Notice of Annual Meeting of Stockholders

Proxy Statement

and

2015 Annual Report

Pilgrim's®

Pilgrim's®

Dear Fellow Pilgrim's Stockholders:

I am pleased to invite you to our Annual Meeting of Stockholders. The attached Notice of Annual Meeting of Stockholders and Proxy Statement contain details of the business to be conducted. In addition to the business to be transacted at the meeting, members of management will present information about our operations and will be available to respond to your questions

Your vote is very important to us and to our business. Prior to the meeting, I encourage you to sign and return your proxy card, or use telephone or Internet voting, so that your shares will be represented and voted at the meeting. You can find instructions on how to vote beginning on page one. You may also attend the meeting in person at Pilgrim's Pride corporate headquarters, at 1770 Promontory Circle, Greeley, Colorado. If you plan to attend in person, please bring proof of Pilgrim's Pride stock ownership and government-issued photo identification, as these will be required for admission.

I hope to see you at the meeting. Thank you in advance for voting and for your continued support of Pilgrim's Pride.

Wm W. Lovette

William W. Lovette
Chief Executive Officer and President
March 24, 2016

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Pilgrim's Pride Corporation

1770 Promontory Circle
Greeley, Colorado 80634

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held April 29, 2016

The annual meeting of stockholders of Pilgrim's Pride Corporation will be held at Pilgrim's Pride corporate headquarters, at 1770 Promontory Circle, Greeley, Colorado, on Friday, April 29, 2016, at 8:00 a.m., local time, to consider and vote on the following matters:

1. To elect Gilberto Tomazoni, Joesley Mendonça Batista, Wesley Mendonça Batista, William W. Lovette, Andre Nogueira de Souza, and Wallim Cruz De Vasconcellos Junior as the six JBS Directors for the ensuing year;
2. To elect David E. Bell, Michael L. Cooper, and Charles Macaluso as the three Equity Directors for the ensuing year;
3. To conduct a stockholder advisory vote on executive compensation;
4. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 25, 2016; and
5. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

No other matters are expected to be voted on at the annual meeting.

The Board of Directors has fixed the close of business on March 10, 2016, as the record date for determining stockholders entitled to notice of, and to vote at, the annual meeting. If you owned shares of our common stock at the close of business on that date, you are cordially invited to attend the annual meeting. Whether or not you plan to attend the annual meeting, please vote at your earliest convenience. Most stockholders have three options for submitting their votes prior to the meeting:

(1) via the internet;

(2) by phone; or

(3) by mail.

Please refer to the specific instructions set forth on the enclosed proxy card.

Admission to the annual meeting will be limited to our stockholders, proxy holders and invited guests. If you are a stockholder of record, please bring photo identification to the annual meeting. If you hold shares through a bank, broker or other third party, please bring photo identification and a current brokerage statement.

WILLIAM W. LOVETTE
Chief Executive Officer and President

Greeley, Colorado
March 24, 2016

YOUR VOTE IS IMPORTANT!

PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY OR VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 29, 2016: The Proxy Statement and the 2015 Annual Report on Form 10-K are available at www.envisionreports.com/PPC. Enter the 12-digit control number located on the proxy card and click "View Stockholder Material."

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Pilgrim's Pride Corporation

1770 Promontory Circle
Greeley, Colorado 80634

PROXY STATEMENT

GENERAL INFORMATION

Why did I receive this proxy statement?

The Board of Directors (the "Board of Directors" or the "Board") of Pilgrim's Pride Corporation is soliciting stockholder proxies for use at our annual meeting of stockholders to be held at the Pilgrim's Pride corporate headquarters, at 1770 Promontory Circle, Greeley, Colorado, on Friday, April 29, 2016, at 8:00 a.m., local time, and any adjournments thereof (the "Annual Meeting" or the "meeting"). This proxy statement, the accompanying proxy card and the annual report to stockholders of Pilgrim's Pride Corporation are being mailed on or about March 29, 2016. Throughout this proxy statement, we will refer to Pilgrim's Pride Corporation as "Pilgrim's Pride," "Pilgrim's," "PPC," "we," "us" or the "Company."

What is the record date for the Annual Meeting and why is it important?

The Board of Directors has fixed March 10, 2016 as the record date for determining stockholders who are entitled to vote at the Annual Meeting (the "Record Date"). At the close of business on the Record Date, Pilgrim's Pride had 254,807,575 shares of common stock, par value $0.01 per share, outstanding.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most stockholders of Pilgrim's Pride hold their shares through a broker, bank or other nominee, rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders of Record: If your shares are registered directly in your name with our transfer agent, you are considered a stockholder of record with respect to those shares. As a stockholder of record, you have the right to vote in person at the meeting.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered a beneficial owner of shares held in "street name." As a beneficial owner, you have the right to direct your broker on how to vote your shares, and you are also invited to attend the meeting. Since you are not a stockholder of record, however, you may not vote your shares in person at the meeting unless you obtain a signed proxy from the holder of record giving you the right to vote the shares.

How do I attend and be admitted to the Annual Meeting?

You are entitled to attend the Annual Meeting only if you were a Pilgrim's Pride stockholder as of the close of business on March 10, 2016 or if you hold a valid proxy for the Annual Meeting. **If you plan to attend the physical meeting, please be aware of what you will need for admission as described below.** If you do not provide photo identification and comply with the other procedures described here for attending the Annual Meeting in person, you will not be admitted to the meeting location.

Stockholders of Record: If your shares are registered directly in your name with our transfer agent, your shares will be on a list maintained by the inspector of elections. You must present a government-issued photo identification, such as a driver's license, state-issued ID card, or passport.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership, along with a government-issued photo identification, such as a driver's license, state-issued ID card, or passport.

What is a proxy?

A proxy is your legal designation of another person (the "proxy") to vote on your behalf. By completing and returning the enclosed proxy card, you are giving the proxies appointed by the Board and identified on the proxy card the authority to vote your shares in the manner you indicate on your proxy card.

What if I receive more than one proxy card?

You will receive multiple proxy cards if you hold shares of our common stock in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. If your shares are held in "street name" (i.e., by a broker, bank or other nominee), you will receive your proxy card or voting information from your nominee, and you must return your voting instructions to that nominee. You should complete, sign and return each proxy card you receive or submit your voting instructions for each proxy card.

What are the voting rights of the common stock?

Each holder of record of our common stock on the Record Date is entitled to cast one vote per share on each matter presented at the meeting.

What are the two categories of Directors?

The Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") provides for six JBS Directors and three Equity Directors.

JBS Directors are the six Directors designated as JBS Directors pursuant to the terms of the Company's Certificate of Incorporation or their successors nominated or appointed by the JBS Nominating Committee. The current JBS Directors are Gilberto Tomazoni, Joesley Mendonça Batista, Wesley Mendonça Batista, William W. Lovette, Andre Nogueira de Souza and Wallim Cruz De Vasconcellos Junior.

Equity Directors are the three Directors designated as Equity Directors pursuant to the terms of the Company's Certificate of Incorporation or their successors nominated or appointed by the Equity Nominating Committee or any stockholders other than JBS S.A. ("JBS") and its affiliates ("Minority Investors"). The current Equity Directors are David E. Bell, Michael L. Cooper, and Charles Macaluso.

What are the differences between the categories of Directors?

All of our Directors serve coequal one-year terms. However, only JBS Directors can serve as members of the JBS Nominating Committee, and only Equity Directors can serve as members of the Equity Nominating Committee.

The stockholders agreement between us and an affiliate of JBS dated December 28, 2009 (as amended, the "JBS Stockholders Agreement") requires JBS and its affiliates to vote all of Pilgrim's Pride common stock that they hold in the same manner as the shares held by all Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of the election of Equity Directors.

With respect to all other matters submitted to a vote of holders of common stock, including the election or removal of any JBS Directors, JBS and its affiliates may vote shares of common stock held by them at their sole and absolute discretion.

What is the "Say on Pay" Vote?

With Proposal 3, the Board is providing stockholders with the opportunity to cast an advisory vote on the compensation of our Named Executive Officers. This proposal, commonly known as a "Say on Pay" proposal, gives you, as a stockholder, the opportunity to endorse or not endorse our executive compensation programs and policies and the compensation paid to our Named Executive Officers.

How do I vote my shares?

If you are a "stockholder of record," you have several choices. You can vote your proxy:

- by completing, dating, signing and mailing the enclosed proxy card;
- over the telephone; or
- via the internet.

Please refer to the specific instructions set forth on the enclosed proxy card.

If you are a stockholder of record, you have the right to vote in person at the meeting. If you are a beneficial owner, your broker, bank or nominee will provide you with materials and instructions for voting your shares. As a beneficial owner, you have the right to direct your broker on how to vote your shares. However, you may not vote your shares in person at the meeting unless you obtain a signed proxy from the holder of record giving you the right to vote the shares.

If you are a current or former employee of Pilgrim's Pride who holds shares in either the Pilgrim's Pride Corporation Retirement Savings Plan or the To-Ricos Employee Savings and Retirement Plan, your vote serves as a voting instruction to the trustee for this plan. To be timely, if you vote your shares in the Pilgrim's Pride Corporation Retirement Savings Plan or the To-Ricos Employee Savings and Retirement Plan by telephone or Internet, your vote must be received by 1:00 a.m., Eastern Time, on April 27, 2016. If you do not vote by telephone or Internet, please return your proxy card as soon as possible. If you vote in a timely manner, the trustee will vote the shares as you have directed. If you do not vote, or if you do not vote in a timely manner, the trustee will vote your shares in the same proportion as the shares voted by participants who timely return their cards to the trustee.

What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1: **FOR** the election of all six nominees for JBS Director.

Proposal 2: **FOR** the election of all three nominees for Equity Director.

Proposal 3: **FOR** the approval of the advisory vote on executive compensation.

Proposal 4: **FOR** ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 25, 2016.

What are my choices when voting?

With respect to:

Proposal 1: You may either (i) vote "FOR" the election of all JBS Director nominees as a group; (ii) withhold your vote on all JBS Director nominees as a group; or (iii) vote "FOR" the election of all JBS Director nominees as a group except for certain nominees identified by you in the appropriate area on the proxy card or voting instructions.

Proposal 2: You may either (i) vote "FOR" the election of all Equity Director nominees as a group; (ii) withhold your vote on all Equity Director nominees as a group; or (iii) vote "FOR" the election of all Equity Director nominees as a group except for certain nominees identified by you in the appropriate area on the proxy card or voting instructions.

Proposal 3: You may vote "FOR" or "AGAINST" the proposal, or you may elect to abstain from voting your shares. Abstaining will have the same effect as a vote against the proposal, as discussed below.

Proposal 4: You may vote "FOR" or "AGAINST" the proposal, or you may elect to abstain from voting your shares. Abstaining will have the same effect as a vote against the proposal, as discussed below.

How will my shares be voted if I do not specify my voting instructions?

If you sign and return your proxy card without indicating how you want your shares to be voted, the proxies appointed by the Board will vote your shares as follows:

Proposal 1: **FOR** the election of all six nominees for JBS Director.

Proposal 2: **FOR** the election of all three nominees for Equity Director.

Proposal 3: **FOR** the approval of the advisory vote on executive compensation.

Proposal 4: **FOR** ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 25, 2016.

If you are a current or former employee of Pilgrim's Pride who holds shares through the Pilgrim's Pride Retirement Savings Plan or the To-Ricos Employee Savings and Retirement Plan you will be given the opportunity to provide instruction to the trustee with respect to how to vote your shares. Any shares for which instructions are not received (i) shall be voted by the trustee in accordance with instructions provided by Pilgrim's Pride with respect to shares held under the Pilgrim's Pride Retirement Savings Plan and (ii) will not be voted with respect to shares held under the To-Ricos Employee Savings and Retirement Plan.

What is a quorum?

A "quorum" is necessary to hold the meeting. A quorum consists of a majority of the voting power of our common stock issued and outstanding and entitled to vote at the meeting, including the voting power that is present in person or by proxy. The shares of a stockholder whose ballot on any or all proposals is marked as "abstain" will be included in the number of shares present at the Annual Meeting to determine whether a quorum is present. If a quorum is not represented in person or by proxy at the meeting or any adjourned meeting, the chairman of the meeting may postpone the meeting from time to time until a quorum will be represented. At any adjourned meeting at which a quorum is represented, any business may be transacted that might have been transacted at the meeting as originally called. JBS owned or controlled over 50% of the voting power of our outstanding common stock on the Record Date. Therefore, JBS will be able to assure a quorum is present.

What vote is required to approve the proposals for the election of the JBS Directors and the Equity Directors?

Directors will be elected by a plurality of the voting power of our common stock present in person or represented by proxy and entitled to vote at the meeting. This means that the director who receives the most votes will be elected.

Because JBS owned or controlled over 50% of the voting power of our outstanding common stock on the Record Date, it will be able to elect all of the nominees for JBS Directors and, with certain exceptions, determine the outcome of all other matters presented to a vote of the stockholders. The JBS Stockholders Agreement, however, requires JBS and its affiliates to vote all of Pilgrim's Pride common stock owned by them in the same manner as the shares held by the Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of Proposal 2.

What Vote is Required for Advisory Approval of Executive Compensation?

With regard to Proposal 3, the stockholder advisory vote on executive compensation, the results of this vote are not binding on the Board, meaning that our Board will not be obligated to take any compensation actions, or to adjust our executive compensation programs or policies, as a result of the vote. Notwithstanding the advisory nature of the vote, the resolution will be considered passed with the affirmative vote of a majority of the votes present in person or represented by proxy and eligible to vote at the Annual Meeting.

What vote is required for the appointment of KPMG LLP and to approve any other item of business to be voted upon at the meeting?

The affirmative vote of a majority of the voting power of our common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the appointment of our independent registered public accounting firm and to approve any other item of business to be voted upon at the meeting.

With respect to approval of any other item of business to be voted upon at the meeting, including the election or removal of any JBS Directors, JBS and its affiliates may vote shares of Pilgrim's Pride common stock held by them at their sole and absolute discretion.

How are abstentions and broker non-votes treated?

Abstentions from voting on any matter will be counted in the tally of votes. Abstentions will have no effect on the election of Directors. However, an abstention will have the same effect as a vote against any other proposals.

A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. A broker non-vote will be deemed "present" at the Annual Meeting and will be counted for purposes of determining whether a quorum exists. Under the rules that govern brokers who are voting with respect to shares held by them in street name, if the broker has not been furnished with voting instructions by its client at least ten days before the meeting, those brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the appointment of an independent registered public accounting firm, submitted to the stockholders in Proposal 4. Non-routine matters include the election of Directors, and the advisory vote on executive compensation, submitted to stockholders in Proposal 1, Proposal 2 and Proposal 3. With regard to Proposal 1, Proposal 2 and Proposal 3, brokers have no discretion to vote shares where no voting instructions are received, and no vote will be cast if you do not vote on those proposals. Consequently, broker non-votes will have no effect on the elections of Directors or the advisory vote on executive compensation and will have the same effect as a vote against any other proposals.

We urge you to vote on ALL voting items.

Can I change my vote after I have mailed in my proxy card?

Yes. You may revoke your proxy by doing one of the following:

- by sending to the Secretary of the Company a written notice of revocation that is received prior to the meeting;
- by submitting a new proxy card bearing a later date to the Secretary of the Company so that it is received prior to the meeting; or
- by attending the meeting and voting your shares in person.

Who will pay the cost of this proxy solicitation?

We will pay the cost of preparing, printing and mailing this proxy statement and of soliciting proxies. We will request brokers, custodians, nominees and other like parties to forward copies of proxy materials to beneficial owners of our common stock and will reimburse these parties for their reasonable and customary charges or expenses.

Is this proxy statement the only way that proxies are being solicited?

No. In addition to mailing these proxy materials, certain of our Directors, officers or employees may solicit proxies by telephone, facsimile, e-mail or personal contact. They will not be specifically compensated for doing so.

Stockholder Proposals for 2017 Annual Meeting

We currently expect that our 2017 Annual Meeting of Stockholders will be held on Friday, April 28, 2017. Our bylaws state that a stockholder must have given our Secretary written notice, at our principal executive offices, of the stockholder's intent to present a proposal (including nominations of Directors) at the 2017 Annual Meeting by December 29, 2016, but not before August 1, 2016. Additionally, in order for stockholder proposals submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to be considered for inclusion in the proxy materials for the 2017 Annual Meeting, they must be received by our Secretary at our principal executive offices no later than the close of business on November 29, 2016.

PROPOSAL 1. ELECTION OF JBS DIRECTORS

Subject to limited exceptions, our Certificate of Incorporation specifies that the Board of Directors will consist of nine members. Our Board currently has nine members. Proxies cannot be voted for a greater number of persons than the nine nominees named.

Pursuant to our Certificate of Incorporation and our bylaws, our Board of Directors includes six JBS Directors, including the Chairman of the Board, who are designated by the JBS Nominating Committee.

At the Annual Meeting, nine Directors, including six JBS Directors, are to be elected, each to hold office for one year or until his or her successor is duly elected and qualified. Unless otherwise specified on the proxy card or voting instructions, the shares represented by the proxy will be voted for the election of the six nominees named below. If any JBS Director nominee becomes unavailable for election, it is intended that such shares will be voted for the election of a substitute nominee selected by the JBS Nominating Committee. Our Board of Directors has no reason to believe that any substitute nominee or nominees will be required.

Nominees for JBS Directors

Gilberto Tomazoni, 57, has served as Chairman of the Board of Pilgrim's Pride Corporation, since July 2013. Beginning in 2013, Mr. Tomazoni also served as president of the Global Poultry Division of JBS. Before joining JBS, Mr. Tomazoni spent four years with Bunge Alimentos S.A. as Vice President of Foods and Ingredients. Prior to that, Mr. Tomazoni served 27 years with Sadia S.A., a leading provider of both frozen and refrigerated food products in Brazil, in various roles, including Chief Executive Officer from 2004 to 2009. He earned an M.A. degree in management development in 1991 from Fundação de Ensino do Desenvolvimento and a B.Sc. degree in mechanical engineering in 1982 from the Universidade Federal de Santa Catarina. Mr. Tomazoni has served as a board member of Brazil Fast Food Corporation since 2009, a member of the International Advisory Council for Fundação Dom Cabral since 2009 and a member of the Chamber of Commerce, Industry and Tourism-Brazil/Russia since 2008.

Mr. Tomazoni brings over 30 years of diverse poultry, protein, and food industry experience to the Company. Mr. Tomazoni's extensive experience and education in the global poultry industry provides invaluable direction to the Company's strategies domestically and in international markets. As Chairman of the Board, Mr. Tomazoni has direct oversight of Pilgrim's strategy and operations.

Joesley Mendonça Batista, 44, is currently the President of the Board of Directors of JBS and served as the Chief Executive Officer of JBS. from March 2006 until January 2011. Mr. Batista has served as a Director of the Company since December 2009. Mr. Batista has served in various capacities at JBS since 1988. Mr. Batista is the brother of Wesley Mendonça Batista, a Director of the Company, and José Batista Júnior, a Director of JBS, and the son of José Batista Sobrinho, the founder of JBS and a member of its Board of Directors.

Mr. Batista has worked in the protein industry for over 20 years, rising to the post of President and Chief Executive Officer of JBS from March 2006 until January 2011. During his tenure as President and CEO, JBS expanded dramatically in the United States, acquiring Swift & Company in 2007, Smithfield Beef Group and Five Rivers Ranch Cattle Feeding in 2008, and a 64% interest in the Company in 2009. Mr. Batista brings to the Board significant leadership, sales and marketing, industry, technical, and global experience in the protein industry.

Wesley Mendonça Batista, 45, has served as a Director of the Board of Pilgrim's Pride Corporation since December 2009 and served as Chairman of the Board of Pilgrim's Pride Corporation from December 2009 until July 2013. Mr. Batista became President and Chief Executive Officer of JBS in February 2011. Mr. Batista previously served as President and Chief Executive Officer of JBS USA Food Company Holdings (JBS USA Holdings"), a subsidiary of JBS, from July 2007 until January 2011. Mr. Batista also served as Chairman of the Board of JBS USA Holdings and is the Vice President of JBS's Board of Directors. Mr. Batista has served in various capacities at JBS since 1987. Mr. Batista is the brother of Joesley Mendonça Batista, Chairman of the Board of JBS, and José Batista Júnior, a Director of JBS, and is the son of José Batista Sobrinho, the founder of JBS and a member of its Board of Directors.

Mr. Batista brings to the Board of Pilgrim's Pride significant senior leadership and industry experience. Mr. Batista has long been one of the most respected executives in Brazil's protein industry, and his reputation is now firmly established worldwide. Mr. Batista grew up in the protein industry, and it is his strategic insight and entrepreneurial spirit that has facilitated the growth of JBS through numerous acquisitions, expanding its reach across the globe.

William W. Lovette, 56, joined Pilgrim's Pride as Chief Executive Officer and President on January 3, 2011. Mr. Lovette has served as a Director of Pilgrim's Pride Corporation since February 21, 2011. He brings more than 30 years of industry leadership experience to Pilgrim's. He previously served as President and Chief Operating Officer of Case Foods, Inc. from October 2008 to December 2010. Before joining Case Foods, Inc., Mr. Lovette spent 25 years with Tyson Foods Inc. in various roles in senior management, including President of its International Business Unit, President of its Foodservice Business Unit and Senior Group Vice President of Poultry and Prepared Foods. Mr. Lovette earned a B.S. degree from Texas A&M University. In addition, he is a graduate of Harvard Business School's Advanced Management Program.

Mr. Lovette brings invaluable industry-specific experience to the Board, having worked in the poultry industry his entire life. Mr. Lovette grew up in a family poultry business, which became the Holly Farms Corporation. Through his formative years, he worked in virtually all aspects of the business including farm labor and management on his family's broiler farm, catching chickens, working in all areas of a processing plant during summers, working as a customer service representative and as a trading floor clerk on the Chicago Board of Trade. Mr. Lovette's experience learned over a lifetime in the industry enables him to offer a valuable insight on the business, financial and regulatory issues currently being faced by the poultry industry.

Andre Nogueira de Souza, 47, has served as a Director since October 2014. Since January 1, 2013, Mr. Nogueira served as President and Chief Executive Officer of JBS USA Holdings, which holds the U.S., Canadian and Australian operations of JBS, the largest animal protein company in the world. Mr. Nogueira began his career with JBS USA Holdings in 2007, serving as Chief Financial Officer through 2011. He then served as Chief Executive Officer of JBS Australia, a subsidiary of JBS, in 2012. Prior to working for JBS USA Holdings, Mr. Nogueira worked for Banco do Brasil in corporate banking positions in the U.S. and Brazil. Mr. Nogueira currently serves on the Board of Directors and the Executive Committee of American Meat Institute, the Deans' Leadership Council of the College of Agricultural Sciences of the Colorado State University and Rabobank's North American Agribusiness Advisory Board. Mr. Nogueira has an MBA from Funcado Don Cabral, a Master's in Economics from Brasilia University, and a B.A. in Economics from Federal Fluminese University.

Mr. Nogueira brings outstanding leadership to our Board through his experience gained as a Chief Executive Officer of JBS USA Holdings and JBS Australia and Chief Financial Officer of JBS USA Holdings. In addition, Mr. Nogueira brings an extensive understanding of the protein industry and financial matters to the Board.

Wallim Cruz De Vasconcellos Junior, 58, has served as a Director since December 2009. He has served as a Partner of Iposeira Partners Ltd, a provider of advisory services for mergers and acquisitions and restructuring transactions, since 2003. Mr. Vasconcellos served as a Consultant to IFC/World Bank from 2003 to 2008. He is currently a Member of the Board of Santos Brasil S.A. and served as a Member of the Board of Cremer S.A. from 2006 to 2008.

Regarded as one of Brazil's preeminent business strategists, Mr. Vasconcellos brings to the Board real-time experience in the areas of mergers and acquisitions, capital markets, finance, and restructurings, and offers unique insights into global market strategies. In addition, Mr. Vasconcellos' experience working on behalf of public financial institutions enables him to provide perspective and oversight with regard to the Company's financial strategies.

The Board of Directors recommends that you vote FOR the election of all of the individuals who have been nominated to serve as JBS Directors. Proxies will be so voted unless stockholders specify otherwise or withhold authority to vote.

PROPOSAL 2. ELECTION OF EQUITY DIRECTORS

Pursuant to our Certificate of Incorporation and our bylaws, our Board of Directors includes three members designated by the Equity Nominating Committee, which we refer to as our Equity Directors.

The JBS Stockholders Agreement requires JBS and its affiliates to vote all of the Pilgrim's Pride common stock that they hold in the same manner as the shares held by the Minority Investors with respect to the election or removal of Equity Directors. Consequently, the vote of the Minority Investors will determine the outcome of this Proposal 2.

At the Annual Meeting, nine Directors, including three Equity Directors, are to be elected, each to hold office for one year or until his or her successor is duly elected and qualified. Unless otherwise specified on the proxy card or voting instructions, the shares represented by the proxy will be voted for the election of the three nominees named below. If any of the nominees for Equity Director becomes unavailable for election, it is intended that such shares will be voted for the election of a substitute nominee selected by the Equity Nominating Committee.

Nominees for Equity Director

David E. Bell, 66, has served as a Director since July 2012. Mr. Bell has expertise in a number of areas including risk management, marketing and agribusiness. He has served as the George M. Moffett Professor of Agriculture and Business at Harvard Business School since July 1998. At Harvard Business School, he leads the annual agribusiness executive seminar and has been chairman of the school's marketing faculty and Senior Associate Dean with responsibility for faculty recruiting. He has degrees from Oxford University and the Massachusetts Institute of Technology.

As a long time member of the Harvard Business School faculty, Dr. Bell has gathered much experience relevant to the appropriate conduct of companies from his teaching of MBA students and executives and from his research and case writing. As the leader of the agribusiness program at Harvard Business School, he has studied all aspects of the food chain, over the entire supply chain and across the world. He is knowledgeable about marketing, retailing, risk management and strategy. Recently he taught the course "Leadership and Corporate Accountability," which is concerned with the responsibilities CEOs and boards of directors face with respect to a company's many stakeholders. We believe his broad experience in the food chain provides valuable insights to the Board.

Michael L. Cooper, 66, has served as a Director since December 2009. Mr. Cooper is currently a Managing Director and Vice Chairman Emeritus of Kincannon & Reed, an executive search firm for the food and agribusiness sectors, where he has been employed since July 2004. Mr. Cooper was a Managing Partner of Kincannon & Reed and served as the Executive Vice President & CFO and a member of the board from July 2004 to December 2014. From September 2002 to July 2004, Mr. Cooper served as the Chief Executive Officer of Meyer Natural Angus. From January 1996 to July 2002, Mr. Cooper was employed by Perdue Farms, Inc., where he served in various roles, including as President, Retail Products, from February 2000 to July 2002, and as Senior Vice President and Chief Financial Officer from January 1996 through February 2000. From August 1992 to January 1996, he served as Vice President, Chief Financial Officer, Secretary and Treasurer of Rocco Enterprises. Mr. Cooper also served in various senior financial roles with Dial Corporation over a 14 year career with that company.

Mr. Cooper brings to the Board significant senior leadership, management, operational, financial, and brand management experience. His extensive poultry industry experience enables him to offer a valuable insight on the business, financial and regulatory issues currently being faced by the poultry industry.

Charles Macaluso, 72, has served as a Director since December 2009. He has been a principal of Dorchester Capital, LLC, a management consulting and corporate advisory service firm focusing on operational assessment, strategic planning and workouts since 1998. From 1996 to 1998, he was a partner at Miller Associates, Inc., a workout, turnaround partnership, focusing on operational assessment, strategic planning and crisis management. Mr. Macaluso currently serves as a director of the following public companies: Global Power Equipment Group Inc., where he is also Chairman of the Board and a member of the audit committee; and Darling International, where he is also Lead Director. He also serves as a Chairman of the Board of three private companies. Mr. Macaluso previously served as a director of Global Crossing Ltd., where he was also a member of the audit committee.

Mr. Macaluso brings fundamental expertise to our Board in the areas of operational assessment, strategic planning, crisis management, and turnaround advisory services, which expertise supports the Board's efforts in overseeing and advising on strategy and financial matters. In addition, Mr. Macaluso brings to the Board substantial cross-board expertise due to his tenure on a number of public and private company boards and committees.

The Board of Directors recommends that you vote FOR the election of all of the individuals who have been nominated to serve as Equity Directors. Proxies will be so voted unless stockholders specify otherwise or withhold authority vote.

PROPOSAL 3. APPROVAL OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Board is providing stockholders with the opportunity to cast an advisory vote on the compensation of our Named Executive Officers as required by Section 14A of the Exchange Act. This proposal, commonly known as a "Say-on-Pay" proposal, gives you, as a stockholder, the opportunity to endorse or not endorse our executive compensation programs and policies and the compensation paid to our Named Executive Officers.

The "Say-on-Pay" vote is advisory and thus not binding on the Compensation Committee or the Board. The advisory vote will not affect any compensation already paid or awarded to any Named Executive Officer and will not overrule any decisions by the Compensation Committee or the Board. The Board values the opinions of the Company's stockholders as expressed through their votes and other communications. Although the vote is non-binding, the Compensation Committee and the Board will review and carefully consider the outcome of the advisory vote on executive compensation and those opinions when making future decisions regarding executive compensation programs.

At the 2015 annual meeting, approximately 99.3% of votes present (excluding abstentions and broker non-votes) voted for the "Say-on-Pay" proposal related to Named Executive Officers. In consideration of the results, the Compensation Committee acknowledged the support received from our stockholders and viewed the results as a confirmation of the Company's existing executive compensation policies and decisions. Accordingly, we did not change our compensation principles and objectives in 2015 in response to the advisory vote of our stockholders.

We design our executive compensation programs to implement our core objectives of attracting key leaders, motivating our executives to remain with the Company for long and productive careers, rewarding sustained financial and operating performance and leadership excellence and aligning the long-term interests of our executives with those of our stockholders. Stockholders are encouraged to read the Compensation Discussion and Analysis ("CD&A") section of this proxy statement. In the CD&A, we have provided stockholders with a description of our compensation programs, including the principles and policies underpinning the programs, the individual elements of the compensation programs and how our compensation plans are administered. The Board believes that the policies and practices described in the CD&A are effective in achieving the Company's goals. In furtherance of these goals, among other things, our compensation programs have been designed so that a significant portion of each executive's total compensation is tied not only to how well he performs individually, but also, where applicable, is "at risk" based on how well the Company performs relative to applicable financial objectives. We also believe that equity incentives are aligned with our core objectives of aligning the long-term interests of our executives with those of our stockholders, attracting and retaining key leaders, and rewarding sustained performance and leadership excellence. Accordingly, the Board recommends that you vote in favor of the following resolution:

"RESOLVED, that the compensation of the Company's Named Executive Officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the CD&A, the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED in a non-binding vote."

The advisory vote on executive compensation is non-binding, meaning that our Board will not be obligated to take any compensation actions, or to adjust our executive compensation programs or policies, as a result of the vote. Notwithstanding the advisory nature of the vote, the resolution will be considered passed with the affirmative vote of a majority of the votes present in person or represented by proxy and eligible to vote at the Annual Meeting.

The Company's current policy is to provide stockholders with an opportunity to approve the compensation of the Named Executive Officers each year at the annual meeting of stockholders. It is expected that the next such vote will occur at the 2017 annual meeting of stockholders.

The Board of Directors recommends that you vote "FOR" the approval of the advisory vote on executive compensation. Proxies will be so voted unless stockholders specify otherwise.

CORPORATE GOVERNANCE

Board of Directors

Our Board of Directors has the responsibility for establishing broad corporate policies and for monitoring our overall performance, but it is not involved in our day-to-day operating decisions. Members of the Board are informed of our business through discussions with the Chief Executive Officer and other officers, and through their review of analyses and reports sent to them each month, as well as through participation in Board and committee meetings.

Board of Directors Independence

Our Board of Directors has affirmatively determined that each of David E. Bell, Michael L. Cooper, Charles Macaluso, and Wallim Cruz De Vasconcellos Junior has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and is independent within the meaning of our Corporate Governance Policy's categorical independence standards and the rules for companies traded on The NASDAQ Global Select Market ("NASDAQ").

Committees of the Board of Directors

To assist in carrying out its duties, the Board of Directors has delegated certain authority to the Audit, Compensation, JBS Nominating and Equity Nominating Committees. Each committee of the Board meets to examine various facets of our operations and take appropriate action or make recommendations to the Board of Directors.

Audit Committee. The Audit Committee members include Michael L. Cooper (Chairman), Charles Macaluso and Wallim Cruz De Vasconcellos Junior. Our Audit Committee's responsibilities include selecting our independent registered public accounting firm, reviewing the plan and results of the audit performed by our independent registered public accounting firm and the adequacy of our systems of internal accounting controls, and monitoring compliance with our conflicts of interest and business ethics policies. The Audit Committee is composed entirely of Directors who the Board of Directors has determined to be independent within the meaning of the NASDAQ standards and applicable rules and regulations of the Securities and Exchange Commission ("SEC"). The Board has determined that each of the members of the Audit Committee is financially literate for purposes of the applicable standards of NASDAQ ("financially literate") and Michael L. Cooper is an "audit committee financial expert" within the meaning of the regulations of the SEC. The Audit Committee has an Audit Committee Charter, which is available on the Investors section on our website at www.pilgrims.com, under the "Governance" caption.

Compensation Committee. The Compensation Committee members include Wesley Mendonça Batista (Chairman), Michael Cooper and Wallim Cruz de Vasconcellos Junior. Our Compensation Committee reviews our remuneration policies and practices and establishes the salaries of our officers. The Compensation Committee does not have a Charter.

Special Nominating Committees. Under our Certificate of Incorporation, the Board has two Special Nominating Committees, which include the JBS Nominating Committee and the Equity Nominating Committee. The JBS Nominating Committee is required to consist solely of JBS Directors and presently includes Wesley Mendonça Batista (Chairman), Gilberto Tomazoni, Joesley Mendonça Batista, William W. Lovette, Andre Nogueira de Souza and Wallim Cruz De Vasconcellos Junior. The Equity Nominating Committee is required to consist solely of all of the Equity Directors and presently includes David E. Bell, Michael L. Cooper and Charles Macaluso.

The JBS Nominating Committee has the exclusive authority to nominate the JBS Directors, fill JBS Director vacancies and select the members of the JBS Nominating Committee. The Equity Nominating Committee has the exclusive authority to nominate the Equity Directors, fill Equity Director vacancies, select the members of the Equity Nominating Committee, and to call a special meeting of stockholders under certain circumstances. The Equity Nominating Committee, acting by majority vote, also has the exclusive right to control the exercise of our rights and remedies under the JBS Stockholders Agreement. Any member or alternate member of the Equity Nominating Committee may be removed only by the approval of a majority of the members of the Equity Nominating Committee.

For so long as JBS and its affiliates beneficially own 35% or more of our outstanding common stock, no person may be nominated as an Equity Director by the Equity Nominating Committee if JBS reasonably determines that such person (i) is unethical or lacks integrity or (ii) is a competitor or is affiliated with a competitor of the Company. The Equity Directors must satisfy the independence requirements of Rule 10A-3 under the Exchange Act, and be financially literate, and, for so long as there are two or more Equity Directors on the Board, at least one Equity Director must qualify as an "audit committee financial expert" as that term is used in Item 407 of Regulation S-K under the Exchange Act (or any successor rule).

If JBS and its affiliates own at least 50% of our outstanding common stock, at least one JBS Director is required:

- to be an independent director under the NASDAQ listing standards,
- to satisfy the independence requirements of Rule 10A-3 under the Exchange Act, and
- to be financially literate.

Each of the Board's Special Nominating Committees has a Charter, current copies of which are available on our website at www.pilgrims.com, under the "Investors - Corporate Governance" caption.

Our Special Nominating Committees do not have a policy with regard to the consideration of any Director candidates recommended by our stockholders or otherwise. The Board of Directors does not view the establishment of a formal policy in this regard as necessary, given the extent of the ownership of the Company's common stock by JBS and its affiliates and the existing JBS Stockholders Agreement. Further, our Special Nominating Committees do not have a formal policy with regard to the consideration of diversity in identifying Director nominees. However, the Special Nominating Committees strive to achieve a balance of knowledge, experience and perspective such that the Board reflects a diversity of backgrounds and experiences. In addition, the Special Nominating Committees will consider stockholder recommendations for candidates for the Board, which should be sent to Pilgrim's Pride Corporation, Corporate Secretary, 1770 Promontory Circle, Greeley, Colorado 80634.

Meetings

During the fiscal year ended December 27, 2015, the Board of Directors held seven meetings, the Audit Committee held six meetings, the Compensation Committee held five meetings and there were four executive sessions including only non-management Directors. During 2015, each member of the Board of Directors, with the exception of Joesley Mendonça Batista, attended at least 75% of the number of meetings of the Board and each of the Board committees on which the Director served. One of our Directors was in attendance at our 2015 annual meeting of stockholders in person. While we do not have a formal policy regarding Director attendance at annual meetings of stockholders, we encourage each Director to attend each annual meeting of stockholders.

Board Leadership Structure and Risk Oversight

The position of our Chairman of the Board and the office of the President and Chief Executive Officer are held by different persons. Our Chairman of the Board is Gilberto Tomazoni, and our President and Chief Executive Officer is William W. Lovette.

We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board. We believe the division of duties is especially appropriate as legal and regulatory requirements applicable to the Board and its committees continue to expand, and it facilitates the appropriate level of communication between the Board of Directors and executive management for Board oversight of the Company and its management.

Because Gilberto Tomazoni, Joesley Mendonça Batista, Wesley Mendonça Batista, William W. Lovette and Andre Nogueira de Souza are not independent Directors, the Board will either designate an independent Director to preside at the meetings of the non-management and independent Directors or they will prescribe a procedure by which a presiding Director is selected for these meetings. In the absence of another procedure being adopted by the Board, the person appointed will be the independent Director with the longest tenure on the Board in attendance at the meeting. The Board generally holds meetings of non-management directors four times per year and meetings of independent directors four times per year.

The Company's management is responsible for the ongoing assessment and management of the risks the Company faces, including risks relating to capital structure, strategy, liquidity and credit, financial reporting and public disclosure, operations and governance. We focus not only on operational risk, but financial and strategic risk as well. These areas of focus include input costs (commodity pricing, live and processed product cost and spoilage), revenue risk (sales price and mix), financial risk (adequate controls, timely and effective reporting systems and other management and governance systems) as well as competitive risks and market trends. We aim to identify, categorize and respond to these risks to manage as much of their impact on our business as possible. The Board oversees management's policies and procedures in addressing these and other risks. Additionally, each of the Board's four committees (the Audit Committee, the Compensation Committee and the two Special Nominating Committees) monitor and report to the Board those risks that fall within the scope of such committees' respective areas of oversight responsibility. For example, the full Board directly oversees strategic risks. The Special Nominating Committees directly oversee risk management relating to Director nominations and independence. The Compensation Committee directly oversees risk management relating to employee compensation, including any risks of compensation programs encouraging excessive risk-taking. Finally, the Audit Committee directly oversees risk management relating to financial reporting, public disclosure and legal and regulatory compliance. The Audit Committee is also responsible for assessing the steps management has taken to monitor and control these risks and exposures and discussing guidelines and policies with respect to the Company's risk assessment and risk management.

Communications with the Board of Directors

Stockholders and other interested parties may communicate directly with our Board of Directors, any of its committees, all independent Directors, all non-management Directors, or any one Director serving on the Board by sending written correspondence to the desired person or entity addressed to the attention of our Corporate Counsel at Pilgrim's Pride Corporation, 1770 Promontory Circle, Greeley, Colorado 80634. Communications are distributed to the Board, or to any individual Director, as appropriate, depending on the facts and circumstances outlined in the communication.

Code of Business Conduct and Ethics and Corporate Governance Policies

Our Board of Directors has adopted a Code of Business Conduct and Ethics and Corporate Governance Policies of the Board of Directors. The full texts of the Code of Business Conduct and Ethics and Corporate Governance Policies are posted on our website at www.pilgrims.com, under the "Investors - Corporate Governance" caption. We intend to disclose future amendments to, or waivers from, certain provisions of the Code of Business Conduct and Ethics on our website within four business days following the date of such amendment or waiver.

Controlled Company Exemption

We are a "controlled company" under the NASDAQ listing standards because JBS owns or controls over 50% of the voting power for the election of directors of the outstanding common stock as of the Record Date. Accordingly, we take advantage of the exemptions discussed in Rule 5615 of the NASDAQ listing standards.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors of Pilgrim's Pride Corporation (the "Company") has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company's Proxy Statement for the fiscal year ended December 27, 2015 (the "Proxy Statement"). Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement to be filed with the Securities and Exchange Commission.

Compensation Committee

Wesley Mendonça Batista, Chairman
Michael L. Cooper
Wallim Cruz de Vasconcellos Junior

The information contained in this report shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The following discusses the material elements of the compensation for our Chief Executive Officer and our Chief Financial Officer listed in the "Summary Compensation Table" on page 26 (together, the "Named Executive Officers") during our fiscal year ended December 27, 2015. To assist in understanding compensation for 2015, we have included a discussion of our compensation policies and decisions for periods before and after 2015, where relevant. During 2015, the Compensation Committee and the Board had the overall responsibility for approving executive compensation and overseeing the administration of our incentive plans and employee benefit plans.

