented consist of 52-week periods for fiscal years 2003, 2002 and 2001.

Basis of Presentation—The combined financial statements of ConAgra Foods Chicken Business include the following chicken companies which have historically been operated as an integrated business: ConAgra Poultry Company, ConAgra Poultry Company of Kentucky, Inc., To-Ricos Inc., Lovette Company, Inc. and Hester Industries, Inc. The above businesses and assets are each directly or indirectly wholly-owned by ConAgra Foods. All significant intercompany investments, accounts and transactions have been eliminated.

Inventories—Inventory consists principally of livestock (breeders, broilers, pullets, and hatching eggs), feed ingredients and finished chicken products. Live chicken inventories are stated at the lower of cost or market and breeder hens at the lower of cost, less accumulated amortization, or market. The costs associated with breeder hens are accumulated up to the production stage and amortized over the productive lives using the unit-of-production method. Fresh finished chicken products are valued at net realizable value, which approximates lower of cost or market, and frozen chicken finished products are valued at lower of cost or market. All other inventory is valued on the basis of the lower of cost, determined using the first-in, first-out method, or market. Lower of cost or market analysis is determined based on the aggregate cost versus market of the product. Inventories are presented net of allowance for obsolescence.

Long Lived Assets and Intangible Assets—Property, plant and equipment are carried at cost. Depreciation has been calculated using primarily the straight-line method over the estimated useful lives of the respective classes of assets as follows:

Land improvements	1-40 years
Buildings	15-40 years
Machinery and equipment	3-20 years
Furniture, fixtures, office equipment and other	5-15 years

The company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Recoverability of an asset "held-for-use" is determined by comparing the carrying amount of the asset to the undiscounted net cash flows expected to be generated from the use of the asset. If the carrying amount is greater than the undiscounted net cash flows expected to be generated by the asset, the asset's carrying amount is reduced to its fair market value. An asset "held-for-sale" is reported at the lower of the carrying amount or fair market value, less cost to sell.

Income Taxes—The company is included in the consolidated tax returns of ConAgra Foods. The company's provision for income taxes is computed on a separate legal entity basis. The company recognizes deferred tax assets and liabilities based on the differences between the financial statement and tax bases of assets and liabilities at each balance sheet date using enacted tax rates expected to be in effect in the year the differences are expected to reverse.

Derivative Instruments—The company uses derivatives (e.g., futures and options) for the purpose of hedging exposure to changes in commodity prices. The fair value of each derivative is recognized in the balance sheet within current assets or current liabilities. Changes in the fair value of derivatives are recognized immediately in the income statement for derivatives that do not qualify for hedging accounting.

For derivatives designated as a hedge and used to hedge an existing asset or liability (e.g., inventory), both the derivative and hedged item are recognized at fair value within the balance sheet with the changes in both of these fair values being recognized immediately in the income statement. For derivatives designated as a hedge and used to hedge an anticipated transaction (e.g., future purchase of inventory), changes in the fair value of the derivatives are deferred in the balance sheet within accumulated other comprehensive income to the extent the hedge is effective in mitigating the exposure to the related anticipated transaction. Any ineffectiveness associated with the hedge is recognized immediately in the income statement. Amounts deferred within accumulated other comprehensive income are recognized in the income statement in the same period during which the hedged transaction affects earnings (e.g., when hedged inventory is sold).

Fair Values of Financial Instruments—Unless otherwise specified, the company believes the carrying amount of financial instruments approximates their fair value.

Revenue Recognition—Revenue is recognized when title and risk of loss are transferred to customers upon delivery based on terms of sale. Revenue is recognized as the net amount to be received after deducting estimated amounts for discounts, trade allowances and product returns. No single customer accounted for more than 10% of net sales in 2003, 2002 and 2001.

Export Sales—In 2003, 2002 and 2001, net export sales were $97.9 million, $111.8 million and $78.1 million, respectively.

Stock-Based Compensation—The company accounts for its employee stock option plans in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no stock-based compensation expense is reflected in net income, as options granted under these plans have an exercise price equal to the market value of the underlying common stock on the date of grant.