The Company's compensation principles are intended to implement our core objectives of aligning the long-term interests of our executives with those of our stockholders, attracting and retaining key leaders, and rewarding sustained performance and leadership excellence. In pursuing these objectives, the Compensation Committee uses certain guiding principles in designing the specific elements of the executive compensation program. These guiding principles and policies are that:

- incentive compensation should represent a significant portion of total compensation;
- compensation should be performance-based;
- incentive compensation should balance short-term and long-term performance;
- compensation levels should be market competitive; and
- superior performance should be rewarded.

In order to further these guiding principles, the key components of our compensation in 2015 included (1) cash compensation, in the form of base salaries, cash incentive compensation and bonuses; (2) long-term equity compensation, in the form of restricted stock units that are earned and granted, if at all, based on the achievement of financial performance metrics designed to reinforce our business objectives and restricted stock and restricted stock units that vest over time; and (3) other non-cash compensation, such as health and welfare benefits, and certain other limited perquisites and benefits.

The Compensation Committee believes a significant portion of the compensation to our Named Executive Officers should be performance based. The Compensation Committee also believes that our Named Executive Officers' compensation should be balanced with longer term incentives. Accordingly, a significant portion of the compensation to our Named Executive Officers was awarded in the form of restricted stock and restricted stock units, which vests over time and in performance restricted stock units, which are earned and granted if specific 2015 performance targets are met and vest at the end of a three-year period. The Compensation Committee believes these equity awards more closely align our Named Executive Officers' incentives with the long-term interests of our stockholders, including growing our business and improving the Company's profitability relative to its peers. For 2015, approximately 65% and 65% of the total target compensation of our chief executive officer and our chief financial officer, respectively, was "at risk," or dependent upon both the Company's and his individual performance.

Additionally, the Company maintains the following policies that support the Company's "pay-for-performance" principles:

- the restriction of our directors, Named Executive Officers, and other key executive officers from hedging the economic interest in the Company securities that they hold;
- the prohibition of Company personnel, including the Named Executive Officers, from engaging in any short-term, speculative securities transactions, engaging in short sales, buying or selling put or call options, and trading in options (other than those granted by the Company);
- the restriction of our directors, Named Executive Officers, and other key executive officers from pledging the Company securities that they hold; and

- our policy of not having any change-in-control or retirement arrangements with our Named Executive Officers.

Following the end of each fiscal year, the Compensation Committee conducts a review of all components of the Company's compensation program. In conducting its review, the Compensation Committee reviews information related to each Named Executive Officer's individual performance, total compensation, each of the components of compensation, and the Company's performance. Our compensation principals and objectives did not significantly change in 2015. At the annual meeting of our stockholders held on April 29, 2011, our stockholders recommended the Company hold an advisory vote on the compensation of the Company's Named Executive Officers annually. After consideration of this recommendation, the Company agreed and will hold an advisory vote on our executive officer compensation every year until the next required vote on frequency of stockholder votes on Named Executive Officer compensation.

2015 Executive Compensation Vote

At the 2015 annual meeting, approximately 99.3% of votes present (excluding abstentions and broker non-votes) voted for the "Say-on-Pay" proposal related to Named Executive Officers. In consideration of the results, the Compensation Committee acknowledged the support received from our stockholders and viewed the results as a confirmation of the Company's existing executive compensation policies and decisions. Accordingly, we did not change our compensation principles and objectives in 2015 in response to the advisory vote of our stockholders.

Company Performance and Pay

The Committee has designed key elements of our executive compensation program to align pay with our performance. The Committee's compensation decisions for 2015 reflect the Company's strong performance in multiple financial areas. Specific 2015 achievements included the following, among others:

- The Company achieved strong results relating to operating revenues ($8.2 billion), net income ($645.9 million, or $2.50 per diluted share) and net cash provided by operations ($976.8 million).

- The Company generated a cumulative total return on its common stock over the five years ended 2015 of 280.9% as compared to a cumulative total return generated over the same period by the Russell 2000 Composite Index and by the Company's peer group of 56.7% and 221.6%, respectively. Companies in the peer group index include Sanderson Farms Inc., Hormel Foods Corp. and Tyson Foods Inc.

- As of our fiscal year ending December 27, 2015, the Company had $440 million of cash and cash equivalents.

- The Company reduced debt and capital lease obligations in 2015 from a high point of $1.5 billion to $985.6 million at the end of fiscal year 2015.

- The Company continued its efforts on cost reductions, more effective processes, training and its total quality management program. Between 2011 and 2015, these efforts have resulted in cumulative operational improvements of approximately $1.0 billion.

The Committee sets challenging goals for our annual and long-term incentive programs. The fiscal 2015 performance described above did not achieve target goals set by the Committee under long term incentive program, and therefore resulted in no payouts under that program. The Committee believes that the annual incentive payouts reflect the exceptional financial performance of the Company for fiscal 2015. For more information regarding our financial performance during fiscal 2015, see our Annual Report on Form 10-K for fiscal year ended December 27, 2015 filed with the SEC on February 12, 2016.

Executive Compensation Principles, Policies and Objectives

The Compensation Committee is responsible for establishing the principles that underlie our executive compensation program and that guide the design and administration of specific plans, agreements and arrangements for our executives. Our compensation principles are intended to implement our core objectives of attracting key leaders, motivating our executives to remain with the Company for long and productive careers, rewarding sustained financial and operating performance and leadership excellence and aligning the long-term interests of our executives with those of our stockholders. Our executive compensation principles and policies, which are established and refined from time to time by the Compensation Committee, are described below:

- *Incentive compensation should represent a significant portion of total compensation*. A significant portion of our executives' total compensation should be tied not only to how well they perform individually, but also, where applicable, should be "at risk" based on how well the Company performs relative to applicable financial objectives.

- *Compensation should be performance-based*. Compensation should be subject to performance-based awards as an executive officer's range of responsibility and ability to influence the Company's results increase.

- *Incentive compensation should balance short-term and long-term performance.* Executive compensation should be linked to building long-term stockholder value while remaining consistent with our business objectives and values. Our executive compensation program addresses this objective by including long-term incentives in the form of equity-based awards, such as restricted common stock and restricted stock units, which makes the performance of the Company's common stock a targeted incentive.

- *Compensation levels should be market competitive*. Compensation should be competitive in relation to the marketplace. Prior to setting performance goals and target opportunities for our incentive compensation, the Compensation Committee considers market compensation data compiled and prepared by management.

- *Superior performance should be rewarded*. Outstanding achievement should be recognized. The Board and the Compensation Committee consider the Company's strategies when identifying the appropriate incentive measures and when assigning individual goals and objectives to the Named Executive Officers and evaluate the individual's performance against those strategies in setting compensation.

In addition, we believe that our compensation programs for executive officers should be appropriately tailored to encourage employees to grow our business, but not encourage them to do so in a way that poses unnecessary or excessive material risk to us. For 2015, the Compensation Committee believes that our Named Executive Officers' compensation is consistent with our performance and economic and competitive industry conditions, and equity incentives are aligned with our actions to grow our business and improve the Company's profitability relative to its peers. Neither the Compensation Committee nor the Board of Directors retained a compensation consultant in 2015, nor did either use benchmarking of peer groups in setting our Named Executive Officers' compensation for 2015.

Currently, the Company does not have any agreements relating to the employment of our Named Executive Officers. The Company generally does not enter into employment agreements with its executives, who are considered to serve at the will of the Board. However, in certain circumstances, the Compensation Committee and the Board believe it is prudent to use employment agreements as a means to attract and/or retain executives and to foster an environment of relative security within which we believe our executives will be able to focus on achieving Company goals.

Role of the Compensation Committee and Executive Officers in Compensation Decisions

The Compensation Committee is responsible for establishing and overseeing the overall compensation structure, policies and programs of the Company and assessing whether our compensation structure resulted in appropriate compensation levels and incentives for executive management of the Company. The Compensation Committee's objective is to ensure that the total compensation paid to each executive officer was fair, reasonable, competitive and motivational. The Compensation Committee conducts a review of all compensation for our executive officers, including our Named Executive Officers, and works with our Chief Executive Officer to evaluate and approve compensation of our executive officers other than the Chief Executive Officer. Our other Named Executive Officer, the Chief Financial Officer, reports directly to our Chief Executive Officer who supervises the day to day performance of the Chief Financial Officer. Accordingly, the Chief Executive Officer evaluates the Chief Financial Officer's individual performance against the Company-based performance factors, and makes recommendations to the Compensation Committee regarding his compensation. The Compensation Committee strongly considers the compensation recommendations and the performance evaluations by our Chief Executive Officer and any recommendations of the Board of Directors with respect to non-CEO compensation.

Components of Compensation

During 2015, the principal elements of compensation for our executive officers were as follows:

- base salaries;
- bonuses, including annual cash incentive compensation and discretionary bonuses;
- long term incentive compensation, including awards of restricted stock units earned and granted based on the achievement of performance goals, time-vested restricted stock and restricted stock units;
- other compensation consisting primarily of health and welfare benefits; and
- certain limited perquisites and other personal benefits.

Additionally, we provide each executive officer certain severance benefits if the executive is terminated other than for cause, as described below. The Compensation Committee and the Board believe that these severance benefits are necessary and advisable to keep executive officers focused on the best interests of the Company at times that may otherwise cause a lack of focus due to personal economic exposure. Further, the Compensation Committee and the Board believe that these severance benefits are necessary and advisable for retentive purposes to provide a measure of support to our Named Executive Officers who may receive offers of employment from competitors that would provide severance benefits. See the "2015 Potential Payments Upon Termination" table for additional information regarding the severance payable to our Named Executive Officers. However, the Company does not provide any change-in-control to its Named Executive Officers other than the vesting of restricted stock and restricted stock units under the Long Term Incentive Plan (the "LTIP") under certain circumstances in the case of a "change in control." The Company also does not provide any retirement arrangements to its Named Executive Officers other than the eligibility to participate in the Company's 401(k) salary deferral plan (the "401(k) Plan") on the same basis as other employees. Currently, we do not have any agreements relating to the employment of our Named Executive Officers.

Base Salary

We provide our Named Executive Officers and other employees with a base salary to provide a fixed amount of compensation for services during the fiscal year. Base salaries and any increases thereto are subjectively determined by the Compensation Committee for each of the executive officers on an individual basis, taking into consideration an assessment of individual contributions to Company performance, length of tenure, compensation levels for comparable positions, internal equities among positions and, with respect to executives other than the Chief Executive Officer, the recommendations of the Chief Executive Officer. The Board did not elect to increase either Mr. Lovette's or Mr. Sandri's annual base salary during 2015.

Annual Cash Incentive Compensation

Cash incentive awards are determined by the Compensation Committee and granted under the terms of the Company's Short-Term Management Incentive Plan (the "STIP"). Additionally, we may also provide short-term incentives to executives by awarding annual cash bonuses determined by the Compensation Committee on a discretionary basis. The bonuses reward achievement of short-term goals and allow us to recognize individual and team achievements. The STIP is an annual incentive program providing for the grant of bonus awards payable upon achievement of specified performance goals. Full-time salaried, exempt employees of the Company and its affiliates who are selected by the administering committee are eligible to participate in the STIP.

As part of developing the Company's compensation strategy for the fiscal year ended December 27, 2015, the Compensation Committee established annual performance goals and target payout amounts for William W. Lovette, our Chief Executive Officer and President, and Fabio Sandri, our Chief Financial Officer. Each of Mr. Lovette's and Mr. Sandri's annual performance goal was established under the STIP based on income (loss) before income taxes as a percentage of the Company's net revenues ("PBT Margin"). The Compensation Committee chose to utilize PBT

Margin, as determined based on the Company's audited financial statements and GAAP as applied on a consistent basis by the Company, in setting performance goals and target payout amounts because PBT Margin has a higher correlation to cash flow and liquidity than EBITDA and because it aligns with the Company's goals of driving overall operational results.

Additionally, although annual incentive cash bonuses are primarily based on individual and Company performance, in some circumstances the Compensation Committee may provide additional discretionary bonus awards. The Compensation Committee believes that discretionary bonuses, where warranted, can be effective in motivating, rewarding and retaining our Named Executive Officers. In 2015, the Compensation Committee awarded Mr. Sandri a discretionary cash bonus, as described below.

Long Term Incentive Compensation

The Board and the Compensation Committee believes that long-term incentive compensation is essential to attracting, retaining and motivating executives. The Board and the Compensation Committee further believe that providing our executives with long-term incentives will align their interests with our stockholders and encourage them to grow and operate the Company's business with a view towards building long-term stockholder value and improving profitability. The Board and the Compensation Committee also believe that equity awards make the performance of the Company's common stock a targeted incentive. In furtherance of these objectives, we maintain the LTIP, which provides for the grant of a broad range of long-term equity-based and cash-based awards, including performance-based awards, to the Company's officers and other employees, members of the Board and any consultants. The LTIP is administered by the Compensation Committee. The equity-based awards that may be granted under the LTIP include "incentive stock options," within the meaning of the Code, nonqualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock based awards. As of December 27, 2015, the maximum number of shares reserved for issuance under the LTIP was 5,155,700 shares and the maximum number of shares with respect to which awards of any and all types may be granted during a calendar year to any participant is limited, in the aggregate, to 5,000,000 shares. The maximum amount that may be paid in cash during any fiscal year with respect to any award (including any performance bonus award) is $10,000,000. Except as may otherwise be provided in any applicable award agreement or other written agreement entered into between the Company and a participant in the LTIP, if a "change in control" occurs and the participant's awards are not converted, assumed, or replaced by a successor entity, then immediately prior to the change in control the awards will become fully exercisable and all forfeiture restrictions on the awards will lapse. While we do not have a formal stock ownership requirement for our executive officers, we do maintain policies against hedging the economic interest in Company securities, engaging in speculative securities transactions, including short sales, and pledging Company securities.

Based on these considerations, the Compensation Committee determined that an equity award combination consisting of restricted stock and restricted stock units ("RSUs") would best serve the Compensation Committee's goals. The Company has never granted stock options. We have granted equity awards to our Chief Executive Officer and Chief Financial Officer at a level in which the Board and the Compensation Committee believe will provide the executives long-term incentives, align their interests with those of our stockholders, meet the Company's long-term objectives and under appropriate circumstance to induce such executives to join the Company.

On February 17, 2015, the Company declared a $1.5 billion special cash dividend to its stockholders. In connection with the special cash dividend, the Compensation Committee decided to grant Mr. Lovette and Mr. Sandri RSUs valued on the date of grant at $964,801 (34,359 RSUs) and $374,082 (13,322 RSUs), respectively, which were equal to the amounts of the dividend that would have been awarded to them had their RSU awards existing at the time of the dividend been vested. The RSUs that were granted to Mr. Lovette and Mr. Sandri are subject to the same vesting requirements as the underlying RSUs granted under the LTIP. The Compensation Committee decided to grant RSUs in lieu of a cash dividend to further align the interests of Mr. Lovette and Mr. Sandri with the Company's long-term profitability.

In the first quarter of 2015, the Compensation Committee approved the 2015 Long Term Incentive Program (the "2015 Program"), which is a component of the LTIP. The purpose of the 2015 Program is to provide additional incentives to participants to grow the Company's business and improve the Company's profitability relative to its peers as measured by Bank of America's Monthly Profitability Survey (the "BoA Survey"). Under the 2015 Program, participants received target awards equal to a specified percentage of their base salary, with such awards being converted to RSUs upon the Company's achievement of the performance goals under the 2015 Program.

The performance criteria used in determining the percentage, if any, of the award target to be converted into RSUs was based on a combination of factors that were measured only in respect of the Company's performance during 2015. In order for any RSUs to be granted under the 2015 Program, two initial threshold performance goals were required to be achieved. If the initial performance goals were achieved, then a threshold relating to the payout of the award was required to be met. The first initial threshold goal was based on the Company's achievement of a minimum two percent (2%) PBT Margin for 2015. The Compensation Committee believes that since PBT Margin is a good indicator of the Company's profitability, an initial threshold based on strong profitable results is appropriate in light of the Company's compensation principles. The second initial threshold performance goal was based on the Company having an EBIT delta, which measures the Company's profitability relative to its peers as measured by the BoA Survey, greater than the EBIT delta of the fifth best performing company in the BoA Survey. The Compensation Committee believes that the second initial threshold's measure of EBIT delta accurately portrays the Company's corporate performance relative to its industry, and that long-term incentive awards should be granted only if the Company is competitive with its peers. For more information on the Company's compensation principles, see "Compensation Discussion and Analysis - Executive Compensation Principles, Policies and Objectives" above. If these two initial threshold goals under the 2015 Program were achieved, then the Company must satisfy a threshold payout goal of an EBIT delta above 2.6 cents per processed pound. If the Company achieves the two initial threshold goals and the payout goal, it would issue RSUs in accordance with the following table (using the BoA Survey):

Payout (as a percentage of award target)	50%	75%	100%	125%	150%
EBIT delta to average company[(a)]	+2.6	+2.8	+3.0	+3.2	+3.4

(a) Cents per processed pound.

Both Named Executive Officers participated in the 2015 Program, but neither received the opportunity for grants of RSU awards based on the achievement of the above performance conditions. The Company met the first threshold goal, achieving a PBT Margin of 12.136% for 2015. Additionally, the Company had an EBIT delta greater than the fifth best performing company in the BoA Survey. The Company's EBIT delta, however, was 2.26 cents per processed pound for 2015. Since the Company did not reach the threshold payout goal of an EBIT delta above 2.6 cents per processed pound, the Compensation Committee granted no awards to Mr. Lovette and Mr. Sandri under the 2015 Program.

Other Compensation

Our Named Executive Officers receive no special employee benefits. During 2015, our Named Executive Officers were eligible to participate on the same basis as other employees in the Company's 401(k) salary deferral plan (the "401(k) Plan"). Contributions to the 401(k) Plan are made up of a 30% matching contribution on the first 6% of pay to the extent such contributions are not in excess of the Code limits on contributions to 401(k) plans. Under the 401(k) Plan, the Company may make additional matching contributions or other profit sharing contributions at its discretion. There were no discretionary contributions in 2015. We do not have any other pension plan for our Named Executive Officers. In 2015, Mr. Sandri participated in the 401(k) Plan.

We continue to maintain the Pilgrim's Pride Corporation 2005 Deferred Compensation Plan (the "Deferred Compensation Plan") to help provide for the long-term financial security of our US employees who meet the Internal Revenue Service definition of a "highly compensated employee," which includes all of our Named Executive Officers and certain other key personnel. Under the Deferred Compensation Plan, participants may elect to defer up to 80% of their base salary and/or up to 100% of their annual cash bonus payments as part of their personal retirement or financial planning. Highly compensated employees who elect to defer compensation in the Deferred Compensation Plan must do so annually prior to the beginning of each calendar year and may direct the investment of the amount deferred and retained by us. The Deferred Compensation Plan is administered by the administrative committee appointed by our Board, and deferred compensation may be invested in authorized funds which are similar to the investment options available under our 401(k) Plan. In 2015, neither of our Named Executive Officers participated in the Deferred Compensation Plan.

We also provide a variety of health and welfare programs to all eligible employees to offer employees and their families protection against catastrophic loss and to encourage healthy lifestyles. The health and welfare programs we offer include medical, wellness, pharmacy, dental, vision, life insurance and accidental death and disability. Our Named Executive Officers generally are eligible for the same benefit programs on the same basis as our other domestic employees.

Perquisites and Other Personal Benefits

During 2015, we provided our Named Executive Officers with perquisites and other personal benefits that we believed to be reasonable and consistent with our overall compensation program to better enable us to attract and retain competent executives for key positions. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits that we provide to our Named Executive Officers. During 2015, our executive officers were eligible to receive company-paid or company-subsidized life insurance and disability coverage on the same basis as our other domestic payroll employees. Information regarding these perquisites is reported below in the Summary Compensation Table. In establishing the total compensation of the executive officers, the Compensation Committee considered all perquisites and other personal benefits. The Compensation Committee considered these perquisites and other personal benefits as essential and consistent with market practice in order to induce each of Mr. Lovette and Mr. Sandri to join and remain with the Company.

Compensation to William W. Lovette

The Compensation Committee structured Mr. Lovette's 2015 compensation so that a significant amount of his annual compensation would be tied to both the performance of the Company and his individual performance, and therefore, would be "at risk." For 2015, approximately 65% of his total target compensation was "at risk."

Base Salary and Annual Incentive Compensation

Mr. Lovette is provided an annual base salary of $1,000,000 in a 52 week fiscal year and $1,038,462 in a 53 week fiscal year. The Board did not elect to increase Mr. Lovette's annual base salary in 2015. During 2015, Mr. Lovette was eligible to earn an annual cash bonus pursuant to the STIP. Accordingly, Mr. Lovette's individual performance targets and bonus for 2015 were established under the STIP as follows:

2015 PBT Margin	Bonus Amount
1% (Threshold)	$250,000
2%	$500,000
3%	$750,000
4% (Target)	$1,000,000
5%	$1,250,000
6%	$1,500,000
7%	$2,000,000
Greater than 7% up to 10%	$2,000,000 plus 0.5% of the excess PBT above 7%
Greater than 10%	$2,000,000 plus 0.5% of the excess PBT above 7% up to 10% plus 0.75% of the excess PBT above 10%

For purposes of Mr. Lovette's bonus pursuant to the STIP, PBT Margin for 2015 was determined by the Compensation Committee in accordance with the Company's audited financial statements and GAAP as applied on a consistent basis by the Company. For 2015, the maximum bonus Mr. Lovette could receive was $10,000,000. Following the end of 2015, the Compensation Committee reviewed the Company's PBT Margin for 2015, which totaled 12.136%. Consequently, the Compensation Committee awarded Mr. Lovette a cash bonus of $4,537,000 for 2015 under the STIP.

Long-Term Incentive Compensation

Mr. Lovette was granted a target performance-based award in 2015 under the 2015 Program, which would be converted to RSUs upon the Company's achievement of pre-approved performance goals. Following the end of 2015, the Compensation Committee reviewed the Company's performance in respect of the threshold goals and the payout goal under the 2015 Program and determined that the Company achieved the first threshold goal, with a PBT Margin of 12.136% for 2015. Additionally, the Company achieved the second threshold goal by having an EBIT delta greater than the EBIT delta of the fifth best performing company in the BoA Survey. However, the Company's EBIT delta of 2.26 cents per processed pound for 2015 was less than the minimum EBIT delta required for the threshold payout goal. As a result, Mr. Lovette did not earn any RSUs pursuant to the 2015 Program.

Perquisites and Other Personal Benefits

Mr. Lovette is eligible to participate in all group benefits plans and programs the Company has established or may establish for its executive employees, including the Company's executive relocation policy and repayment agreement, which provides moving and other relocation related expenses, including assistance selling a home and temporary housing. Any amounts under the executive relocation policy and repayment agreement must be repaid if employment is terminated within one year from the hire date.

Severance Payments

Mr. Lovette is eligible to participate in the Pilgrim's Pride Corporation Severance Plan (the "Severance Plan"). See "Severance Plan" below for a discussion regarding the terms and conditions applicable to the Severance Plan.

Compensation to Fabio Sandri

The Compensation Committee structured the terms of Mr. Sandri's compensation so that a significant amount of Mr. Sandri's annual compensation would be tied to both the performance of the Company and his individual performance, and therefore, would be "at risk." As a result, for 2015, approximately 65% of his total target compensation was "at risk."

Base Salary and Annual Incentive Compensation

Mr. Sandri is provided an annual base salary of $400,000 in a 52 week fiscal year and $415,385 in a 53 week fiscal year. The Board did not elect to increase Mr. Sandri's annual base salary in 2015.

For 2015, Mr. Sandri also received an award under the STIP. Mr. Sandri's PBT Margin performance goal target and corresponding bonus funding percentage (as a percentage of his annual base salary at the beginning of 2015) under the STIP were as follows:

2015 PBT Margin	Bonus as % of Base Salary
1% (Threshold)	25%
2%	50%
3%	75%
4% (Target)	100%
5%	125%
6%	150%
7%	200%
Greater than 7%	200% plus 0.1% of the excess PBT above 7%

With respect to any bonus that is attributable to the PBT Margin exceeding 7%, the Compensation Committee has the discretion, as it deems appropriate, to grant, or refrain from granting, any bonus award. For purposes of Mr. Sandri's bonus pursuant to the STIP, PBT Margin for 2015 was determined by the Compensation Committee in accordance with the Company's audited financial statements and GAAP as applied on a consistent basis by the Company. Following the end of 2015, the Compensation Committee reviewed the Company's PBT Margin for 2015, which totaled 12.136%. Mr. Sandri was granted an award of $800,000, equivalent to 200% of his base salary, because the Company's PBT Margin met the 7% PBT Margin performance goal. Additionally, the Compensation Committee used its discretion to grant Mr. Sandri a cash bonus of $420,150 due to the PBT Margin exceeding 7%.

Long-Term Incentive Compensation

Mr. Sandri was granted a target performance-based award in 2015 under the 2015 Program which would be converted to RSUs upon the Company's achievement of pre-approved performance goals.. Following the end of 2015, the Compensation Committee reviewed the Company's performance in respect of the threshold goals and the payout goal under the 2015 Program and determined that the Company achieved the first threshold goal, with a PBT Margin of 12.136% for 2015. Additionally, the Company achieved the second threshold goal by having an EBIT delta greater than the EBIT delta of the fifth best performing company in the BoA Survey. However, the Company's EBIT delta of 2.26 cents per processed pound for 2015 was less than the minimum EBIT delta required for the threshold payout goal. As a result, the Compensation Committee Mr. Sandri did not earn any RSUs pursuant to the 2015 Program.

Severance Payments

Mr. Sandri is eligible to participate in the Severance Plan. See "Severance Plan" below for a discussion regarding the terms and conditions applicable to the Severance Plan.

Severance Plan

During 2015, we maintained the Severance Plan, pursuant to which we provided severance payments to eligible employees, including the Named Executive Officers, if their employment was terminated “without cause” (as defined below). The Severance Plan does not cover termination due to death, disability or retirement, termination for cause or termination at the end of the leave of absence that exceeded the maximum permitted by the Company. Under the Severance Plan, in exchange for signing an enforceable waiver and release agreement, upon termination without cause, a Named Executive Officer was entitled to receive as severance pay an amount equal to: one week per year of service with the Company, plus a minimum of 16 supplemental weeks (in addition to years of service amount), with a total maximum of 52 weeks of pay. In addition, if the Company provided less than two weeks notice of termination without cause, an executive officer would have been entitled to up to two additional weeks of severance in lieu of notice. Additional benefits available to eligible employees under the Severance Plan included career transition services as determined by the Company, including without limitation, written materials, company-sponsored training and job fairs.

Consistent with the Company’s compensation policy, the terms of the Named Executive Officers' compensation do not provide for any change-in-control or retirement arrangements other than the vesting of restricted stock granted to them under the LTIP under certain circumstances in the case of a “change in control.”

Tax Considerations

Section 162(m) of the Code imposes limitations on the deductibility for federal income tax purposes of compensation over $1,000,000 paid to each of our Named Executive Officers in a taxable year. Compensation above $1,000,000 may only be deducted if it is “performance-based compensation” within the meaning of the Code. Amounts payable under the STIP can be structured to be performance-based compensation meeting these requirements and, as such, has the opportunity to be fully deductible. However, the Company has not adopted a policy requiring all compensation to be deductible. For 2015, certain compensation to Mr. Lovette (including his bonus) did not qualify as performance-based compensation and was not deductible.

EXECUTIVE COMPENSATION

Summary Compensation Table

The table below summarizes compensation paid to or earned by our Named Executive Officers for 2015, 2014, and 2013, comprised of our Chief Executive Officer and our Chief Financial Officer, who were serving at December 27, 2015.

Name and Principal Position	Year	Salary ($)	Bonus[(a)] ($)	Stock Awards[(b)] ($)	Non-Equity Incentive Plan Compensation[(c)] ($)	All Other Compensation[(d)] ($)	Total ($)
William W. Lovette	2015	1,038,462	—	—	4,537,000	977,875	6,553,337
Chief Executive Officer and President	2014	1,000,000	—	2,019,347	6,263,742	2,989	9,286,078
	2013	1,000,000	—	1,783,762	2,361,506	3,050	5,148,318
Fabio Sandri	2015	415,385	420,150	—	800,000	377,010	2,012,545
Chief Financial Officer	2014	399,700	500,000	757,262	776,000	1,020	2,433,982
	2013	377,885	—	689,971	548,625	1,533	1,618,014

(a) The Compensation Committee awarded a discretionary cash bonus of $420,150. See “Compensation Discussion and Analysis - Compensation to Fabio Sandri.”

(b) In February 2015, Mr. Lovette and Mr. Sandri received performance-based awards under the 2015 Program that would be settled for RSUs if the awards were earned. At the date of receipt of the grants, the outcome of achieving the performance conditions was deemed improbable in accordance with Accounting Standards Codification Topic 718, *Compensation - Stock Compensation* (“ASC 718”). Had the awards been earned at the maximum level, they would have been valued at $1,357,412 and $542,965 for Mr. Lovette and Mr. Sandri, respectively, based on the closing price of the Company’s common stock on February 26, 2015 ($27.51 per share). See “Compensation Discussion and Analysis - Components of Compensation - Long-Term Incentive Compensation,” “Compensation Discussion and Analysis - Compensation to William W. Lovette - Long-Term Incentive Compensation” and “Compensation Discussion and Analysis - Compensation to Fabio Sandri - Long-Term Incentive Compensation” for discussions of the applicable performance conditions. No awards were earned with respect to 2015.

(c) The amounts received by Mr. Lovette and Mr. Sandri for 2015 reflect cash bonuses received pursuant to the STIP. See “Compensation Discussion and Analysis - Compensation to William W. Lovette - Base Salary and Annual Incentive Compensation” and “Compensation Discussion and Analysis - Compensation to Fabio Sandri - Base Salary and Annual Incentive Compensation” for a discussion of the performance metrics related to these STIP awards.

(d) For 2015, the “All Other Compensation” column includes the following items of compensation:

i. In connection with a $1.5 billion special cash dividend by the Company to its stockholders, Mr. Lovette and Mr. Sandri were granted RSUs valued on the date of grant at $964,801 (34,359 RSUs) and $374,082 (13,322 RSUs), respectively, which were equal to the amount of the dividend that would have been awarded to them had their RSU awards existing at the time of the dividend been vested. The RSUs that were granted to Mr. Lovette and Mr. Sandri are subject to the same vesting requirements as the underlying RSUs granted under the LTIP.

ii. The Company provided Mr. Lovette personal use of Company-owned aircraft in the amount $8,988.

iii. Section 79 income to the named individuals due to group term life insurance in the following amounts: William W. Lovette, $2,322; Fabio Sandri, $420.

iv. The Company reimburses employees for a portion of their long-term disability premium cost. William W. Lovette received $564 for a portion of his long-term disability premium cost.

v. The Company provides a cell phone stipend to employees to cover business use on personal cell phones. The named individuals received stipends in the following amounts: William W. Lovette, $1,200; Fabio Sandri, $600.

vi. The Company provides matching 401(k) contributions. Fabio Sandri received $1,908 in matching contributions.

2015 Grants of Plan-Based Awards Table

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[(a)]			Estimated Future Payouts Under Equity Incentive Plan Awards [(b)]			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
William W. Lovette	2/26/2015	500,000	1,000,000	10,000,000	—	—	—	—	—
	2/26/2015	—	—	—	16,448	32,895	49,343	—	—
	2/17/2015	—	—	—	—	—	—	34,359	964,801
Fabio Sandri	2/26/2015	100,000	400,000	800,000	—	—	—	—	—
	2/26/2015	—	—	—	6,579	13,158	19,737	—	—
	2/17/2015	—	—	—	—	—	—	13,322	374,082

(a) The amounts reported in these columns reflect the threshold, target and maximum amounts available under the STIP. For each of Mr. Lovette and Mr. Sandri, threshold, target and maximum amounts under the STIP were determined by the Compensation Committee in March 2015. See “Compensation Discussion and Analysis - Compensation to William W. Lovette - Base Salary and Annual Incentive Compensation” and “Compensation Discussion and Analysis - Compensation to Fabio Sandri - Base Salary and Annual Incentive Compensation” for discussions of the applicable performance targets.

(b) In February 2015, Mr. Lovette and Mr. Sandri received performance-based awards under the 2015 Program that would be settled for RSUs if the awards were earned. At the date of receipt of the grants, the outcome of achieving the performance conditions was deemed improbable in accordance with ASC 718. Had the awards been earned at the maximum level, they would have been valued at $1,357,412 and $542,965 for Mr. Lovette and Mr. Sandri, respectively, based on the closing price of the Company’s common stock on February 26, 2015 ($27.51 per share). See “Compensation Discussion and Analysis - Components of Compensation - Long-Term Incentive Compensation,” “Compensation Discussion and Analysis - Compensation to William W. Lovette - Long-Term Incentive Compensation” and “Compensation Discussion and Analysis - Compensation to Fabio Sandri - Long-Term Incentive Compensation” for discussions of the applicable performance conditions. No awards were earned with respect to 2015.

2015 Outstanding Equity Awards at Fiscal Year-End

Name	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
William W. Lovette	—	—	176,728 (a)	3,974,613
Fabio Sandri	—	—	68,844 (b)	1,548,302

(a) Mr. Lovette received a grant of 55,809 restricted stock units under the LTIP in February 2014. The restricted stock units are scheduled to vest on December 31, 2017, subject to his continued employment with the Company through that date and other terms and conditions. Mr. Lovette received a grant of 120,919 restricted stock units under the LTIP in February 2014. The restricted stock units are scheduled to vest on December 31, 2016, subject to his continued employment with the Company through that date and other terms and conditions. For additional information, see "Compensation Discussion and Analysis - Compensation to William W. Lovette - Long Term Incentive Compensation."

(b) Mr. Sandri received a grant of 23,499 restricted stock units under the LTIP in February 2014. The restricted shares are scheduled to vest on December 31, 2017, subject to his continued employment with the Company through that date and other terms and conditions. Mr. Sandri received a grant of 45,345 restricted stock units under the LTIP in February 2014. The restricted shares are scheduled to vest on December 31, 2017, subject to his continued employment with the Company through that date and other terms and conditions. For additional information, see "Compensation Discussion and Analysis - Compensation to Fabio Sandri - Long Term Incentive Compensation."

2015 Option Exercises and Vested Stock Table

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
William W. Lovette	206,933 [a]	6,785,333 [b]
Fabio Sandri	77,612 [c]	2,544,897 [d]

(a) Mr. Lovette received a grant of 206,933 restricted stock units under the LTIP in February 2013. The restricted stock units vested on December 31, 2014.

(b) The realized value on vesting of the restricted shares of Pilgrim's Pride common stock awarded to Mr. Lovette was determined by reference to the closing price of the Company's common stock on December 31, 2014 ($32.79 per share).

(c) Mr. Sandri received a grant of 77,612 restricted stock units under the LTIP in February 2013. The restricted stock units vested on December 31, 2014.

(d) The realized value on vesting of the restricted shares of Pilgrim's Pride common stock awarded to Mr. Sandri was determined by reference to the closing price of the Company's common stock on December 31, 2014 ($32.79 per share).

Lovette Employment Terms

In December 2010, the Board approved the appointment of Mr. Lovette, as our Chief Executive Officer and President, effective January 3, 2011. In 2015, Mr. Lovette received an annual base salary of $1,038,462, and he was eligible to earn an annual cash bonus. The maximum bonus payable to Mr. Lovette with respect to 2015 performance was $10,000,000. In 2015, Mr. Lovette received a cash bonus of $4,537,000 with respect to 2015 performance. For information regarding Mr. Lovette's individual performance targets and bonus opportunity for 2015 under the STIP, see "Compensation Discussion and Analysis - Compensation to William W. Lovette - Base Salary and Annual Incentive Compensation." Mr. Lovette is also eligible to participate in the Company's other benefit plans that are generally available to the Company's senior officers.

Sandri Employment Terms

Fabio Sandri was appointed as the Company's Chief Financial Officer effective June 6, 2011. His appointment was approved by the Board of Directors on June 1, 2011. In 2015, Mr. Sandri was provided an annual base salary of $415,385 and is eligible to participate in the STIP with a bonus target equal to 100% of his annual base salary. For additional information regarding Mr. Sandri's bonus award, see "Compensation Discussion and Analysis - Components of Compensation - Annual Cash Incentive Compensation." Mr. Sandri is also eligible to participate in the Company's other benefit plans that are generally available to the Company's senior officers.

Short-Term Incentive Plan

The Company maintains the STIP, an annual incentive program providing for the grant of bonus awards payable upon achievement of specified performance goals. The STIP permits the grant of awards that are intended to qualify as deductible under section 162(m) of the Code. Full-time salaried, exempt employees of the Company and its affiliates who are selected by the administering committee, in its sole discretion, will be eligible to participate in the STIP. The awards under the STIP may be paid, at the option of the Compensation Committee, in cash, or in the Company's common stock, or in any combination of cash and common stock. The Compensation Committee currently administers the STIP and establishes performance periods under the STIP, which may be of varying and overlapping durations. For each performance period, the Compensation Committee may establish one or more objectively determinable performance goals, based upon one or more of a variety of performance criteria specified in the STIP. In addition, for bonus awards not intended to qualify as qualified performance-based compensation, the Compensation Committee may establish performance goals based on other performance criteria as it deems appropriate in its sole discretion. For 2015, both Mr. Lovette and Mr. Sandri participated in the STIP.

For each award under the STIP, the Committee, in its discretion, may make objectively determinable adjustments to one or more of the performance goals. Such adjustments may include or exclude one or more of the following: items that are extraordinary or unusual in nature or infrequent in occurrence, including one-time or non-recurring items; items related to a change in GAAP; items related to financing activities; expenses for restructuring or productivity initiatives; other nonoperating items; items related to acquisitions, including transaction-related charges and amortization; items attributable to the business operations of any entity acquired by the Company during the performance period; items related to the disposal of a business or segment of a business; items related to discontinued operations that do not qualify as a segment of a business under GAAP; taxes; stock-based compensation; noncash items; and any other items of significant income or expense which are determined to be appropriate adjustments.

Under the terms of the STIP, the maximum aggregate amount of all awards intended to constitute qualified performance-based compensation granted to a participant with regard to any fiscal year will not exceed $10,000,000.

Long Term Incentive Plan and 2015 Long-Term Incentive Program

The Company maintains the LTIP, which is administered by the Compensation Committee. The LTIP provides for the grant of a broad range of long-term equity-based and cash-based awards to the Company's officers and other employees, members of the Board and any consultants. The equity-based awards that may be granted under the LTIP include "incentive stock options," within the meaning of the Code, nonqualified stock options, stock appreciation rights, restricted stock awards, RSUs and other stock based awards. As of December 27, 2015, the maximum number of shares reserved for issuance under the LTIP was 5,155,700 shares and the maximum number of shares with respect to which awards of any and all types may be granted during a calendar year to any participant is limited, in the aggregate, to 5,000,000 shares. The maximum amount that may be paid in cash during any fiscal year with respect to any award (including any performance bonus award) is $10,000,000. Except as may otherwise be provided in any applicable award agreement or other written agreement entered into between the Company and a participant in the LTIP, if a "change in control" occurs and the participant's awards are not converted, assumed, or replaced by a successor entity, then immediately prior to the change in control the awards will become fully exercisable and all forfeiture restrictions on the awards will lapse.

Under the LTIP, a "change in control" generally includes (i) a direct or indirect sale or other disposition of the Company and its subsidiaries taken as a whole as an entirety or substantially as an entirety in one transaction or series of transactions, (ii) the consummation of any transaction (including a merger) to which the Company is a party the result of which is that immediately after such transaction the stockholders of the Company immediately prior to such transaction hold less than 50.1% of the total voting power generally entitled to vote in the election of directors of the person surviving such transaction, (iii) any "person" or "group" becomes the ultimate "beneficial owner" (each as defined in Rule 13d-3 of the Exchange Act) of more than 50% of the total voting power generally entitled to vote in the election of directors of the Company on a fully diluted basis, (iv) subject to specified exceptions and qualifications, during any two consecutive years, individuals who at the beginning of such period constituted the members of the Board cease for any reason to constitute a majority of the members of the Board then in office, or (v) the adoption of a plan for the liquidation or dissolution of the Company.

In the first quarter of 2015, the Compensation Committee approved the 2015 Program. Under the 2015 Program, participants received target awards equal to a specified percentage of their base salary, with such awards being converted to RSUs upon the Company's achievement of the performance goals under the 2015 Program. The performance criteria used in determining the percentage, if any, of the award target to be converted into RSUs was based on a combination of factors that were measured only in respect of the Company's performance during 2015.

In the first quarter of 2015, the Named Executive Officers were each granted a target performance-based award under the 2015 Program. These awards would convert to RSUs upon the Company's achievement of the performance goals under the 2015 Program. Following the end of 2015, the Compensation Committee reviewed the Company's performance in respect of the threshold goals under the 2015 Program and determined that the Company achieved the first threshold goal, with a PBT Margin of 12.136% for 2015. Additionally, the Company achieved the second threshold goal by having an EBIT delta, measuring its profitability relative to its peers as measured by the BoA Survey, greater than the EBIT delta of the fifth best performing company in the BoA Survey. However, the Company's EBIT delta was 2.26 cents per processed pound for 2015, which was less than the minimum EBIT delta required to receive the lowest award under the 2015 Program. As a result, the Compensation Committee did not grant any awards to the Named Executive Officers pursuant to the 2015 Program in 2015.

For additional information regarding the performance criteria for the 2015 Program, see "Compensation Discussion and Analysis - Components of Compensation - Long-Term Incentive Compensation."

401(k) Salary Deferral Plan

Our executive officers receive no special employee benefits. During 2015, our executive officers were eligible to participate on the same basis as other employees in the Company's 401(k) Plan. Contributions to the 401(k) Plan are made up of a 30% matching contribution on the first 6% of pay to the extent such contributions are not in excess of the Code limits on contributions to 401(k) plans. Under the 401(k) Plan, the Company may make additional matching contributions or other profit sharing contributions at its discretion. There were no discretionary contributions in 2015. All full-time employees in the U.S. are eligible to participate in the 401(k) Plan. We do not have any other pension plan for our executive officers. In 2015, Mr. Sandri participated in the 401(k) Plan.

2015 Potential Payments Upon Termination or Change-in-Control

The information below describes certain compensation that would be paid to William W. Lovette, our Chief Executive Officer, and Fabio Sandri, our Chief Financial Officer, in the event of a termination of their respective employment with the Company or under certain circumstances in the event of a change in control of the Company. Neither Named Executive Officer would receive any payments or benefits upon termination for cause. The Company also has no arrangements under which the Named Executive Officers would receive any payments or benefits upon a change in control of the Company other than immediate vesting under certain circumstances of RSUs granted to Mr. Lovette and Mr. Sandri under the LTIP. The amounts shown in the table below assume that such a termination of employment occurred on December 27, 2015.

Executive Officer / Element of Compensation	Termination due to Death or Disability ($)	Termination Other than for Cause, Death or Disability ($)	Change-in-Control ($)
William W. Lovette			
Severance payment[(a)]	—	2,000,000	—
Self-insured payments[(b)(c)]	346,154	—	—
Immediate vesting of RSUs[(d)]	—	—	3,974,613
Total for Mr. Lovette	346,154	2,000,000	3,974,613
Fabio Sandri			
Severance payment [(a)]	—	153,846	—
Self-insured payments[(b)]	138,462	—	—
Immediate vesting of RSUs[(d)]	—	—	1,548,302
Total for Mr. Sandri	138,462	153,846	1,548,302

(a) Calculated pursuant to the Severance Plan, as described below.

(b) Amounts in the table reflect lump-sum payments to be made by the Company. For termination due to death, Mr. Lovette's and Mr. Sandri's estates would also receive $500,000 and $400,000, respectively, from third party insurers.

(c) Mr. Lovette would also receive approximately $15,000 per month in long-term disability payments from third party insurers.

(d) As of December 27, 2015, Mr. Lovette and Mr. Sandri held 176,728 and 68,844 unvested RSUs, which were granted under the LTIP. The shares subject to the RSUs will vest immediately if a "change-in-control" occurs and the restricted stock is not converted, assumed or replaced by the successor entity. These amounts are calculated assuming that the market price per share of the Company's common stock on the date of the event was equal to the closing price of the Company's common stock on the last trading day of the fiscal year ended December 27, 2015 ($22.49).

Severance Plan

During 2015, we maintained the Severance Plan, pursuant to which we provided severance payments to eligible employees, including certain Named Executive Officers, if their employment was terminated "without cause." For the purposes of the Severance Plan, termination "for cause" means termination of employment because of (i) negligence or misconduct by the individual in the performance of his/her duties for the Company, (ii) non-performance by the individual of his/her duties for the Company, (iii) the individual's conviction for or admission of a felony offense, or the individual's indictment for a criminal offense involving or relating to the business of the Company, (iv) excessive tardiness or absenteeism pursuant to Company policies, (v) act of fraud, dishonesty, or embezzlement by the individual with respect to the Company, or (vi) misconduct by the individual, which, in the judgment of the Company, brings the reputation of the Company into disrepute or causes the individual to be unable to perform his/her duties.

The Severance Plan does not cover termination due to death, disability or retirement, termination for cause or termination at the end of the leave of absence that exceeded the maximum permitted by the Company. Under the Severance Plan, in exchange for signing an enforceable waiver and release agreement, upon termination without cause, a Named Executive Officer was entitled to receive as severance pay a lump-sum amount equal to: one week per year of service with the Company, plus a minimum of 16 supplemental weeks (in addition to years of service amount), with a total maximum of 52 weeks of pay. In addition, if the Company provided less than two weeks notice of termination without cause, an executive officer would have been entitled up to two additional weeks of severance in lieu of notice. Additional benefits available to eligible employees under the Severance Plan included career transition services as determined by the Company, including without limitation, written materials, company-sponsored training and job fairs. Both Mr. Lovette and Mr. Sandri are eligible participants under the Severance Plan.

Compensation Risks

The Company has reviewed and assessed our compensation policies and practices to determine whether they are reasonably likely to have a material adverse effect on the Company. The Company's management reviews compensation policies for the presence of certain elements that could encourage employees to take unnecessary or excessive risks; the ratios and level of incentive to fixed compensation, annual to long-term compensation and cash to equity compensation; and the comparison of compensation expense to earnings of the Company. Management's assessment of the Company's compensation policies is reviewed by the Compensation Committee as part of its risk oversight function.

The Company believes that its compensation programs for employees and executive officers are appropriately tailored to encourage employees to grow our business, but not to encourage them to do so in a way that poses unnecessary or excessive material risk. In particular, in 2015, the Company's compensation programs were designed to provide the following:

- elements that balance short-term and long-term compensation;
- for our executive officers, incentive compensation that rewards performance based on Company performance; and
- compensation with fixed and variable components.

As a result, the Company believes that executive officers and key employees receive a balance between competitive remuneration to encourage retention and compensation designed to provide opportunities to earn more by successfully executing our business strategy. The Company believes the design of these programs encourages our executive officers and key employees to perform at high levels and maximize Company performance without focusing exclusively on compensation performance metrics to the detriment of other important business metrics.

The Company also believes that its compensation program does not encourage excessive risk taking because the above compensation elements coupled with equity ownership in the Company provide a proper mix between long and short-term incentives. A significant portion of the Named Executive Officers' total compensation is performance-based and tied to the profitability of the Company. Specifically, in 2015, each of Mr. Lovette and Mr. Sandri were eligible to receive an annual cash bonus payable based on the Company's PBT Margin. Additionally, Mr. Lovette and Mr. Sandri each has been granted equity awards and currently owns a level of equity that the Company believes provides sufficient long-term incentives. The Company believes that the Named Executive Officers' beneficial ownership of Pilgrim's Pride common stock, which encourages long-term focus on sustainable performance, aligns their interests with those of our stockholders.

Overall, the Company concluded that there were no risks arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

During 2015, the members of the Compensation Committee were Wesley Mendonça Batista, Michael L. Cooper and Wallim Cruz de Vasconcellos Junior. No member of the Committee was, during 2015, an officer, former officer or employee of the Company or any of our subsidiaries. Wesley Mendonça Batista is a member of the Batista family, which ultimately controls JBS. See "Related Party Transactions - Certain Transactions" for more information on the Company's transactions with JBS. We did not have any compensation committee interlocks in 2015.

2015 DIRECTOR COMPENSATION TABLE

The following table sets forth certain information with respect to our director compensation for the fiscal year ended December 27, 2015. Compensation information for Mr. Lovette is set forth above under "Executive Compensation - Summary Compensation Table." Gilberto Tomazoni, Joesley Mendonça Batista, Wesley Mendonça Batista, Andre Nogueira de Souza and William W. Lovette did not receive any compensation solely for service as Directors.

Director	Fees Earned or Paid in Cash	All Other Compensation	Total
David E. Bell	$ 150,500	$ —	$ 150,500
Michael L. Cooper	199,000	—	199,000
Charles Macaluso	168,000	—	168,000
Wallim Cruz Vasconcellos Junior	184,000	—	184,000

Under the Company's current compensation program for Directors (the "Program"), directors who are employed by the Company or any of its subsidiaries will not receive any additional compensation for their services as directors. The Program provides that each non-employee Director will receive an annual retainer of $140,000, paid quarterly in arrears, composed of $70,000 in cash with the remainder consisting of either cash or a combination of cash and equity awards to be determined by the Board. During 2015, the entire retainer was paid in cash. In addition, non-employee directors each receive $1,500 per Board meeting they attend in person, plus expenses. The Chairmen of the Audit Committee and Compensation Committee each receive $15,000 supplemental annual compensation, and other members of those committees each receive an additional $10,000 per year. The Chairmen of other Board committees each receive $10,000 supplemental annual compensation, with other members of such committees each receiving an additional $5,000 per year. Committee Chairmen and other committee members each also receive $1,500 and $1,000, respectively, per committee meeting they attend in person, plus expenses.

RELATED PARTY TRANSACTIONS

Related Party Transactions Policy

During 2015, in accordance with its Charter, our Audit Committee was responsible for reviewing and approving the terms and conditions of all proposed transactions between us and any of our officers or Directors, or relatives or affiliates of any such officers or Directors. Furthermore, our restated certificate of incorporation provides that all transactions required to be disclosed under Item 404 of Regulation S-K under the Exchange Act ("related party transactions") must first be reviewed, evaluated and approved by the Audit Committee or other committee comprised solely of independent directors, such approval to be evidenced by a resolution stating that such committee has, in good faith, unanimously determined that such transaction complies with the provisions of our certificate of incorporation governing related party transactions. Any Audit Committee or other independent body member who was or is not independent with respect to a related party transaction under review has been required by our Audit Committee Charter to disclose his or her lack of independence to the remaining committee members and abstain from the review and approval of that transaction.

Certain Transactions

During 2015, we were a party to certain transactions with our current Directors and executive officers. These transactions, along with all other related party transactions, received the approval of the current Audit Committee or, in the case of transactions entered into prior to our emergence from bankruptcy, the Audit Committee in existence at that time. Company management analyzed the terms of all contracts entered into with related parties and believed that they were substantially similar to, and contained terms not less favorable to us than, those obtainable from unaffiliated parties.

On January 19, 2010, we entered into an agreement with JBS USA Food Company ("JBS USA"), a subsidiary of JBS, in order to allocate costs associated with the procurement of SAP licenses and maintenance services by JBS USA for both JBS USA and the Company. Under this agreement, the fees associated with procuring SAP licenses and maintenance services are allocated between the Company and JBS USA in proportion to the percentage of licenses used by each company. The agreement expires on the date of expiration, or earlier termination, of each underlying SAP license agreement.

On May 5, 2010, we also entered into an agreement with JBS USA in order to allocate the costs of supporting the business operations by one consolidated corporate team, which had historically been supported by their respective corporate teams. Expenditures paid by JBS USA on behalf of the Company will be reimbursed by the Company, and expenditures paid by the Company on behalf of JBS USA will be reimbursed by JBS USA. This agreement expires on December 31, 2016. During 2015, JBS USA incurred approximately $40.6 million in expenditures paid on our behalf, including the procurement and maintenance of SAP licenses. During 2015, we incurred approximately $4.0 million in expenditures paid on behalf of JBS USA.

We routinely enter transactions to purchase products from JBS USA and to sell our products to them. During 2015, our purchases from JBS USA totaled $103.5 million and our sales to JBS USA totaled $21.7 million. In 2015, the Company also purchased products from Seara International Ltd. and Macedo Agroindustrial Ltda. in the amounts of $2.8 million and $60.0 thousand, respectively. In the same year, the Company also sold products to JBS Global (UK) Ltd. and JBS Chile Ltda., both affiliates of JBS, in the amounts of $0.3 million and $0.1 million, respectively.

On June 23, 2011, the Company entered into a Subordinated Loan Agreement (the "Subordinated Loan Agreement") with JBS USA Holdings. Pursuant to the terms of the Subordinated Loan Agreement, the Company agreed to reimburse JBS USA Holdings up to $56.5 million for draws upon any letters of credit issued for JBS USA Holdings' account that support certain obligations of the Company or its subsidiaries. JBS USA Holdings agreed to arrange for letters of credit to be issued on its account in the amount of $56.5 million to an insurance company serving the Company in order to allow that insurance company to return cash it held as collateral against potential liability claims. In return for providing these letters of credit, the Company has agreed to reimburse JBS USA Holdings for the letter of credit cost the Company would otherwise incur under its revolving credit agreement. The total amount reimbursed by the Company for 2015, 2014 and 2013 to JBS USA Holdings was $1.3 million, $1.3 million and $2.2 million, respectively. As of December 27, 2015, the Company has accrued an obligation of $0.1 million to reimburse JBS USA Holdings for letter of credit costs incurred on its behalf. There remains no other commitment to make advances by JBS USA Holdings under the Subordinated Loan Agreement.

The Company entered into a tax sharing agreement during 2014 with JBS USA Holdings effective for tax years starting 2010. A net tax receivable due from JBS USA Holdings in the amount of $3.7 million for tax year 2015 was accrued in 2015.

William D. Lovette is the son of the Company's Chief Executive Officer and President and is employed as the Company's Head of Operations - Prepared Foods. During fiscal year 2015, his annual cash compensation was $454,928. During fiscal year 2014, his annual cash compensation was $454,247. He was also awarded a target award of 5,875 RSUs under the 2014 Program. During fiscal year 2013, his annual cash compensation was $232,975. He was also awarded a target award of 7,860 RSUs under the 2013 Program. William D. Lovette's employment with the Company was approved by the Audit Committee.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEE INFORMATION

Audit Fees

Fees for audit services totaled $1,609,560 in 2015, $1,340,457 in 2014 and $1,188,777 in 2013. Fees were incurred for the annual audit, the audit of internal controls over financial reporting (i.e., the Sarbanes-Oxley 404 Audit), the reviews of our quarterly reports on Form 10-Q, statutory audits required in Mexico and assistance with registration statements and accounting consultations.

Audit-Related Fees

We incurred no fees for audit-related services during 2015, 2014 or 2013. Audit-related services principally include transaction assistance, Sarbanes-Oxley 404 assistance and employee benefit plan audits.

Tax Fees

Fees for tax services totaled $16,000 in 2015, $68,100 in 2014 and $85,500 in 2013. Tax-related services principally included assistance with a tax return for two of our captive insurance subsidiaries and tax advice related to our Mexico subsidiaries in 2015, 2014 and 2013.

All Other Fees

Fees for information technology services totaled $139,000 in 2015. We incurred no fees for other services not included above during 2014 or 2013.

The Audit Committee pre-approved all audit and non-audit fees of the independent registered public accounting firm during 2015, 2014 and 2013.

Pre-Approval Policies and Procedures

In accordance with its Charter, our Audit Committee has established policies and procedures by which it approves in advance any audit and permissible non-audit services to be provided by our independent registered public accounting firm. Under these procedures, prior to the engagement of the independent registered public accounting firm for pre-approved services, requests or applications for the independent registered public accounting firm to provide services must be submitted to our Chief Financial Officer, or his designee, and the Audit Committee and must include a detailed description of the services to be rendered. The Chief Financial Officer, or his designee, and the independent registered public accounting firm must ensure that the independent registered public accounting firm is not engaged to perform the proposed services unless those services are within the list of services that have received the Audit Committee's pre-approval and must cause the Audit Committee to be informed in a timely manner of all services rendered by the independent registered public accounting firm and the related fees.

Requests or applications for the independent registered public accounting firm to provide services that require additions or revisions to the 2015 pre-approval will be submitted to the Audit Committee (or any Audit Committee members who have been delegated pre-approval authority) by the Chief Financial Officer or his designee. Each request or application must include:

- a recommendation by the Chief Financial Officer (or designee) as to whether the Audit Committee should approve the request or application; and
- a joint statement of the Chief Financial Officer (or designee) and the independent registered public accounting firm as to whether, in their view, the request or application is consistent with the SEC's regulations and the requirements for auditor independence of the Public Company Accounting Oversight Board.

The Audit Committee also will not permit the engagement to provide any services to the extent that the SEC has prohibited the provision of those services by independent registered public accounting firms.

The Audit Committee delegated authority to the Chairman of the Audit Committee to:

- pre-approve any services proposed to be provided by the independent registered public accounting firm and not already pre-approved or prohibited by this policy up to $25,000;
- increase any authorized fee limit for pre-approved services (but not by more than 30% of the initial amount that was pre-approved) before we or our subsidiaries engage the independent registered public accounting firm to perform services for any amount in excess of the fee limit; and
- investigate further the scope, necessity or advisability of any services as to which pre-approval is sought.

The Chairman of the Audit Committee is required to report any pre-approval or fee increase decisions to the Audit Committee at the next committee meeting.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibilities for general oversight of the integrity of the Company's financial statements, our compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and the independent registered public accounting firm, risk assessment and risk management. The Audit Committee manages the Company's relationship with its independent registered public accounting firm (who reports directly to the Audit Committee). The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and to receive appropriate funding, as determined by the Audit Committee, from the Company for such advice and assistance.

The Company's management has primary responsibility for preparing our financial statements and for our financial reporting process. Our independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with the Company's management.

2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Accounting Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU Section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

3. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

4. Based on the review and discussions set forth above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's annual report on Form 10-K for the year ended December 27, 2015 that was filed with the SEC and that accompanies this proxy statement.

The undersigned members of the Audit Committee have submitted this report to the Board of Directors.

<u>Audit Committee</u>
Michael L. Cooper, Chairman
Charles Macaluso
Wallim Cruz De Vasconcellos Junior

PROPOSAL 4. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Board of Directors recommends the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year end December 25, 2016. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider its selection.

Representatives of KPMG LLP are expected to be present at the Annual 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.

Our Board of Directors recommends that you vote FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year end December 25, 2016. Proxies will be so voted unless stockholders specify otherwise.

Financial Statements Available

Our annual report on Form 10-K for the fiscal year ended December 27, 2015 is being mailed concurrently with this proxy statement. The annual report does not form any part of the material for the solicitation of proxies. Upon written request of a stockholder, the Company will furnish, without charge, a copy of our annual report. If you would like a copy of the annual report, please contact Pilgrim's Pride Corporation, at: 1770 Promontory Circle, Greeley, Colorado 80634 Attn: Investor Relations. In addition, financial reports and recent filings with the SEC are available on the Internet at www.sec.gov. Company information is also available on the Internet at http://www.pilgrims.com. Information contained on the website is not part of this proxy statement.

SECURITY OWNERSHIP

The following table sets forth, as of March 10, 2016, certain information with respect to the beneficial ownership of our common stock by (i) each person known by us to own more than 5% of the outstanding shares of our common stock (the only class of voting securities outstanding); (ii) each of our Directors, including employee Directors; (iii) our Named Executive Officers; and (iv) all of our current Directors and executive officers as a group. Shares are beneficially owned when the person holding the shares has voting or investment power over the shares or the right to acquire voting or investment power within 60 days. Voting power is the power to vote the shares. Investment power is the power to direct the sale or other disposition of the shares.

Name and Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Outstanding Common Stock	Percent of Voting Power
JBS USA Holding Lux S.à r.l.[(a)]	195,445,936	76.70%	76.70%
6, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg			
Wesley Mendonça Batista[(a)]	195,445,936	76.70%	76.70%
6, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg			
Joesley Mendonça Batista[(a)]	195,445,936	76.70%	76.70%
6, rue Jean Monnet L-2180 Luxembourg Grand-Duchy of Luxembourg			
William W. Lovette	302,993	*	*
Fabio Sandri	68,630	*	*
Michael L. Cooper	4,885	*	*
David E. Bell	2,000	*	*
Gilberto Tomazoni	—	*	*
Charles Macaluso	—	*	*
Andre Nogueira de Souza	—	*	*
Wallim Cruz De Vasconcellos Junior	—	*	*
All executive officers and Directors as a group (10)[(a)]	195,824,444	76.85%	76.85%

* Less than 1%.

(a) JBS USA Holding Lux S.à r.l. (formerly known as JBS USA Holdings, Inc. ("JBS Lux")) is a wholly owned, indirect subsidiary of JBS and indirectly beneficially owns 195,445,936 shares of our common stock. JBS is ultimately controlled by the Batista family, which is comprised of José Batista Sobrinho, the founder of JBS, Flora Mendonça Batista, and five of their children, Valére Batista Mendonça Ramos, Vanessa Mendonça Batista, Wesley Mendonça Batista, Joesley Mendonça Batista and Vivianne Mendonça Batista Silveira. The Batista family indirectly owns 78.78% of the issued and outstanding shares of J&F Investimentos S.A., a Brazilian corporation, which owns 100% of FB Participações S.A, a Brazilian corporation, which owns approximately 42.2% of the outstanding capital of JBS. Additionally, the Batista family controls Banco Original S.A., a Brazilian corporation which owns 0.19% of the outstanding capital of JBS. Wesley Mendonça Batista and Joesley Mendonça Batista are members of our Board of Directors, members of the Batista family and, through J&F Investimentos S.A. and Banco Original S.A., each beneficially owns shares of our common stock through their controlling interest in JBS. As a result of the ownership structure and other relationships described above, as of March 10, 2016, each of JBS Lux, Wesley Mendonça Batista and Joesley Mendonça Batista is the beneficial owner, with shared voting and dispositive power, of 195,445,936 shares of our common stock.

Equity Compensation Plan Information

The following table provides certain information about our common stock that may be issued under our equity plans as of December 27, 2015.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Option, Warrants and Rights ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (#)
Equity compensation plans approved by securities holders	—	—	5,155,700[(a)]
Equity compensation plans not approved by securities holders	—	—	—
Total	—	—	5,155,700

(a) Represents shares of our common stock that may be issued under the LTIP. As of December 27, 2015, the Company has granted an aggregate of 102,675 shares of restricted stock and 1,444,693 RSUs under the LTIP. As of December 27, 2015, no other awards have been issued under the LTIP. For additional information concerning terms of the LTIP, see "Compensation Discussion and Analysis - Components of Compensation - Long Term Incentive Plan" and "Executive Compensation - Long Term Incentive Plan."

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 our common stock, to file reports of ownership and changes in ownership with the SEC and the stock exchange in which our common stock is listed. Officers, Directors and persons who own more than ten percent of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms, we believe that all applicable filing requirements applicable to our officers, Directors and persons who own more than ten percent of our common stock were complied with for the fiscal year ended December 27, 2015.

HOUSEHOLDING OF STOCKHOLDER MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this proxy statement or annual report to stockholders may have been sent to multiple stockholders in the same household. We will promptly deliver a separate copy of either document to any stockholder who requests orally or by writing to our Investor Relations Department at the following address: 1770 Promontory Circle, Greeley, Colorado 80634 or by telephoning (970) 506-8192. Any stockholder who currently is receiving multiple copies and would like to receive only one copy for his or her household should contact his or her bank, broker or other nominee record holder.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 29, 2016

This proxy statement and the Company's 2015 Annual Report are also available electronically on our hosted website. You may view these directly at: www.envisionreports.com/PPC.

To access and review the materials made available electronically:

1. Go to www.envisionreports.com/PPC.
2. Enter the 12-digit control number located on the proxy card.
3. Click "View Stockholder Material."

We encourage you to review all of the important information contained in the proxy materials before voting.

OTHER BUSINESS

The Board of Directors is not aware of, and it is not anticipated that there will be presented at the Annual Meeting, any business other than the proposals regarding the election of the Directors, a stockholder advisory vote on executive compensation and the ratification of the appointment of KPMG LLP as our independent registered public accounting firm described above. If other matters properly come before the Annual Meeting, the persons named on the accompanying proxy card will vote the returned proxies as the Board of Directors recommends.

By order of the Board of Directors,

WILLIAM W. LOVETTE
Chief Executive Officer and President

Greeley, Colorado
March 24, 2016

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Pilgrim's®

Dear Fellow Pilgrim's Stockholders:

Fiscal 2015, for us, was a year full of achievements, but also some challenges. In spite of the headwinds, especially from international markets, our team members delivered margins that are above past periods when prices were at similar levels. Our performance is commendable, and is a confirmation of the benefits of our portfolio strategy. During fiscal year 2015, we recognized Net Revenues of $8.18 billion for the year while generating Net Income of $646 million, and an Adjusted Earnings Per Share* of $2.60. Our adjusted EBITDA* (Earnings Before Interest, Taxes Depreciation and Amortization) reached $1.21 billion, or a 14.9% margin, reflecting a consistent solid year-on-year performance.

Our portfolio approach, with well-balanced exposure to all bird sizes and diversified customer segments, was responsible for maintaining our results at a higher level. Our leadership on the case ready and small bird operations was a significant contributor, compensating for the challenges in exports and some of the weakest cutout values in recent years.

To support our growth initiatives with key customers while ensuring the sustainability and quality improvements of our operations, we are re-investing cash flow back into the business by deploying a targeted capital spending plan during Q4 2015 and throughout 2016. Internationally, we are pleased with the progress of our value-added strategy by further diversifying our product mix, developing access to new markets, and pursuing opportunities to enter new sales channels. We are expanding in Mexico through acquisitions and greenfield to serve the strong growth in demand for poultry, which positions us to be a much stronger player across all geographies in Mexico.

Also, during 2015, we paid out $1.5 billion in special dividend, repurchased $99.2 million in shares, and generated $180 million in improvements, to maximize shareholder value creation while improving alignment with our strategy of becoming a valuable partner with key customers, and the relentless pursuit of operational excellence.

Though we are pleased with our 2015 results, we want to continue our vision to be the best managed and most respected company in our industry. With our portfolio approach and our high growth strategy in place, we are excited about the opportunities for 2016 as we remain committed to maximize return on capital, and continue working on factors within our control.

Thank you for your continued support through this process.

Wm W. Lovette

William W. Lovette
Chief Executive Officer and President
March 24, 2016

* As defined in our reconciliation to GAAP within our annual report on Form 10-K for the period ended December 27, 2015.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 27, 2015

OR

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

For the transition period from __________ to __________

Commission File number 1-9273

Pilgrim's®

PILGRIM'S PRIDE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	75-1285071
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1770 Promontory Circle, Greeley, Colorado	80634-9038
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(970) 506-8000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, Par Value $0.01	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the Registrant's Common Stock, $0.01 par value, held by non-affiliates of the Registrant as of June 26, 2015, was $1,527,547,968. For purposes of the foregoing calculation only, all directors, executive officers and greater than 10% beneficial owners have been deemed affiliates. Number of shares of the Registrant's Common Stock outstanding as of February 11, 2016 was 254,823,286.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this annual report.

PILGRIM'S PRIDE CORPORATION
FORM 10-K
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PART I

Forward Looking Statements

Certain written and oral statements made by our Company and subsidiaries of our Company may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. This includes statements made herein, in our other filings with the SEC, in press releases, and in certain other oral and written presentations.

Statements of our intentions, beliefs, expectations or predictions for the future, denoted by the words "anticipate," "believe," "estimate," "expect," "plan," "project," "imply," "intend," "should," "foresee" and similar expressions, are forward-looking statements that reflect our current views about future events and are subject to risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include those described under "Risk Factors" below and elsewhere in this annual report.

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

In making these statements, we are not undertaking, and specifically decline to undertake, any obligation to address or update each or any factor in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have caused changes in information contained in previous filings or communications. The risks described below are not the only risks we face, and additional risks and uncertainties may also impair our business operations. The occurrence of any one or more of the following or other currently unknown factors could materially adversely affect our business and operating results.

Item 1. Business

Company Overview

Pilgrim's Pride Corporation (referred to herein as "Pilgrim's," "PPC," "the Company," "we," "us," "our," or similar terms), which was incorporated in Texas in 1968 and reincorporated in Delaware in 1986, is the successor to a partnership founded in 1946 as a retail feed store. JBS S.A., through its indirect wholly-owned subsidiaries (together, "JBS") beneficially owns 76.7% of our outstanding common stock. We are one of the largest chicken producers in the world with operations in the United States ("U.S."), Mexico and Puerto Rico. We are primarily engaged in the production, processing, marketing and distribution of fresh, frozen and value-added chicken products to retailers, distributors and foodservice operators. We offer a wide range of products to our customers through strong national and international distribution channels. Pilgrim's fresh chicken products consist of refrigerated (non-frozen) whole chickens, whole cut-up chickens and selected chicken parts that are either marinated or non-marinated. The Company's prepared chicken products include fully cooked, ready-to-cook and individually frozen chicken parts, strips, nuggets and patties, some of which are either breaded or non-breaded and either marinated or non-marinated.

We market our balanced portfolio of fresh, prepared and value-added chicken products to a diverse set of over 5,000 customers across the U.S., Mexico and in approximately 90 other countries, with no single customer accounting for more than 10% of total sales. We have become a valuable partner to our customers and a recognized industry leader by consistently providing high-quality products and services designed to meet their needs and enhance their business. Our sales efforts are largely targeted towards the foodservice industry, principally chain restaurants and food processors such as Chick-fil-A® and Yum! Brands®, distributors such as US Foods and Sysco® and retail customers, including grocery store chains and wholesale clubs such as Kroger®, Wal-Mart®, Costco®, Publix®, Albertsons®, H-E-B® and Sam's Club®.

As a vertically integrated company, we control every phase of the production process, which helps us better manage food safety and quality, as well as more effectively control margins and improve customer service. We operate feed mills, hatcheries, processing plants and distribution centers in 12 U.S. states, Puerto Rico and Mexico. Our plants are strategically located to ensure that customers timely receive fresh products. With our global network of approximately 4,130 growers, 35 feed mills, 40 hatcheries, 30 processing plants, six prepared foods cook plants, 23 distribution centers, eight rendering facilities and three pet food plants, we believe we are well positioned to supply the growing demand for our products.

We are one of the largest, and we believe one of the most efficient, producers and sellers of chicken in Mexico. Our presence in Mexico provides access to a market with growing demand and has enabled us to leverage our operational strengths within the region. The market for chicken products in Mexico is still developing, with most sales attributed to fresh, commodity-oriented, market price-based business. We believe our Mexico business is well positioned to continue benefiting from these trends in the Mexican consumer market. Additionally, we are an important player in the live market, which accounted for approximately

25% of the industry's chicken sales in Mexico in 2015. On June 29, 2015, we acquired 100% of the equity of Provemex Holding LLC and its subsidiaries (together, "Tyson Mexico") from Tyson Foods, Inc. and certain of its subsidiaries. Tyson Mexico is a vertically integrated poultry business based in Gomez Palacio, Durango, Mexico. The acquired business has a production capacity of three million birds per week in its three plants and currently employs more than 4,500 people in its plants, offices and seven distribution centers. The acquisition further strengthens our strategic position in the Mexico chicken market.

We have approximately 39,000 employees and have the capacity to process more than 37.0 million birds per week for a total of more than 10.8 billion pounds of live chicken annually. In 2015, we produced 7.9 billion pounds of chicken products, generating approximately $8.2 billion in net sales and approximately $645.9 million in net income attributable to Pilgrim's.

We operate on the basis of a 52/53-week fiscal year that ends on the Sunday falling on or before December 31. The reader should assume any reference we make to a particular year (for example, 2015) applies to our fiscal year and not the calendar year. Fiscal 2015 was a 52-week fiscal year.

Our Industry

Industry Overview

The U.S. consumes more chicken than any other protein (approximately 33.9 billion pounds projected in calendar year 2016 according to the U.S. Department of Agriculture ("USDA")), and chicken is the second most consumed protein globally after pork. The U.S. is the world's largest producer of chicken and is projected to produce approximately 40.5 billion pounds of ready-to-cook broiler meat in calendar year 2016, representing 20.6% of the total world production. Broilers are tender, young chickens suitable for broiling or roasting. Brazil and China produce the second and third most broiler meat, with 15.1% and 14.7% of the world market, respectively, according to the USDA.

According to the USDA, the export of U.S. chicken products increased at an average annual growth rate of 3.9% from 2004 through 2014. The U.S. is the second-largest exporter of broiler meat behind Brazil. The U.S. is projected to export 6.9 billion pounds in calendar year 2016, which would account for 30.1% of the total world exports and 17.5% of the total U.S. production, according to the USDA. The top five exporters are projected to control over 86.4% of the market in 2016.

According to the USDA, chicken production in the U.S. increased from 2004 through 2014 at a compounded annual growth rate of 1.1%. The growth in chicken demand is attributable to (i) relative affordability compared to other proteins such as beef and pork, (ii) the increasingly health conscious nature of U.S. consumers, (iii) chicken's consistent quality and versatility and (iv) its introduction on many foodservice menus. In addition, global protein demand continues to be strong, consistent with rising standards of living and a growing middle class in developing countries around the world. USDA estimates from 2010 through 2020 show an anticipated increase of global chicken demand of 29%, 81% of which is expected to come from emerging markets. We believe our relationship with JBS positions us to capture a portion of those emerging markets.

Key Industry Dynamics

Pricing. Items that influence chicken pricing in the U.S. include international demand, changes in production by other broiler producing countries, input costs and the demand associated with substitute products such as beef and pork. We believe our focus on sales mix enables us to adapt to changing supply demand dynamics by adjusting our production to maximize value. We also benefit from a shorter production lifecycle of broilers compared to other proteins. While production for cattle takes approximately 28 to 39 months from breeding to slaughter and the production for pork takes 11 to 12 months, the production lifecycle for the broiler is only ten weeks.

Feed. Broilers are fed corn and soybean meal as well as certain vitamins and minerals. Corn and soybean meal accounted for approximately 46.0% and 35.1% of our feed costs, respectively, in 2015. Broiler production is significantly more efficient from a feed perspective than cattle or hog production. Approximately two pounds of feed are required for each pound of chicken, as compared to approximately seven and 3.5 pounds for cattle and hogs, respectively. We have sought to mitigate the impact of feed price volatility on our profitability by decreasing the amount of our products that are sold under longer term fixed price contracts, broadening our product portfolio and expanding the variety of contracts within our book of business.

Competitive Strengths

We believe that our competitive strengths will enable us to maintain and grow our position as a leading chicken company and to capitalize on future favorable growth opportunities:

Leading market position in the growing chicken industry. We are one of the largest chicken producers globally and a leading chicken producer in the U.S. with an approximate 17.0% market share, based on ready-to-cook production in 2014, according to *WATTPoultryUSA* magazine. We believe we can maintain this prominent market position as we are one of the few producers in the chicken industry that can fully satisfy the requirements of large retailers and foodservice companies due to our broad product range, national distribution, vertically integrated operations and technical capabilities. Further, our scale of operations, balanced product portfolio and a wide range of production capabilities enable us to meet both the capacity and quality requirements of our customer base. Finally, we believe we are well positioned with our global footprint to benefit from the growth in the U.S. chicken export market.

Broad product portfolio. We have a diversified product portfolio ranging from large to small birds and from fresh to cooked to processed chicken. In addition, our prepared foods business is focused on our most profitable product lines. We believe we are well positioned to be the primary chicken supplier for large customers due to our ability to provide consistent supply, innovate and develop new products to address consumer desires and provide competitive pricing across a diverse product portfolio. Our balanced portfolio of fresh, prepared and value-added chicken products yields a diversified sales mix, mitigating supply and market volatility and creating more consistent gross margins.

Blue chip and diverse customer base across all industry segments. We benefit from strong relationships with leading companies in every customer segment, including Chick-fil-A®, Sysco®, US Foods, Yum! Brands®, Kroger®, Wal-Mart®, Costco®, Publix®, Albertsons®, H-E-B®, Sam's Club® and ConAgra Foods®, most of whom have been doing business with us for more than five years. We sell our products to a large and diverse customer base, with over 5,000 customers, with no single one accounting for more than 10% of total sales.

Lean and focused enterprise. We are an efficient and lean organization supported by our market-driven business strategy. Since 2008, we have closed, idled or sold 14 plants and 14 distribution centers, reduced or consolidated production at other facilities, streamlined our workforce and reduced administrative and corporate expenses. In addition, we continue to seek to make significant production improvements driven by improved yields, labor, cost savings and product mix. We utilize zero-based budgeting and plant-level profit and loss analysis, driving engagement and ownership over the results at each plant. These strategic initiatives have reduced our cost base, resulting in higher and more sustainable profits. We share corporate headquarters with JBS in Greeley, Colorado, and have integrated certain corporate functions with JBS to save costs.

Robust cash flow generation with disciplined capital allocation. Our leading market position, strong customer relationships and highly efficient operations help drive attractive and we believe sustainable margins. We also have a proven track record of disciplined capital allocation. We have spent approximately $554 million since 2011 in capital spending towards identified projects with rapid payback, further driving our profitability. Since the end of 2011, we have also reduced our net debt from over $1.4 billion to $575 million at the end of 2015.

Experienced management team and results-oriented corporate culture. We have a proven senior management team whose tenure in the chicken industry has spanned numerous market cycles and is among the most experienced in the industry. Our senior management team is led by William W. Lovette, our Chief Executive Officer, who has over 30 years of experience in the chicken industry. Our management team has successfully improved and realigned our business and instilled a corporate culture focused on performance and accountability. We also benefit from management ideas, best practices, and talent shared with the seasoned management team of JBS, which has over 50 years of combined experience operating protein processing facilities in South America, North America and Australia.

Relationship with JBS. We work closely with JBS management to identify areas where Pilgrim's and JBS can achieve synergies. We share corporate headquarters with JBS in Greeley, Colorado, and have integrated certain corporate functions with JBS to save costs. In addition to cost savings through the integration of certain corporate functions and the rationalization of facilities, our relationship with JBS allows us to enjoy several advantages given its diversified international operations and strong record in commodity risk management. We seek to leverage JBS' international network by expanding into untapped international markets and strengthening our presence in geographies in which we already operate. In addition, the expertise of JBS in managing the risk associated with volatile commodity inputs will help us to further improve our operations and manage our margins.

Business Strategy

We intend to continue growing our business and enhancing profitability by pursuing the following strategies:

Be a valued partner with our key customers. We have developed and acquired complementary markets, distributor relationships and geographic locations that have enabled us to expand our customer base and provide global distribution capabilities for all of our product lines. As a result, we believe we are one of only two U.S. chicken producers that can supply the growing demand for a broad range of price competitive standard and specialized products with well-known brand names on a nationwide basis from a single-source supplier. Additionally, we intend to leverage our innovation capabilities to develop new products along with our customers to accelerate sales and enhance the profitability of chicken products at their businesses. We plan to further enhance our industry position by optimizing our sales mix and accelerating innovation.

Relentless pursuit of operational excellence. As production and sales grow, we continue to focus on improving operating efficiencies by focusing on cost reductions, more effective processes, training and our total quality management program. Specific initiatives include:

- Benchmarking live and plant costs against the industry;
- Striving to be in the top 25% of the industry for yields and costs;
- Fostering a culture of accountability and ownership deeper in the organization;
- Conducting monthly performance reviews with senior management; and
- Improving sales mix and price.

Between 2011 and 2015, these initiatives have resulted in approximately $1.0 billion of cumulative operational improvements, including from reduction of plant-related costs and improved sales mix and product yield. Between 2007 and 2015, our SG&A has also decreased by approximately 95 basis points as a percentage of net sales, as we have reduced these costs.

Strategically grow value-added exports. We will continue our focus on expanding international sales by seeking opportunities to increase penetration in our existing markets and entering attractive new markets. Expansion of our export sales complements our U.S. chicken operations and positions us to capitalize on expected global demand growth, particularly in emerging markets. Utilizing the extensive sales network of JBS, we believe that we can accelerate the sales of value-added chicken products into our international distribution channels. Our relationship with JBS has improved our access to markets such as Africa, the Middle East, Latin America and Asia. We believe substantial opportunities exist to expand our sales to these markets by capitalizing on direct international distribution channels supplemented by our existing export broker relationships. Our export sales accounted for approximately 4.6% of our U.S. chicken sales in 2015.

Accountability and ownership culture. We have a results-oriented culture with our business strategy centered on reducing fixed costs and increasing profitability, consistent with JBS values. Our employee accountability has further increased as we have de-layered the organization through our recent restructuring and cost improvement initiatives. In addition, we continue to invest in developing our talent internally. As a result, we have a strong accountability and ownership culture. We strive to be the best managed and most respected company in our industry.

Reportable Business Segment

We operate in one reportable business segment, as a producer and seller of chicken products we either produce or purchase for resale in the U.S., Puerto Rico and Mexico. We conduct separate operations in the U.S., Puerto Rico and Mexico; however, for geographic reporting purposes, we include Puerto Rico with our U.S. operations. See “Note 19. Business Segment and Geographic Reporting” of our Consolidated Financial Statements included in this annual report for additional information.

Products and Markets

Our primary product types are fresh chicken products, prepared chicken products and value-added export chicken products. We sell our fresh chicken products to the foodservice and retail markets. Our fresh chicken products consist of refrigerated (nonfrozen) whole or cut-up chicken, either pre-marinated or non-marinated and prepackaged case-ready chicken. Our case-ready chicken includes various combinations of freshly refrigerated, whole chickens and chicken parts in trays, bags or other consumer packs labeled and priced ready for the retail grocer’s fresh meat counter. Our fresh chicken sales accounted for 69.8% of our total U.S. chicken sales in 2015.

We also sell prepared chicken products, including portion-controlled breast fillets, tenderloins and strips, delicatessen products, salads, formed nuggets and patties and bone-in chicken parts. These products are sold either refrigerated or frozen and may be fully cooked, partially cooked or raw. In addition, these products are breaded or non-breaded and either pre-marinated or non-marinated. Our prepared chicken products sales accounted for 24.9% of our total U.S. chicken sales in 2015.