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure which became effective for fiscal years ending after December 15, 2002. SFAS No. 148 requires certain pro forma information regarding net income and earnings per share assuming the company recognized expense for its employee stock options using the fair value method. The fair value of options was estimated at the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions for 2003, 2002 and 2001, respectively: risk-free interest rate of 4.30%, 4.52% and 5.17%; a dividend yield of 3.9%, 3.9% and 2.4%; expected volatility of 30.0%, 29.0% and 29.0%; and an expected option life of six years. The weighted average fair value of options granted in fiscal 2003, 2002 and 2001 was $5.88, $5.08 and $5.75, respectively. Pro forma net income (loss) is as follows:

	2003	2002	2001
Net income (loss), as reported	$ (21,846)	$ 28,736	$ (30,197)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(677)	(646)	(592)
Pro forma net income (loss)	$ (22,523)	$ 28,090	$ (30,789)

Comprehensive Income—Comprehensive income consists of net income and derivative adjustments. The following details the income tax expense (benefit) on components of other comprehensive income (loss):

	2003	2002	2001
Cumulative effect of change in accounting	$ —	$ (4,126)	$ —
Net derivative adjustments	1,175	3,933	—

Accounting Changes—In June 2001, the FASB approved the issuance of SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. These standards, issued in July 2001, establish accounting and reporting requirements for business combinations. SFAS No. 141 requires all business combinations entered into subsequent to June 30, 2001, to be accounted for using the purchase method of accounting. SFAS No. 142 provides that goodwill and other intangible assets with indefinite lives will not be amortized, but will be tested for impairment on an annual basis. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. The company adopted SFAS No. 142 at the beginning of fiscal 2003.

As of the beginning of fiscal year 2002, the company adopted SFAS No. 133, Accounting for Derivative Financial Instruments and Hedging Activities, and its related amendment, SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities ("SFAS No. 133"). The adoption of SFAS No. 133 resulted in a cumulative effect of an accounting change that decreased accumulated other comprehensive income by $6.7 million, net of tax of $4.1 million.

Recently Issued Accounting Pronouncements—In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement requires the company to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and is effective for fiscal years beginning after June 15, 2002. The company has not yet completed its assessment of the anticipated adoption impact of this statement.

Use of Estimates—Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates or assumptions affect reported amounts of assets, liabilities, revenue and expenses as reflected in the financial statements. Actual results could differ from estimates.

2. GOODWILL

The company adopted SFAS No. 142, at the beginning of its current fiscal year. Goodwill is not amortized and is tested annually for impairment of value. Impairment occurs when the fair value of the asset is less than its carrying amount. If impaired, the asset is written down to its fair value.

Goodwill was $36.3 million at May 25, 2003 and May 26, 2002.

The following is comparative earnings information assuming SFAS No. 142 had been in effect for each period presented:

	2003	2002	2001
Reported net income (loss)	$ (21,846)	$ 28,736	$ (30,197)
Add goodwill amortization (net of tax)	—	597	773
Adjusted net income (loss)	$ (21,846)	$ 29,333	$ (29,424)

3. INVENTORIES

Inventories are comprised of the following:

	May 25, 2003	May 26, 2002
Product inventories:		
Raw materials	$ 19,166	$ 16,492
Finished goods	91,651	105,344
Work in process	40	620
Livestock	88,538	90,046
Supplies	10,244	12,720
	$ 209,639	$ 225,222

4. RELATED PARTY TRANSACTIONS

ConAgra Food's executive, finance, legal, tax and other corporate departments perform certain administrative and other services for the company. Expenses incurred by ConAgra Foods and allocated to the company are determined based on specific services being provided or are allocated based on ConAgra Food's investment in the company in proportion to ConAgra Food's total investment in its subsidiaries. In addition, ConAgra Foods charges the company finance charges on ConAgra Food's investment in the company and net intercompany advances. Management believes that such expense allocations are reasonable. It is not practical to estimate the expenses that would have been incurred by the company if it had been operated on a stand-alone basis. Corporate allocations include allocated selling, administrative and general expenses of approximately $19.3 million, $19.0 million and $20.6 million for fiscal 2003, 2002 and 2001, respectively, and allocated finance charges of $26.0 million, $22.7 million and $31.8 million in fiscal 2003, 2002 and 2001, respectively.

The company also has transactions in the normal course of business with parties under common ownership. Net sales to related parties were $134.7 million, $139.2 million and $160.0 million in fiscal years 2003, 2002 and 2001, respectively. With respect to gross margins associated with related party net sales, certain products are sold at cost where others are sold at prices resulting in gross margins similar to third-party net sales.

5. LONG-TERM DEBT AND LOAN AGREEMENTS

	May 25, 2003	May 26, 2002
Variable rate (1.40% at May 25, 2003) Industrial Development Revenue Bonds (collateralized by plant and equipment), due 2012	$ 9,500	$ 9,500
Variable rate (1.30% at May 25, 2003) Industrial Development Revenue Bonds (collateralized by plant and equipment), due 2019	4,700	4,700
Other long-term debt	2,835	3,724
Total long-term debt	$ 17,035	$ 17,924

The aggregate minimum principal maturities of the long-term debt for each of the five fiscal years following May 25, 2003, are as follows:

2004	$ 400
2005	48
2006	34
2007	24
2008	384

Net interest paid was $.3 million, $.5 million and $.9 million in fiscal 2003, 2002 and 2001, respectively.

6. CAPITAL STOCK

The capital stock of the combined entities consists of the following:

	Par Value	Shares Authorized	Shares Issued
ConAgra Poultry Company	$ 1.00	10,000	10,000
ConAgra Poultry Company of Kentucky, Inc.	No par	2,000	1,000
To-Ricos, Inc.—common	$ 1.00	100,000	66,000
To-Ricos, Inc.—preferred	$ 10.00	50,000	—
Hester Industries, Inc.	$ 1.00	15,000	1,000
Lovette Company, Inc.	$ 1.00	500,000	1,000

7. PRETAX INCOME AND INCOME TAXES

The provision (benefit) for income taxes includes the following:

	2003	2002	2001
Current:			
Federal	$ (30,462)	$ (1,039)	$ (28,590)
State	(1,917)	(90)	(1,397)
	(32,379)	(1,129)	(29,987)
Deferred:			
Federal	17,902	17,276	11,488
State	1,534	1,481	985
	19,436	18,757	12,473
	$ (12,943)	$ 17,628	$ (17,514)

Income taxes computed by applying statutory rates to income before income taxes are reconciled to the provision for income taxes set forth in the consolidated statements of earnings as follows:

	2003	2002	2001
Computed federal income taxes	$ (12,176)	$ 16,243	$ (16,677)
State income taxes, net of federal tax benefit	(905)	1,207	(1,239)
Other	138	178	402
	$ (12,943)	$ 17,628	$ (17,514)

Income taxes are paid by the parent company on a consolidated level. The Internal Revenue Service has closed examinations of the company's tax returns through fiscal 1995. The IRS has proposed certain adjustments for later years, some of which are being contested by the company. The company believes that it has made adequate provisions for income taxes payable.

The tax effect of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

	2003		2002	
	Assets	Liabilities	Assets	Liabilities
Depreciation and amortization	$ —	$ 29,238	$ —	$ 16,795
Inventory	—	24,746	—	20,994
Other noncurrent liabilities	6,780	—	10,118	—
Accrued expenses	1,923	—	3,114	—
Fiscal 1999 and 2000 restructuring/impairment charges	17,999	—	18,292	—
Other	2,161	—	1,755	—
	$ 28,863	$ 53,984	$ 33,279	$ 37,789

At May 25, 2003, the company's net deferred tax liability of $25.1 million consists of $13.8 million recorded in other accrued liabilities and $11.2 million recorded in other noncurrent liabilities. At May 26, 2002, the

company's net deferred tax liability of $4.5 million consists of $1.5 million recorded in other assets and $6.0 million recorded in other noncurrent liabilities.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The company is exposed to market risk such as changes in commodity prices. To manage volatility associated with commodity price exposure, the company may enter into various derivative transactions pursuant to established company policies.

Commodity Price Management—The company is subject to raw material price fluctuations caused by supply conditions, weather, economic conditions and other factors. Generally, the company utilizes commodity futures and options contracts to reduce the volatility of commodity input prices on items such as grains, vegetable oils and energy.