Export and other chicken products primarily consist of whole chickens and chicken parts sold either refrigerated for distributors in the U.S. or frozen for distribution to export markets. We sell U.S.-produced chicken products for export to Mexico, the Middle East, Asia, countries within the Commonwealth of Independent States (the “CIS”) and other world markets. In the U.S., prices of these products are negotiated daily or weekly and are generally related to market prices quoted by the USDA or other public price reporting services. Prices for export sales are determined by supply and demand and local market conditions. In certain newly accessed international markets, we have established premium brands, which allow us to market our products at a premium to commodity price levels within those regions. Our export and other chicken products sales accounted for 5.3% of our total U.S. chicken sales in 2015.

Our primary customer markets consist of the foodservice and retail channels, as well as selected export and other markets.

Our foodservice market principally consists of chain restaurants, food processors, broad-line distributors and certain other institutions located throughout the continental U.S. Within this market, we service frozen, fresh and corporate accounts. Fresh and frozen chicken products are usually pre-cut to customer specifications and are often marinated to enhance value and product differentiation. Corporate accounts include further-processed and value-added products supplied to select foodservice customers, improving their ability to manage product consistency and quality in a cost efficient manner. We believe we are positioned to be the primary or secondary supplier to national and international chain restaurants who require multiple suppliers of chicken products. Additionally, we believe we are well suited to be the sole supplier for many regional chain restaurants. Regional chain restaurants often offer better margin opportunities and a growing base of business. We believe that our full-line product capabilities, high-volume production capacities, research and development expertise and extensive distribution and marketing experience are competitive strengths compared to smaller and non-vertically integrated producers. Foodservice growth is anticipated to continue, despite the effects resulting from continued weak economic conditions in the U.S.

Our retail market consists primarily of grocery store chains, wholesale clubs and other retail distributors. Our retail market products consist primarily of branded, prepackaged cut-up and whole chicken and chicken parts. We concentrate our efforts in this market on creating value for our customers through category management and supporting key customers in expanding their private label sales programs. Additionally, for many years, we have invested in both trade and retail marketing designed to establish high levels of brand name awareness and consumer preference. We utilize numerous advertising and marketing techniques to develop and strengthen trade and consumer awareness and increase brand loyalty for consumer products marketed under the Gold Kist®, County Post®, Pierce Chicken®, Pilgrim's Pride® and Pilgrim's® brands. We believe our efforts to achieve and maintain brand awareness and loyalty help to achieve greater price premiums than would otherwise be the case in certain markets and support and expand our product distribution. We actively seek to identify and address consumer preferences by using sophisticated qualitative and quantitative consumer research techniques in key geographic markets to discover and validate new product ideas, packaging designs and methods.

Our export and other chicken market consists primarily of customers who purchase for distribution in the U.S. or for export to Mexico, the Middle East, Asia, countries within the CIS and other world markets. Our value-added export and other chicken products, with the exception of our exported prepared chicken products, consist of whole chickens and chicken parts sold in bulk, or value-added form, either refrigerated or frozen. We believe that U.S. chicken exports will continue to grow as worldwide demand increases for high-quality, low-cost meat protein sources. We expect that worldwide demand for higher-margin prepared food products will increase over the next several years and believe our strategy of value-added export growth positions us to take advantage of this expected demand.

Historically, we have targeted international markets to generate additional demand for our dark chicken meat, for which there has been less demand in the U.S. than for white chicken meat. We have expanded our portfolio to provide prepared chicken products tailored for export to the international divisions of our U.S. chain restaurant customers, as well as newly identified customers in regions not previously accessed. Through our relationship with JBS, we have developed an international distribution channel focused on growing our tailored export program and expanding value-added products, such as all-vegetable-fed whole griller birds, chicken franks and further processed thigh meat. Utilizing the extensive sales network of JBS, we believe that we can accelerate the sales of value-added chicken products into these international channels.

The following table sets forth, for the periods beginning with 2011, net sales attributable to each of our primary product lines and markets served with those products. We based the table on our internal sales reports and their classification of product types.

	2015	2014	2013	2012	2011
			(In thousands)		
U.S. chicken:					
Fresh chicken	$4,701,943	$4,703,993	$4,123,089	$3,583,854	$3,160,429
Prepared chicken	1,672,693	1,787,389	2,046,746	2,239,289	2,135,337
Export and other chicken	358,878	620,082	715,969	817,723	808,038
Total U.S. chicken	6,733,514	7,111,464	6,885,804	6,640,866	6,103,804
Mexico chicken	1,016,200	900,360	864,454	758,023	720,333
Total chicken	7,749,714	8,011,824	7,750,258	7,398,889	6,824,137
Other products:					
U.S.	409,840	535,572	614,409	608,619	674,923
Mexico	20,550	35,969	46,481	113,874	36,638
Total other products	430,390	571,541	660,890	722,493	711,561
Total net sales	$8,180,104	$8,583,365	$8,411,148	$8,121,382	$7,535,698

The following table sets forth, beginning with 2011, the percentage of net U.S. chicken sales attributable to each of our primary product lines and the markets serviced with those products. We based the table and related discussion on our internal sales reports and their classification of product types and customers.

	2015	2014	2013	2012	2011
Fresh chicken	69.8	66.2	59.9	54.0	51.7
Prepared chicken	24.9	25.1	29.7	33.7	35.0
Export and other chicken	5.3	8.7	10.4	12.3	13.3
Total U.S. chicken	100.0	100.0	100.0	100.0	100.0

United States Operations

Product Types

Fresh Chicken Overview. Fresh chicken is an important component of our sales and accounted for $4,701.9 million, or 69.8%, of our total U.S. chicken sales in 2015 and $3,160.4 million, or 51.7%, in 2011. Most fresh chicken products are sold to established customers, based upon certain weekly or monthly market prices reported by the USDA and other public price reporting services, plus a markup, which is dependent upon the customer's location, volume, product specifications and other factors. We believe our practices with respect to sales of fresh chicken are generally consistent with those of our competitors. The majority of these products are sold pursuant to agreements with varying terms that set a price according to formulas based on underlying chicken price markets, subject in many cases to minimum and maximum prices.

Prepared Chicken Overview. In 2015, $1,672.7 million, or 24.9%, of our U.S. chicken sales were in prepared chicken products to foodservice customers and retail distributors, as compared to $2,135.3 million, or 35.0%, in 2011. The production and sale in the U.S. of prepared chicken products reduce the impact of the costs of feed ingredients on our profitability. Feed ingredient costs are the single largest component of our U.S. cost of sales, representing approximately 30.6% of our U.S. cost of sales in 2015. The production of feed ingredients is positively or negatively affected primarily by the global level of supply inventories, demand for feed ingredients, the agricultural policies of the U.S. and foreign governments and weather patterns throughout the world. As further processing is performed, feed ingredient costs become a decreasing percentage of a product's total production cost, thereby reducing their impact on our profitability. Products sold in this form enable us to charge a premium, reduce the impact of feed ingredient costs on our profitability and improve and stabilize our profit margins.

We establish prices for our prepared chicken products based primarily upon perceived value to the customer, production costs and prices of competing products. The majority of these products are sold pursuant to agreements with varying terms that either set a fixed price for short-term periods or set a price according to formulas based on an underlying commodity market such as corn and chicken price forecasts, subject in many cases to minimum and maximum prices. Many times, these prices are dependent upon the customer's location, volume, product specifications and other factors.

Export and Other Chicken Overview. Our export and other chicken products consist of whole chickens and chicken parts sold primarily in bulk, nonbranded form, either refrigerated to distributors in the U.S. or frozen for distribution to export markets, and branded and nonbranded prepared chicken products for distribution to export markets. In 2015, approximately \$358.9 million, or 5.3%, of our total U.S. chicken sales were attributable to U.S. chicken export and other chicken products, as compared to \$808.0 million, or 13.3%, in 2011.

Markets for Other Products

Presently, this category includes chicken by-products, which we convert into protein products and sell primarily to manufacturers of pet foods. In addition, many of our U.S. feed mills produce and sell some livestock feeds to local dairy farmers and livestock producers. We marketed fresh eggs through private labels until August 2012. In August 2012, we sold our commercial egg operation to Cal-Maine Foods, Inc. We sold products, primarily our own chicken products, through our four U.S. distribution centers until November 2011. In November 2011, we sold these distribution centers to JBS.

Mexico Operations

Background

Our Mexico operations generated approximately 12.7% of our net sales in 2015. We are one of the largest producers and sellers of chicken in Mexico. We believe that we operate one of the more efficient business models for chicken production in Mexico.

On June 29, 2015, we acquired, indirectly through certain of our Mexican subsidiaries, 100% of the equity of Provemex Holding LLC and its subsidiaries (together, “Tyson Mexico”) from Tyson Foods, Inc. and certain of its subsidiaries for cash. Tyson Mexico is a vertically integrated poultry business based in Gomez Palacio, Durango, Mexico. The acquired business has a production capacity of three million birds per week in its three plants and currently employs more than 4,500 people in its plants, offices and seven distribution centers. The acquisition further strengthens our strategic position in the Mexico chicken market. We expect to maintain these operations working to capacity with the existing workforce. We plan to keep all current labor contracts in place. The results of operations of the acquired business since June 29, 2015 are included in our Consolidated Statements of Operations. Net sales generated by the acquired business from the acquisition date through December 27, 2015 totaled \$250.6 million. The acquired business incurred a net loss from the acquisition date through December 27, 2015 totaling \$13.7 million.

During 2014 and 2015, we invested approximately \$12.5 million in the first phase of a new poultry processing complex in Veracruz, Mexico. We initiated live production operations at this facility in September 2015.

During 2014, we also executed our first grower contract for breeding flocks in Mexico. The contract grower farms, which initiated operations in November 2014, are located in San Luis Potosí, Mexico and allowed us to replace some of our current company-owned breeder farms in Querétaro, Mexico.

Product Types

While the market for chicken products in Mexico is less developed than in the U.S., with sales attributed to fewer, simpler products, we believe we have been successful in differentiating our products through high-quality client service and product improvements. Additionally, we are an important player in the live market, which accounts for approximately 25% of the chicken sales in Mexico.

Markets

We sell our chicken products primarily to wholesalers, large restaurant chains, fast food accounts and supermarket chains, and also engage in direct retail distribution in selected markets. Our largest presence is by far in the central states of the country where we have been able to gain market share. Our presence in Mexico reaches 72.4% of the population.

Foreign Operations Risks

Our foreign operations pose special risks to our business and operations. A discussion of foreign operations risks is included in “Item 1A. Risk Factors.”

Key Customers

Our two largest customers accounted for approximately 14.9% and 14.6% of our net sales in 2015 and 2014, respectively. No customer accounted for ten percent or more of our net sales in either 2015 or 2014.

Competition

The chicken industry is highly competitive. We are one of the largest chicken producers in the world and we believe our relationship with JBS enhances our competitive position. In the U.S. and Mexico, we compete principally with other vertically integrated poultry companies. However, there is some competition with non-vertically integrated further processors in the U.S. prepared chicken business. We believe vertical integration generally provides significant, long-term cost and quality advantages over non-vertically integrated further processors.

In general, the competitive factors in the U.S. chicken industry include price, product quality, product development, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the U.S. retail market, we believe that product quality, brand awareness, customer service and price are the primary bases of competition. In the foodservice market, competition is based on consistent quality, product development, service and price. The export market is competitive on a global level based on price, product quality, product tailoring, brand identification and customer service. Competitive factors vary by market and may be impacted further by trade restrictions, sanitary and phyto-sanitary issues, brand awareness and the relative strength or weakness of the U.S. dollar against local currencies. We believe that product customization, service and price are the most critical competitive factors for export sales.

In Mexico, where product differentiation has traditionally been limited, we believe product quality and price have been the most critical competitive factors.

Regulation and Environmental Matters

The chicken industry is subject to government regulation, particularly in the health, workplace safety and environmental areas, including provisions relating to the discharge of materials into the environment, by the Centers for Disease Control ("CDC"), the USDA, the Food and Drug Administration ("FDA"), the Environmental Protection Agency ("EPA"), the Occupational Safety and Health Administration ("OSHA") and state and local regulatory authorities in the U.S. and by similar governmental agencies in Mexico. Our chicken processing facilities in the U.S. are subject to on-site examination, inspection and regulation by the USDA. The FDA inspects the production of our feed mills in the U.S. Our Mexican food processing facilities and feed mills are subject to on-site examination, inspection and regulation by a Mexican governmental agency that performs functions similar to those performed by the USDA and FDA.

Our operations are subject to extensive regulation by the EPA and other state and local authorities relating to handling and discharge of waste water, storm water, air emissions, treatment, storage and disposal of wastes, handling of hazardous substances and remediation of contaminated soil, surface water and groundwater. Our Mexican operations also are subject to extensive regulation by Mexican environmental authorities. The EPA, Mexican environmental authorities and/or other U.S. or Mexican state and local authorities may, from time to time, adopt revisions to environmental rules and regulations, and/or changes in the terms and conditions of our environmental permits, with which we must comply. Compliance with existing or new environmental requirements, including more stringent limitations imposed or expected in recently-renewed or soon-to be renewed environmental permits, may require capital expenditures and operating expenses which may be significant. Our operations are also subject to regulation by the EPA, OSHA and other state and local regulatory authorities regarding the treatment and disposal of agricultural and food processing wastes, the use and maintenance of refrigeration systems, including ammonia-based chillers, noise, odor and dust management, the operation of mechanized processing equipment, and other operations.

Some of our facilities have been operating for many years, and were built before current environmental, health and safety standards were imposed and/or in areas that recently have become subject to residential and commercial development pressures. We are upgrading wastewater treatment facilities at a number of our facilities, either pursuant to consent agreements with regulatory authorities or on a voluntary basis in anticipation of future permit requirements. We do not anticipate that the capital expenditures associated with these upgrades, which will be spread over a number of years, will be material.

We have from time to time had incidents at our plants involving worker health and safety. These have included ammonia releases due to mechanical failures in chiller systems and worker injuries and fatalities involving processing equipment and vehicle accidents. We have taken preventive measures in response.

Some of our properties have been impacted by contamination from spills or other releases, and we have incurred costs to remediate such contamination. In addition, in the past we acquired businesses with operations such as pesticide and fertilizer production that involved greater use of hazardous materials and generation of more hazardous wastes than our current operations. While many of those operations have been sold or closed, some environmental laws impose strict and, in certain circumstances, joint and several liability for costs of investigation and remediation of contaminated sites on current and former owners and operators of the sites, and on persons who arranged for disposal of wastes at such sites. In addition, current owners or operators of such contaminated sites may seek to recover cleanup costs from us based on past operations or contractual indemnifications. See "Item 1A. Risk Factors" for risks associated with compliance with existing or changing environmental requirement.

We anticipate increased regulation by the USDA concerning food safety, by the FDA concerning the use of medications in feed and by the EPA and various other state agencies concerning discharges to the environment. Although we do not currently anticipate that such increased regulation will have a material adverse effect upon us, new environmental, health and safety requirements that are more stringent than we anticipate, stricter interpretations of existing environmental requirements, or obligations related to the investigation or clean-up of contaminated sites may materially affect our business or operations in the future.

Employees

As of December 27, 2015, we employed approximately 29,100 persons in the U.S. and approximately 9,750 persons in Mexico. Approximately 45.6% of the Company's employees were covered under collective bargaining agreements. Substantially all employees covered under collective bargaining agreements are covered under agreements that expire in 2016 or later, with the exception of four processing operations locations, where the collective bargaining agreements expired in 2015 and negotiations are ongoing. We have not experienced any labor-related work stoppage at any location in over ten years. We believe our relationship with our employees and union leadership is satisfactory. At any given time, we will likely be in some stage of contract negotiations with various collective bargaining units. The Company is currently in negotiations at four locations, and there is no assurance that agreements will be reached. In the absence of agreements, we may become subject to labor disruption at one or more of these locations, which could have an adverse effect on our financial results.

Financial Information about Foreign Operations

Our foreign operations are in Mexico. Geographic financial information is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." For additional information, see "Note 19. Business Segment and Geographic Reporting" of our Consolidated Financial Statements included in this annual report.

Available Information

The Company's Internet website is www.pilgrims.com. The Company makes available, free of charge, through its Internet website, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Directors and Officers Forms 3, 4 and 5, and amendments to those reports, as soon as reasonably practicable after electronically filing such materials with, or furnishing them to, the Securities and Exchange Commission. The public may read and copy any materials that the Company files with the Securities and Exchange Commission at its Public Reference Room at 100 F Street, NE, Washington, DC 20549 and may obtain information about the operation of the Public Information Room by calling the Securities and Exchange Commission at 1-800-SEC-0330.

In addition, the Company makes available, through its Internet website, the Company's Business Code of Conduct and Ethics, Corporate Governance Guidelines and the written charter of the Audit Committee, each of which is available in print to any stockholder who requests it by contacting the Secretary of the Company at 1770 Promontory Circle, Greeley, Colorado 80634-9038. Information contained on the Company's website is not included as part of, or incorporated by reference into, this annual report.

Executive Officers

Set forth below is certain information relating to our current executive officers:

Name	Age	Positions
William W. Lovette	56	President and Chief Executive Officer
Fabio Sandri	44	Chief Financial Officer

William W. Lovette joined Pilgrim's as President and Chief Executive Officer on January 3, 2011. He brings more than 30 years of industry leadership experience to Pilgrim's. He previously served two years as President and Chief Operating Officer of Case Foods, Inc. Before joining Case Foods, Inc., Mr. Lovette spent 25 years with Tyson Foods in various roles in senior management, including President of its International Business Unit, President of its Foodservice Business Unit and Senior Group Vice President of Poultry and Prepared Foods. Mr. Lovette earned a B.S. degree from Texas A&M University. In addition, he is a graduate of Harvard Business School's Advanced Management Program.

Fabio Sandri has served as the Chief Financial Officer for Pilgrim's since June 2011. He previously served as the Chief Financial Officer of Estacio Participações, the private post-secondary educational institution in Brazil since April 2010. From November 2008 until April 2010, he was the Chief Financial Officer of Imbra SA, a provider of dental services based in Sao Paolo, Brazil. Commencing in 2005 through October 2008, he was employed by Braskem S.A., a New York Stock Exchange-listed petrochemical company headquartered in Camaçari, Brazil, first from 2005 to 2007 as its strategy director and from 2007 until his departure as its corporate controller. He earned his Masters in Business Administration in 2001 from the Wharton School at the University of Pennsylvania and a degree in electrical engineering in 1993 from Escola Politécnica da Universidade de São Paulo.

Item 1A. Risk Factors

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking information contained in this annual report on Form 10-K. Any of the following risks could materially adversely affect our business, operations, industry or financial position or our future financial performance. While we believe we have identified and discussed below all risk factors affecting our business that we believe are material, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, operations, industry, financial position and financial performance in the future.

Industry cyclicality can affect our earnings, especially due to fluctuations in commodity prices of feed ingredients and chicken.

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

The price of feed ingredients is positively or negatively affected primarily by the global level of supply inventories and demand for feed ingredients, the agricultural policies of the U.S. and foreign governments and weather patterns throughout the world. In particular, weather patterns often change agricultural conditions in an unpredictable manner. A significant change in weather patterns could affect supplies of feed ingredients, as well as both the industry's and our ability to obtain feed ingredients, grow chickens or deliver products. More recently, feed prices have been impacted by increased demand both domestically for ethanol and globally for protein production, as well as grain production levels outside the U.S.

We have recently benefited from low market prices for feed ingredients, but market prices for feed ingredients remain volatile. Consequently, there can be no assurance that the price of corn or soybean meal will not continue to rise as a result of, among other things, increasing demand for these products around the world and alternative uses of these products, such as ethanol and biodiesel production.

Volatility in feed ingredient prices has had, and may continue to have, a materially adverse effect on our operating results, which has resulted in, and may continue to result in, additional noncash expenses due to impairment of the carrying amounts of certain of our assets. We periodically seek, to the extent available, to enter into advance purchase commitments or financial derivative contracts for the purchase of feed ingredients in an effort to manage our feed ingredient costs. The use of these instruments may not be successful. In addition, we have not designated the derivative financial instruments that we have purchased to mitigate commodity purchase exposures as cash flow hedges. Therefore, we recognize changes in the fair value of these derivative financial instruments immediately in earnings. Unexpected changes in the fair value of these instruments could adversely affect the results of our operations. Although we have sought to mitigate the impact of feed price volatility on our profitability by decreasing the amount of our products that are sold under longer term fixed price contracts, these changes will not eliminate the impact of changes in feed ingredient prices on our profitability and would prevent us from profiting on such contracts during times of declining market prices of chicken.

Outbreaks of livestock diseases in general and poultry diseases in particular, including avian influenza, can significantly affect our ability to conduct our operations and demand for our products.

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

In 2015, there was substantial publicity regarding highly pathogenic avian influenza ("HPAI") H5 in the Pacific, Central, and Mississippi flyways (or migratory bird paths) of North America. The disease was found in wild birds, as well as in a few backyard and commercial poultry flocks. The CDC considers the risk to people from these HPAI H5 infections to be low. No human cases of these HPAI H5 viruses have been detected in the United States, Canada, or internationally. In its response effort, the USDA coordinated closely with state officials in affected and bordering states and other federal departments on avian influenza surveillance, reporting and control efforts. The USDA also coordinated with Canada on the HPAI H5 findings that were close to the northern U.S. border.

In 2012 and 2013, there was substantial publicity regarding a highly pathogenic strain of avian influenza, known as H7N3, which affected several states in central Mexico. There are several hypotheses about the cause of the outbreak in Mexico, including transmission from wild birds or the possibility of introduction through poultry trade. Approximately 85% of the birds affected were table egg laying hens, a component of the industry in which Pilgrim's does not participate. The Mexican government and poultry industry culled approximately 28.3 million birds. The disease was found in approximately 90 commercial facilities, including one Pilgrim's breeder farm. The Mexican government and poultry industry undertook an extensive vaccination program with the goal of administering approximately 210 million doses per month. To prevent further spread, the Mexican government also authorized the administration of 205 million doses of vaccine to "long-life" birds in nine Mexican states with priority given to progenitor birds (producing breeder hens), breeders (producing broiler chicks and layer chicks for table eggs) and layers.

In 2013, there was also substantial publicity regarding a low pathogenic strain of avian influenza, known as H7N9, which affected eastern and northern China in and around the cities of Shanghai and Beijing. It is widely believed that H7N9 circulates in wild birds and may be transmitted to domestic poultry. H7N9 is also believed to have passed from birds to humans as humans came into contact with live birds that were infected with the disease. There were 133 confirmed cases, including 43 deaths, of H7N9 infection in humans related to this outbreak.

There have been outbreaks of other low pathogenic strains of avian influenza in the U.S., and in Mexico outbreaks of both high and low-pathogenic strains of avian influenza are a fairly common occurrence. Historically, the outbreaks of low pathogenic strains of avian influenza have not generated the same level of concern, or received the same level of publicity or been accompanied by the same reduction in demand for poultry products in certain countries as that associated with highly pathogenic strains such as HPAI H5 and H7N3 or highly infectious strains such as H7N9. Even if no further highly pathogenic or highly contagious strains of avian influenza are confirmed in the U.S. or Mexico, there can be no assurance that outbreaks of these strains in other countries will not materially adversely affect demand for U.S.-produced poultry internationally and/or U.S.-produced or Mexico-produced poultry domestically, and, if any of these strains were to spread to either the U.S. or Mexico, there can be no assurance that it would not significantly affect our ability to conduct our operations and/or demand for our products, in each case in a manner having a material adverse effect on our business, reputation and/or prospects.

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

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

Product liability claims or product recalls can adversely affect our business reputation, expose us to increased scrutiny by federal and state regulators and may not be fully covered by insurance.

The packaging, marketing and distribution of food products entail an inherent risk of product liability and product recall and the resultant adverse publicity. We may be subject to significant liability if the consumption of any of our products causes injury, illness or death. We could be required to recall certain products in the event of contamination or damage to the products. In addition to the risks of product liability or product recall due to deficiencies caused by our production or processing operations, we may encounter the same risks if any third party tampers with our products. We cannot assure you that we will not be required to perform product recalls, or that product liability claims will not be asserted against us, in the future. Any claims that may be made may create adverse publicity that would have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

If our poultry products become contaminated, we may be subject to product liability claims and product recalls. There can be no assurance that any litigation or reputational injury associated with product recalls will not have a material adverse effect on our ability to market our products successfully or on our business, reputation, prospects, financial condition and results of operations.

We currently maintain insurance with respect to certain of these risks, including product liability insurance, business interruption insurance and general liability insurance, but in many cases such insurance is expensive, difficult to obtain and no assurance can be given that such insurance can be maintained in the future on acceptable terms, or in sufficient amounts to protect us against losses due to any such events, or at all. Moreover, even though our insurance coverage may be designed to protect us from losses attributable to certain events, it may not adequately protect us from liability and expenses we incur in connection with such events.

Competition in the chicken industry with other vertically integrated poultry companies may make us unable to compete successfully in these industries, which could adversely affect our business.

The chicken industry is highly competitive. In both the U.S. and Mexico, we primarily compete with other vertically integrated chicken companies.

In general, the competitive factors in the U.S. chicken industry include price, product quality, product development, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the foodservice market, competition is based on consistent quality, product development, service and price. In the U.S. retail market, we believe that competition is based on product quality, brand awareness, customer service and price. Further, there is some competition with non-vertically integrated further processors in the prepared chicken business. In Mexico, where product differentiation has traditionally been limited, we believe product quality and price have been the most critical competitive factors.

The loss of one or more of our largest customers could adversely affect our business.

Our two largest customers accounted for approximately 14.9% of our net sales in 2015. Our business could suffer significant setbacks in revenues and operating income if we lost one or more of our largest customers, or if our customers' plans and/or markets should change significantly.

Our foreign operations pose special risks to our business and operations.

We have significant operations and assets located in Mexico and may participate in or acquire operations and assets in other foreign countries in the future. Foreign operations are subject to a number of special risks such as currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and changes in laws and policies, including tax laws and laws governing foreign-owned operations.

Currency exchange rate fluctuations have adversely affected us in the past. Exchange rate fluctuations or one or more other risks may have a material adverse effect on our business or operations in the future.

Our operations in Mexico are conducted through subsidiaries organized under the laws of Mexico. Claims of creditors of our subsidiaries, including trade creditors, will generally have priority as to the assets of our subsidiaries over our claims. Additionally, the ability of our Mexican subsidiaries to make payments and distributions to us may be limited by the terms of our Mexico credit facility and will be subject to, among other things, Mexican law. In the past, these laws have not had a material adverse effect on the ability of our Mexican subsidiaries to make these payments and distributions. However, laws such as these may have a material adverse effect on the ability of our Mexican subsidiaries to make these payments and distributions in the future.

Disruptions in international markets and distribution channels could adversely affect our business.

Historically, we have targeted international markets to generate additional demand for our products. In particular, given U.S. customers' general preference for white meat, we have targeted international markets for the sale of dark chicken meat, specifically leg quarters, which are a natural by-product of our U.S. operations' concentration on prepared chicken products. As part of this initiative, we have created a significant international distribution network into several markets in Mexico, the Middle East, Asia and countries within the CIS. Our success in these markets may be, and our success in recent periods has been, adversely affected by disruptions in chicken export markets. For example, dozens of countries, including Mexico, Canada, China, Angola and South Korea, imposed either partial or full bans on the importation of poultry produced in the U.S. after an outbreak of HPAI H5 avian influenza was confirmed in 2015. Additionally, China imposed anti-dumping and countervailing duties on the U.S. chicken producers in 2010, which have deterred Chinese importers from purchases of U.S.-origin chicken products. Russia also banned the importation of chicken and other agricultural products from the U.S. and certain other western countries in August 2014 in retaliation for sanctions imposed by the U.S. and Europe on Russia over its actions in Ukraine.

A significant risk is disruption due to import restrictions and tariffs, other trade protection measures, and import or export licensing requirements. In addition, disruptions may be caused by outbreaks of disease such as avian influenza, either in our flocks or elsewhere in the world, and resulting changes in consumer preferences.

One or more of these or other disruptions in the international markets and distribution channels could adversely affect our business.

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

Our operations will continue to be subject to federal, state and local governmental regulation, including in the health, safety and environmental areas. We anticipate increased regulation by various agencies concerning food safety, the use of medication in feed formulations and the disposal of chicken by-products and wastewater discharges. Also, changes in laws or regulations or the application thereof may lead to government enforcement actions and the resulting litigation by private litigants, such as various wage and hour and environmental issues.

In addition, unknown matters, new laws and regulations, or stricter interpretations of existing laws or regulations may also materially affect our business or operations in the future.

New immigration legislation or increased enforcement efforts in connection with existing immigration legislation could cause the costs of doing business to increase, cause us to change the way we conduct our business or otherwise disrupt our operations.

Immigration reform continues to attract significant attention in the public arena and the U.S. Congress. If new federal immigration legislation is enacted or if states in which we do business enact immigration laws, such laws may contain provisions that could make it more difficult or costly for us to hire U.S. citizens and/or legal immigrant workers. In such case, we may incur additional costs to run our business or may have to change the way we conduct our operations, either of which could have a material adverse effect on our business, operating results and financial condition. Also, despite our past and continuing efforts to hire only U.S. citizens and/or persons legally authorized to work in the U.S., we may be unable to ensure that all of our employees are U.S. citizens and/or persons legally authorized to work in the U.S. No assurances can be given that enforcement efforts by governmental authorities will not disrupt a portion of our workforce or operations at one or more facilities, thereby negatively impacting our business. Also, no assurance can be given that further enforcement efforts by governmental authorities will not result in the assessment of fines that could adversely affect our financial position, operating results or cash flows.

Loss of essential employees could have a significant negative impact on our business.

Our success is largely dependent on the skills, experience, and efforts of our management and other employees. The loss of the services of one or more members of our senior management or of numerous employees with essential skills could have a negative effect on our business, financial condition and results of operations. If we are not able to retain or attract talented, committed individuals to fill vacant positions when needs arise, it may adversely affect our ability to achieve our business objectives.

Our performance depends on favorable labor relations with our employees and our compliance with labor laws. Any deterioration of those relations or increase in labor costs due to our compliance with labor laws could adversely affect our business.

As of December 27, 2015, we employed approximately 29,100 persons in the U.S. and approximately 9,750 persons in Mexico. Approximately 45.6% of the Company's employees were covered under collective bargaining agreements. Substantially all employees covered under collective bargaining agreements are covered under agreements that expire in 2016 or later, with the exception of four processing operations locations, where the collective bargaining agreements expired in 2015 and negotiations are ongoing. We have not experienced any labor-related work stoppage at any location in over ten years. We believe our relationship with our employees and union leadership is satisfactory. At any given time, we will likely be in some stage of contract negotiations with various collective bargaining units. The Company is currently in negotiations at four locations, and there is no assurance that agreements will be reached. In the absence of agreements, we may become subject to labor disruption at one or more of these locations, which could have an adverse effect on our financial results.

Extreme weather, natural disasters or other events beyond our control could negatively impact our business.

Bioterrorism, fire, pandemic, extreme weather or natural disasters, including droughts, floods, excessive cold or heat, hurricanes or other storms, could impair the health or growth of our flocks, production or availability of feed ingredients, or interfere with our operations due to power outages, fuel shortages, damage to our production and processing facilities or disruption of transportation channels, among other things. Any of these factors could have an adverse effect on our financial results.

We may face significant costs for compliance with existing or changing environmental, health and safety requirements and for potential environmental obligations relating to current or discontinued operations.

Our operations are subject to extensive and increasingly stringent federal, state, local and foreign laws and regulations pertaining to the protection of the environment, including those relating to the discharge of materials into the environment, the handling, treatment and disposal of wastes and remediation of soil and groundwater contamination. Failure to comply with these requirements could have serious consequences for us, including criminal as well as civil and administrative penalties, claims for property damage, personal injury and damage to natural resources and negative publicity. Compliance with existing or changing environmental requirements, including more stringent limitations imposed or expected to be imposed in recently-renewed or soon-to be renewed environmental permits, will require capital expenditures for installation of new or upgraded pollution control equipment at some of our facilities.

Operations at many of our facilities require the treatment and disposal of wastewater, stormwater and agricultural and food processing wastes, the use and maintenance of refrigeration systems, including ammonia-based chillers, noise, odor and dust management, the operation of mechanized processing equipment, and other operations that potentially could affect the environment, health and safety. Some of our facilities have been operating for many years, and were built before current environmental standards were imposed, and/or in areas that recently have become subject to residential and commercial development pressures. Failure to comply with current and future environmental, health and safety standards could result in the imposition of fines and penalties, and we have been subject to such sanctions from time to time. We are upgrading wastewater treatment facilities at a number of these locations, either pursuant to consent agreements with regulatory authorities or on a voluntary basis in anticipation of future permit requirements.

In the past, we have acquired businesses with operations such as pesticide and fertilizer production that involved greater use of hazardous materials and generation of more hazardous wastes than our current operations. While many of those operations have been sold or closed, some environmental laws impose strict and, in certain circumstances, joint and several liability for costs of investigation and remediation of contaminated sites on current and former owners and operators of the sites, and on persons who arranged for disposal of wastes at such sites. In addition, current owners or operators of such contaminated sites may seek to recover cleanup costs from us based on past operations or contractual indemnifications.

New environmental, health and safety requirements, stricter interpretations of existing requirements, or obligations related to the investigation or clean-up of contaminated sites, may materially affect our business or operations in the future.

JBS beneficially owns a majority of our common stock and has the ability to control the vote on most matters brought before the holders of our common stock.

JBS beneficially owns a majority of the shares and voting power of our common stock and is entitled to appoint a majority of the members of our board of directors. As a result, JBS will, subject to restrictions on its voting power and actions in a stockholders agreement between JBS and us and our organization documents, have the ability to control our management, policies and financing decisions, elect a majority of the members of our board of directors at the annual meeting and control the vote on most matters coming before the holders of our common stock.

Under the stockholders agreement between JBS and us, JBS has the ability to elect up to six members of our board of directors and the other holders of our common stock have the ability to elect up to three members of our board of directors. If the percentage of our outstanding common stock owned by JBS exceeds 80%, then JBS would have the ability to elect one additional member of our board of directors while the other holders of our common stock would have the ability to elect one less member of our board of directors.

Our operations are subject to general risks of litigation.

We are involved on an on-going basis in litigation with our independent contract growers or arising in the ordinary course of business or otherwise. See “Item 3. Legal Proceedings.” Trends in litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims relating to commercial, labor, employment, antitrust, securities or environmental matters. Litigation trends and the outcome of litigation cannot be predicted with certainty, and adverse litigation trends and outcomes could adversely affect our financial results.

We depend on contract growers and independent producers to supply us with livestock.

We contract primarily with independent contract growers to raise the live chickens processed in our poultry operations. If we do not attract and maintain contracts with growers or maintain marketing and purchasing relationships with independent producers, our production operations could be negatively affected.

Changes in consumer preference could negatively impact our business.

The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced demand and price reductions for our products, and could have an adverse effect on our financial results.

The consolidation of customers could negatively impact our business.

Our customers, such as supermarkets, warehouse clubs and food distributors, have consolidated in recent years, and consolidation is expected to continue throughout the U.S. and in other major markets. These consolidations have produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories, opposing price increases, and demanding lower pricing, increased promotional programs and specifically tailored products. These customers also may use shelf space currently used for our products for their own private label products. Because of these trends, our volume growth could slow or we may need to lower prices or increase promotional spending for our products, any of which could adversely affect our financial results.

Interruptions in the proper functioning of information systems could disrupt operations and cause unanticipated increases in costs and/or decreases in revenues.

The proper functioning of our information systems is critical to the successful operation of our business. Although our information systems are protected with robust backup systems, including physical and software safeguards and remote processing capabilities, information systems are still vulnerable to natural disasters, power losses, unauthorized access, telecommunication failures, and other problems. In addition, certain software used by us is licensed from, and certain services related to our information systems are provided by, third parties who could choose to discontinue their relationship with us. If critical information systems fail or these systems or related software or services are otherwise unavailable, our ability to process orders, maintain proper levels of inventories, collect accounts receivable, pay expenses, and maintain the security of Company and customer data could be adversely affected. Disruptions or failures of, or security breaches with respect to, our information technology infrastructure could have a negative impact on our operations.

Our future financial and operating flexibility may be adversely affected by significant leverage.

On a consolidated basis, as of December 27, 2015, we had approximately $500.5 million in secured indebtedness, $528.7 million of unsecured indebtedness and had the ability to borrow approximately $729.3 million under our credit agreements. Significant amounts of cash flow will be necessary to make payments of interest and repay the principal amount of such indebtedness.

The degree to which we are leveraged could have important consequences because:

- It could affect our ability to satisfy our obligations under our credit agreements;
- A substantial portion of our cash flow from operations is required to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- Our ability to obtain additional financing and to fund working capital, capital expenditures and other general corporate requirements in the future may be impaired;
- We may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

- Our flexibility in planning for, or reacting to, changes in our business may be limited;
- It may limit our ability to pursue acquisitions and sell assets; and
- It may make us more vulnerable in the event of a continued or new downturn in our business or the economy in general.

Our ability to make payments on and to refinance our debt, including our credit facilities, will depend on our ability to generate cash in the future. This, to a certain extent, is subject to various business factors (including, among others, the commodity prices of feed ingredients and chicken) and general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

There can be no assurance that we will be able to generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities in an amount sufficient to enable us to pay our debt obligations, including obligations under our credit facilities, or to fund our other liquidity needs. We may need to refinance all or a portion of their debt on or before maturity. There can be no assurance that we will be able to refinance any of their debt on commercially reasonable terms or at all.

Media campaigns related to food production present risks.

Individuals or organizations can use social media platforms to publicize inappropriate or inaccurate stories or perceptions about the food production industry or our company. Such practices could cause damage to the reputations of our company and/or the food production industry in general. This damage could adversely affect our financial results.

There can be no assurance that Tyson Mexico can be combined successfully with our business.

In evaluating the terms of our acquisition of Tyson Mexico, we analyzed the respective businesses of Pilgrim's Pride and Tyson Mexico and made certain assumptions concerning their respective future operations. A principal assumption was that the acquisition will produce operating results better than those historically experienced or presently expected to be experienced in the future by us in the absence of the acquisition. There can be no assurance, however, that this assumption is correct or that the businesses of Pilgrim's Pride and Tyson Mexico will be successfully integrated in a timely manner.

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

Acquisitions may be structured in such a manner that would result in the assumption of unknown liabilities not disclosed by the seller or uncovered during pre-acquisition due diligence. For example, our acquisition of Tyson Mexico was structured as a stock purchase in which we effectively assumed all of the liabilities of Tyson Mexico, including liabilities that may be unknown. Such unknown obligations and liabilities could harm our financial condition and operating results.

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

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

- Diversion of management's attention;
- The need to integrate acquired operations;
- Potential loss of key employees and customers of the acquired companies;
- Lack of experience in operating in the geographical market of the acquired business; and
- An increase in our expenses and working capital requirements.

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Operating Facilities

Our main operating facilities are as follows:

	Operating	Idled	Capacity[(a)(b)]	Average Capacity Utilization[(b)]
U.S. Facilities				
Fresh processing plants	23	6	31.0 million head	91.9%
Prepared foods cook plants	4	4	9.0 million pounds	99.7%
Feed mills	24	3	11.5 million tons	77.5%
Hatcheries	29	3	2,131.8 million eggs	86.3%
Rendering	4	2	8,186 tons	62.8%
Pet food processing	3	—	1,493 tons	61.1%
Freezers	1	1	125,000 square feet	N/A
Puerto Rico Facilities				
Fresh processing plant	1	—	329,700 head	96.8%
Feed mill	1	—	112,320 tons	79.5%
Hatchery	1	—	27.0 million eggs	78.6%
Rendering	1	—	155 tons	46.7%
Distribution center	1	—	N/A	N/A
Mexico Facilities				
Fresh processing plants	6	—	5.3 million head	83.1%
Prepared foods cook plants	2	—	2.4 million pounds	47.9%
Feed mills	10	—	1.68 million tons	61.4%
Hatcheries	10	—	417.5 million eggs	94.9%
Rendering	3	—	39,900 tons	56.0%
Distribution centers	22	—	N/A	N/A

(a) Capacity is based on a five day week.
(b) Capacity and utilization numbers do not include idled facilities.

Other Facilities and Information

In the U.S, our corporate offices share a building with JBS in Greeley, Colorado. We own a building in Richardson, Texas, which houses our computer data center. We also own office buildings in both Broadway, Virginia, and Pittsburg, Texas, which house additional administrative, sales and marketing, research and development, and other support activities. We also lease office buildings in Bentonville, Arkansas; Louisville, Kentucky; and Cincinnati, Ohio, for members of our sales team and building space in Carrollton, Texas, which houses a second computer data center.

In Mexico, we own an office building in Gomez Palacio, Durango and lease an office building in Santiago de Querétaro, Querétaro, both of which house our Mexican administrative functions. We also lease office space in Mexico City that houses our Mexican marketing office.