Futures and options contracts qualifying for hedge accounting and used to hedge anticipated transactions are designated as cash flow hedges with gains and losses deferred in accumulated other comprehensive income, to the extent the hedge is effective. These amounts are recognized within cost of goods sold in the period during which the hedged transaction affects earnings. Any hedge gain or loss deemed ineffective, as well as gains or losses on contracts for which the company does not qualify, or elects not to qualify, for hedge accounting, are immediately recognized within sales or cost of goods sold. Amounts deferred within accumulated other comprehensive income are recognized in the combined statement of earnings in the same period during which the hedged transaction affects earnings.

Additional Derivative Information—The fair value of derivative assets is recognized within prepaid expenses and other current assets, while the fair value of derivative liabilities is recognized within other accrued liabilities. As of May 25, 2003 and May 26, 2002, the fair value of derivatives recognized within current assets was $2.3 million and $1.9 million, respectively. There were no derivative liabilities as of May 25, 2003 and May 26, 2002.

For the year ended May 25, 2003 and May 26, 2002, the ineffectiveness associated with derivatives designated as both cash flow and fair value hedges was a gain of $2.3 million and $.5 million, respectively. Hedge ineffectiveness is recognized within cost of goods sold. The company does not exclude any components of the hedging instrument's gain or loss when assessing effectiveness.

Generally, the company hedges a portion of its anticipated consumption of commodity inputs for periods up to 12 months. The company may enter into longer term hedges on particular commodities if deemed appropriate. As of May 25, 2003, the company had hedged certain portions of its anticipated consumption of commodity inputs through May 2004.

As of May 25, 2003, the net deferred gain recognized in accumulated other comprehensive income was $1.6 million, net of tax, and at May 26, 2002 the net deferred loss recognized in accumulated other comprehensive income was $.3 million, net of tax, which includes the impact of the cumulative effect of change in accounting principle. The entire gain deferred as of May 25, 2003 will be recognized within earnings over the next 12 months. For the year ended May 25, 2003 and May 26, 2002, a net of tax $4.0 million gain and $4.3 million loss, respectively, was recognized from accumulated other comprehensive income into earnings. No cash flow hedges or firm commitments were discontinued during the year ended May 25, 2003.

9. COMMITMENTS AND CONTINGENCIES

The company leases certain facilities and transportation equipment under agreements that expire at various dates. Management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases. Substantially all leases require payment of property taxes, insurance and maintenance costs in addition

to rental payments. Rent expense under all operating leases was $20.2 million, $21.2 million and $19.9 million in fiscal 2003, 2002 and 2001, respectively.

A summary of noncancelable operating lease commitments for fiscal years following May 25, 2003 is as follows:

2004	$ 2,106
2005	2,095
2006	2,188
2007	966
2008	857
Later years	5,187
	$ 13,399

The company is a party to a number of lawsuits and claims arising out of the operation of its businesses. After taking into account liabilities recorded management believes the ultimate resolution of such matters should not have a material adverse effect on the company's financial condition, results of operations or liquidity.

10. EMPLOYEE BENEFIT PLANS

Retirement Pension Plan

The company has a defined benefit retirement plan ("Plan") for eligible salaried and hourly employees. Benefits are based on years of credited service and average compensation or stated amounts for each year of service. The company funds this plan in accordance with the minimum and maximum limits established by law. Employees of the company also participate in defined benefit and defined contribution plans sponsored by ConAgra Foods.

Components of pension benefit costs and weighted average actuarial assumptions are:

	2003	2002	2001
Pension Benefit Cost			
Service cost	$ 253	$ 234	$ 202
Interest cost	224	199	173
Expected return on plan assets	(161)	(186)	(187)
Recognized net actuarial loss	—	—	(5)
Pension benefit cost—company plans	316	247	183
Pension benefit cost—multi-employer plans	6,104	4,547	3,979
Total pension benefit cost	$ 6,420	$ 4,794	$ 4,162
Actuarial Assumptions			
Discount rate	7.25%	7.50%	7.50%
Long-term rate of return on plan assets	7.75%	9.25%	9.25%
Long-term rate of compensation increase	5.50%	5.50%	5.50%

The change in projected benefit obligation, change in plan assets and funded status of the plans at February 28, 2003 and 2002:

	2003	2002
Change in Projected Benefit Obligation		
Projected benefit obligation at beginning of year	$ 3,112	$ 2,667
Service cost	253	234
Interest cost	224	199
Actuarial loss	110	77
Benefits paid	(53)	(65)
Projected benefit obligation at end of year	$ 3,646	$ 3,112

	2003	2002
Change in Plan Assets		

Fair value of plan assets at beginning of year	$ 2,025	$ 1,959
Actual return on plan assets	(176)	(7)
Employer contributions	371	166
Investment and administrative expenses	(36)	(28)
Benefits paid	(53)	(65)
Fair value of plan assets at end of year	2,131	2,025
Funded Status	(1,515)	(1,087)
Unrecognized actuarial loss	735	252
Accrued benefit cost	$ (780)	$ (835)
Amounts Recognized in Combined Balance Sheets		
Accrued benefit cost	$ (780)	$ (835)
Actuarial Assumptions		
Discount rate	6.50%	7.25%
Long-term rate of compensation increase	4.50%	5.50%

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets at February 28, 2003 and 2002, respectively, were:

	2003	2002
Projected benefit obligation	$ 3,646	$ 3,112
Accumulated benefit obligation	2,680	2,113
Fair value of plan assets	2,131	2,025

Plan assets are primarily invested in equity securities, corporate and government debt securities and common trust funds. Certain employees of the company are covered under defined contribution plans. The expense related to these plans was $4.5 million, $4.0 million and $3.5 million in fiscal 2003, 2002 and 2001, respectively.

11. STOCK PLANS

Certain of the company's employees participate in ConAgra Foods' stock option plans. These stock option plans approved by the ConAgra Foods' stockholders provide for granting of options to employees for purchase of common stock at prices equal to fair market value at the time of grant. Options become exercisable under various vesting schedules and generally expire ten years after the date of grant.

The changes in the outstanding stock options during the three years ended May 25, 2003, are summarized below:

	2003		2002		2001	
	Options (000's)	Weighted Average Exercise Price	Options (000's)	Weighted Average Exercise Price	Options (000's)	Weighted Average Exercise Price
Beginning of year	1,058.6	$ 22.88	907.6	$ 22.88	813.8	$ 23.19
Granted	175.0	$ 25.90	249.5	$ 22.00	219.0	$ 19.90
Exercised	(92.3)	$ 16.65	(41.2)	$ 15.42	(47.4)	$ 13.68
Canceled	(75.1)	$ 24.56	(57.3)	$ 24.43	(77.8)	$ 23.16
End of year	1,066.2	$ 23.80	1,058.6	$ 22.88	907.6	$ 22.88
Exercisable at end of year	672.3	$ 24.08	656.3	$ 23.44	558.4	$ 22.81

The following summarizes information about stock options outstanding as of May 25, 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Options (000's)	Weighted Average Remaining Life	Weighted Average Exercise Price	Options (000's)	Weighted Average Exercise Price
$12.69–$19.81	211.8	6.2	$ 18.88	144.2	$ 18.46
$19.82–$22.00	290.9	7.1	$ 21.54	155.3	$ 21.18
$22.01–$24.19	201.5	5.5	$ 23.69	172.8	$ 23.72
$24.20–$28.31	271.5	7.7	$ 26.87	109.5	$ 28.31
$28.32–$33.91	90.5	4.5	$ 33.55	90.5	$ 33.55
$12.69–$33.91	1,066.2	6.6	$ 23.80	672.3	$ 24.08

12. SUBSEQUENT EVENT

On June 9, 2003, ConAgra Foods announced an agreement to sell the company to Pilgrim's Pride Corporation. In connection with the expected sale, ConAgra Foods classified the company's long-lived assets as held for sale and recognized an impairment charge of $69.4 million (net of an income tax benefit of $42.6 million) in its financial statements to reduce the carrying amount of goodwill to zero and reflect a reduction in the carrying values of long-lived assets of the company to their fair market value, less cost to sell. The company has not recognized this impairment charge as the company considers its long-lived assets to be fully recoverable on a held for use basis.