Most of our property, plant and equipment are pledged as collateral on our credit facilities. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 3. Legal Proceedings

ERISA Claims and Proceedings

On December 17, 2008, Kenneth Patterson filed suit in the U.S. District Court for the Eastern District of Texas, Marshall Division (the "Marshall Court"), against Lonnie "Bo" Pilgrim, Lonnie Ken Pilgrim, Clifford E. Butler, J. Clinton Rivers, Richard A. Cogdill, Renee N. DeBar, our Compensation Committee and other unnamed defendants (the "Patterson action"). On January 2, 2009, a nearly identical suit was filed by Denise M. Smalls in the same court against the same defendants (the "Smalls action"). The complaints in both actions, brought pursuant to section 502 of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 US C. § 1132, alleged that the individual defendants breached fiduciary duties to participants and beneficiaries of the Pilgrim's Pride Stock Investment Plan (the "Stock Plan"), as administered through the Pilgrim's Pride Retirement Savings Plan (the "RSP"), and the To-Ricos, Inc. Employee Savings and Retirement Plan (the "To-Ricos Plan") (collectively, the "Plans") by failing to sell the common stock held by the Plans before it declined in value in late 2008. Patterson and Smalls further alleged that they purported to represent a class of all persons or entities who were participants in or beneficiaries of the Plans at any time between May 5, 2008 through the present and whose accounts held our common stock or units in our common stock. Both complaints sought actual damages in the amount of any losses the Plans suffered, to be allocated among the participants' individual accounts as benefits due in proportion to the accounts' diminution in value, attorneys' fees, an order for equitable restitution and the imposition of constructive trust, and a declaration that each of the defendants have breached their fiduciary duties to the Plans' participants.

On July 20, 2009, the Marshall Court entered an order consolidating the Smalls and Patterson actions. On August 12, 2009, the Court ordered that the consolidated case will proceed under the caption "In re Pilgrim's Pride Stock Investment Plan ERISA Litigation, No. 2:08-cv-472-TJW."

Patterson and Smalls filed a consolidated amended complaint ("Amended Complaint") on March 2, 2010. The Amended Complaint names as defendants the Pilgrim's Pride Board of Directors, Lonnie "Bo" Pilgrim, Lonnie Ken Pilgrim, Charles L. Black, Linda Chavez, S. Key Coker, Keith W. Hughes, Blake D. Lovette, Vance C. Miller, James G. Vetter, Jr., Donald L. Wass, J. Clinton Rivers, Richard A. Cogdill, the Pilgrim's Pride Pension Committee, Robert A. Wright, Jane Brookshire, Renee N. DeBar, the Pilgrim's Pride Administrative Committee, Gerry Evenwel, Stacey Evans, Evelyn Boyden, and "John Does 1-10." The Amended Complaint purports to assert claims on behalf of persons who were participants in or beneficiaries of the RSP or the To-Ricos Plan at any time between January 29, 2008 through December 1, 2008 ("the alleged class period"), and whose accounts included investments in the Company's common stock.

Like the original Patterson and Smalls complaints, the Amended Complaint alleges that the defendants breached ERISA fiduciary duties to participants and beneficiaries of the RSP and To-Ricos Plan by permitting both Plans to continue investing in the Company's common stock during the alleged class period. The Amended Complaint also alleges that certain defendants were "appointing" fiduciaries who failed to monitor the performance of the defendant-fiduciaries they appointed. Further, the Amended Complaint alleges that all defendants are liable as co-fiduciaries for one another's alleged breaches. Plaintiffs seek actual damages in the amount of any losses the RSP and To-Ricos Plan attributable to the decline in the value of the common stock held by the Plans, to be allocated among the participants' individual accounts as benefits due in proportion to the accounts' alleged diminution in value, costs and attorneys' fees, an order for equitable restitution and the imposition of constructive trust, and a declaration that each of the defendants have breached their ERISA fiduciary duties to the RSP and To-Ricos Plan's participants.

The defendants filed a motion to dismiss the Amended Complaint on May 3, 2010. On August 29, 2012, the Magistrate Judge issued a Report and Recommendation to deny the defendants' motion to dismiss the complaint on grounds that the complaint included too many exhibits. The defendants filed objections with the Marshall Court, and on October 29, 2012, the Marshall Court adopted the Recommendation of the Magistrate Judge and entered an order denying the defendants' motion to dismiss. On November 11, 2012, Plaintiffs filed a motion for class certification. The motion is fully briefed and was argued to the Marshall Court on February 28, 2013. The parties are awaiting a decision on the motion.

Tax Claims and Proceedings

In 2009, the IRS asserted claims against the Company in the Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "Bankruptcy Court") totaling $74.7 million. Following a series of objections, motions and opposition filed by both parties with the Bankruptcy Court, the Company worked with the IRS through the normal processes and procedures that are available to resolve the IRS' claims. On December 12, 2012, the Company entered into two Stipulation of Settled Issues agreements with the IRS (the "Stipulations"). The first Stipulation related to the Company's 2003, 2005, and 2007 tax years and resolved all of the material issues in the case. The second Stipulation related to the Company as the successor in interest to Gold Kist Inc. ("Gold Kist") for the tax years ended June 30, 2005 and September 30, 2005, and resolved all substantive issues in the case. These Stipulations accounted for approximately $29.3 million of the claims and should result in no additional tax due.

In connection with the remaining $45.4 million claimed by the IRS, the Company filed a petition in Tax Court on May 26, 2010 in response to a Notice of Deficiency that was issued to us as the successor in interest to Gold Kist. The Notice of Deficiency and the Tax Court proceeding relate to an ordinary loss that Gold Kist claimed for its tax year ended June 26, 2004. On December 11, 2013, the Tax Court issued its opinion in the Tax Court case holding the loss that Gold Kist claimed for its tax year ended June 26, 2004 was capital in nature. On April 14, 2014, the Company appealed the Tax Court's findings of fact and conclusions of law to the United States Fifth Circuit Court of Appeals (the "Fifth Circuit"). On February 25, 2015, the Fifth Circuit issued its opinion, which reversed the Tax Court's judgment and rendered judgment in the Company's favor. The IRS did not appeal the Fifth Circuit's decision, which has become final, and no additional tax should be due in connection with this matter.

Grower Claims and Proceedings

On June 1, 2009, approximately 555 former and current independent contract broiler growers, their spouses and poultry farms filed an adversary proceeding against the Company in the Bankruptcy Court styled "Shelia Adams, et al. v. Pilgrim's Pride Corporation." In the adversary proceeding, the plaintiffs assert claims against us for: (i) violations of Sections 202(a), (b) and (e), 7 U.S.C. § 192 of the Packers and Stockyards Act of 1921 (the "PSA"); (ii) intentional infliction of emotional distress; (iii) violations of the Texas Deceptive Trade Practices Act ("DTPA"); (iv) promissory estoppel; (v) simple fraud; and (vi) fraud by nondisclosure. The case relates to the Company's Farmerville, Louisiana; Nacogdoches, Texas; and the El Dorado, De Queen and Batesville, Arkansas complexes. The plaintiffs also filed a motion to withdraw the reference of the adversary proceeding from the Bankruptcy Court to the Marshall Court. The motion was filed with the U.S. District Court for the Northern District of Texas-Fort Worth Division (the "Fort Worth Court"). The Bankruptcy Court recommended the reference be withdrawn, but that the Fort Worth Court retain venue over the action to ensure against forum shopping. The Fort Worth Court granted the motion to withdraw the reference. The Company filed a motion to dismiss the plaintiffs' claims. The Fort Worth Court granted in part and denied in part the Company's motion, dismissing the following claims and ordering the plaintiffs to file a motion to amend their lawsuit and re-plead their claims with further specificity or the claims would be dismissed with prejudice: (i) intentional infliction of emotional distress; (ii) promissory estoppel; (iii) simple fraud and fraudulent nondisclosure; and (iv) DTPA claims with respect to growers from Oklahoma, Arkansas, and Louisiana. The plaintiffs filed a motion for leave to amend on October 7, 2009. Plaintiffs' motion for leave was granted and the plaintiffs filed their Amended Complaint on December 7, 2009. Subsequent to the Fort Worth Court granting in part and denying in part the Company's motion to dismiss, the plaintiffs filed a motion to transfer venue of the proceeding from the Fort Worth Court to the Marshall Court. The Company filed a response to the motion, but the motion to transfer was granted on December 17, 2009. On December 29, 2009, the Company filed an answer to plaintiffs' Amended Complaint with the Marshall Court. A bench trial commenced on June 16, 2011. The trial concluded as to the El Dorado growers on August 25, 2011. On September 30, 2011, the Marshall Court issued its Findings of Facts and Conclusions of Law and Judgment finding in favor of the Company on each of the grower claims with exception of claims under 7 U.S.C. §192(e), and awarding damages to plaintiffs in the aggregate of approximately $25.8 million. Afterward, the Company filed post-judgment motions attacking the Marshall Court's findings of fact and conclusions of law, which, on December 28, 2011, were granted in part and resulted in a reduction of the damages award from $25.8 million to $25.6 million. On January 19, 2012, the Company appealed the findings of fact and conclusions of law and decision concerning the post-judgment motions to the Fifth Circuit. Oral argument occurred on December 3, 2012. On August 27, 2013, the Fifth Circuit reversed the judgment, and entered a judgment in favor of the Company. Plaintiffs thereafter filed a petition for rehearing en banc. Plaintiffs' petition for rehearing was denied on October 15, 2013. On January 13, 2014, Plaintiffs filed a Petition for a Writ of Certiorari requesting the Supreme Court of the United States to accept their case for review. Plaintiff's petition for a Writ of Certiorari was denied on February 24, 2014. The Fifth Circuit's decision and prior favorable trial court rulings regarding the El Dorado growers' claims suggest that the likelihood of any recovery by growers remaining in the case is too remote to maintain the previously-recorded loss accrual. Therefore, the Company reversed the accrual on September 1, 2013.

As for the remaining chicken grower claims, the bench trial relating to the allegations asserted by the plaintiffs from the Farmerville, Louisiana complex began on July 16, 2012. That bench trial concluded on August 2, 2012, but the Marshall Court postponed its ruling until the appeals process regarding the allegations asserted by the El Dorado growers was exhausted. The bench trial relating to the claims asserted by the plaintiffs from the Nacogdoches, Texas complex began on September 12, 2012, but was also postponed until the appeals process regarding the allegations asserted by the El Dorado growers was exhausted. The remaining bench trial for the plaintiffs from the De Queen and Batesville, Arkansas complexes was scheduled for October 29, 2012, but that trial date was canceled. Following the denial by the Supreme Court of the United States for a Writ of Certiorari related to the claims asserted by the plaintiffs from the El Dorado, Arkansas complex, the Marshall Court requested briefing on the allegations asserted by the plaintiffs from the Farmerville, Louisiana complex and scheduled trial proceedings for allegations asserted by the plaintiffs from the Nacogdoches complex on August 25, 2014 and allegations asserted by the plaintiffs from the De Queen and Batesville, Arkansas complexes on October 27, 2014. Prior to commencing the trial proceedings on the allegations asserted by the plaintiffs from the De Queen and Batesville, Arkansas complexes, the Marshall Court announced it would enter judgment in PPC's favor on all remaining federal causes of action, and plaintiffs from the De Queen and Batesville complexes were given additional time to brief Arkansas state law claims. The court-imposed deadline passed with no briefs filed by plaintiffs. At this time, the Marshall Court has not memorialized its decision in writing.

Other Claims and Proceedings

The Company is subject to various other legal proceedings and claims, which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the Company's financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is listed on the NASDAQ Global Select Market ("NASDAQ") under the symbol "PPC." High and low closing prices of the Company's common stock for 2015 and 2014 are as follows:

	2015 Prices		2014 Prices	
Quarter	**High**	**Low**	**High**	**Low**
First	$ 37.02	$ 23.55	$ 19.83	$ 15.46
Second	27.00	22.59	26.83	19.98
Third	23.39	19.41	32.27	27.36
Fourth	22.68	18.14	37.59	25.91

Holders

The Company estimates there were approximately 43,900 holders (including individual participants in security position listings) of the Company's common stock as of February 10, 2016.

Dividends

On February 17, 2015, the Company paid a special cash dividend from retained earnings of approximately $1.5 billion, or $5.77 per share, to stockholders of record as of January 30, 2015. The Company used proceeds from the U.S. Credit Facility, along with cash on hand, to fund the special cash dividend. The Company did not pay dividends in 2014.

With the exception of the special cash dividend paid on February 17, 2015, the Company has no current intention to pay any further dividends to its stockholders. Any change in dividend policy will depend upon future conditions, including earnings and financial condition, general business conditions, any applicable contractual limitations, and other factors deemed relevant by our board of directors in its discretion.

Issuer Purchases of Equity Securities in 2015

On July 28, 2015, the Company's Board of Directors approved a $150.0 million share repurchase authorization. The Company plans to repurchase shares through various means, which may include but are not limited to open market purchases, privately negotiated transactions, the use of derivative instruments and/or accelerated share repurchase programs. The share repurchase program was originally scheduled to expire on July 27, 2016. On February 10, 2016, the Company's Board of Directors approved an increase of the share repurchase authorization to $300.0 million and an extension of the expiration to February 9, 2017. The extent to which the Company repurchases its shares and the timing of such repurchases will vary and depend upon market conditions and other corporate considerations, as determined by the Company's management team. The Company reserves the right to limit or terminate the repurchase program at any time without notice. For the fifty-two weeks ended December 27, 2015, the Company repurchased 4.9 million shares of its common stock under the program for an aggregate cost of $99.2 million and an average price of $20.41. Set forth below is information regarding our stock repurchases for the thirteen weeks ended December 27, 2015.

Issuer Purchases of Equity Securities

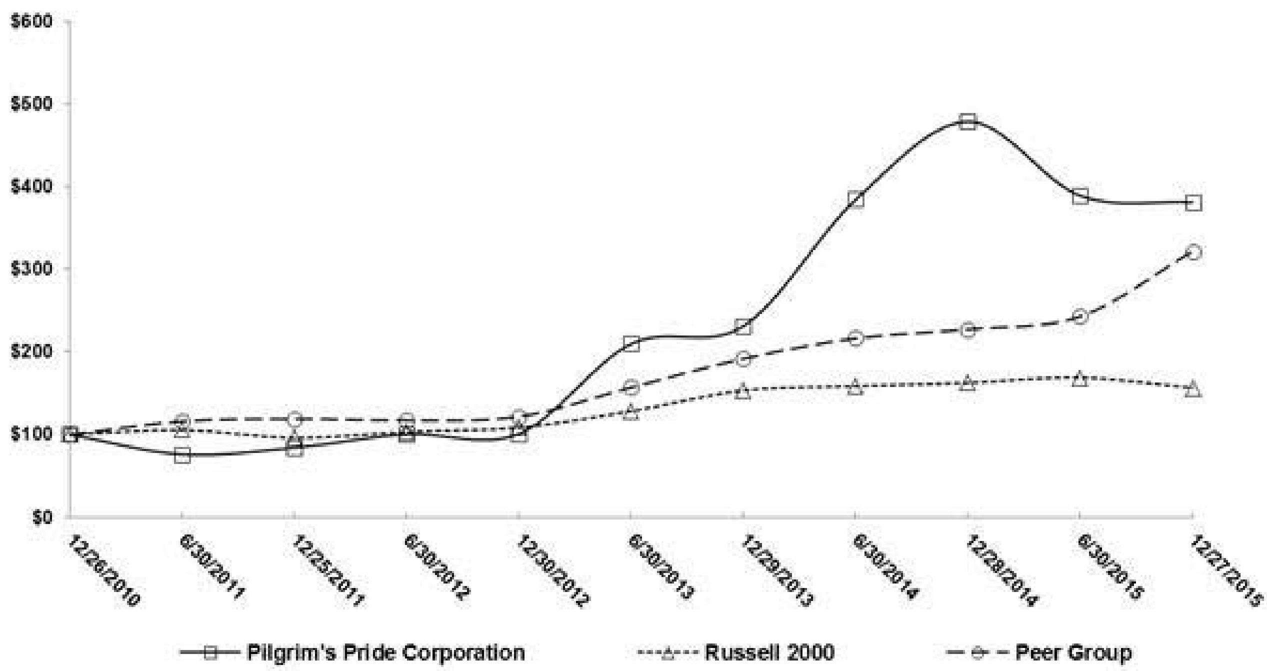
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of the Shares That May Yet Be Purchased Under the Plans or Programs
September 28, 2015 through October 25, 2015	2,324,972	$ 20.21	2,324,972	$ 57,944,212
October 26, 2015 through November 29, 2015	371,910	19.30	371,910	50,766,944
November 30, 2015 through December 27, 2015	—	—	—	50,766,944
Total	2,696,882	$ 20.08	2,696,882	$ 50,766,944

Total Return on Registrant's Common Equity

The following graph compares the performance of the Company with that of the Russell 2000 composite index and a peer group of companies for the period from December 26, 2010 to December 27, 2015, with the investment weighted on market capitalization. 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 beginning of the applicable period. Companies in the peer group index include Sanderson Farms Inc., Hormel Foods Corp. and Tyson Foods Inc.

The graph covers the period from December 26, 2010 to December 27, 2015, and reflects the performance of the Company's single class of common stock. The stock price performance represented by this graph is not necessarily indicative of future stock performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Pilgrim's Pride Corporation, the Russell 2000 Index, and a Peer Group



*$100 invested on 12/26/10 in stock or index, including reinvestment of dividends.

	12/26/10	06/30/11	12/25/11	06/30/12	12/30/12	06/30/13	12/29/13	06/30/14	12/28/14	06/30/15	12/27/15
PPC	$ 100.00	$ 75.98	$ 84.13	$ 100.42	$ 100.98	$ 209.83	$ 231.32	$ 384.27	$ 478.51	$ 388.98	$ 380.85
Russell 2000	100.00	105.55	96.08	103.36	108.55	128.38	153.47	158.73	162.67	169.02	156.68
Peer Group	100.00	116.10	119.09	117.27	121.79	157.05	191.80	216.42	227.33	242.85	321.63

Item 6. Selected Financial Data

(In thousands, except ratios and per share data)	2015	2014	2013	2012	2011
Operating Results Data:					
Net sales	$ 8,180,104	$ 8,583,365	$ 8,411,148	$ 8,121,382	$7,535,698
Gross profit (loss)[(a)]	1,254,377	1,393,995	845,439	435,832	(141,537)
Operating income (loss)[(a)]	1,044,891	1,203,115	658,863	250,342	(373,591)
Interest expense, net	33,875	77,271	84,881	103,529	110,067
Loss on early extinguishment of debt	—	—	—	—	—
Income (loss) before income taxes[(a)]	992,758	1,102,391	573,940	153,062	(487,126)
Income tax expense (benefit)[(b)]	346,796	390,953	24,227	(20,980)	8,564
Net income (loss)[(a)]	645,962	711,438	549,713	174,042	(495,690)
Net income (loss) attributable to noncontrolling interest	48	(210)	158	(192)	1,082
Net income (loss) attributable to Pilgrim's Pride Corporation[(a)]	645,914	711,648	549,555	174,234	(496,772)
Ratio of earnings to fixed charges[(c)]	20.63x	12.96x	7.47x	2.34x	(d)
Per Common Diluted Share Data:					
Net income (loss) attributable to Pilgrim's Pride Corporation	$ 2.50	$ 2.74	$ 2.12	$ 0.70	$ (2.21)
Adjusted net income (loss) attributable to Pilgrim's Pride Corporation[(d)]	2.60	2.96	2.14	0.68	(2.14)
Book value	4.88	8.46	5.75	3.50	—
Balance Sheet Summary:					
Working capital	899,264	1,138,177	845,584	812,551	747,020
Total assets	3,318,443	3,091,718	3,172,402	2,913,869	2,879,545
Notes payable and current maturities of long-term debt	28,812	262	410,234	15,886	15,611
Long-term debt, less current maturities	985,509	3,980	501,999	1,148,870	1,408,001
Total stockholders' equity	1,261,810	2,196,801	1,492,602	908,997	558,430
Cash Flow Summary:					
Cash flows from operating activities	973,138	1,066,692	878,533	199,624	(128,991)
Depreciation and amortization[(e)]	158,975	155,824	150,523	147,414	209,061
Impairment of goodwill and other assets	4,813	—	4,004	2,770	22,895
Purchases of investment securities	—	(55,100)	(96,902)	(162)	(4,596)
Proceeds from sale or maturity of investment securities	—	152,050	—	688	15,852
Acquisitions of property, plant and equipment	(175,764)	(171,443)	(116,223)	(90,327)	(135,968)
Purchase of acquired business, net of cash acquired	(373,532)	—	—	—	—
Cash flows from financing activities	(578,647)	(905,595)	(250,214)	(111,029)	126,850
Other Data:					
EBITDA[(f)(g)]	1,181,970	1,321,774	800,398	393,942	(174,801)
Adjusted EBITDA[(f)(g)]	1,213,467	1,352,249	810,316	397,773	(134,413)
Key Indicators (as a percent of net sales):					
Gross profit (loss)[(a)]	15.3%	16.2%	10.1%	5.4%	(1.9)%
Selling, general and administrative expenses	2.5%	2.2%	2.2%	2.2%	2.7 %
Operating income (loss)[(a)]	12.8%	14.0%	7.8%	3.1%	(5.0)%
Interest expense, net	0.4%	0.9%	1.0%	1.3%	1.5 %
Net income (loss)[(a)]	7.9%	8.3%	6.5%	2.1%	(6.6)%

(a) Gross profit, operating income and net income include the following restructuring charges for each of the years presented:

	2015	2014	2013	2012	2011
			(In millions)		
Effect on gross profit and operating income:					
Operational restructuring charges	$ —	$ —	$ —	$ —	$ (2.0)
Additional effect on operating income:					
Administrative restructuring charges	(5.6)	(2.3)	(5.7)	(8.4)	(26.9)

(b) Income tax expense in 2015 and 2014 resulted primarily from expense recorded on our year-to-date income. Income tax expense in 2013 resulted primarily from expense recorded on our year-to-date income offset by a decrease in valuation allowance as a result of year-to-date earnings. Income tax benefit in 2012 resulted primarily from a decrease in valuation allowance and a decrease in reserves for unrecognized tax benefits. Income tax expense in 2011 resulted primarily from an increase in valuation allowance and an increase in reserves for unrecognized tax benefits.

(c) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest (including capitalized interest) on all indebtedness, amortization of capitalized financing costs and that portion of rental expense that we believe to be representative of interest. Earnings were inadequate to cover fixed charges by $490.6 million in 2011.

(d) Adjusted net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share is presented because it is used by us and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of results prepared in conformity with GAAP, to compare the performance of companies. Adjusted net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share is not a measurement of financial performance under GAAP, has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. It does not reflect the impact of earnings or charges resulting from matters we consider to not be indicative of our ongoing operations.

A reconciliation of net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share to adjusted net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share is as follows:

	2015	2014	2013	2012	2011
	(In thousands except per share data)				
Net income (loss) attributable to Pilgrim's Pride Corporation	$ 645,914	$ 711,648	$ 549,555	$ 174,234	$ (496,772)
Loss on early extinguishment of debt	1,470	29,475	—	—	3,628
Foreign currency transaction losses (gains)	25,940	27,979	4,415	(4,810)	12,601
Adjusted net income (loss) attributable to Pilgrim's Pride Corporation	673,324	769,102	553,970	169,424	(480,543)
Weighted average diluted shares of common stock outstanding	258,676	259,471	259,241	250,216	224,996
Adjusted net income (loss) attributable to Pilgrim's Pride Corporation per common diluted share	$ 2.60	$ 2.96	$ 2.14	$ 0.68	$ (2.14)

(e) Includes amortization of capitalized financing costs of approximately $3.6 million, $13.7 million, $9.3 million, $10.1 million and $9.5 million in 2015, 2014, 2013, 2012 and 2011, respectively.

(f) "EBITDA" is defined as the sum of net income (loss) plus interest, taxes, depreciation and amortization . "Adjusted EBITDA" is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (i) income (loss) attributable to noncontrolling interests in the period from 2011 through 2015, (ii) restructuring charges in the period from 2011 through 2015 and (iii) foreign currency transaction losses (gains) in the period from 2011 through 2015. EBITDA is presented because it is used by us and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of results prepared in conformity with GAAP, to compare the performance of companies. We believe investors would be interested in our Adjusted EBITDA because this is how our management analyzes EBITDA applicable to continuing operations. We also believe that Adjusted EBITDA, in combination with our financial results calculated in accordance with GAAP, provides investors with additional perspective regarding the impact of certain significant items on EBITDA and facilitates a more direct comparison of its performance with its competitors. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under GAAP. Some of the limitations of these measures are:

- They do not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- They do not reflect changes in, or cash requirements for, our working capital needs;
- They do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- They are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- EBITDA does not reflect the impact of earnings or charges attributable to noncontrolling interests;
- They do not reflect the impact of earnings or charges resulting from matters we consider to not be indicative of our ongoing operations; and
- They do not reflect limitations on or costs related to transferring earnings from our subsidiaries to us.

(g) In addition, other companies in our industry may calculate these measures differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with GAAP. You should compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only on a supplemental basis.

A reconciliation of net income (loss) to EBITDA and Adjusted EBITDA is as follows:

	2015	2014	2013	2012	2011
			(In thousands)		
Net income (loss)	$ 645,962	$ 711,438	$ 549,713	$ 174,042	$ (495,690)
Add:					
Interest expense, net [(a)]	33,875	77,271	84,881	103,529	110,067
Income tax expense (benefit)	346,796	390,953	24,227	(20,980)	8,564
Depreciation and amortization [(b)]	158,975	155,824	150,884	147,414	211,780
Minus:					
Amortization of capitalized financing costs[(c)]	3,638	13,712	9,307	10,063	9,522
EBITDA	1,181,970	1,321,774	800,398	393,942	(174,801)
Add:					
Foreign currency transaction losses (gains)[(d)]	25,940	27,979	4,415	(4,810)	12,601
Restructuring charges[(e)]	5,605	2,286	5,661	8,449	28,869
Minus:					
Net income (loss) attributable to noncontrolling interest	48	(210)	158	(192)	1,082
Adjusted EBITDA	$ 1,213,467	$ 1,352,249	$ 810,316	$ 397,773	$ (134,413)

(a) Interest expense, net, consists of interest expense less interest income.

(b) 2013 and 2011 include $0.4 million and $2.7 million, respectively, of asset impairments not included in restructuring charges.

(c) Amortization of capitalized financing costs is included in both interest expense, net and depreciation and amortization above.

(d) The Company measures the financial statements of its Mexico subsidiaries as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than non-monetary assets, of the Mexico subsidiaries at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Currency exchange gains or losses resulting from these remeasurements are included in the line item *Foreign currency transaction losses (gains)* in the Consolidated Statements of Income.

(e) Restructuring charges includes tangible asset impairment, severance and change-in-control compensation costs, and losses incurred on both the sale of unneeded broiler eggs and flock depletion.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Company

We are one of the largest chicken producers in the world, with operations in the U.S., Mexico and Puerto Rico. We are primarily engaged in the production, processing, marketing and distribution of fresh, frozen and value-added chicken products to retailers, distributors and foodservice operators. We offer a wide range of products to our customers through strong national and international distribution channels. Pilgrim's fresh chicken products consist of refrigerated (non-frozen) whole chickens, whole cut-up chickens and selected chicken parts that are either marinated or non-marinated. The Company's prepared chicken products include fully cooked, ready-to-cook and individually frozen chicken parts, strips, nuggets and patties, some of which are either breaded or non-breaded and either marinated or non-marinated.

We market our balanced portfolio of fresh, prepared and value-added chicken products to a diverse set of over 5,000 customers across the U.S., Mexico and in approximately 90 other countries, with no single one accounting for more than 10% of total sales. We have become a valuable partner to our customers and a recognized industry leader by consistently providing high-quality products and services designed to meet their needs and enhance their business. Our sales efforts are largely targeted towards the foodservice industry, principally chain restaurants and food processors such as Chick-fil-A® and Yum! Brands®, distributors such as US Foods and Sysco® and retail customers, including grocery store chains and wholesale clubs such as Kroger®, Wal-Mart®, Costco®, Publix®, Albertsons®, H-E-B® and Sam's Club®.

As a vertically integrated company, we control every phase of the production process, which helps us better manage food safety and quality, as well as more effectively control margins and improve customer service. We operate feed mills, hatcheries, processing plants and distribution centers in 12 U.S. states, Puerto Rico and Mexico. Our plants are strategically located to ensure that customers timely receive fresh products. With our global network of approximately 4,130 growers, 35 feed mills, 40 hatcheries, 30 processing plants, six prepared foods cook plants, 23 distribution centers, eight rendering facilities and three pet food plants, we believe we are well positioned to supply the growing demand for our products.

We are one of the largest, and we believe one of the most efficient, producers and sellers of chicken in Mexico. Our presence in Mexico provides access to a market with growing demand and has enabled us to leverage our operational strengths within the region. The market for chicken products in Mexico is still developing with most sales attributed to fresh, commodity-oriented, market price-based business. We believe our Mexico business is well positioned to continue benefiting from these trends in the Mexican consumer market. Additionally, we are an important player in the live market, which accounted for approximately 25% of the industry's chicken sales in Mexico in 2015.

Pilgrim's has approximately 39,000 employees and has the capacity to process more than 37 million birds per week for a total of more than 10.8 billion pounds of live chicken annually. In 2015, we produced 7.9 billion pounds of chicken products, generating approximately $8.2 billion in net revenues and approximately $645.9 million in net income attributable to Pilgrim's.

We operate on a 52/53-week fiscal year that ends on the Sunday falling on or before December 31. The reader should assume any reference we make to a particular year (for example, 2015) in this report applies to our fiscal year and not the calendar year.

Executive Summary

We reported net income attributable to Pilgrim's Pride Corporation of $645.9 million, or $2.50 per diluted common share, for 2015. These operating results included gross profit of $1.3 billion. During 2015, we generated $976.8 million of cash from operations.

Market prices for feed ingredients remain volatile. Consequently, there can be no assurance that our feed ingredients prices will not increase materially and that such increases would not negatively impact our financial position, results of operations and cash flow. The following table compares the highest and lowest prices reached on nearby futures for one bushel of corn and one ton of soybean meal during the current year and previous two years:

	Corn		Soybean Meal	
	Highest Price	Lowest Price	Highest Price	Lowest Price
2015:				
Fourth Quarter	$ 3.98	$ 3.58	$ 320.70	$ 269.00
Third Quarter	4.34	3.48	374.80	302.40
Second Quarter	4.10	3.53	326.40	286.50
First Quarter	4.13	3.70	377.40	317.50
2014:				
Fourth Quarter	4.14	3.21	411.60	304.60
Third Quarter	4.24	3.23	464.20	307.20
Second Quarter	5.16	4.39	506.00	448.40
First Quarter	4.92	4.12	470.50	416.50
2013:				
Fourth Quarter	4.49	4.12	464.60	392.80
Third Quarter	7.17	4.49	535.30	396.00
Second Quarter	7.18	6.29	490.30	391.80
First Quarter	7.41	6.80	438.50	398.20

We purchase derivative financial instruments, specifically exchange-traded futures and options, in an attempt to mitigate price risk related to our anticipated consumption of commodity inputs such as corn, soybean meal, sorghum, wheat, soybean oil and natural gas. We will sometimes take a short position on a derivative instrument to minimize the impact of a commodity's price volatility on our operating results. We will also occasionally purchase derivative financial instruments in an attempt to mitigate currency exchange rate exposure related to the financial statements of our Mexico operations that are denominated in Mexican pesos. We do not designate derivative financial instruments that we purchase to mitigate commodity purchase or currency exchange rate exposures as cash flow hedges; therefore, we recognize changes in the fair value of these derivative financial instruments immediately in earnings. We recognized $21.8 million, $16.1 million and $25.1 million in net gains related to changes in the fair value of derivative financial instruments during 2015, 2014 and 2013.

Although changes in the market price paid for feed ingredients impact cash outlays at the time we purchase the ingredients, such changes do not immediately impact cost of sales. The cost of feed ingredients is recognized in cost of sales, on a first-in-first-out basis, at the same time that the sales of the chickens that consume the feed grains are recognized. Thus, there is a lag between the time cash is paid for feed ingredients and the time the cost of such feed ingredients is reported in cost of goods sold. For example, corn delivered to a feed mill and paid for one week might be used to manufacture feed the following week. However, the chickens that eat that feed might not be processed and sold for another 42 to 63 days, and only at that time will the costs of the feed consumed by the chicken become included in cost of goods sold.

Commodities such as corn, soybean meal, sorghum, wheat and soybean oil are actively traded through various exchanges with future market prices quoted on a daily basis. These quoted market prices, although a good indicator of the commodity's base price, do not represent the final price for which we can purchase these commodities. There are several components in addition to the quoted market price, such as freight, storage and seller premiums, that are included in the final price that we pay for grain. Although changes in quoted market prices may be a good indicator of the commodity's base price, the components mentioned above may have a significant impact on the total change in grain costs recognized from period to period.

Market prices for chicken products are currently at levels sufficient to offset the costs of feed ingredients. However, there can be no assurance that chicken prices will not decrease due to such factors as competition from other proteins and substitutions by consumers of non-protein foods because of uncertainty surrounding the general economy and unemployment.

Recent Developments

Tyson Mexico Acquisition. On June 29, 2015, we acquired Tyson Mexico from Tyson Foods, Inc. and certain of its subsidiaries for cash. Tyson Mexico is a vertically integrated poultry business based in Gomez Palacio, Durango, Mexico. The acquired business has a production capacity of three million birds per week in its three plants and currently employs more than 4,500 people in its plants, offices and seven distribution centers. The acquisition further strengthens our strategic position in the Mexico chicken market. We expect to maintain these operations working to capacity with the existing workforce. We plan to keep all current labor contracts in place. The results of operations of the acquired business since June 29, 2015 are included in the our Consolidated Statements of Operations in this annual report. Net sales generated by the acquired business from the acquisition date through December 27, 2015 totaled $250.6 million. The acquired business incurred a net loss from the acquisition date through December 27, 2015 totaling $13.7 million.

Senior Notes Due 2025. On March 11, 2015, we completed a sale of $500.0 million aggregate principal amount of our 5.75% senior notes due 2025 (the "Senior Notes"). We used the net proceeds from the sale of the Senior Notes to repay $350.0 million and $150.0 million of the term loan indebtedness under the U.S. Credit Facility on March 12, 2015 and April 22, 2015, respectively. For additional information regarding the Senior Notes due 2025, see " - Liquidity and Capital Resources - Long-Term Debt and Other Borrowing Arrangements - Senior Notes."

Amended and Restated U.S. Credit Facility. On February 11, 2015, we and certain of our subsidiaries entered into a Second Amended and Restated Credit Agreement (the "U.S. Credit Facility") with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch ("Rabobank"), as administrative agent, and the other lenders party thereto. The U.S. Credit Facility amends and restates our existing credit agreement dated August 7, 2013 with CoBank, ACB, as administrative agent and collateral agent, and other lenders party thereto. The U.S. Credit Facility provides for a revolving loan commitment of up to $700.0 million and a term loan commitment of up to $1.0 billion. The U.S. Credit Facility also includes an accordion feature that allows us, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional $1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase. For additional information regarding the U.S. Credit Facility, see " - Liquidity and Capital Resources - Long-Term Debt and Other Borrowing Arrangements - U.S. Credit Facility."

Special Cash Dividend. On January 14, 2015, we declared a special cash dividend of $5.77 per share with a total payment amount of approximately $1.5 billion. The special cash dividend was paid on February 17, 2015 to stockholders of record as of January 30, 2015 using proceeds from certain borrowings under the U.S. Credit Facility and cash on hand. For additional information, see "Note 14. Stockholders' Equity - Special Cash Dividend" of our Consolidated Financial Statements included in this annual report.

Business Segment and Geographic Reporting

We operate in one reportable business segment, as a producer and seller of chicken products we either produce or purchase for resale in the U.S., Puerto Rico and Mexico. We conduct separate operations in the U.S., Puerto Rico and Mexico; however, for geographic reporting purposes, we include Puerto Rico within our U.S. operations. Corporate expenses are allocated to Mexico based upon various apportionment methods for specific expenditures incurred related thereto with the remaining amounts allocated to the U.S. For additional information, see “Note 19. Business Segment and Geographic Reporting” of our Consolidated Financial Statements included in this annual report.

Results of Operations

2015 Compared to 2014

Net sales. Net sales for 2015 decreased $403.3 million, or 4.7%, from 2014. The following table provides additional information regarding net sales:

Source of net sales	2015	Change from 2014 Amount	Change from 2014 Percent
	(In thousands, except percent data)		
United States	$ 7,143,354	$ (503,682)	(6.6)% (a)
Mexico	1,036,750	100,421	10.7 % (b)
Total net sales	$ 8,180,104	$ (403,261)	(4.7)%

(a) U.S. net sales generated in 2015 decreased $503.7 million, or 6.6%, from U.S. net sales generated in 2014 primarily because of a decrease in net sales per pound. Lower net sales per pound, which reflects a slight shift in product mix toward lower-priced fresh chicken products when compared to the same period in the prior year, contributed $681.8 million, or 8.9 percentage points, to the sales decrease. An increase in sales volume partially offset the net decrease by $178.2 million, or 2.3 percentage points. Included in U.S. sales generated during 2015 and 2014 were sales to JBS USA Food Company totaling $21.7 million and $39.7 million, respectively.

(b) Mexico sales generated in 2015 increased $100.4 million, or 10.7%, from Mexico sales generated in 2014, primarily because of net sales generated by the recently acquired Tyson Mexico operations and an increase in sales volume experienced by our existing operations. The impact of the acquired business contributed $250.6 million, or 26.8 percentage points, to the increase in net sales. The sales volume increase experienced by our existing operations contributed $24.7 million, or 2.6 percentage points, to the increase in net sales. The impact of of the acquired business and the sales volume increase experienced by our existing operations were partially offset by a decrease in net sales per pound experienced by our existing operations and the impact of foreign currency translation on our existing operations. The decrease in net sales per pound experienced by our existing operations offset the impact of the acquired business and the sales volume increase experienced by our existing operations by $24.1 million, or 2.6 percentage points. The impact of foreign currency translation on our existing operation offset the impact of the acquired business and the sales volume increase experienced by our existing operations by $150.7 million, or 16.1 percentage points.

Gross profit. Gross profit decreased by $139.6 million, or 10.0%, from $1.4 billion generated in 2014 to $1.3 billion generated in 2015. The following tables provide gross profit information:

Components of gross profit	2015	Change from 2014 Amount	Change from 2014 Percent	Percent of Net Sales 2015	Percent of Net Sales 2014
	(In thousands, except percent data)				
Net sales	$ 8,180,104	$ (403,261)	(4.7)%	100.0%	100.0%
Cost of sales	6,925,727	(263,643)	(3.7)%	84.7%	83.8% (a)(b)
Gross profit	$ 1,254,377	$ (139,618)	(10.0)%	15.3%	16.2%

Sources of gross profit	2015	Change from 2014 Amount	Change from 2014 Percent
	(In thousands, except percent data)		
United States	$1,126,861	$ (75,941)	(6.3)%
Mexico	127,421	(63,772)	(33.4)%
Elimination	95	95	(c)
Total gross profit	$1,254,377	$ (139,618)	(10.0)%

Sources of cost of sales	2015	Change from 2014 Amount	Change from 2014 Percent
	(In thousands, except percent data)		
United States	$6,016,493	$ (427,741)	(6.6)% (a)
Mexico	909,329	164,193	22.0 % (b)
Elimination	(95)	(95)	(c)
Total cost of sales	$6,925,727	$ (263,643)	(3.7)%

(a) Cost of sales incurred by our U.S. operations in 2015 decreased $427.7 million, or 6.6%, from cost of sales incurred by our U.S. operations in 2014. Cost of sales decreased primarily because of a $358.2 million decrease in feed ingredients costs, a $33.2 million decrease in wages and benefits, a $17.0 million decrease in utilities costs and a $13.3 million decrease in vehicle costs partially offset by a $24.4 million increase in co-pack labor costs, a $20.9 million increase in contract labor costs, a $20.6 million increase in contract grower costs and a $19.7 million increase in supplies and equipment costs. Other factors affecting U.S. cost of sales were immaterial.

(b) Cost of sales incurred by the Mexico operations during 2015 increased $164.2 million, or 22.0%, from cost of sales incurred by the Mexico operations during 2014 primarily because of costs incurred by the acquired Tyson Mexico operations, partially offset by a decrease in cost of sales incurred by our existing operations. Cost of sales incurred by the acquired Tyson Mexico operations contributed $249.1 million, or 33.4 percentage points, to the overall increase in cost of sales incurred by the Mexican operations. The decrease in cost of sales incurred by our existing operations partially offset the impact of the cost of sales incurred by the acquired business by $85.0 million, or 11.4 percentage points. The impact of foreign currency translation contributed $126.5 million, or 17.0 percentage points, to the decrease in cost of sales incurred by our existing operations. Decreases in both wage and benefits costs and utilities costs along with a gain related to the sale of property, plant and equipment also contributed $18.0 million, or 2.4 percentage points, to the decrease in cost of sales incurred by our existing operations. The favorable impact that the items listed above had on cost of sales incurred by our existing operations was partially offset by $59.6 million, or 8.0 percentage points, because of higher feed ingredients costs. Other factors affecting cost of sales were individually immaterial.