UNAUDITED PRO FORMA FINANCIAL DATA

The unaudited pro forma financial data is based on our historical consolidated financial statements and the historical combined financial statements of the ConAgra Foods Chicken Business. The unaudited pro forma financial data reflects the acquisition of the ConAgra Foods Chicken Business, which occurred on November 23, 2003 and the issuance of 9 1/4% senior subordinated notes due 2013, which were issued by the Company on November 21, 2003 to partially finance the acquisition as well as other debt financing used to fund the acquisition and the common stock issued to ConAgra Foods, Inc. to complete the acquisition. The assumptions and adjustments are described in the notes to the unaudited pro forma financial data, including assumptions relating to the allocation of the consideration paid for the assets and liabilities of the ConAgra Foods Chicken Business based on preliminary estimates of their respective fair values.

Based on the estimated closing balance sheet of the ConAgra Foods Chicken Business, and our common stock data through five days prior to closing, the acquisition is valued at approximately $668 million. This was funded by $100 million of 9 1/4% senior subordinated notes due 2013, and other borrowings discussed in the notes to the pro forma financial statements, and the issuance of 25,443,054 shares of our common stock to ConAgra Foods valued at $14.05 per share. The purchase price is not final and is subject to adjustment based on the audited closing balance sheet of the ConAgra Foods Chicken Business, which is anticipated to be finalized during fiscal 2004. Any adjustment to the purchase price will result in a cash payment between ConAgra Foods and Pilgrim's Pride based on the final adjusted audited net book value of the ConAgra Foods Chicken Business. The shares issued to ConAgra Foods will not change. The Company cannot currently estimate the ultimate adjustment to the final purchase price as a result of the audit of the closing balance sheet. Our unaudited pro forma statements of operations have been presented as if the acquisition of the ConAgra Foods Chicken Business had occurred at the beginning of the fiscal year ended September 27, 2003, while the unaudited pro forma balance sheet has been presented as if the acquisition occurred on September 27, 2003. The most recent fiscal year of ConAgra Foods and the ConAgra Foods Chicken Business ended May 25, 2003, and Pilgrim's Pride's most recent fiscal year ended September 27, 2003. As a result, the combined pro forma financial statements have been prepared by adjusting the ConAgra Foods Chicken Business quarterly results to more closely match the applicable Pilgrim's Pride reporting periods. However, the ConAgra Foods Chicken Business information has been included with a one-month lag to the Pilgrim's Pride reporting period.

Our unaudited pro forma financial data should be read in conjunction with our historical consolidated financial statements and the historical combined financial statements of the ConAgra Foods Chicken Business included in this Current Report on Form 8-K. Our unaudited pro forma financial data does not purport to represent what our results of operations would have been if the transactions listed above had actually been completed as of the date indicated and are not intended to project our financial position or results of operations for any future period.

Pilgrim's Pride Corporation

Unaudited Pro Forma Condensed Balance Sheet

September 27, 2003
(in thousands)

	Pilgrim's Pride	ConAgra Foods Chicken Business (A)	Pro Forma Adjustments	Pro Forma Combined
Current assets:				
Cash and cash equivalents	$ 16,606	$ 1,707	$ (1,707)(B)	$ 16,606
Accounts receivable	127,020	112,979	—	239,999
Inventories	340,881	200,259	—	541,140
Prepaids and other current assets	6,201	8,817	771(J)	15,789
Total current assets	490,708	323,762	(936)	813,534
Other assets:				
Property, plant and equipment, net	735,474	413,013	87,957(D)	1,236,444
Other long-term assets	31,302	37,378	(37,891)(C)	29,180
			2,500(I)	
			(4,109)(K)	
	$ 1,257,484	$ 774,153	$ 47,521	$ 2,079,158
Current liabilities:				
Accounts payable and other current liabilities	$ 266,667	$ 136,420	$ —	$ 403,087
Current deferred income tax	10,242	13,362	(13,362)(C)	10,242
Current maturities of long term debt	2,680	120	7,818(E)	10,618
Total current liabilities	279,589	149,902	(5,544)	423,947
9 1/4% Subordinated Notes	—	—	100,000(E)	100,000
Other long-term debt	415,965	16,641	202,200(E)	634,806
Deferred income taxes	113,988	11,239	(11,239)(C)	113,988
Other long term liabilities	1,246	1,000	—	2,246
Total stockholder's equity	446,696	595,371	(237,896)(D)	804,171
Total liabilities and equity	$ 1,257,484	$ 774,153	$ 47,521	$ 2,079,158

Pilgrim's Pride Corporation

Unaudited Pro Forma Statement of Operations

For the Year Ended September 27, 2003
(in thousands, except per share data)

	Pilgrim's Pride	ConAgra Foods Chicken Business (A)	Pro Forma Adjustments	Pro Forma Combined
Net sales	$ 2,619,345	$ 2,342,164	$ 4,500(H)	$ 4,966,009
Cost of sales	2,465,341	2,275,858	(4,496)(G)	4,736,703
Non-recurring recoveries	(46,479)	—	—	(46,479)
Selling, general and administrative expenses	136,870	91,382	—	228,252
Operating income	63,613	(25,076)	8,996	47,533
Interest expense, net	37,981	28,459	(2,570)(E)	63,870
Other (income) expense, net	(37,603)	—	—(D)	(37,603)
Income before taxes	63,235	(53,535)	11,566	21,266
Income tax expense (benefit)	7,199	(19,980)	4,303(F)	(8,478)
Net income	$ 56,036	$ (33,555)	$ 7,263	$ 29,744
Earnings per common share:				
Basic	$ 1.36			$ 0.45
Diluted	1.36			0.45
Weighted average shares outstanding:				
Basic	41,113		25,443	66,556
Diluted	41,113		25,443	66,556

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL DATA

(A) The fiscal year of the ConAgra Foods Chicken Business ended May 25, 2003, and the fiscal year of Pilgrim's Pride ended September 27, 2003. As a result, the combined pro forma financial statements have been prepared by adjusting the ConAgra Foods Chicken Business quarterly results to more closely match the Pilgrim's Pride reporting period. However, the ConAgra Foods Chicken Business information has been included as of August 24, 2003, which represents a one-month lag to the Pilgrim's Pride reporting period. In addition, certain reclassifications have been made to the ConAgra Foods Chicken Business's historical financial statements to conform to the presentation used by Pilgrim's Pride.

(B) Elimination of ConAgra Foods Chicken Business cash distributed prior to closing.

(C) Represents the elimination of the balance sheet amounts related to derivatives and hedging and goodwill which are not being acquired. In addition, deferred income taxes are eliminated because Pilgrim's Pride will step-up the tax basis of assets to the value of the acquisition.

(D) The ConAgra Foods Chicken Business acquisition will be accounted for as a purchase business combination. The Unaudited Pro Forma Financial Statements do not include any adjustments related to restructuring costs or recurring benefits expected from synergies. The purchase price allocation is preliminary and further adjustments may be made based on the completion of final valuation and other studies. We are in the process of completing a valuation of fixed assets, supply agreements and other agreements and adjust purchase price accordingly. The final valuation of fixed assets, supply agreements and other agreements is not expected to result in a material change to the unaudited pro forma financial data. The final purchase price is dependent on the final audited adjusted net book value of the ConAgra Foods Chicken Business assets and liabilities at closing. The following table summarizes the net assets acquired based on the August 24, 2003 balance sheet of the ConAgra Foods Chicken Business. Purchase consideration is based on value of the acquisition as determined by the estimated closing balance sheet of the ConAgra Foods Chicken Business, the closing price of Pilgrim's Pride Class A common stock on November 17, 2003, five days prior to closing. The purchase price is not final and is subject to adjustment based on the audited closing balance sheet of the ConAgra Foods Chicken Business, which is anticipated to be finalized during fiscal 2004. Any adjustment to the purchase price will result in a cash payment between ConAgra Foods and Pilgrim's Pride based on the final adjusted audited net book value of the ConAgra Foods Chicken Business. The shares issued to ConAgra Foods will not change. The Company cannot currently estimate the ultimate adjustment to the final purchase price as a result of the audit of the closing balance sheet.