(c) Our Consolidated Financial Statements include the accounts of our company and its majority owned subsidiaries. We eliminate all significant affiliate accounts and transactions upon consolidation.

Operating income. Operating income decreased $158.2 million, or 13.2%, from $1.2 billion generated for 2014 to $1.0 billion generated for 2015. The following tables provide operating income information:

		Change from 2014		Percent of Net Sales		
Components of operating income	**2015**	**Amount**	**Percent**	**2015**	**2014**	
	(In thousands, except percent data)					
Gross profit	$ 1,254,377	$ (139,618)	(10.0)%	15.3%	16.2%	
SG&A expenses	203,881	15,287	8.1 %	2.5%	2.2%	(a)(b)
Administrative restructuring charges	5,605	3,319	145.2 %	0.1%	—%	(c)
Operating income	$ 1,044,891	$ (158,224)	(13.2)%	12.8%	14.0%	

		Change from 2014		
Source of operating income	**2015**	**Amount**	**Percent**	
	(In thousands, except percent data)			
United States	$ 949,610	$ (81,510)	(7.9)%	
Mexico	95,186	(76,809)	(42.8)%	
Elimination	95	95		(d)
Total operating income	$1,044,891	$(155,023)	(12.9)%	

		Change from 2014		
Sources of SG&A expenses	**2015**	**Amount**	**Percent**	
	(In thousands, except percent data)			
United States	$ 171,646	$ 2,250	1.3%	(a)
Mexico	32,235	13,037	67.9%	(b)
Total SG&A expense	$ 203,881	$ 15,287	8.1%	

		Change from 2014		
Sources of administrative restructuring charges	**2015**	**Amount**	**Percent**	
	(In thousands, except percent data)			
United States	$ 5,605	$ 3,319	145.2%	(c)
Total administrative restructuring charges	$ 5,605	$ 3,319	145.2%	

(a) SG&A expense incurred by the U.S. operations during 2015 increased $2.3 million, or 1.3%, from SG&A expense incurred by the U.S. operations during 2014 primarily because of an $7.4 million increase in employee wages and benefits, and a $2.6 million increase in management fees charged for administrative functions shared with JBS USA Food Company Holdings that were partially offset by a $5.3 million decrease in brokerage expenses, a $2.0 million decrease in legal services expenses and a $0.5 million decrease in advertising and promotion costs. Other factors affecting SG&A expense were individually immaterial.

(b) SG&A expense incurred by the Mexico operations during 2015 increased $13.0 million, or 67.9%, from SG&A expense incurred by the Mexico operations during 2014 primarily because of expenses incurred by the acquired Tyson Mexico operations and an increase in SG&A expense incurred by our existing operations. Expenses incurred by the acquired Tyson Mexico business contributed $10.3 million, or 53.5 percentage points, to the overall increase in SG&A expense. An increase in expenses incurred by our existing operations contributed $3.1 million, or 16.3 percentage points, to the overall increase in SG&A expense. SG&A expense incurred by our existing operations increased primarily because of a $1.8 million increase in contract labor, a $1.2 million increase in bad debt expense and a $1.1 million increase in legal services expense . Other factors affecting SG&A expense were individually immaterial.

(c) Administrative restructuring charges incurred by the U.S. operations during 2015 increased $3.3 million, or 145.2%, from administrative restructuring charges incurred during 2014. During 2015 administrative restructuring charges represented impairment costs of $4.8 million related to assets held for sale in Louisiana and Texas and a loss of $0.8 million related to the sale of a rendering plant in Arkansas.

(d) Our Consolidated Financial Statements include the accounts of both our company and its majority owned subsidiaries. We eliminate all significant affiliate accounts and transactions upon consolidation.

Interest expense. Consolidated interest expense decreased 54.3% to $37.5 million in 2015 from $82.1 million in 2014, primarily because of a decrease in the weighted average interest rate to 4.02% in 2015 from 6.45% in 2014, partially offset by an increase in average borrowings of $933.6 million in 2015 compared to $526.7 million in 2014. As a percent of net sales, interest expense in 2015 and 2014 was 0.46% and 0.96%, respectively.

Income taxes. Our consolidated income tax expense in 2015 was $346.8 million, compared to income tax expense of $390.9 million in 2014. The decrease in income tax expense in 2015 resulted primarily from a decrease in income. We expect a future effective tax rate that is comparative to 2015.

2014 Compared to 2013

Net sales. Net sales for 2014 increased $172.2 million, or 2.0%, from 2013. The following table provides additional information regarding net sales:

Source of net sales	2014	Change from 2013 Amount	Change from 2013 Percent
	(In thousands, except percent data)		
United States	$ 7,647,036	$ 146,824	2.0% (a)
Mexico	936,329	25,393	2.8% (b)
Total net sales	$ 8,583,365	$ 172,217	2.0%

(a) U.S. sales generated in 2014 increased $146.8 million, or 2.0%, from U.S. sales generated in 2013, primarily because of an increase in the net revenue per pound sold that was partially offset by a decrease in pounds sold. Increased net revenue per pound sold, which resulted primarily from an increase in market prices due to continued healthy demand for chicken products in combination with constrained supply, contributed $217.8 million, or 2.9 percentage points, to the revenue increase. A decrease in pounds sold partially offset the increase in revenue per pound sold by $70.8 million, or 0.9 percentage points. Included in U.S. sales generated during 2014 and 2013 were sales to JBS USA Food Company totaling $39.7 million and $61.9 million, respectively.

(b) Mexico sales generated in 2014 increased $25.4 million, or 2.8%, from Mexico sales generated in 2013, primarily because of an increase in the net revenue per pound sold and an increase in sales volume partially offset by the impact of foreign currency translation. The increase in net revenue per pound contributed $42.4 million, or 4.7%, to the increase in sales. The increase in volume contributed $24.2 million, or 2.7 percentage points, to the increase in sales, partially offset by the unfavorable impact of foreign currency translation contributed $41.2 million, or 4.4 percentage points, to the revenue decrease.

Gross profit. Gross profit increased by $548.6 million, or 64.9%, from $845.7 million generated in 2013 to $1.4 billion generated in 2014. The following tables provide gross profit information:

Components of gross profit	2014	Change from 2013 Amount	Change from 2013 Percent	Percent of Net Sales 2013	Percent of Net Sales 2012
	(In thousands, except percent data)				
Net sales	$ 8,583,365	$ 172,217	2.0 %	100.0%	100.0%
Cost of sales	7,189,370	(376,339)	(5.0)%	83.8%	89.9% (a) (b)
Gross profit	$ 1,393,995	$ 548,556	64.9 %	16.2%	10.1%

Sources of gross profit	2014	Change from 2013 Amount	Change from 2013 Percent
	(In thousands, except percent data)		
United States	$ 1,202,802	$ 485,818	67.8%
Mexico	191,193	62,738	48.8%
Elimination	—	—	—%
Total gross profit	$ 1,393,995	$ 548,556	64.9%

Sources of cost of sales	2014	Change from 2013 Amount	Percent
	(In thousands, except percent data)		
United States	$6,444,234	$ (338,994)	(5.0)% (a)
Mexico	745,136	(37,345)	(4.8)% (b)
Total cost of sales	$7,189,370	$ 376,339	(5.0)%

(a) Cost of sales incurred by our U.S. operations in 2014 decreased $339.0 million, or 5.0%, from cost of sales incurred by our U.S. operations in 2013. Cost of sales decreased primarily because of a $464.7 million decrease in feed ingredients costs, a $23.6 million decrease in wages and benefits, a $17.2 million decrease in co-pack labor, a $15.4 million decrease in freight and storage and a $5.1 million decrease in repairs and maintenance. Decreases to cost of sales were partially offset by a decrease in derivative gains from $23.4 million in 2013 to $16.0 million in 2014, a $6.2 million increase in utilities costs, a $5.8 million increase in contract labor costs and a $2.6 million increase in lease costs. Other factors affecting U.S. cost of sales were immaterial.

(b) Cost of sales incurred by the Mexico operations during 2014 decreased $37.3 million, or 4.8%, from cost of sales incurred by the Mexico operations during 2013. Cost of sales decreased primarily because of lower feed ingredients costs partially offset by the impact of foreign currency translation. The impact of lower feed ingredients costs contributed $41.6 million, or 6.8 percentage points, to the decrease in costs of sales. The impact of foreign currency translation contributed $31.9 million, or 4.1 percentage points, to the decrease in cost of sales. Cost of sales also decreased because of a $1.7 million decrease in wages and benefits offset by an increase of $4.1 million in freight and storage costs, a $2.4 million increase in contract labor costs, a $2.4 million increase in utilities costs, a $2.2 million increase in grower costs and a decrease in derivative gains from $1.8 million in 2013 to $0.2 million in 2014. Other factors affecting cost of sales were individually immaterial.

Operating income. Operating income increased $544.3 million, or 82.6%, from $658.8 million generated for 2013 to $1.2 billion generated for 2014. The following tables provide operating income information:

Components of operating income	2014	Change from 2013 Amount	Change from 2013 Percent	Percent of Net Sales 2014	Percent of Net Sales 2013
	(In thousands, except percent data)				
Gross profit	$ 1,393.995	$ 548.556	64.9 %	16.2%	10.1%
SG&A expenses	188,594	7.679	4.2 %	2.2%	2.2% (a)(b)
Administrative restructuring charges	2,286	(3.375)	(59.6)%	—%	0.1% (c)
Operating income	$ 1,203.115	$ 544.252	82.6 %	14.0%	7.8%

Source of operating income	2014	Change from 2013 Amount	Percent
	(In thousands, except percent data)		
United States	$1,031,120	$ 479,145	86.8 %
Mexico	171,995	64,227	59.6 %
Elimination	—	880	(100.0)% (d)
Total operating income	$1,203,115	$ 544,252	82.6 %

Sources of SG&A expenses	2014	Change from 2013 Amount	Percent
	(In thousands, except percent data)		
United States	$ 169,396	$ 9,168	5.7 % (a)
Mexico	19,198	(1,489)	(7.2)% (b)
Total SG&A expense	$ 188,594	$ 7,679	4.2 %

Sources of administrative restructuring charges	2014	Change from 2013 Amount	Percent
	(In thousands, except percent data)		
United States	$ 2,286	$ (3,375)	(59.6)% (c)
Total administrative restructuring charges	$ 2,286	$ (3,375)	(59.6)%

(a) SG&A expense incurred by the U.S. operations during 2014 increased $9.2 million, or 5.7%, from SG&A expense incurred by the U.S. operations during 2013 primarily because of an $8.2 million increase in employee wages and benefits, a $6.2 million increase in management fees charged for administrative functions shared with JBS USA Food Company Holdings and a $1.6 million increase in legal services expenses that were partially offset by a $2.2 million gain on asset disposals, a $1.4 million decrease in outside services expenses, a $1.4 million decrease in depreciation expenses, recognition of a $1.1 million bad debt recovery, a $1.0 million decrease in brokerage expenses and a $1.0 million decrease in contract labor expenses. Other factors affecting SG&A expense were individually immaterial.

(b) SG&A expense incurred by the Mexico operations during 2014 decreased $1.5 million, or 7.2%, from SG&A expense incurred by the Mexico operations during 2013 primarily because of a $2.7 million decrease in contract labor expenses, a $2.0 million decrease in government fees and a $1.1 million decrease in management fees charged by the U.S. operations that were partially offset by a $2.8 million increase in employee wages and benefits, a $0.6 million loss recognized on asset disposals, a $0.4 million increase in marketing expenses and a $0.4 million increase in legal services expenses. Other factors affecting SG&A expense were individually immaterial.

(c) Administrative restructuring charges incurred during 2014 decreased $3.4 million, or 59.6%, from administrative restructuring charges incurred during 2013. During 2014, we incurred administrative restructuring charges composed of (i) live operations rationalization costs of $0.9 million, (ii) employee-related costs of $0.6 million, (iii) other exit or disposal costs of $0.4 million and (iv) inventory valuation costs of $0.3 million.

(d) Our Consolidated Financial Statements include the accounts of our company and its majority owned subsidiaries. We eliminate all significant affiliate accounts and transactions upon consolidation. In 2013, we eliminated a gain of $880.0 thousand recognized by our U.S, operations on the sale of equipment to our Mexican operations.

Interest expense. Consolidated interest expense decreased 5.6% to $82.1 million in 2014 from $87.0 million in 2013 primarily because of decreased average borrowings of $526.7 million in 2014, compared to $990.5 million in 2013, and a decrease in the weighted average interest rate to 6.45% in 2014, from 7.10% in 2013. As a percent of net sales, interest expense in 2014 and 2013 was 0.96% and 1.03%. respectively.

Income taxes. Our consolidated income tax expense in 2014 was $390.9 million, compared to income tax expense of $24.2 million in 2013. The income tax expense in 2014 resulted primarily from an increase in income partially offset by decreases in valuation allowance and reserves for unrecognized tax benefits during 2013.

Liquidity and Capital Resources

The following table presents our available sources of liquidity as of December 27, 2015:

Source of Liquidity[(a)]	Facility Amount	Amount Outstanding	Available	
		(In millions)		
Cash and cash equivalents	$ —	$ —	$ 439.6	
Debt facilities:				
U.S. Credit Facility (defined below)	700.0	—	670.7	(a)
Mexico Credit Facility (defined below)	87.3	28.7	58.6	(b)

(a) Actual borrowings under the revolving loan commitment of our U.S. Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory and eligible receivables. The borrowing base in effect at December 27, 2015 was $690.8 million. Availability under the U.S. Credit Facility is also reduced by our outstanding standby letters of credit. Standby letters of credit outstanding at December 27, 2015 totaled $20.1 million.

(b) As of December 27, 2015, the U.S. dollar-equivalent of the amount available under the Mexico Credit Facility (as described below) was $58.6 million. The Mexico Credit Facility provides for a loan commitment of $1.5 billion Mexican pesos.

Long-Term Debt and Other Borrowing Arrangements

Senior and Subordinated Notes

On March 11, 2015, we completed a sale of the Senior Notes. We used the net proceeds from the sale of the Senior Notes to repay $350.0 million and $150.0 million of the term loan indebtedness under the U.S. Credit Facility on March 12, 2015 and April 22, 2015, respectively. The Notes were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, and outside the U.S. to non-U.S. persons pursuant to Regulation S under the Securities Act.

The Senior Notes are governed by, and were issued pursuant to, an indenture dated as of March 11, 2015 by and among us, our guarantor subsidiary and Wells Fargo Bank, National Association, as trustee (the “Indenture”). The Indenture provides, among other things, that the Senior Notes bear interest at a rate of 5.75% per annum from the date of issuance until maturity, payable semi-annually in cash in arrears, beginning on September 15, 2015. The Senior Notes are guaranteed on a senior unsecured basis by our guarantor subsidiary. In addition, any of our other existing or future domestic restricted subsidiaries that incur or guarantee any other indebtedness (with limited exceptions) must also guarantee the Senior Notes. The Senior Notes and related guarantees are our and our guarantor subsidiary's unsecured senior obligations and rank equally with all of our and our guarantor subsidiary's other unsubordinated indebtedness. The Senior Notes and the Indenture also contain customary covenants and events of default, including failure to pay principal or interest on the Senior Notes when due, among others.

U.S. Credit Facility

On February 11, 2015, our company and two of its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into the U.S. Credit Facility with Rabobank. The U.S. Credit Facility provides for a revolving loan commitment of up to $700.0 million and a term loan commitment of up to $1.0 billion (the “Term Loans”). The term loan commitment is no longer available for additional loans. The U.S. Credit Facility also includes an accordion feature that allows us, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional $1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders’ agreement to participate in the increase.

The revolving loan commitment under the U.S. Credit Facility matures on February 10, 2020. All principal on the Term Loans is due at maturity on February 10, 2020. Because we prepaid $500.0 million of the Term Loans with proceeds from the Senior Notes, we are not required to pay quarterly installments. Covenants in the U.S. Credit Facility also require us to use the proceeds we receive from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the U.S. Credit Facility. We had Term Loans outstanding totaling $500.0 million as of December 27, 2015.

The U.S. Credit Facility includes a $75.0 million sub-limit for swingline loans and a $125.0 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment and the Term Loans bear interest at a per annum rate equal to (i) in the case of LIBOR loans, LIBOR plus 1.50% through September 27, 2015 and, based on our net senior secured leverage ratio, between LIBOR plus 1.25% and LIBOR plus 2.75% and (ii) in the case of alternate base rate loans, the base rate plus 0.50% through December 27, 2015 and, based on our net senior secured leverage ratio, between the base rate plus 0.25% and base rate plus 1.75% thereafter.

Actual borrowings by us under the revolving loan commitment of the U.S. Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of Rabobank, in its capacity as administrative agent. The borrowing base formula will be reduced by the sum of (i) inventory reserves, (ii) rent and collateral access reserves, and (iii) any amount more than 15 days past due that is owed by us or our subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. As of December 27, 2015, the applicable borrowing base was $690.8 million and the amount available for borrowing under the revolving loan commitment was $670.7 million. We had letters of credit of $20.1 million and no outstanding borrowings under the revolving loan commitment as of December 27, 2015.

The U.S. Credit Facility contains financial covenants and various other covenants that may adversely affect our ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain restricted payments, consummate certain assets sales, enter into certain transactions with JBS and our other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of our assets. The U.S. Credit Facility requires us to comply with a minimum level of tangible net worth covenant. The U.S. Credit Facility also provides that we may not incur capital expenditures in excess of $500.0 million in any fiscal year. We are currently in compliance with the covenants under the U.S. Credit Facility.

All obligations under the U.S. Credit Facility are unconditionally guaranteed by certain of our subsidiaries and are secured by a first priority lien on (i) the accounts receivable and inventory of our company and its non-Mexico subsidiaries, (ii) 100% of the equity interests in our domestic subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., and 65% of the equity interests in our direct foreign subsidiaries and (iii) substantially all of the assets of our Company and the guarantors under the U.S. Credit Facility.

Subordinated Loan Agreement

We have entered into a Subordinated Loan Agreement with JBS USA Food Company Holdings ("JBS USA Holdings") dated June 23, 2011 (the "Subordinated Loan Agreement"). Pursuant to the terms of the Subordinated Loan Agreement, we agreed to reimburse JBS USA Holdings up to $56.5 million for draws upon any letters of credit issued for JBS USA Holdings' account that support certain obligations of our company or its subsidiaries. JBS USA Holdings agreed to arrange for letters of credit to be issued on its account in the amount of $56.5 million to an insurance company serving us in order to allow that insurance company to return cash it held as collateral against potential workers compensation, auto and general liability claims. In return for providing this letter of credit, we agreed to reimburse JBS USA Holdings for the letter of credit cost we would otherwise incur under our U.S. Credit Facility (as defined below). The total amount we paid in 2015, 2014 and 2013 to reimburse JBS USA Holdings was $0.9 million, $1.3 million and $2.2 million, respectively. As of December 27, 2015, we have accrued an obligation of $0.1 million to reimburse JBS USA Holdings for letter of credit costs incurred on its behalf. There remains no other commitment of JBS USA Holdings to make advances under the Subordinated Loan Agreement.

Mexico Credit Facility

On July 23, 2014, certain of our Mexican subsidiaries entered into an unsecured credit agreement (the "Mexico Credit Facility") with BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as lender. The loan commitment under the Mexico Credit Facility is $1.5 billion Mexican pesos. Outstanding borrowings under the Mexico Credit Facility will accrue interest at a rate equal to the Interbank Equilibrium Interest Rate plus 0.90%. The Mexico Credit Facility will mature on July 23, 2017. As of December 27, 2015, the U.S. dollar-equivalent of the loan commitment under the Mexico Credit Facility was $87.3 million, and there were $28.7 million outstanding borrowings under the Mexico Credit Facility that bear interest at a per annum rate of 4.33%. As of December 27, 2015, the U.S. dollar-equivalent borrowing availability was $58.6 million.

Collateral

Substantially all of our domestic inventories and domestic fixed assets are pledged as collateral to secure the obligations under the U.S. Credit Facility.

Off-Balance Sheet Arrangements

We maintain operating leases for various types of equipment, some of which contain residual value guarantees for the market value of assets at the end of the term of the lease. The terms of the lease maturities range from one to ten years. We estimate the maximum potential amount of the residual value guarantees is approximately $8.0 million; however, the actual amount would be offset by any recoverable amount based on the fair market value of the underlying leased assets. No liability has been recorded related to this contingency as the likelihood of payments under these guarantees is not considered to be probable, and the fair value of the guarantees is immaterial. We historically have not experienced significant payments under similar residual guarantees.

We are a party to many routine contracts in which we provide general indemnities in the normal course of business to third parties for various risks. Among other considerations, we have not recorded a liability for any of these indemnities as, based upon the likelihood of payment, the fair value of such indemnities would not have a material impact on our financial condition, results of operations and cash flows.

Capital Expenditures

We anticipate spending between $180.0 million and $200.0 million on the acquisition of property, plant and equipment in 2016. Capital expenditures will primarily be incurred to improve efficiencies and reduce costs. We expect to fund these capital expenditures with cash flow from operations and proceeds from the revolving lines of credit under our various debt facilities.

Indefinite Reinvestment of Foreign Subsidiaries' Undistributed Earnings

We have determined that the undistributed earnings of our Mexico and Puerto Rico subsidiaries will be indefinitely reinvested and not distributed to the U.S. The undistributed earnings of our Mexico, and Puerto Rico subsidiaries totaled $508.1 million and $17.8 million, respectively, at December 27, 2015.

Contractual Obligations

In addition to our debt commitments at December 27, 2015, we had other commitments and contractual obligations that obligate us to make specified payments in the future. The following table summarizes the total amounts due as of December 27, 2015, under all debt agreements, commitments and other contractual obligations. The table indicates the years in which payments are due under the contractual obligations.

	Payments Due By Period				
Contractual Obligations[(a)]	**Total**	**2016**	**Years 2017-2018**	**Years 2019-2020**	**After 2021**
			(In thousands)		
Long-term debt[(b)]	$ 1,000,000	$ —	$ —	$ 500,000	$ 500,000
Interest[(c)]	304,510	37,734	71,875	65,526	129,375
Capital leases	561	122	244	195	—
Operating leases	85,402	21,778	34,827	18,415	10,382
Derivative liabilities	5,436	5,436	—	—	—
Purchase obligations[(d)]	161,837	161,149	688	—	—
Total	$ 1,557,746	$ 226,219	$ 107,634	$ 584,136	$ 639,757

(a) The total amount of unrecognized tax benefits at December 27, 2015 was $17.1 million. We did not include this amount in the contractual obligations table above as reasonable estimates cannot be made at this time of the amounts or timing of future cash outflows.
(b) Long-term debt is presented at face value and excludes $20.1 million in letters of credit outstanding related to normal business transactions.
(c) Interest expense in the table above assumes the continuation of interest rates and outstanding borrowings as of December 27, 2015.
(d) Includes agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction.

We expect cash flows from operations, combined with availability under the U.S. Credit Facility, to provide sufficient liquidity to fund current obligations, projected working capital requirements, maturities of long-term debt and capital spending for at least the next twelve months.

Historical Flow of Funds

Fiscal Year 2015

Cash provided by operating activities was $976.8 million and $1.1 billion in 2015 and 2014, respectively. The decrease in cash flows provided by operating activities was primarily from net income of $646.0 million for 2015, as compared to net income of $711.4 million for 2014, and changes in working capital (excluding the impacts as a result of changes in foreign currency exchange rates).

Our net working capital position, which we define as current assets less current liabilities, decreased $238.9 million to a surplus of $899.2 million and a current ratio of 2.06 at December 27, 2015, compared to a surplus of $1.1 billion and a current ratio of 2.58 at December 28, 2014. The decrease in working capital was caused by the generation of cash from operations.

Trade accounts and other receivables, including accounts receivable from related parties, decreased $32.5 million, or 8.5%, to $351.7 million at December 27, 2015 from $384.1 million at December 28, 2014 due to a decrease in sales.

Inventories increased $11.1 million, or 1.4%, to $801.5 million at December 27, 2015 from $790.3 million at December 28, 2014. This change in inventories resulted primarily from the impact of the Tyson Mexico acquisition.

Prepaid expenses and other current assets decreased $19.8 million, or 20.8%, to $75.6 million at December 27, 2015 from $95.4 million at December 28, 2014. This change resulted primarily from a $25.1 million decrease in open derivative positions and margin cash on deposit with our derivatives traders.

Accounts payable and accrued expenses, including accounts payable to related parties, increased $88.7 million, or 12.4%, to $804.9 million at December 27, 2015 from $716.2 million at December 28, 2014. This change resulted primarily from the impact of the Tyson Mexico acquisition and use of a financing vehicle that extends the terms of many of our payables.

Cash used in investing activities was $534.7 million and $63.4 million in 2015 and 2014, respectively. We incurred capital expenditures of $175.8 million and $171.4 million for 2015 and 2014, respectively. In both 2015 and 2014, capital expenditures were primarily incurred for the routine replacement of equipment and to improve efficiencies and reduce costs. Capital expenditures for 2015 could not exceed $500 million under the terms of our U.S. credit facility. Cash proceeds generated from property disposals in 2015 and 2014 totaled $14.6 million and $11.1 million, respectively. Cash was used to purchase investment securities totaling $55.1 million in 2014. Cash proceeds generated in 2014 from the sale or maturity of investment securities totaled $152.0 million.

Cash used in financing activities was $578.6 million and $905.6 million in 2015 and 2014, respectively. Cash proceeds in 2015 from long-term debt totaled $1.7 billion. Cash was used to repay long-term debt totaling $683.8 million and $910.2 million in 2015 and 2014, respectively. Cash proceeds in 2015 and 2014 resulting from tax benefits related to share-based compensation totaled $6.5 million and $0.5 million, respectively. Cash proceeds in 2014 resulting from an equity contribution under a tax sharing agreement between JBS USA Holdings and our company totaled $3.8 million. Cash proceeds in 2014 from the sale of subsidiary common stock totaled $0.3 million. Cash was used to pay capitalized loan costs totaling $12.4 million in 2015. Additionally, cash was used in 2015 to pay a special cash dividend of approximately $1.5 billion and to purchase treasury stock of $99.2 million.

Fiscal Year 2014

Cash provided by operating activities was $1.1 billion and $878.5 million in 2014 and 2013, respectively. The increase in cash flows provided by operating activities was primarily from net income of $711.4 million for 2014, as compared to net income of $549.7 million for 2013, and changes in working capital (excluding the impacts as a result of changes in foreign currency exchange rates).

Our net working capital position, which we define as current assets less current liabilities, increased $294.6 million to a surplus of $1.1 billion and a current ratio of 2.53 at December 28, 2014, compared to a surplus of $845.6 million and a current ratio of 1.78 at December 29, 2013. The increase in working capital was caused by the generation of cash from operations.

Trade accounts and other receivables, including accounts receivable from related parties, increased $5.1 million, or 1.3%, to $384.1 million at December 28, 2014 from $379.1 million at December 29, 2013.

Inventories decreased $18.5 million, or 2.3%, to $790.3 million at December 28, 2014 from $808.8 million at December 29, 2013. The change in inventories was primarily due to decreased costs for feed grains and their impact on the value of our live chicken inventories.

Prepaid expenses and other current assets increased $33.6 million, or 54.3%, to $95.4 million at December 28, 2014 from $61.8 million at December 29, 2013. This change resulted primarily from a $27.9 million increase in open derivative positions and margin cash on deposit with our derivatives traders.

Accounts payable and accrued expenses, including accounts payable to related parties, increased $58.6 million, or 8.9%, to $716.2 million at December 28, 2014 from $657.6 million at December 29, 2013. This change resulted primarily from the timing of payments disbursed to vendors around December 28, 2014.

Cash used in investing activities was $63.4 million and $181.8 million in 2014 and 2013, respectively. We incurred capital expenditures of $171.4 million and $116.2 million for 2014 and 2013, respectively. In both 2014 and 2013, capital expenditures were primarily incurred for the routine replacement of equipment and to improve efficiencies and reduce costs. Capital expenditures for 2014 could not exceed $350 million under the terms of our U.S. credit facility. Cash proceeds generated from property disposals in 2014 and 2013 totaled $11.1 million and $31.3 million, respectively. Cash was used to purchase investment securities totaling $55.1 million and $96.9 million in 2014 and 2013, respectively. Cash proceeds generated in 2014 from the sale or maturity of investment securities totaled $152.0 million.

Cash used in financing activities was $905.6 million and $250.2 million in 2014 and 2013, respectively. Cash proceeds in 2013 from long-term debt totaled $505.6 million. Cash was used to repay long-term debt totaling $910.2 million and $758.6 million in 2014 and 2013, respectively. Cash proceeds in 2014 and 2013 resulting from tax benefits related to share-based compensation totaled $0.5 million and $7.7 million, respectively. Cash proceeds in 2014 from an equity contribution under a tax sharing agreement between JBS USA Holdings and our company totaled $3.8 million. Cash proceeds in 2014 from the sale of subsidiary common stock totaled $0.3 million. Additionally, cash was used to pay capitalized loan costs totaling $5.0 million in 2013.

Recently Adopted Accounting Pronouncements

During the thirteen weeks ended December 27, 2015, we early adopted the Financial Accounting Standards Board (“FASB”) presentation guidance for debt issuance costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This change in accounting principal should reduce the unnecessary complexity created by having different balance sheet presentation requirements for debt issuance costs and debt discount and premium and conform U.S. GAAP with the guidance in International Financial Reporting Standards (“IFRS”). The guidance did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. Given the absence of authoritative guidance for debt issuance costs related to line-of-credit arrangements, the Securities and Exchange Commission staff indicated they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there were any outstanding borrowings on the line-of-credit arrangement. We held deferred debt issuance costs of $7.6 million at December 28, 2014 related to a line-of-credit arrangement for which there was no corresponding outstanding borrowing. Rather than retrospectively presenting these debt issuance costs in its Consolidated Balance Sheet as a direct deduction from the carrying amount of the associated debt liability, we will continue to present these costs as an asset.

During the thirteen weeks ended December 27, 2015, we early adopted the FASB guidance for balance sheet classification of deferred taxes, which requires that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. This change in accounting principal should reduce the unnecessary complexity created by separating deferred income tax liabilities and assets into current and noncurrent amounts. This change should also eliminate costs incurred by an entity to separate deferred income tax liabilities and assets into a current and noncurrent amount. We adopted this guidance with retrospective application. A description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items is included below:

	December 28, 2014		
	As Presented in 2014 Annual Report on Form 10-K	Retrospective Adjustment Resulting from Adoption of FASB Guidance	As Presented in 2015 Annual Report on Form 10-K
		(In thousands)	
Current deferred tax assets	$ 27,345	$ (27,345)	$ —
Current deferred tax liabilities	25,301	(25,301)	—
Deferred tax liabilities	76,216	(2,044)	74,172

During the thirteen weeks ended December 27, 2015, we early adopted the FASB's new accounting and presentation for adjustments to provisional amounts recognized in business combinations, which, in an effort to reduce the cost and complexity of financial reporting, requires an acquiring entity in a business combination to recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustment amounts are determined. The guidance also requires an acquiring entity in a business combination to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The adoption of this guidance did not have a material impact on our financial statements.

Recently Issued Accounting Standards Not Adopted as of December 27, 2015

In May 2014, the FASB issued new accounting guidance on revenue recognition, which provides for a single five-step model to be applied to all revenue contracts with customers. The new standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. In June 2015, the FASB agreed to defer by one year the mandatory effective date of this standard, but will also provide entities the option to adopt the new guidance as of the original effective date. The provisions of the new guidance will be effective as of the beginning of our 2018 fiscal year, but we have the option to adopt the guidance as early as the beginning of our 2017 fiscal year. We are currently evaluating the impact of the new guidance on our financial statements and have not yet selected either a transition approach to implement the standard or an adoption date.

In July 2015, the FASB issued new accounting guidance on the subsequent measurement of inventory, which, in an effort to simplify unnecessarily complicated accounting guidance that can result in several potential outcomes, requires an entity to measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Current accounting guidance requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The provisions of the new guidance will be effective as of the beginning of our 2017 fiscal year. We are currently evaluating the impact of the new guidance on our financial statements.

Critical Accounting Policies and Estimates

General. Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, customer programs and incentives, allowance for doubtful accounts, inventories, income taxes and product recall accounting. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition. We recognize revenue when all of the following circumstances are satisfied: (i) persuasive evidence of an arrangement exists, (ii) price is fixed or determinable, (iii) collectability is reasonably assured and (iv) delivery has occurred. Delivery occurs in the period in which the customer takes title and assumes the risks and rewards of ownership of the products specified in the customer's purchase order or sales agreement. Revenue is recorded net of estimated incentive offerings including special pricing agreements, promotions and other volume-based incentives. Revisions to these estimates are charged back to net sales in the period in which the facts that give rise to the revision become known.

Inventory. Live chicken inventories are stated at the lower of cost or market and breeder hen inventories at the lower of cost, less accumulated amortization, or market. The costs associated with breeder hen inventories are accumulated up to the production stage and amortized over their productive lives using the unit-of-production method. Finished poultry products, feed, eggs and other inventories are stated at the lower of cost (average) or market. We record valuations and adjustments for our inventory and for estimated obsolescence at or equal to the difference between the cost of inventory and the estimated market value based upon known conditions affecting inventory obsolescence, including significantly aged products, discontinued product lines, or damaged or obsolete products. We allocate meat costs between our various finished chicken products based on a by-product costing technique that reduces the cost of the whole bird by estimated yields and amounts to be recovered for certain by-product parts. This primarily includes leg quarters, wings, tenders and offal, which are carried in inventory at the estimated recovery amounts, with the remaining amount being reflected as our breast meat cost. Generally, we perform an evaluation of whether any lower of cost or market adjustments are required at the country level based on a number of factors, including: (i) pools of related inventory, (ii) product continuation or discontinuation, (iii) estimated market selling prices and (iv) expected distribution channels. If actual market conditions or other factors are less favorable than those projected by management, additional inventory adjustments may be required.

Property, Plant and Equipment. We record impairment charges on long-lived assets held for use when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. The impairment charge is determined based upon the amount by which the net book value of the assets exceeds their fair market value. In making these determinations, we utilize certain assumptions, including, but not limited to: (i) future cash flows estimated to be generated by these assets, which are based on additional assumptions such as asset utilization, remaining length of service and estimated salvage values, (ii) estimated fair market value of the assets, and (iii) determinations with respect to the lowest level of cash flows relevant to the respective impairment test, generally groupings of related operational facilities. Given the interdependency of our individual facilities during the production process, which operate as a vertically integrated network, we evaluate impairment of assets held for use at the country level (i.e., the U.S. and Mexico). Management believes this is the lowest level of identifiable cash flows for our assets that are held for use in production activities. At the present time, our forecasts indicate that we can recover the carrying value of our assets held for use based on the projected undiscounted cash flows of the operations.

We record impairment charges on long-lived assets held for sale when the carrying amount of those assets exceeds their fair value less appropriate selling costs. Fair value is based on amounts documented in sales contracts or letters of intent accepted by us, amounts included in counteroffers initiated by us, or, in the absence of current contract negotiations, amounts determined using a sales comparison approach for real property and amounts determined using a cost approach for personal property. Under the sales comparison approach, sales and asking prices of reasonably comparable properties are considered to develop a range of unit prices within which the current real estate market is operating. Under the cost approach, a current cost to replace the asset new is calculated and then the estimated replacement cost is reduced to reflect the applicable decline in value resulting from physical deterioration, functional obsolescence and economic obsolescence. Appropriate selling costs includes reasonable broker's commissions, costs to produce title documents, filing fees, legal expenses and the like. We estimate appropriate closing costs as 4% to 6% of asset fair value. This range of rates is considered reasonable for our assets held for sale based on historical experience.

Litigation and Contingent Liabilities. We are subject to lawsuits, investigations and other claims related to employment, environmental, product, and other matters. We are required to assess the likelihood of any adverse judgments or outcomes, as well as potential ranges of probable losses, to these matters. We estimate the amount of reserves required for these contingencies when losses are determined to be probable and after considerable analysis of each individual issue. We expense legal costs related to such loss contingencies as they are incurred. With respect to our environmental remediation obligations, the accrual for environmental remediation liabilities is measured on an undiscounted basis. These reserves may change in the future due to changes in our assumptions, the effectiveness of strategies, or other factors beyond our control.

Accrued Self Insurance. Insurance expense for casualty claims and employee-related health care benefits are estimated using historical and current experience and actuarial estimates. Stop-loss coverage is maintained with third-party insurers to limit our total exposure. Certain categories of claim liabilities are actuarially determined. The assumption used to arrive at periodic expenses is reviewed regularly by management. However, actual expenses could differ from these estimates and could result in adjustments to be recognized.

Income Taxes. We follow provisions under ASC 740-10-30-27 in the Expenses-Income Taxes topic with regard to members of a group that file a consolidated tax return but issue separate financial statements. We file our own U.S. federal tax return, but we are included in certain state consolidated returns with JBS USA Holdings. The income tax expense of our company is computed using the separate return method. The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effect of temporary differences between the book and tax bases of recorded assets and liabilities, net operating losses and tax credit carry forwards. The amount of deferred tax on these temporary differences is determined using the tax rates expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on the tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date. We recognize potential interest and penalties related to income tax positions as a part of the income tax provision.

Realizability of Deferred Tax Assets. We review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, potential for carry back of tax losses, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some or all of the deferred tax assets will not be realized. Valuation allowances have been established primarily for net operating loss carry forwards. See “Note 12. Income Taxes” to the Consolidated Financial Statements in this annual report.

Indefinite Reinvestment in Foreign Subsidiaries. We deem our earnings from Mexico and Puerto Rico as of December 27, 2015 to be permanently reinvested. As such, U.S. deferred income taxes have not been provided on these earnings. If such earnings were not considered indefinitely reinvested, certain deferred foreign and U.S. income taxes would be provided.

Accounting for Uncertainty in Income Taxes. We follow provisions under ASC 740-10-25 that provide a recognition threshold and measurement criteria for the financial statement recognition of a tax benefit taken or expected to be taken in a tax return. Tax benefits are recognized only when it is more likely than not, based on the technical merits, that the benefits will be sustained on examination. Tax benefits that meet the more-likely-than-not recognition threshold are measured using a probability weighting of the largest amount of tax benefit that has greater than 50% likelihood of being realized upon settlement. Whether the more-likely-than-not recognition threshold is met for a particular tax benefit is a matter of judgment based on the individual facts and circumstances evaluated in light of all available evidence as of the balance sheet date. See “Note 12. Income Taxes” to the Consolidated Financial Statements in this annual report.

Pension and Other Postretirement Benefits. Our pension and other postretirement benefit costs and obligations are dependent on the various actuarial assumptions used in calculating such amounts. These assumptions relate to discount rates, salary growth, long-term return on plan assets and other factors. We base the discount rate assumptions on current investment yields on high-quality corporate long-term bonds. Long-term return on plan assets is determined based on historical portfolio results and management’s expectation of the future economic environment. Actual results that differ from our assumptions are accumulated and, if in excess of the lesser of 10% of the projected benefit obligation or the fair market value of plan assets, amortized over either (i) the estimated average future service period of active plan participants if the plan is active or (ii) the estimated average future life expectancy of all plan participants if the plan is frozen.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk-Sensitive Instruments and Positions

The risk inherent in our market risk-sensitive instruments and positions is primarily the potential loss arising from adverse changes in the price of feed ingredients, foreign currency exchange rates, interest rates and the credit quality of available-for-sale securities as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions our management may take to mitigate our exposure to such changes. Actual results may differ.

Commodity Prices. We purchase certain commodities, primarily corn, soybean meal and sorghum, for use as ingredients in the feed we either sell commercially or consume in our live operations. As a result, our earnings are affected by changes in the price and availability of such feed ingredients. In the past, we have from time to time attempted to minimize our exposure to the changing price and availability of such feed ingredients using various techniques, including, but not limited to, (i) executing purchase agreements with suppliers for future physical delivery of feed ingredients at established prices and (ii) purchasing or selling derivative financial instruments such as futures and options.

For this sensitivity analysis, market risk is estimated as a hypothetical 10.0% change in the weighted-average cost of our primary feed ingredients as of December 27, 2015 and December 28, 2014. However, fluctuations greater than 10.0% could occur. Based on our feed consumption during 2015 and 2014, such a change would have resulted in a change to cost of sales of approximately $263.7 million and $287.4 million, respectively, excluding the impact of any feed ingredients derivative financial instruments in that period. A 10.0% change in ending feed ingredients inventories at December 27, 2015 and December 28, 2014 would be $8.5 million and $10.0 million, respectively, excluding any potential impact on the production costs of our chicken inventories.

We purchase commodity derivative financial instruments, specifically exchange-traded futures and options, in an attempt to mitigate price risk related to its anticipated consumption of commodity inputs for the next 12 months. A 10.0% increase in corn, soybean meal, and natural gas prices on December 27, 2015 and December 28, 2014 would have resulted in an increase of approximately $0.4 million and $1.3 million, respectively, in the fair value of our net commodity derivative asset position, including margin cash, as of that date.

Interest Rates. Our variable-rate debt instruments represent approximately 51.0% of our total debt at December 27, 2015. Holding other variables constant, including levels of indebtedness, an increase in interest rates of 25 basis points would have increased our interest expense by $1.3 million in 2015.

Market risk for fixed-rate debt is estimated as the potential increase in fair value resulting from a hypothetical decrease in interest rates of 10.0%. Using a discounted cash flow analysis, a hypothetical 10.0% decrease in interest rates would have decreased the fair value of our fixed-rate debt by approximately $7.2 million as of December 27, 2015.

At December 28, 2014, we had outstanding fixed-rate debt of $4.2 million and no outstanding variable-rate debt. At December 28, 2014, market risk related to our debt instruments was immaterial.

Foreign Currency. Our earnings are also affected by foreign exchange rate fluctuations related to the Mexican peso net monetary position of our Mexico subsidiaries. We manage this exposure primarily by attempting to minimize our Mexican peso net monetary position. We are also exposed to the effect of potential currency exchange rate fluctuations to the extent that amounts are repatriated from Mexico to the U.S. We currently anticipate that the future cash flows of our Mexico subsidiaries will be reinvested in our Mexico operations.

The Mexican peso exchange rate can directly and indirectly impact our financial condition and results of operations in several ways, including potential economic recession in Mexico because of devaluation of their currency. Foreign currency exchange losses, representing the change in the U.S. dollar value of the net monetary assets of our Mexican subsidiaries denominated in Mexican pesos, were $25.9 million, $28.0 million and $4.4 million in 2015, 2014 and 2013, respectively. The average exchange rates for 2015, 2014 and 2013 were 15.85 Mexican pesos to 1 U.S. dollar, 13.30 Mexican pesos to 1 U.S. dollar and 12.75 Mexican pesos to 1 U.S. dollar, respectively. For this sensitivity analysis, market risk is estimated as a hypothetical 10.0% deterioration in the current exchange rate used to convert Mexican pesos to U.S. dollars as of December 27, 2015 and December 28, 2014. However, fluctuations greater than 10.0% could occur. Based on the net monetary liability position of our Mexico operations at December 27, 2015, such a change would have resulted in a decrease in foreign currency transaction losses recognized in 2015 of approximately $1.4 million. Based on the net monetary asset position of our Mexico operations at December 28, 2014, such a change would have resulted in an increase in foreign currency transaction losses recognized in 2014 of approximately $23.9 million. No assurance can be given as to how future movements in the Mexican peso could affect our future financial condition or results of operations.

Quality of Investments

Certain retirement plans that we sponsor invest in a variety of financial instruments. We have analyzed our portfolios of investments and, to the best of our knowledge, none of our investments, including money market funds units, commercial paper and municipal securities, have been downgraded, and neither we nor any fund in which we participate hold significant amounts of structured investment vehicles, auction rate securities, collateralized debt obligations, credit derivatives, hedge funds investments, fund of funds investments or perpetual preferred securities. Certain postretirement funds in which we participate hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

Impact of Inflation

Due to low to moderate inflation in the U.S. and Mexico and our rapid inventory turnover rate, the results of operations have not been significantly affected by inflation during the past three-year period.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Pilgrim's Pride Corporation:

We have audited the accompanying consolidated balance sheets of Pilgrim's Pride Corporation as of December 27, 2015 and December 28, 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the fifty-two weeks ended December 27, 2015, December 28, 2014 and December 29, 2013. In connection with our audits of the consolidated financial statements, we have also audited financial statement schedule II, Valuation and Qualifying Accounts, as of and for the fifty-two weeks ended December 27, 2015, December 28, 2014 and December 29, 2013. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pilgrim's Pride Corporation as of December 27, 2015 and December 28, 2014, and the results of its operations and its cash flows for the fifty-two weeks ended December 27, 2015, December 28, 2014 and December 29, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for deferred tax assets and liabilities as of December 28, 2014 due to the adoption of ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Pilgrim's Pride Corporation's internal control over financial reporting as of December 27, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 11, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado
February 11, 2016

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 27, 2015	December 28, 2014
	(In thousands, except share and par value data)	
Cash and cash equivalents	$ 439,638	$ 576,143
Trade accounts and other receivables, less allowance for doubtful accounts	348,994	378,890
Accounts receivable from related parties	2,668	5,250
Inventories	801,357	790,305
Income taxes receivable	71,410	10,288
Prepaid expenses and other current assets	75,602	95,439
Assets held for sale	6,555	1,419
Total current assets	1,746,224	1,857,734
Other long-lived assets	15,672	24,406
Identified intangible assets, net	47,453	26,783
Goodwill	156,565	—
Property, plant and equipment, net	1,352,529	1,182,795
Total assets	$ 3,318,443	$ 3,091,718
Notes payable to banks	$ 28,726	$ —
Accounts payable	482,954	399,486
Accounts payable to related parties	7,000	4,862
Accrued expenses	314,966	311,879
Income taxes payable	13,228	3,068
Current maturities of long-term debt	86	262
Total current liabilities	846,960	719,557
Long-term debt, less current maturities	985,509	3,980
Deferred tax liabilities	131,882	74,172
Other long-term liabilities	92,282	97,208
Total liabilities	2,056,633	894,917
Commitments and contingencies		
Preferred stock, $.01 par value, 50,000,000 shares authorized; no shares issued	—	—
Common stock, $.01 par value, 800,000,000 shares authorized; 259,685,145 and 259,029,033 shares issued at year-end 2015 and year-end 2014, respectively; 254,823,286 and 259,029,033 shares outstanding at year-end 2015 and year-end 2014, respectively	2,597	2,590
Treasury stock, at cost, 4,861,859 shares at year-end 2015	(99,233)	—
Additional paid-in capital	1,675,674	1,662,354
Retained earnings (accumulated deficit)	(261,252)	591,492
Accumulated other comprehensive loss	(58,930)	(62,541)
Total Pilgrim's Pride Corporation stockholders' equity	1,258,856	2,193,895
Noncontrolling interest	2,954	2,906
Total stockholders' equity	1,261,810	2,196,801
Total liabilities and stockholders' equity	$ 3,318,443	$ 3,091,718

The accompanying notes are an integral part of these Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Fifty-Two Weeks Ended December 27, 2015	Fifty-Two Weeks Ended December 28, 2014	Fifty-Two Weeks Ended December 29, 2013
	(In thousands, except per share data)		
Net sales	$ 8,180,104	$ 8,583,365	$ 8,411,148
Cost of sales	6,925,727	7,189,370	7,565,709
Gross profit	1,254,377	1,393,995	845,439
Selling, general and administrative expense	203,881	188,594	180,915
Administrative restructuring charges	5,605	2,286	5,661
Operating income	1,044,891	1,203,115	658,863
Interest expense, net of capitalized interest	37,548	82,097	87,006
Interest income	(3,673)	(4,826)	(2,125)
Foreign currency transaction losses	25,940	27,979	4,415
Miscellaneous, net	(7,682)	(4,526)	(4,373)
Income before income taxes	992,758	1,102,391	573,940
Income tax expense	346,796	390,953	24,227
Net income	645,962	711,438	549,713
Less: Net income (loss) attributable to noncontrolling interest	48	(210)	158
Net income attributable to Pilgrim's Pride Corporation	$ 645,914	$ 711,648	$ 549,555
Weighted average shares of common stock outstanding:			
Basic	258,442	258,974	258,826
Effect of dilutive common stock equivalents	234	497	415
Diluted	258,676	259,471	259,241
Net income attributable to Pilgrim's Pride Corporation per share of common stock outstanding:			
Basic	$ 2.50	$ 2.75	$ 2.12
Diluted	$ 2.50	$ 2.74	$ 2.12

The accompanying notes are an integral part of these Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fifty-Two Weeks Ended December 27, 2015	Fifty-Two Weeks Ended December 28, 2014	Fifty-Two Weeks Ended December 29, 2013
		(In thousands)	
Net income	$ 645,962	$ 711,438	$ 549,713
Other comprehensive income (loss):			
Gain (loss) associated with available-for-sale securities, net of tax expense of $22, $19 and $0, respectively	36	(31)	62
Gain (loss) associated with pension and other postretirement benefits, net of tax expense (benefit) of $2,168, $(10,173) and $13,774, respectively	3,575	(16,775)	22,714
Total other comprehensive income (loss)	3,611	(16,806)	22,776
Comprehensive income	649,573	694,632	572,489
Less: Comprehensive income (loss) attributable to noncontrolling interests	48	(210)	158
Comprehensive income attributable to Pilgrim's Pride Corporation	$ 649,525	$ 694,842	$ 572,331

The accompanying notes are an integral part of these Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Pilgrim's Pride Corporation Stockholders								
	Common Stock		Treasury Stock						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	(In thousands)								
Balance at December 28, 2012	258,999	$ 2,590	$ —	$ —	$ 1,642,003	$ (669,711)	$ (68,511)	$ 2,626	$ 908,997
Comprehensive income:									
Net income	—	—	—	—	—	549,555	—	158	549,713
Other comprehensive income, net of tax expense of $13,774	—	—	—	—	—	—	22,776	—	22,776
Share-based compensation plans:									
Common stock issued under compensation plans	30	—	—	—	—	—	—	—	—
Requisite service period recognition	—	—	—	—	3,345	—	—	—	3,345
Tax benefit related to share-based compensation	—	—	—	—	7,771	—	—	—	7,771
Balance at December 29, 2013	259,029	2,590	—	—	1,653,119	(120,156)	(45,735)	2,784	1,492,602
Comprehensive income:									
Net income (loss)	—	—	—	—	—	711,648	—	(210)	711,438
Other comprehensive loss, net of tax benefit of $10,154	—	—	—	—	—	—	(16,806)	—	(16,806)
Issuance of subsidiary common stock	—	—	—	—	—	—	—	332	332
Equity contribution under Tax Sharing Agreement between JBS USA Food Company Holdings and Pilgrim's Pride Corporation	—	—	—	—	3,849	—	—	—	3,849
Share-based compensation plans:									
Requisite service period recognition	—	—	—	—	4,928	—	—	—	4,928
Tax benefit related to share-based compensation	—	—	—	—	458	—	—	—	458
Balance at December 28, 2014	259,029	2,590	—	—	1,662,354	591,492	(62,541)	2,906	2,196,801
Comprehensive income:									
Net income	—	—	—	—	—	645,914	—	48	645,962
Other comprehensive income, net of tax expense of $2,190	—	—	—	—	—	—	3,611	—	3,611
Equity contribution under Tax Sharing Agreement between JBS USA Food Company Holdings and Pilgrim's Pride Corporation	—	—	—	—	3,690	—	—	—	3,690
Share-based compensation plans:									
Common stock issued under compensation plans	671	7	—	—	(7)	—	—	—	—
Common stock forfeited under compensation plans	(15)	—	—	—	(85)	—	—	—	(85)
Requisite service period recognition	—	—	—	—	3,060	—	—	—	3,060
Tax benefit related to share-based compensation	—	—	—	—	6,474	—	—	—	6,474
Treasury stock purchases	—	—	(4,862)	(99,233)	—	—	—	—	(99,233)
Special cash dividend	—	—	—	—	—	(1,498,470)	—	—	(1,498,470)
Other	—	—	—	—	188	(188)	—	—	—
Balance at December 27, 2015	259,685	$ 2,597	(4,862)	$ (99,233)	$ 1,675,674	$ (261,252)	$ (58,930)	$ 2,954	$ 1,261,810

The accompanying notes are an integral part of these Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fifty-Two Weeks Ended December 27, 2015	Fifty-Two Weeks Ended December 28, 2014	Fifty-Two Weeks Ended December 29, 2013
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 645,962	$ 711,438	$ 549,713
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	158,975	155,824	150,523
Asset impairment	4,813	—	4,004
Foreign currency transaction losses	—	38,129	3,382
Accretion of bond discount	—	2,243	456
Loss (gain) on property disposals	(10,372)	(1,407)	2,395
Share-based compensation	2,975	4,928	3,345
Deferred income tax expense (benefit)	29,512	78,943	(4,999)
Changes in operating assets and liabilities:			
Trade accounts and other receivables	61,294	(9,526)	7,235
Inventories	57,078	10,638	142,675
Prepaid expenses and other current assets	19,840	(38,010)	(6,070)
Accounts payable and accrued expenses	61,882	44,833	49,625
Income taxes	(55,428)	74,705	(21,546)
Deposits	—	—	1,877
Long-term pension and other postretirement obligations	(3,500)	(5,784)	(6,837)
Other	3,797	(262)	2,755
Cash provided by operating activities	976,828	1,066,692	878,533
Cash flows from investing activities:			
Acquisitions of property, plant and equipment	(175,764)	(171,443)	(116,223)
Purchase of acquired business, net of cash acquired	(373,532)	—	—
Purchases of investment securities	—	(55,100)	(96,902)
Proceeds from sale or maturity of investment securities	—	152,050	—
Proceeds from property disposals	14,610	11,108	31,337
Cash used in investing activities	(534,686)	(63,385)	(181,788)
Cash flows from financing activities:			
Proceeds from notes payable to banks	28,726	—	—
Proceeds from long-term debt	1,680,000	—	505,600
Payments on long-term debt	(683,780)	(910,234)	(758,578)
Proceeds from sale of subsidiary common stock	—	332	—
Proceeds from equity contribution under Tax Sharing Agreement between JBS USA Food Company Holdings and Pilgrim's Pride Corporation	—	3,849	—
Tax benefit related to share-based compensation	6,474	458	7,771
Payment of capitalized loan costs	(12,364)	—	(5,007)
Purchase of treasury stock	(99,233)	—	—
Payment of special cash dividend	(1,498,470)	—	—
Cash used in financing activities	(578,647)	(905,595)	(250,214)
Effect of exchange rate changes on cash and cash equivalents	—	(29,775)	(6,505)
Increase (decrease) in cash and cash equivalents	(136,505)	67,937	440,026
Cash and cash equivalents, beginning of period	576,143	508,206	68,180
Cash and cash equivalents, end of period	$ 439,638	$ 576,143	$ 508,206
Supplemental Disclosure Information:			
Interest paid (net of amount capitalized)	$ 24,210	$ 71,558	$ 80,320
Income taxes paid	360,347	257,152	30,057

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Pilgrim’s Pride Corporation (referred to herein as “Pilgrim’s,” “PPC,” “the Company,” “we,” “us,” “our,” or similar terms) is one of the largest chicken producers in the world, with operations in the United States (“U.S.”), Mexico and Puerto Rico. Pilgrim's products are sold to foodservice, retail and frozen entrée customers. The Company's primary distribution is through retailers, foodservice distributors and restaurants throughout the United States and Puerto Rico and in the northern and central regions of Mexico. Additionally, the Company exports chicken products to approximately 90 countries. Pilgrim's fresh chicken products consist of refrigerated (nonfrozen) whole chickens, whole cut-up chickens and selected chicken parts that are either marinated or non-marinated. The Company's prepared chicken products include fully cooked, ready-to-cook and individually frozen chicken parts, strips, nuggets and patties, some of which are either breaded or non-breaded and either marinated or non-marinated. As a vertically integrated company, we control every phase of the production of our products. We operate feed mills, hatcheries, processing plants and distribution centers in 12 U.S. states, Puerto Rico and Mexico. Pilgrim's has approximately 39,000 employees and has the capacity to process more than 37 million birds per week for a total of more than 10.8 billion pounds of live chicken annually. Approximately 4,130 contract growers supply poultry for the Company's operations. As of December 27, 2015, JBS S.A., through its indirect wholly-owned subsidiaries (together, “JBS”) beneficially owned 76.7% of the Company's outstanding common stock.

Consolidated Financial Statements

The Company operates on the basis of a 52/53-week fiscal year ending on the Sunday falling on or before December 31. The reader should assume any reference we make to a particular year (for example, 2015) in the notes to these Consolidated Financial Statements applies to our fiscal year and not the calendar year.

The Consolidated Financial Statements include the accounts of Pilgrim’s Pride Corporation and its majority owned subsidiaries. We eliminate all significant affiliate accounts and transactions upon consolidation.

The Company measures the financial statements of its Mexico subsidiaries as if the U.S. dollar were the functional currency. Accordingly, we remeasure assets and liabilities, other than non-monetary assets, of the Mexico subsidiaries at current exchange rates. We remeasure nonmonetary assets using the historical exchange rate in effect on the date of each asset's acquisition. We remeasure income and expenses at average exchange rates in effect during the period, except for certain accounts which are remeasured at a historical rate. Currency exchange gains or losses are included in the line item *Foreign currency transaction losses (gains)* in the Consolidated Statements of Operations.

Revenue Recognition

We recognize revenue when all of the following circumstances are satisfied: (i) persuasive evidence of an arrangement exits, (ii) price is fixed or determinable, (iii) collectability is reasonably assured and (iv) delivery has occurred. Delivery occurs in the period in which the customer takes title and assumes the risks and rewards of ownership of the products specified in the customer's purchase order or sales agreement. Revenue is recorded net of estimated incentive offerings including special pricing agreements, promotions and other volume-based incentives. Revisions to these estimates are charged back to net sales in the period in which the facts that give rise to the revision become known. Taxes collected from customers and remitted to governmental authorities are excluded from revenues.

Shipping and Handling Costs

Costs associated with the products shipped to customers are recognized in cost of sales.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs are included in selling, general and administrative expenses and totaled $4.7 million, $4.4 million and $4.9 million for 2015, 2014 and 2013, respectively.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs totaled $4.1 million, $3.8 million and $3.9 million for 2015, 2014 and 2013, respectively.

Cash and Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. The majority of the Company's disbursement bank accounts are zero balance accounts where cash needs are funded as checks are presented for payment by the holder. Checks issued pending clearance that result in overdraft balances for accounting purposes are classified as accounts payable and the change in the related balance is reflected in operating activities on the Consolidated Statements of Cash Flows.

Investments in Securities

The Company's current investments are all highly liquid investments with a maturity of three months or less when acquired and are, therefore, considered cash equivalents. The Company’s current investments are comprised of fixed income securities, primarily commercial paper, and a money market fund. These investments are classified as available-for-sale. These securities are recorded at fair value, and unrealized holding gains and losses are recorded, net of tax, as a separate component of accumulated other comprehensive income. Investments in fixed income securities with remaining maturities of less than one year and those identified by management at the time of purchase for funding operations in less than one year are classified as current assets. Investments in fixed income securities with remaining maturities in excess of one year that management has not identified at the time of purchase for funding operations in less than one year are classified as long-term assets. Unrealized losses are charged against net earnings when a decline in fair value is determined to be other than temporary. Management reviews several factors to determine whether a loss is other than temporary, such as the length of time a security is in an unrealized loss position, the extent to which fair value is less than amortized cost, the impact of changing interest rates in the short and long term, and the Company’s intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. The Company determines the cost of each security sold and each amount reclassified out of accumulated other comprehensive income into earnings using the specific identification method. Purchases and sales are recorded on a settlement date basis.

Investments in entities in which the Company has an ownership interest greater than 50% and exercises control over the entity are consolidated in the Consolidated Financial Statements. Investments in entities in which the Company has an ownership interest between 20% and 50% and exercises significant influence are accounted for using the equity method. The Company invests from time to time in ventures in which its ownership interest is less than 20% and over which it does not exercise significant influence. Such investments are accounted for under the cost method. The fair values for investments not traded on a quoted exchange are estimated based upon the historical performance of the ventures, the ventures’ forecasted financial performance and management’s evaluation of the ventures’ viability and business models. To the extent the book value of an investment exceeds its assessed fair value, the Company will record an appropriate impairment charge.

Accounts Receivable

The Company records accounts receivable when revenue is recognized. We record an allowance for doubtful accounts, reducing our receivables balance to an amount we estimate is collectible from our customers. Estimates used in determining the allowance for doubtful accounts are based on historical collection experience, current trends, aging of accounts receivable, and periodic credit evaluations of our customers’ financial condition. We write off accounts receivable when it becomes apparent, based upon age or customer circumstances, that such amounts will not be collected. Generally, the Company does not require collateral for its accounts receivable.

Inventories

Live chicken inventories are stated at the lower of cost or market and breeder hen inventories at the lower of cost, less accumulated amortization, or market. The costs associated with breeder hen inventories are accumulated up to the production stage and amortized over their productive lives using the unit-of-production method. Finished poultry products, feed, eggs and other inventories are stated at the lower of cost (average) or market.

We record valuation adjustments for our inventory and for estimated obsolescence at or equal to the difference between the cost of inventory and the estimated market value based upon known conditions affecting inventory, including significantly aged products, discontinued product lines, or damaged or obsolete products. We allocate meat costs between our various finished chicken products based on a by-product costing technique that reduces the cost of the whole bird by estimated yields and amounts to be recovered for certain by-product parts. This primarily includes leg quarters, wings, tenders and offal, which are carried in inventory at the estimated recovery amounts, with the remaining amount being reflected as our breast meat cost.

Generally, the Company performs an evaluation of whether any lower of cost or market adjustments are required at the country level based on a number of factors, including: (i) pools of related inventory, (ii) product continuation or discontinuation,

(iii) estimated market selling prices and (iv) expected distribution channels. If actual market conditions or other factors are less favorable than those projected by management, additional inventory adjustments may be required.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, and repair and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of these assets. Estimated useful lives for building, machinery and equipment are five to 33 years and for automobiles and trucks are three to ten years. The charge to income resulting from amortization of assets recorded under capital leases is included with depreciation expense.

The Company records impairment charges on long-lived assets held for use when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. When the above is true, the impairment charge is determined based upon the amount the net book value of the assets exceeds their fair market value. In making these determinations, the Company utilizes certain assumptions, including, but not limited to: (i) future cash flows estimated to be generated by these assets, which are based on additional assumptions such as asset utilization, remaining length of service and estimated salvage values, (ii) estimated fair market value of the assets and (iii) determinations with respect to the lowest level of cash flows relevant to the respective impairment test, generally groupings of related operational facilities. Given the interdependency of the Company’s individual facilities during the production process, which operate as a vertically integrated network, it evaluates impairment of assets held for use at the country level (i.e., the U.S. and Mexico). Management believes this is the lowest level of identifiable cash flows for its assets that are held for use in production activities. At the present time, the Company’s forecasts indicate that it can recover the carrying value of its assets held for use based on the projected undiscounted cash flows of the operations.

The Company records impairment charges on long-lived assets held for sale when the carrying amount of those assets exceeds their fair value less appropriate selling costs. Fair value is based on amounts documented in sales contracts or letters of intent accepted by the Company, amounts included in counteroffers initiated by the Company, or, in the absence of current contract negotiations, amounts determined using a sales comparison approach for real property and amounts determined using a cost approach for personal property. Under the sales comparison approach, sales and asking prices of reasonably comparable properties are considered to develop a range of unit prices within which the current real estate market is operating. Under the cost approach, a current cost to replace the asset new is calculated and then the estimated replacement cost is reduced to reflect the applicable decline in value resulting from physical deterioration, functional obsolescence and economic obsolescence. Appropriate selling costs includes reasonable broker's commissions, costs to produce title documents, filing fees, legal expenses and the like. We estimate appropriate closing costs as 4% to 6% of asset fair value. This range of rates is considered reasonable for our assets held for sale based on historical experience.

Identified Intangible Assets

Our identified intangible assets consist of assets subject to amortization such as trade names, customer relationships and non-compete agreements. We calculate amortization of those assets that are subject to amortization on a straight-line basis over the estimated useful lives of the related assets. The useful lives range from three to 15 years for trade names and non-compete agreements and 13 years for customer relationships.

We review intangible assets subject to amortization for impairment whenever an event or change in circumstances indicates the carrying values of the assets may not be recoverable. We test intangible assets subject to amortization for impairment and estimate their fair values using the same assumptions and techniques we employ on property, plant and equipment.

Book Overdraft Balances

The majority of the Company's disbursement bank accounts are zero balance accounts where cash needs are funded as checks are presented for payment by the holder. Checks issued pending clearance that result in overdraft balances for accounting purposes are classified as accounts payable and the change in the related balance is reflected in operating activities on the Consolidated Statements of Cash Flows.

Litigation and Contingent Liabilities

The Company is subject to lawsuits, investigations and other claims related to employment, environmental, product and other matters. The Company is required to assess the likelihood of any adverse judgments or outcomes, as well as potential ranges of probable losses, to these matters. The Company estimates the amount of reserves required for these contingencies when losses are determined to be probable and after considerable analysis of each individual issue. The Company expenses legal costs related to such loss contingencies as they are incurred. The accrual for environmental remediation liabilities is measured on an undiscounted basis. These reserves may change in the future due to changes in the Company's assumptions, the effectiveness of strategies, or other factors beyond the Company's control.

Accrued Self Insurance

Insurance expense for casualty claims and employee-related health care benefits are estimated using historical and current experience and actuarial estimates. Stop-loss coverage is maintained with third-party insurers to limit the Company's total exposure. Certain categories of claim liabilities are actuarially determined. The assumptions used to arrive at periodic expenses are reviewed regularly by management. However, actual expenses could differ from these estimates and could result in adjustments to be recognized.

Income Taxes

The Company follows provisions under ASC 740-10-30-27 in the Expenses-Income Taxes topic with regard to members of a group that file a consolidated tax return but issue separate financial statements. The Company files its own U.S. federal tax return, but it is included in certain state consolidated returns with JBS USA Food Company Holdings ("JBS USA Holdings"). The income tax expense of the Company is computed using the separate return method. The provision for income taxes has been determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effect of temporary differences between the book and tax bases of recorded assets and liabilities, net operating losses and tax credit carry forwards. The amount of deferred tax on these temporary differences is determined using the tax rates expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on the tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, potential for carry back of tax losses, projected future taxable income, applicable tax strategies, and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not that some or all of the deferred tax assets will not be realized. Valuation allowances have been established primarily for net operating loss carry forwards of certain foreign subsidiaries. See "Note 12. Income Taxes" to the Consolidated Financial Statements.

The Company deems its earnings from Mexico and Puerto Rico as of December 27, 2015 to be permanently reinvested. As such, U.S. deferred income taxes have not been provided on these earnings. If such earnings were not considered indefinitely reinvested, certain deferred foreign and U.S. income taxes would be provided.

The Company follows provisions under ASC 740-10-25 that provide a recognition threshold and measurement criteria for the financial statement recognition of a tax benefit taken or expected to be taken in a tax return. Tax benefits are recognized only when it is more likely than not, based on the technical merits, that the benefits will be sustained on examination. Tax benefits that meet the more-likely-than-not recognition threshold are measured using a probability weighting of the largest amount of tax benefit that has greater than 50% likelihood of being realized upon settlement. Whether the more-likely-than-not recognition threshold is met for a particular tax benefit is a matter of judgment based on the individual facts and circumstances evaluated in light of all available evidence as of the balance sheet date. See "Note 12. Income Taxes" to the Consolidated Financial Statements.

Pension and Other Postemployment Benefits

Our pension and other postemployment benefit costs and obligations are dependent on the various actuarial assumptions used in calculating such amounts. These assumptions relate to discount rates, long-term return on plan assets and other factors. We base the discount rate assumptions on current investment yields on high-quality corporate long-term bonds. We determine the long-term return on plan assets based on historical portfolio results and management's expectation of the future economic environment. Actual results that differ from our assumptions are accumulated and, if in excess of the lesser of 10% of the projected benefit obligation or the fair market value of plan assets, amortized over either (i) the estimated average future service period of active plan participants if the plan is active or (ii) the estimated average future life expectancy of all plan participants if the plan is frozen.

Operating Leases

Rent expense for operating leases is recorded on a straight-line basis over the lease term unless the lease contains an escalation clause which is not fixed or determinable. The lease term begins when we have the right to control the use of the leased property, which is typically before rent payments are due under the terms of the lease. If a lease has a fixed or determinable escalation clause, the difference between rent expense and rent paid is recorded as deferred rent and is included in the Consolidated Balance Sheets. Rent for operating leases that do not have an escalation clause or where escalation is based on an inflation index is expensed over the lease term as it is payable.

Risk Management

The Company attempts to mitigate commodity purchase exposures through a program of risk management that includes the use of forward purchase contractual obligations and derivative financial instruments. The Company will also occasionally purchase derivative financial instruments in an attempt to mitigate currency exchange rate exposure related to the net assets of its Mexico operations that are denominated in Mexican pesos. The Company's Mexico subsidiaries also attempt to mitigate the foreign currency exposure on certain U.S. dollar-denominated transactions through the use of derivative financial instruments. We recognize all derivative financial instruments in the Consolidated Balance Sheets at fair value. We elected not to designate derivative financial instruments executed to mitigate commodity purchase exposures and foreign currency exposures as hedges of forecasted transactions. Therefore, we recognize changes in the fair value of these derivative financial instruments immediately in earnings. Gains or losses related to both the commodity derivative financial instruments and the foreign currency derivative financial instruments are included in the line item *Cost of sales* in the Consolidated Statements of Operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We make significant estimates in regard to receivables collectability; inventory valuation; realization of deferred tax assets; valuation of long-lived assets; valuation of contingent liabilities, liabilities subject to compromise and self insurance liabilities; valuation of pension and other postretirement benefits obligations; and valuation of acquired businesses.

Recently Adopted Accounting Pronouncements

During the thirteen weeks ended December 27, 2015, the Company early adopted the Financial Accounting Standards Board ("FASB") presentation guidance for debt issuance costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This change in accounting principal should reduce the unnecessary complexity created by having different balance sheet presentation requirements for debt issuance costs and debt discount and premium and conform U.S. GAAP with the guidance in International Financial Reporting Standards ("IFRS"). Upon adoption of the guidance, the Company recognized $14.9 million of debt issuance costs as a direct deduction from the carrying amount of its debt liabilities. The Company held deferred debt issuance costs of $7.6 million at December 28, 2014 related to a line-of-credit arrangement for which there was no corresponding outstanding borrowing. Rather than retrospectively presenting these debt issuance costs in its Consolidated Balance Sheet as a direct deduction from the carrying amount of the associated debt liability, the Company will continue to present these costs as an asset.

During the thirteen weeks ended December 27, 2015, the Company early adopted the FASB guidance for balance sheet classification of deferred taxes, which requires that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. This change in accounting principal should reduce the unnecessary complexity created by separating deferred income tax liabilities and assets into current and noncurrent amounts. This change should also eliminate costs incurred by an entity to separate deferred income tax liabilities and assets into a current and noncurrent amount. The Company adopted this guidance with retrospective application. A description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items is included below:

	December 28, 2014		
	As Presented in 2014 Annual Report on Form 10-K	Retrospective Adjustment Resulting from Adoption of FASB Guidance	As Presented in 2015 Annual Report on Form 10-K
		(In thousands)	
Current deferred tax assets	$ 27,345	$ (27,345)	$ —
Current deferred tax liabilities	25,301	(25,301)	—
Deferred tax liabilities	76,216	(2,044)	74,172

During the thirteen weeks ended December 27, 2015, we early adopted the FASB's new accounting and presentation for adjustments to provisional amounts recognized in business combinations, which, in an effort to reduce the cost and complexity of financial reporting, requires an acquiring entity in a business combination to recognize adjustments to provisional amounts identified during the measurement period in the reporting period in which the adjustment amounts are determined. The guidance also requires an acquiring entity in a business combination to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The adoption of this guidance did not have a material impact on our financial statements.

Recently Issued Accounting Standards Not Adopted as of December 27, 2015

In May 2014, the FASB issued new accounting guidance on revenue recognition, which provides for a single five-step model to be applied to all revenue contracts with customers. The new standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. In June 2015, the FASB agreed to defer by one year the mandatory effective date of this standard, but will also provide entities the option to adopt the new guidance as of the original effective date. The provisions of the new guidance will be effective as of the beginning of our 2018 fiscal year, but we have the option to adopt the guidance as early as the beginning of our 2017 fiscal year. We are currently evaluating the impact of the new guidance on our financial statements and have not yet selected either a transition approach to implement the standard or an adoption date.

In July 2015, the FASB issued new accounting guidance on the subsequent measurement of inventory, which, in an effort to simplify unnecessarily complicated accounting guidance that can result in several potential outcomes, requires an entity to measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Current accounting guidance requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The provisions of the new guidance will be effective as of the beginning of our 2017 fiscal year. We are currently evaluating the impact of the new guidance on our financial statements.

2. BUSINESS ACQUISITION

On June 29, 2015, the Company acquired, indirectly through certain of its Mexican subsidiaries, 100% of the equity of Provemex Holding LLC and its subsidiaries (together, "Tyson Mexico") from Tyson Foods, Inc. and certain of its subsidiaries for cash. Tyson Mexico is a vertically integrated poultry business based in Gomez Palacio, Durango, Mexico. The acquired business has a production capacity of three million birds per week in its three plants and currently employs more than 4,500 people in its plants, offices and seven distribution centers. The acquisition further strengthens the Company's strategic position in the Mexico chicken market. The Company expects to maintain these operations working to capacity with the existing workforce. The Company plans to keep all current labor contracts in place.

The following table summarizes the consideration paid for Tyson Mexico (in thousands):

Negotiated sales price	$	400,000
Working capital adjustment		(20,933)
Final purchase price	$	379,067

The results of operations of the acquired business since June 29, 2015 are included in the Company's Consolidated Statements of Operations. Net sales generated by the acquired business from the acquisition date through December 27, 2015 totaled $250.6 million. The acquired business incurred a net loss from the acquisition date through December 27, 2015 totaling $13.7 million.

The assets acquired and liabilities assumed in the Tyson Mexico acquisition have been measured at their fair values at June 29, 2015, as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill. The factors contributing to the recognition of the amount of goodwill are based on several strategic and synergistic benefits that are expected to be realized from the acquisition as well as the assembled workforce. These benefits include complementary product offerings, an enhanced footprint in Mexico, attractive synergy opportunities and value creation. The Company does not have tax basis in the goodwill, and therefore, the goodwill is not deductible for tax purposes. The preliminary fair values recorded were determined based upon a preliminary valuation and the estimates and assumptions used in such valuation are subject to change, which could be significant, within the measurement period (up to one year from the acquisition date). The primary areas of acquisition accounting that are not yet finalized relate to the preliminary valuation of property, plant and equipment and identifiable intangible assets, amounts for income taxes including deferred tax accounts, uncertain tax positions and net operating loss carryforwards inclusive of associated limitations and valuation allowances, certain legal matters and residual goodwill.

The preliminary fair values recorded for the assets acquired and liabilities assumed for Tyson Mexico are as follows (in thousands):

Cash and cash equivalents	$	5,535
Trade accounts and other receivables		24,173
Inventories		68,130
Prepaid expenses and other current assets		7,661
Property, plant and equipment		157,752
Identifiable intangible assets		26,411
Other long-lived assets		199
Total assets acquired		289,861
Accounts payable		21,550
Other current liabilities		8,707
Long-term deferred tax liabilities		31,947
Other long-term liabilities		5,155
Total liabilities assumed		67,359
Total identifiable net assets		222,502
Goodwill		156,565
Total net assets	$	379,067

The Company performed a preliminary valuation of the assets and liabilities of Tyson Mexico at June 29, 2015. Significant assumptions used in the preliminary valuation and the bases for their determination are summarized as follows:

- Property, plant and equipment, net. Property, plant and equipment at fair value gave consideration to the highest and best use of the assets. The valuation of the Company's real property improvements and the majority of its personal property was based on the cost approach. The valuation of the Company's land, as if vacant, and certain personal property assets was based on the market or sales comparison approach.
- Indefinite-lived trade names. The Company valued two indefinite-lived trade names using the income approach, specifically the relief from royalty method. Under this method, the asset value of each trade name was determined by estimating the hypothetical royalties that would have to be paid if it was not owned. Royalty rates were selected based on consideration of several factors, including (i) prior transactions involving Tyson Mexico trade names, (ii) incomes derived from license agreements on comparable trade names within the food and non-alcoholic beverages industry and (iii) the relative profitability and perceived contribution of each trade name. Royalty rates used in the determination of the fair values of the two trade names ranged from 4.0% to 5.0% of expected net sales related to the respective trade names and trade name maintenance costs were estimated as 1.4% of the royalty saved. The Company anticipates using both trade names for an indefinite period as demonstrated by the sustained use of each subject trade name. In estimating the fair value of the trade names, net sales related to the respective trade names were estimated to grow at a rate of 3.5% to 4.0% annually with a terminal year growth rate of 3.8%. Income taxes were estimated at 30.0% of pre-tax income, a tax amortization benefit was estimated considering a rate of 15.0% and the hypothetical savings generated by avoiding royalty costs were discounted using a rate of 12.0%. The two trade names were valued at $9.7 million under this approach.
- Customer relationships. The Company valued Tyson Mexico's customer relationships using the income approach, specifically the multi-period excess earnings model. Under this model, the fair value of the customer relationships asset is determined by estimating the net cash inflows from the relationships discounted to present value. In estimating the fair value of the customer relationships, net sales related to our existing customers were estimated to grow at a rate of 4.0% annually, but we also anticipate losing existing customers at an attrition rate of 15.0%. Income taxes were estimated at 30.0% of pre-tax income, a tax amortization benefit was estimated considering a rate of 15.8% and net cash flows attributable to our existing customers were discounted using a rate of 13.1%. Customer relationships were valued at $16.7 million under this approach.

The following unaudited pro forma information presents the combined financial results for the Company and Tyson Mexico as if the acquisition had been completed at the beginning of the Company's fiscal year ended December 29, 2013.

	2015	2014	2013
	(In thousands, except per share amounts)		
Net sales	$ 8,493,751	$ 9,233,138	$ 9,058,555
Net income attributable to Pilgrim's Pride Corporation	662,926	714,453	536,419
Net income attributable to Pilgrim's Pride Corporation per common share - diluted	2.56	2.75	2.07

The above unaudited pro forma financial information is presented for informational purposes only and does not purport to represent what the Company's results of operations would have been had it completed the acquisition on the date assumed, nor is it necessarily indicative of the results that may be expected in future periods. Pro forma adjustments exclude cost savings from any synergies resulting from the acquisition.

3. FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities measured at fair value must be categorized into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3	Unobservable inputs, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety.

As of December 27, 2015 and December 28, 2014, the Company held certain items that were required to be measured at fair value on a recurring basis. These included derivative assets and liabilities and deferred compensation plan assets. Derivative assets and liabilities consist of long and short positions on exchange-traded commodity and foreign currency derivative instruments. The Company maintains nonqualified deferred compensation plans for executives and other highly compensated employees. Investments are maintained within a trust and include money market funds, mutual funds and life insurance policies. The cash surrender value of the life insurance policies is invested primarily in mutual funds. The following items were measured at fair value on a recurring basis:

	December 27, 2015			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Derivative assets - commodity futures instruments	$ 59	$ —	$ —	$ 59
Derivative assets - commodity options instruments	1,618	—	—	1,618
Derivative liabilities - commodity futures instruments	(5,436)	—	—	(5,436)
Fixed-rate senior notes payable at 5.75%	(488,750)	—	—	(488,750)

The valuation of financial assets and liabilities classified in Level 1 is determined using a market approach, taking into account current interest rates, creditworthiness, and liquidity risks in relation to current market conditions, and is based upon unadjusted quoted prices for identical assets in active markets. The valuation of financial assets and liabilities in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for substantially the full term of the financial instrument. The valuation of financial assets in Level 3 is determined using an income approach based on unobservable inputs such as discounted cash flow models or valuations.

In addition to the fair value disclosure requirements related to financial instruments carried at fair value, accounting standards require interim disclosures regarding the fair value of all of the Company's financial instruments. The methods and significant assumptions used to estimate the fair value of financial instruments and any changes in methods or significant assumptions from prior periods are also required to be disclosed. The carrying amounts and estimated fair values of financial assets and liabilities recorded in the Consolidated Balance Sheets consisted of the following:

	December 27, 2015		December 28, 2014		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Note Reference
	(In thousands)				
Derivative assets - commodity futures instruments	$ 59	$ 59	$ 8,416	$ 8,416	7
Derivative assets - commodity options instruments	1,618	1,618	—	—	7
Derivative assets - foreign currency futures instruments	—	—	2,563	2,563	7
Derivative liabilities - commodity futures instruments	(5,436)	(5,436)	(8,580)	(8,580)	7
Derivative liabilities - commodity options instruments	—	—	(14,103)	(14,103)	7
Fixed-rate senior notes payable at 5.75%	(500,000)	(488,750)	—	—	11

The carrying amounts of our cash and cash equivalents, derivative trading accounts' margin cash, restricted cash and cash equivalents, accounts receivable, accounts payable and certain other liabilities approximate their fair values due to their relatively short maturities. Derivative assets were recorded at fair value based on quoted market prices and are included in the line item *Prepaid expenses and other current assets* on the Consolidated Balance Sheet. Deferred compensation plan assets were recorded at fair value based on quoted market prices and are included in the line item *Other assets* in the Consolidated Balance Sheets. Derivative liabilities were recorded at fair value based on quoted market prices and are included in the line item *Accrued expenses and other current liabilities* on the Consolidated Balance Sheet. The fair values of the Company's long-term debt and other borrowing arrangements were estimated by calculating the net present value of future payments for each debt obligation or borrowing by: (i) using a risk-free rate applicable for an instrument with a life similar to the remaining life of each debt obligation or borrowing plus the current estimated credit risk spread for the Company or (ii) using the quoted market price at December 27, 2015 or December 28, 2014, as applicable.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records certain assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges when required by U.S. GAAP. There were no significant fair value measurement losses recognized for such assets and liabilities in the periods reported.