The preliminary purchase price is based on the estimated closing balance sheet of the ConAgra Foods Chicken Business as follows (in thousands except share and per share amounts):

Net book value of ConAgra Foods Chicken Business (less cash)	$ 593,664
Less assets and liabilities not acquired (C)	13,290
	580,374
Purchase consideration	
Pilgrim's Pride common stock 25,443,054 shares at $14.05 per share	357,475
Other Long-Term Debt (including $5,981,000 for transaction costs)	210,018
9 1/4% Senior Subordinated Notes Due 2013 (less one month prepaid interest, and debt issuance costs)	96,729
Transaction costs incurred at September 27, 2003	4,109
Total consideration	668,331
Purchase price adjustment	$ 87,957

The Company expects that substantially all of this adjustment will be included to adjust the basis of property, plant and equipment to fair value.

(E) Represents adjustments to long-term debt and interest expense to consider the following attributes of the acquisition of the ConAgra Foods Chicken Business;

i. Elimination of the corporate allocation: finance charge previously allocated by ConAgra Foods.

ii. Increase in interest expense resulting from the issuance of 9 5/8% Senior Notes due 2011 assumed to be outstanding for the entire year. The 9 5/8% notes were issued in August 2003 for net proceeds of $103.5 million, which were used to pay down existing borrowings under the revolving term credit facility pending the closing of the acquisition. This adjustment reflects these borrowings as being outstanding for the entire year.

iii. Increase in long-term debt resulting from the issuance of 9 1/4% senior subordinated notes in November 2013.

iv. Increase in long-term debt resulting from the issuance of $80.0 million in senior notes from an insurance company having an interest rate equal to United States treasury rates plus 2.6% due in 2014.

v. Increase in long-term debt resulting from the issuance of $20.0 million in senior notes having an interest rate equal to United States treasury rates plus 2.6%; due in 2010.

vi. As discussed above, borrowings under the credit facility were paid down with the proceeds from the August 2003 issuance of the 9 5/8 senior notes and were re-borrowed upon the closing of the acquisition. In addition, an additional $9.8 million was borrowed to finance the closing of the acquisition.

vii. Consideration of the 1% guarantee fee paid to the company's major stockholder, for his guarantees on the secured debt described in iv. and v. above.

(F) Represents the adjustment to estimated income tax expense as a result of the ConAgra Foods Chicken Business acquisition and the pro forma adjustments.

(G) Represents the adjustment to depreciation expense based on the fair value preliminarily assigned to property, plant and equipment. On average, the useful life assigned to the property, plant and equipment is assumed to be 10 years.

(H) In connection with the stock purchase agreement, Pilgrim's Pride executed supply agreements under which Pilgrim's Pride will continue to provide poultry to the other divisions of ConAgra Foods. Historically, the intercompany transfer of certain products was done at values that approximated cost. The supply agreements with ConAgra Foods have two primary sales provisions, summarized as follows:

- A pricing structure that covers a specific plant, which is substantially dedicated to producing chicken for a ConAgra Foods facility (Specific Plant Pricing Structure), will sell products to ConAgra Foods on a cost plus a specified cent per pound mark-up. Approximately one-half of the pounds sold to other ConAgra Foods operations would have been produced under the Specific Plant Pricing Structure.

- A pricing structure that generally covers all other sales to ConAgra Foods facilities (All Other Pricing Structure) specifies sales price based on a negotiated periodic adjustment to the representative thirteen-week average of a market-based index. Approximately one-half of the pounds sold to other ConAgra Foods operations would have been produced under the All Other Pricing Structure.

A pro forma adjustment has been included to reflect the increase in net revenues that would result by applying the Specific Plant Pricing Structure to the historical pounds sold applicable to this structure. Although, no specific mark-up is specified in the All Other Pricing Structure the Company believes that the pricing that will result from the operation of these agreements will be at least as favorable as the Specific Plant Pricing Structure. As a result we estimate that the operation of the All Other Pricing Structure if applied on a pro forma basis to historical pounds sold would have increased net revenues and profits by at least an additional $4 million. This amount has not been included, as a pro forma adjustment because the provisions of the All Other Pricing Structure in the supply agreements do not indicate a contractual profit percentage.

(I) Represents payment of estimated debt issuance costs incurred in connection with the 9 1/4% senior subordinated notes due 2013.

(J) Represents one month prepaid interest in connection with the 9 1/4% senior subordinated notes due 2013.

(K) Reclassification of acquisition costs incurred by Pilgrim's Pride as of September 27, 2003 to the purchase price.