4. TRADE ACCOUNTS AND OTHER RECEIVABLES

Trade accounts and other receivables (including accounts receivable from related parties), less allowance for doubtful accounts, consisted of the following:

	December 27, 2015	December 28, 2014
	(In thousands)	
Trade accounts receivable	$ 342,466	$ 371,268
Notes receivable - current	850	1,088
Other receivables	10,578	9,059
Receivables, gross	353,894	381,415
Allowance for doubtful accounts	(4,900)	(2,525)
Receivables, net	$ 348,994	$ 378,890
Accounts receivable from related parties[(a)]	$ 2,668	$ 5,250

(a) Additional information regarding accounts receivable from related parties is included in "Note 16. Related Party Transactions."

5. INVENTORIES

Inventories consisted of the following:

	December 27, 2015	December 28, 2014
	(In thousands)	
Live chicken and hens	$ 365,062	$ 363,438
Feed, eggs and other	215,859	198,681
Finished chicken products	191,988	227,649
Total chicken inventories	772,909	789,768
Commercial feed, table eggs and other	28,448	537
Total inventories	$ 801,357	$ 790,305

6. INVESTMENTS IN SECURITIES

We recognize investments in available-for-sale securities as cash equivalents, current investments or long-term investments depending upon each security's length to maturity. Additionally, those securities identified by management at the time of purchase for funding operations in less than one year are classified as current.

The following table summarizes our investments in available-for-sale securities:

	December 27, 2015		December 28, 2014	
	Cost	Fair Value	Cost	Fair Value
	(In thousands)			
Cash equivalents:				
Fixed income securities	$ 290,795	$ 290,795	$ 204,286	$ 204,286
Other	54,831	54,831	80	80

All of the fixed income securities classified as cash and cash equivalents above mature within 90 days and all of the fixed income securities classified as short-term investments above mature within one year. The specific identification method is used to determine the cost of each security sold and each amount reclassified out of accumulated other comprehensive loss to earnings. Gross realized gains recognized during 2015 and 2014 related to the Company's available-for-sale securities totaled $1.2 million and $1.0 million, respectively. Gross realized losses recognized during 2015 and 2014 related to the Company's available-for-sale securities totaled $25,400 and $18,800, respectively. Proceeds received from the sale or maturity of available-for-sale securities during 2015 and 2014 are disclosed in the Consolidated Statements of Cash Flows. Net unrealized holding gains and losses on the Company's available-for-sale securities recognized during 2015 and 2014 that have been included in accumulated other comprehensive loss and the net amount of gains and losses reclassified out of accumulated other comprehensive loss to earnings during 2015 and 2014 are disclosed in "Note 14. Stockholders' Equity."

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes various raw materials in its operations, including corn, soybean meal, soybean oil, sorghum, natural gas, electricity and diesel fuel, which are all considered commodities. The Company considers these raw materials generally available from a number of different sources and believes it can obtain them to meet its requirements. These commodities are subject to price fluctuations and related price risk due to factors beyond our control, such as economic and political conditions, supply and demand, weather, governmental regulation and other circumstances. Generally, the Company purchases derivative financial instruments, specifically exchange-traded futures and options, in an attempt to mitigate price risk related to its anticipated consumption of commodity inputs for approximately the next 12 months. The Company may purchase longer-term derivative financial instruments on particular commodities if deemed appropriate.

The Company has operations in Mexico and, therefore, has exposure to translational foreign exchange risk when the financial results of those operations are translated to U.S. dollars.

The fair value of derivative assets is included in the line item *Prepaid expenses and other current assets* on the Consolidated Balance Sheets while the fair value of derivative liabilities is included in the line item *Accrued expenses and other current liabilities* on the same statements. Our counterparties require that we post cash collateral for changes in the net fair value of the derivative contracts.

We have not designated the derivative financial instruments that we have purchased to mitigate commodity purchase or foreign currency transaction exposures as cash flow hedges. Therefore, we recognize changes in the fair value of these derivative financial instruments immediately in earnings. Gains or losses related to these derivative financial instruments are included in the line item *Cost of sales* in the Consolidated Statements of Operations. The Company recognized $21.8 million, $16.1 million and $25.1 million in net gains related to changes in the fair value of its derivative financial instruments during 2015, 2014 and 2013, respectively.

Information regarding the Company's outstanding derivative instruments and cash collateral posted with (owed to) brokers is included in the following table:

	December 27, 2015	December 28, 2014
	(Fair values in thousands)	
Fair values:		
Commodity derivative assets	$ 1,677	$ 8,416
Commodity derivative liabilities	(5,436)	(22,683)
Foreign currency derivative assets	—	2,563
Cash collateral posted with brokers	9,381	25,205
Derivatives Coverage[(a)]:		
Corn	7.0%	(8.2)%
Soybean meal	4.1%	(16.1)%
Period through which stated percent of needs are covered:		
Corn	March 2017	September 2016
Soybean meal	July 2016	July 2015

(a) Derivatives coverage is the percent of anticipated corn and soybean meal needs covered by outstanding derivative instruments through a specified date.

8. IDENTIFIED INTANGIBLE ASSETS

Identified intangible assets consisted of the following:

	Useful Life (Years)	Original Cost	Accumulated Amortization	Carrying Amount
			(In thousands)	
December 28, 2014:				
Trade names	3–15	$ 40,143	$ (32,900)	$ 7,243
Customer relationships	13	51,000	(31,460)	19,540
Non-compete agreements	3	300	(300)	—
Total intangible assets		$ 91,443	$ (64,660)	$ 26,783
December 27, 2015:				
Trade names	3–15	$ 49,843	$ (34,718)	$ 15,125
Customer relationships	8-13	67,711	(35,383)	32,328
Non-compete agreements	3	300	(300)	—
Total intangible assets		$ 117,854	$ (70,401)	$ 47,453

We recognized amortization expense related to identified intangible assets of $5.7 million in 2015, $5.7 million in 2014 and $5.7 million in 2013.

We expect to recognize amortization expense associated with identified intangible assets of $8.9 million in 2016, $8.0 million in 2017, $7.7 million in 2018, $6.1 million in 2019 and $2.1 million in 2020.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (“PP&E”), net consisted of the following:

	December 27, 2015	December 28, 2014
	(In thousands)	
Land	$ 105,165	$ 66,798
Buildings	1,131,379	1,086,690
Machinery and equipment	1,657,573	1,537,241
Autos and trucks	53,408	52,639
Construction-in-progress	152,619	129,701
Property, plant and equipment, gross	3,100,144	2,873,069
Accumulated depreciation	(1,747,615)	(1,690,274)
Property, plant and equipment, net	$ 1,352,529	$ 1,182,795

The Company recognized depreciation expense of $146.4 million, $136.4 million and $135.5 million during 2015, 2014 and 2013, respectively.

During 2015, the Company sold certain PP&E for cash of $14.6 million and recognized a gain of $10.4 million. PP&E sold in 2015 included broiler farms in Mexico, a rendering plant in Arkansas and miscellaneous equipment. During 2014, the Company sold certain PP&E for cash of $11.1 million and recognized a gain of $1.4 million. PP&E sold in 2014 included a warehouse, a commercial building and a vehicle maintenance center in Texas, an office building in Mexico City, a processing plant in Franconia, Pennsylvania, and miscellaneous equipment.

During 2015, the Company spent $175.8 million on capital projects and transferred $153.5 million of completed projects from construction-in-progress to depreciable assets.

The Company has closed or idled various processing complexes, processing plants, hatcheries, broiler farms, and feed mills throughout the U.S. Neither the Board of Directors nor JBS has determined if it would be in the best interest of the Company to divest any of these idled assets. Management is therefore not certain that it can or will divest any of these assets within one year, is not actively marketing these assets and, accordingly, has not classified them as assets held for sale. The Company continues to depreciate these assets. At December 27, 2015, the carrying amount of these idled assets was $70.2 million based on depreciable value of $199.4 million and accumulated depreciation of $129.1 million.

Management has committed to the sale of certain properties and related assets, including, but not limited to, a processing complex in Texas, a processing plant in Louisiana and other miscellaneous assets, which no longer fit into the operating plans of the Company. The Company is actively marketing these properties and related assets for immediate sale and believes a sale of each property can be consummated within the next 12 months. At December 27, 2015, the Company reported assets held for sale totaling $6.6 million in *Assets held for sale* on its Consolidated Balance Sheets.

The Company tested the recoverability of its long-lived assets held for use during the thirteen weeks ended December 27, 2015 by comparing the book value of its invested capital, exclusive of assets held for sale, with the undiscounted cash flows expected to result from the use and eventual disposition of its long-lived assets held for use. The Company determined that the carrying amount of its long-lived assets held for use is recoverable over the remaining life of the primary asset in the group, and the long-lived assets for use pass the Step 1 recoverability test of ASC 360-10-35, *Impairment or Disposal of Long-Lived Assets.*

10. CURRENT LIABILITIES

Current liabilities, other than income taxes and current maturities of long-term debt, consisted of the following components:

	December 27, 2015	December 28, 2014
	(In thousands)	
Accounts payable:		
Trade accounts	$ 436,188	$ 347,107
Book overdrafts	44,145	47,320
Other payables	2,621	5,059
Total accounts payable	482,954	399,486
Accounts payable to related parties[(a)]	7,000	4,862
Accrued expenses and other current liabilities:		
Compensation and benefits	112,583	123,495
Interest and debt-related fees	8,928	780
Insurance and self-insured claims	93,336	85,240
Derivative liabilities:		
Futures	5,436	8,580
Options	—	14,103
Other accrued expenses	94,683	79,681
Total accrued expenses and other current liabilities	314,966	311,879
	$ 804,920	$ 716,227

(a) Additional information regarding accounts payable to related parties is included in "Note 16. Related Party Transactions."

11. LONG-TERM DEBT AND OTHER BORROWING ARRANGEMENTS

Long-term debt consisted of the following components:

	Maturity	December 27, 2015	December 28, 2014
Long-term debt and other long-term borrowing arrangements:		(In thousands)	
Senior notes payable at 5.75%	2025	$ 500,000	$ —
U.S. Credit Facility (defined below):			
Term note payable at 1.5945%	2020	500,000	—
Revolving note payable	2020	—	—
Subordinated Loan Agreement (defined below)	2015	—	—
Other	Various	462	4,242
Long-term debt		1,000,462	4,242
Less: Current maturities of long-term debt		(86)	(262)
Long-term debt, less current maturities		1,000,376	3,980
Less: Capitalized financing costs		(14,867)	—
Long-term debt, less current maturities, net of capitalized financing costs:		$ 985,509	$ 3,980
Current notes payable to banks:			
Mexico Credit Facility (defined below) with notes payable at TIIE rate plus 0.90%	2016	$ 28,726	$ —

Senior and Subordinated Notes

On March 11, 2015, the Company completed a sale of $500.0 million principal amount of 5.75% senior notes due 2025 (the "Senior Notes"). The Company used the net proceeds from the sale of the Senior Notes to repay $350.0 million and $150.0 million of the term loan indebtedness under the U.S. Credit Facility (defined below) on March 12, 2015 and April 22, 2015, respectively. The Notes were sold to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, and outside the U.S. to non-U.S. persons pursuant to Regulation S under the Securities Act.

The Senior Notes are governed by, and were issued pursuant to, an indenture dated as of March 11, 2015 by and among the Company, its guarantor subsidiary and Wells Fargo Bank, National Association, as trustee (the "Indenture"). The Indenture provides, among other things, that the Senior Notes bear interest at a rate of 5.75% per annum from the date of issuance until maturity, payable semi-annually in cash in arrears, beginning on September 15, 2015. The Senior Notes are guaranteed on a senior unsecured basis by the Company's guarantor subsidiary. In addition, any of the Company's other existing or future domestic restricted subsidiaries that incur or guarantee any other indebtedness (with limited exceptions) must also guarantee the Senior Notes. The Senior Notes and related guarantees are unsecured senior obligations of the Company and its guarantor subsidiary and rank equally with all of the Company's and its guarantor subsidiary's other unsubordinated indebtedness. The Senior Notes and the Indenture also contain customary covenants and events of default, including failure to pay principal or interest on the Senior Notes when due, among others.

U.S. Credit Facility

On February 11, 2015, the Company and its subsidiaries, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into a Second Amended and Restated Credit Agreement (the "U.S. Credit Facility") with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch ("Rabobank"), as administrative agent, and the other lenders party thereto. The U.S. Credit Facility provides for a revolving loan commitment of up to $700.0 million and a term loan commitment of up to $1.0 billion (the "Term Loans"). The term loan commitment is no longer available for additional loans. The U.S. Credit Facility also includes an accordion feature that allows us, at any time, to increase the aggregate revolving loan and term loan commitments by up to an additional $1.0 billion, subject to the satisfaction of certain conditions, including obtaining the lenders' agreement to participate in the increase.

The revolving loan commitment under the U.S. Credit Facility matures on February 10, 2020. All principal on the Term Loans is due at maturity on February 10, 2020. Because the Company prepaid $350.0 million of the Term Loans with proceeds from the Senior Notes, the Company is not required to pay quarterly installments. Covenants in the U.S. Credit Facility also require the Company to use the proceeds it receives from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the U.S. Credit Facility. The Company had Term Loans outstanding totaling $500.0 million as of December 27, 2015.

The U.S. Credit Facility includes a $75.0 million sub-limit for swingline loans and a $125.0 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment and the Term Loans bear interest at a per annum rate equal to (i) in the case of LIBOR loans, LIBOR plus 1.50% through September 27, 2015 and, based on our net senior secured leverage ratio, between LIBOR plus 1.25% and LIBOR plus 2.75% and (ii) in the case of alternate base rate loans, the base rate plus 0.50% through December 27, 2015 and, based on our net senior secured leverage ratio, between the base rate plus 0.25% and base rate plus 1.75% thereafter.

Actual borrowings by the Company under the revolving loan commitment of the U.S. Credit Facility are subject to a borrowing base, which is a formula based on certain eligible inventory, eligible receivables and restricted cash under the control of Rabobank, in its capacity as administrative agent. The borrowing base formula will be reduced by the sum of (i) inventory reserves, (ii) rent and collateral access reserves, and (iii) any amount more than 15 days past due that is owed by the Company or its subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. As of December 27, 2015, the applicable borrowing base was $690.8 million and the amount available for borrowing under the revolving loan commitment was $670.7 million. The Company had letters of credit of $20.1 million and no outstanding borrowings under the revolving loan commitment as of December 27, 2015.

The U.S. Credit Facility contains financial covenants and various other covenants that may adversely affect the Company's ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain restricted payments, consummate certain assets sales, enter into certain transactions with JBS and the Company's other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of the Company's assets. The U.S. Credit Facility requires the Company to comply with a minimum level of tangible net worth covenant. The U.S. Credit Facility also provides that the Company may not incur capital expenditures in excess of $500.0 million in any fiscal year. The Company is currently in compliance with the covenants under the U.S. Credit Facility.

All obligations under the U.S. Credit Facility will continue to be unconditionally guaranteed by certain of the Company's subsidiaries and will continue to be secured by a first priority lien on (i) the domestic (including Puerto Rico) accounts and inventory of the Company and its subsidiaries, (ii) 100% of the equity interests in the Company's domestic subsidiaries and 65% of the equity interests in the Company's direct foreign subsidiaries and (iii) substantially all of the assets of the Company and the guarantors under the U.S. Credit Facility.

Subordinated Loan Agreement

The Company has entered into a Subordinated Loan Agreement with JBS USA Holdings dated June 23, 2011 (the “Subordinated Loan Agreement”). Pursuant to the terms of the Subordinated Loan Agreement, the Company agreed to reimburse JBS USA Holdings up to $56.5 million for draws upon any letters of credit issued for JBS USA Holdings’ account that support certain obligations of the Company or its subsidiaries. JBS USA Holdings agreed to arrange for letters of credit to be issued on its account in the amount of $56.5 million to an insurance company serving the Company in order to allow that insurance company to return cash it held as collateral against potential workers compensation, auto and general liability claims. In return for providing this letter of credit, the Company has agreed to reimburse JBS USA Holdings for the letter of credit cost the Company would otherwise incur under its U.S. Credit Facility (as defined below). The total amount the Company paid in 2015, 2014 and 2013 to reimburse JBS USA Holdings was $0.9 million, $1.3 million and $2.2 million, respectively. As of December 27, 2015, the Company has accrued an obligation of $0.1 million to reimburse JBS USA Holdings for letter of credit costs incurred on its behalf. There remains no other commitment of JBS USA Holdings to make advances under the Subordinated Loan Agreement.

Mexico Credit Facility

On July 23, 2014, certain of our Mexican subsidiaries entered into an unsecured credit agreement (the “Mexico Credit Facility”) with BBVA Bancomer, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, as lender. The loan commitment under the Mexico Credit Facility is $1.5 billion Mexican pesos. Outstanding borrowings under the Mexico Credit Facility will accrue interest at a rate equal to the Interbank Equilibrium Interest Rate plus 0.90%. The Mexico Credit Facility will mature on July 23, 2017. As of December 27, 2015, the U.S. dollar-equivalent of the loan commitment under the Mexico Credit Facility was $87.3 million, and there were $28.7 million outstanding borrowings under the Mexico Credit Facility that bear interest at a per annum rate of 4.33%. As of December 27, 2015, the U.S. dollar-equivalent borrowing availability was $58.6 million.

12. INCOME TAXES

Income before income taxes by jurisdiction is as follows:

	2015	2014	2013
		(In thousands)	
U.S.	$ 920,250	$ 953,027	$ 469,395
Foreign	72,508	149,364	104,545
Total	$ 992,758	$ 1,102,391	$ 573,940

The components of income tax expense (benefit) are set forth below:

	2015	2014	2013
		(In thousands)	
Current:			
Federal	$ 248,821	$ 262,403	$ (427)
Foreign	43,638	22,867	26,206
State and other	26,019	24,056	3,512
Total current	318,478	309,326	29,291
Deferred:			
Federal	32,819	29,737	22,923
Foreign	(11,249)	31,332	(3,648)
State and other	6,748	20,558	(24,339)
Total deferred	28,318	81,627	(5,064)
	$ 346,796	$ 390,953	$ 24,227

The effective tax rate for 2015 was 34.9% compared to 35.5% for 2014.

The effective tax rate for 2013 was 4.2%. The effective tax rate for 2014 differed from 2013 primarily as a result of decreases in the valuation allowance and reserves for unrecognized tax benefits during 2013 that did not occur during 2014.

The following table reconciles the statutory U.S. federal income tax rate to the Company's effective income tax rate:

	2015	2014	2013
Federal income tax rate	35.0 %	35.0 %	35.0 %
State tax rate, net	2.3	2.6	2.3
Permanent items	0.1	0.4	1.4
Domestic production activity	(1.9)	(2.4)	(1.2)
Difference in U.S. statutory tax rate and foreign country effective tax rate	(0.9)	(1.0)	(1.0)
Tax credits	(0.7)	—	(3.0)
Change in valuation allowance	—	—	(31.0)
Other	1.0	0.9	1.7
Total	34.9 %	35.5 %	4.2 %

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 27, 2015	December 28, 2014
	(In thousands)	
Deferred tax liabilities:		
PP&E and identified intangible assets	$ 151,761	$ 126,537
Inventories	97,743	48,365
Insurance claims and losses	39,800	36,953
Other	15,054	26,801
Total deferred tax liabilities	304,358	238,656
Deferred tax assets:		
Net operating losses	4,297	5,842
Foreign net operating losses	16,595	7,873
Credit carry forwards	2,638	2,916
Allowance for doubtful accounts	4,382	4,261
Accrued liabilities	56,753	52,772
Workers compensation	41,217	43,309
Pension and other postretirement benefits	22,559	26,049
Other	31,956	30,612
Total deferred tax assets	180,397	173,634
Valuation allowance	(7,921)	(9,150)
Net deferred tax assets	172,476	164,484
Net deferred tax liabilities	$ 131,882	$ 74,172

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income and tax-planning strategies in making this assessment.

As of December 27, 2015, the Company believes it has sufficient positive evidence to conclude that realization of its federal and state net deferred tax assets is more likely than not to be realized. The decrease in valuation allowance of $1.2 million during 2015 was primarily due to a decrease in foreign net operating losses. As of December 27, 2015, the Company's valuation allowance is $7.9 million, of which $1.3 million relates to capital loss carry forwards and state net operating losses and $6.6 million relates to its Mexico operations.

As of December 27, 2015, the Company had state net operating loss carry forwards of approximately $130.7 million that will begin to expire in 2016. The Company also had Mexico net operating loss carry forwards at December 27, 2015 of approximately $55.8 million that begin to expire in 2016.

As of December 27, 2015, the Company had approximately $2.6 million of state tax credit carry forwards that begin to expire in 2016.

On November 6, 2009, H.R. 3548 was signed into law and included a provision that allowed most business taxpayers an increased carry back period for net operating losses incurred in 2008 or 2009. As a result, during 2009 the Company utilized $547.7 million of its U.S. federal net operating losses under the expanded carry back provisions of H.R. 3548 and filed a claim for refund of $169.7 million. The Company received $122.6 million in refunds from the Internal Revenue Service ("IRS") from the carry back claims during 2010. The Company anticipates receipt of the remainder of its claim pending resolution of its litigation with the IRS. See "Note 17. Commitments and Contingencies" for additional information.

The Company has not provided any deferred income taxes on the undistributed earnings of its Mexico and Puerto Rico subsidiaries as of December 27, 2015 based upon the determination that such earnings will be indefinitely reinvested. It is not practicable to determine the amount of incremental taxes that might arise if these earnings were to be remitted.

As of December 27, 2015, there is a tax effect of $6.5 million reflected in additional paid-in capital due to excess tax benefits related to compensation on dividend equivalent rights and vested stock awards. As of December 28, 2014, there is a tax effect of $0.5 million reflected in additional paid-in-capital due to excess tax benefits related to compensation.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	December 27, 2015	December 28, 2014
	(In thousands)	
Unrecognized tax benefits, beginning of year	$ 17,396	$ 17,117
Increase as a result of tax positions taken during the current year	1,015	999
Increase as a result of tax positions taken during prior years	27	—
Decrease as a result of tax positions taken during prior years	(139)	(101)
Decrease for lapse in statute of limitations	(1,189)	(619)
Unrecognized tax benefits, end of year	$ 17,110	$ 17,396

Included in unrecognized tax benefits of $17.1 million at December 27, 2015, was $8.5 million of tax benefits that, if recognized, would reduce the Company's effective tax rate. It is not practicable at this time to estimate the amount of unrecognized tax benefits that will change in the next twelve months.

The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. As of December 27, 2015, the Company had recorded a liability of $9.4 million for interest and penalties. During 2015, accrued interest and penalty amounts related to uncertain tax positions decreased by $0.8 million.

The Company operates in the U.S. (including multiple state jurisdictions), Puerto Rico and Mexico. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations for years prior to 2010 and is no longer subject to Mexico income tax examinations by taxing authorities for years prior to 2009.

The United States Fifth Circuit Court of Appeals (the "Fifth Circuit") rendered judgment in favor of the Company regarding the IRS' amended proof of claim relating to the tax year ended June 26, 2004 for Gold Kist Inc. ("Gold Kist"). See "Note 17. Commitments and Contingencies" for additional information.

On September 13, 2013, the IRS issued the final, revised Tangible Property Repair Regulations for IRC Sections 162(a) and 263(a) which modify and supersede the Temporary Regulations that were issued on December 23, 2011. In addition, the IRS also released new proposed regulations for dispositions of tangible property under IRC Section 168. These final and proposed regulations are effective for tax years beginning January 1, 2014. The Company assessed the applicability of the regulations and concluded there was no significant impact to the Company's tax fixed assets.

The Company entered into a tax sharing agreement during 2014 with JBS USA Holdings effective for tax years starting 2010. The net tax receivable for tax year 2015 was accrued in 2015. The net tax receivable for tax years 2010 through 2014 was accrued in 2014.

13. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company sponsors programs that provide retirement benefits to most of its employees. These programs include qualified defined benefit pension plans, nonqualified defined benefit retirement plans, a defined benefit postretirement life insurance plan, and defined contribution retirement savings plans. Under all of our retirement plans, the Company's expenses were \$10.5 million, \$5.9 million and \$7.5 million in 2015, 2014 and 2013, respectively.

The Company used a year-end measurement date of December 27, 2015 for its pension and postretirement benefits plans. Certain disclosures are listed below. Other disclosures are not material to the financial statements.

Qualified Defined Benefit Pension Plans

The Company sponsors two qualified defined benefit pension plans named the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan") and the Pilgrim's Pride Pension Plan for Legacy Gold Kist Employees (the "GK Pension Plan"). The Union Plan covers certain locations or work groups within PPC. The GK Pension Plan covers certain eligible U.S. employees who were employed at locations that the Company purchased through its acquisition of Gold Kist in 2007. Participation in the GK Pension Plan was frozen as of February 8, 2007 for all participants with the exception of terminated vested participants who are or may become permanently and totally disabled. The plan was frozen for that group as of March 31, 2007.

Nonqualified Defined Benefit Pension Plans

The Company sponsors two nonqualified defined benefit retirement plans named the Former Gold Kist Inc. Supplemental Executive Retirement Plan (the "SERP Plan") and the Former Gold Kist Inc. Directors' Emeriti Retirement Plan (the "Directors' Emeriti Plan"). Pilgrim's Pride assumed sponsorship of the SERP Plan and Directors' Emeriti Plan through its acquisition of Gold Kist in 2007. The SERP Plan provides benefits on compensation in excess of certain IRC limitations to certain former executives with whom Gold Kist negotiated individual agreements. Benefits under the SERP Plan were frozen as of February 8, 2007. The Directors' Emeriti Plan provides benefits to former Gold Kist directors.

Defined Benefit Postretirement Life Insurance Plan

The Company sponsors one defined benefit postretirement life insurance plan named the Gold Kist Inc. Retiree Life Insurance Plan (the "Retiree Life Plan"). Pilgrim's Pride assumed defined benefit postretirement medical and life insurance obligations, including the Retiree Life Plan, through its acquisition of Gold Kist in 2007. In January 2001, Gold Kist began to substantially curtail its programs for active employees. On July 1, 2003, Gold Kist terminated medical coverage for retirees age 65 or older, and only retired employees in the closed group between ages 55 and 65 could continue their coverage at rates above the average cost of the medical insurance plan for active employees. These retired employees all reached the age of 65 in 2012 and liabilities of the postretirement medical plan then ended.

Defined Benefit Plans Obligations and Assets

The change in benefit obligation, change in fair value of plan assets, funded status and amounts recognized in the Consolidated Balance Sheets for these plans were as follows:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Change in projected benefit obligation:	(In thousands)			
Projected benefit obligation, beginning of year	$ 190,401	$ 170,030	$ 1,657	$ 1,705
Interest cost	7,754	8,103	67	81
Actuarial losses (gains)	(10,944)	24,670	44	(10)
Benefits paid	(6,074)	(12,154)	—	—
Settlements[(a)]	(15,185)	(248)	(96)	(119)
Projected benefit obligation, end of year	$ 165,952	$ 190,401	$ 1,672	$ 1,657

(a) A settlement is a transaction that is an irrevocable action, relieves the employer or the plan of primary responsibility for a pension or postretirement obligation and eliminates significant risks related to the obligation and the assets used to affect the settlement. A settlement can be triggered when a plan pays lump sums totaling more than the sum of the plan's interest cost and service cost. Both the GK Pension Plan and the Retiree Life Plan met this threshold in 2015 and both the SERP Plan and the Retiree Life Plan met this threshold in 2014.

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Change in plan assets:	(In thousands)			
Fair value of plan assets, beginning of year	$ 113,552	$ 108,496	$ —	$ —
Actual return on plan assets	(3,024)	3,944	—	—
Contributions by employer	7,678	13,514	96	119
Benefits paid	(6,074)	(12,154)	—	—
Settlements	(15,185)	(248)	(96)	(119)
Fair value of plan assets, end of year	$ 96,947	$ 113,552	$ —	$ —

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Funded status:	(In thousands)			
Unfunded benefit obligation, end of year	$ (69,005)	$ (76,849)	$ (1,672)	$ (1,657)

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Amounts recognized in the Consolidated Balance Sheets at end of year:	(In thousands)			
Current liability	$ (10,779)	$ (9,373)	$ (138)	$ (129)
Long-term liability	(58,226)	(67,476)	(1,534)	(1,528)
Recognized liability	$ (69,005)	$ (76,849)	$ (1,672)	$ (1,657)

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Amounts recognized in accumulated other comprehensive loss at end of year:	(In thousands)			
Net actuarial loss (gain)	$ 38,115	$ 43,907	$ (79)	$ (127)

The accumulated benefit obligation for our defined benefit pension plans was $166.0 million and $190.0 million at December 27, 2015 and December 28, 2014, respectively. Each of our defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at December 27, 2015 and December 28, 2014.

Net Periodic Benefit Cost (Income)

Net pension and other postretirement costs included the following components:

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
	(In thousands)					
Service cost	$ —	$ —	$ —	$ —	$ —	$ —
Interest cost	7,754	8,103	7,954	67	81	78
Estimated return on plan assets	(6,684)	(6,373)	(5,393)	—	—	—
Settlement loss (gain)	3,843	93	—	(4)	(9)	(15)
Amortization of net loss (gain)	714	56	1,001	—	—	—
Net cost	$ 5,627	$ 1,879	$ 3,562	$ 63	$ 72	$ 63

Economic Assumptions

The weighted average assumptions used in determining pension and other postretirement plan information were as follows:

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
Benefit obligation:						
Discount rate	4.47%	4.22%	4.95%	4.47%	4.22%	4.95%
Net pension and other postretirement cost:						
Discount rate	4.22%	4.95%	4.22%	4.22%	4.95%	4.22%
Expected return on plan assets	5.50%	6.00%	6.00%	NA	NA	NA

The expected rate of return on plan assets was determined based on the current interest rate environment and historical market premiums relative to the fixed income rates of equities and other asset classes. We also take into consideration anticipated asset allocations, investment strategies and the views of various investment professionals when developing this rate.

Plan Assets

The following table reflects the pension plans' actual asset allocations:

	2015	2014
Cash and cash equivalents	—%	—%
Pooled separate accounts[(a)]:		
Equity securities	7%	6%
Fixed income securities	7%	6%
Common collective trust funds[(a)]:		
Equity securities	57%	60%
Fixed income securities	29%	28%
Total assets	100%	100%

(a) Pooled separate accounts ("PSAs") and common collective trust funds ("CCTs") are two of the most common types of alternative vehicles in which benefit plans invest. These investments are pooled funds that look like mutual funds, but they are not registered with the Securities and Exchange Commission. Often times, they will be invested in mutual funds or other marketable securities, but the unit price generally will be different from the value of the underlying securities because the fund may also hold cash for liquidity purposes, and the fees imposed by the fund are deducted from the fund value rather than charged separately to investors. Some PSAs and CCTs have no restrictions as to their investment strategy and can invest in riskier investments, such as derivatives, hedge funds, private equity funds, or similar investments.

Absent regulatory or statutory limitations, the target asset allocation for the investment of pension assets in the pooled separate accounts is 50% in each of fixed income securities and equity securities and the target asset allocation for the investment of pension assets in the common collective trust funds is 30% in fixed income securities and 70% in equity securities. The plans only invest in fixed income and equity instruments for which there is a ready public market. We develop our expected long-term rate of return assumptions based on the historical rates of returns for equity and fixed income securities of the type in which our plans invest.

The fair value measurements of plan assets fell into the following levels of the fair value hierarchy as of December 27, 2015 and December 28, 2014:

	2015				2014(a)			
	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]	Total	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]	Total
	(In thousands)							
Cash and cash equivalents	$ 147	$ —	$ —	$ 147	$ 33	$ —	$ —	$ 33
Pooled separate accounts:								
Large U.S. equity funds[(d)]	—	3,816	—	3,816	—	4,147	—	4,147
Small/Mid U.S. equity funds[(e)]	—	969	—	969	—	1,062	—	1,062
International equity funds[(f)]	—	1,606	—	1,606	—	1,719	—	1,719
Fixed income funds[(g)]	—	6,337	—	6,337	—	6,609	—	6,609
Common collective trusts funds:								
Large U.S. equity funds[(d)]	—	22,069	—	22,069	—	29,964	—	29,964
Small/Mid U.S. equity funds[(e)]	—	16,843	—	16,843	—	18,411	—	18,411
International equity funds[(f)]	—	16,629	—	16,629	—	19,730	—	19,730
Fixed income funds[(g)]	—	28,531	—	28,531	—	31,877	—	31,877
Total assets	$ 147	$ 96,800	$ —	$ 96,947	$ 33	$ 113,519	$ —	$ 113,552

(a) Unadjusted quoted prices in active markets for identical assets are used to determine fair value.
(b) Quoted prices in active markets for similar assets and inputs that are observable for the asset are used to determine fair value.
(c) Unobservable inputs, such as discounted cash flow models or valuations, are used to determine fair value.
(d) This category is comprised of investment options that invest in stocks, or shares of ownership, in large, well-established U.S. companies. These investment options typically carry more risk than fixed income options but have the potential for higher returns over longer time periods.
(e) This category is generally comprised of investment options that invest in stocks, or shares of ownership, in small to medium-sized U.S. companies. These investment options typically carry more risk than larger U.S. equity investment options but have the potential for higher returns.
(f) This category is comprised of investment options that invest in stocks, or shares of ownership, in companies with their principal place of business or office outside of the U.S.
(g) This category is comprised of investment options that invest in bonds, or debt of a company or government entity (including U.S. and non-U.S. entities). It may also include real estate investment options that directly own property. These investment options typically carry more risk than short-term fixed income investment options (including, for real estate investment options, liquidity risk), but less overall risk than equities.

The valuation of plan assets in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for substantially the full term of the financial instrument. Level 2 securities primarily include equity and fixed income securities funds.

Benefit Payments

The following table reflects the benefits as of December 27, 2015 expected to be paid in each of the next five years and in the aggregate for the five years thereafter from our pension and other postretirement plans. Because our pension plans are primarily funded plans, the anticipated benefits with respect to these plans will come primarily from the trusts established for these plans. Because our other postretirement plans are unfunded, the anticipated benefits with respect to these plans will come from our own assets.

	Pension Benefits	Other Benefits
	(In thousands)	
2016	$ 14,205	$ 138
2017	11,660	139
2018	11,406	140
2019	11,063	139
2020	11,075	138
2021-2025	49,795	643
Total	$ 109,204	$ 1,337

We anticipate contributing $10.8 million and $0.1 million, as required by funding regulations or laws, to our pension and other postretirement plans, respectively, during 2016.

Unrecognized Benefit Amounts in Accumulated Other Comprehensive Loss (Income)

The amounts in accumulated other comprehensive income (loss) that were not recognized as components of net periodic benefits cost and the changes in those amounts are as follows:

	Pension Benefits			Other Benefits		
	2015	2014	2013	2015	2014	2013
	(In thousands)					
Net actuarial loss (gain), beginning of year	$ 43,907	$ 16,957	$ 53,368	$ (127)	$ (126)	$ (49)
Amortization	(714)	(56)	(1,001)	—	—	—
Settlement adjustments	(3,843)	(93)	—	4	9	15
Actuarial loss (gain)	(10,944)	24,670	(24,315)	44	(10)	(92)
Asset loss (gain)	9,709	2,429	(11,095)	—	—	—
Net actuarial loss (gain), end of year	$ 38,115	$ 43,907	$ 16,957	$ (79)	$ (127)	$ (126)

The Company expects to recognize in net pension cost throughout 2016 an actuarial loss of $0.7 million that was recorded in accumulated other comprehensive income at December 27, 2015.

Defined Contribution Plans

The Company sponsors two defined contribution retirement savings plans named the Pilgrim's Pride Retirement Savings Plan (the "RS Plan") and the To-Ricos Employee Savings and Retirement Plan (the "To-Ricos Plan"). The RS Plan is an IRC Section 401(k) salary deferral plan maintained for certain eligible U.S. employees. Under the RS Plan, eligible U.S. employees may voluntarily contribute a percentage of their compensation. The Company matches up to 30.0% of the first 2.14% to 6.00% of salary based on the salary deferral and compensation levels up to $245,000. The To-Ricos Plan is an IRC Section 1165(e) salary deferral plan maintained for certain eligible Puerto Rico employees. Under the To-Ricos Plan, eligible employees may voluntarily contribute a percentage of their compensation and there are various company matching provisions. The Company also maintains three postretirement plans for eligible Mexico employees, as required by Mexico law, which primarily cover termination benefits.

The Company's expenses related to its defined contribution plans totaled $4.8 million, $3.9 million and $3.9 million in 2015, 2014 and 2013, respectively.

Certain retirement plans that the Company sponsors invest in a variety of financial instruments. Certain postretirement funds in which the Company participates hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

14. STOCKHOLDERS' EQUITY

Accumulated Other Comprehensive Loss

The following tables provide information regarding the changes in accumulated other comprehensive loss during 2015 and 2014:

	2015[a]			2014[a]		
	Losses Related to Pension and Other Postretirement Benefits	Unrealized Holding Gains on Available-for-Sale Securities	Total	Losses Related to Pension and Other Postretirement Benefits	Unrealized Holding Gains on Available-for-Sale Securities	Total
	(In thousands)					
Balance, beginning of year	$ (62,572)	$ 31	$ (62,541)	$ (45,797)	$ 62	$ (45,735)
Other comprehensive income (loss) before reclassifications	4,004	(260)	3,744	(16,810)	319	(16,491)
Amounts reclassified from accumulated other comprehensive loss to net income	(429)	296	(133)	35	(350)	(315)
Net current year other comprehensive income (loss)	3,575	36	3,611	(16,775)	(31)	(16,806)
Balance, end of year	$ (58,997)	$ 67	$ (58,930)	$ (62,572)	$ 31	$ (62,541)

(a) All amounts are net of tax. Amounts in parentheses indicate debits.

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss(a) 2015	2014	Affected Line Item in the Consolidated Statements of Operations
	(In thousands)		
Realized gain on sale of securities	$ 476	$ 562	Interest income
Amortization of pension and other postretirement plan actuarial losses:			
Union employees pension plan[b]	—	— [d]	Cost of goods sold
Legacy Gold Kist plans[c]	(215)	(19) [d]	Cost of goods sold
Legacy Gold Kist plans[c]	(474)	(37) [d]	Selling, general and administrative expense
Total before tax	(213)	506	
Tax benefit (expense)	80	(191)	
Total reclassification for the period	$ (133)	$ 315	

(a) Amounts in parentheses represent debits to results of operations.
(b) The Company sponsors the Union Plan, a qualified defined benefit pension plan covering certain locations or work groups with collective bargaining agreements.
(c) The Company sponsors the GK Pension Plan, a qualified defined benefit pension plan covering certain eligible U.S. employees who were employed at locations that the Company purchased through its acquisition of Gold Kist in 2007, the SERP Plan, a nonqualified defined benefit retirement plan covering certain former Gold Kist executives, the Directors' Emeriti Plan, a nonqualified defined benefit retirement plan covering certain former Gold Kist directors and the Retiree Life Plan, a defined benefit postretirement life insurance plan covering certain retired Gold Kist employees (collectively, the "Legacy Gold Kist Plans").
(d) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See "Note 13. Pension and Other Postretirement Benefits" to the Consolidated Financial Statements.

Share Repurchase Program and Treasury Stock

On July 28, 2015, the Company's Board of Directors approved a $150.0 million share repurchase authorization. The Company plans to repurchase shares through various means, which may include but are not limited to open market purchases, privately negotiated transactions, the use of derivative instruments and/or accelerated share repurchase programs. The share repurchase program was originally scheduled to expire on July 27, 2016. On February 10, 2016, the Company's Board of Directors approved an increase of the share repurchase authorization to $300.0 million and an extension of the expiration to February 9, 2017. The extent to which the Company repurchases its shares and the timing of such repurchases will vary and depend upon market conditions and other corporate considerations, as determined by the Company's management team. The Company reserves the right to limit or terminate the repurchase program at any time without notice. As of December 27, 2015, the Company had repurchased 4,861,859 shares under this program with a market value of approximately $99.2 million. The Company accounted for the shares repurchased using the cost method. The Company currently plans to maintain these shares as treasury stock.

Special Cash Dividend

On February 17, 2015, the Company paid a special cash dividend from retained earnings of approximately $1.5 billion, or $5.77 per share, to stockholders of record as of January 30, 2015. The Company used proceeds from the U.S. Credit Facility, along with cash on hand, to fund the special cash dividend.

15. INCENTIVE COMPENSATION

The Company sponsors a short-term incentive plan that provides the grant of either cash or share-based bonus awards payable upon achievement of specified performance goals (the "STIP"). Full-time, salaried exempt employees of the Company and its affiliates who are selected by the administering committee are eligible to participate in the STIP. The Company has accrued $30.1 million in costs related to the STIP at December 27, 2015 related to cash bonus awards that could potentially be awarded during 2016.

The Company also sponsors a performance-based, omnibus long-term incentive plan that provides for the grant of a broad range of long-term equity-based and cash-based awards to the Company's officers and other employees, members of the Board and any consultants (the "LTIP"). The equity-based awards that may be granted under the LTIP include "incentive stock options," within the meaning of the IRC, nonqualified stock options, stock appreciation rights, restricted stock awards ("RSAs") and restricted stock units ("RSUs"). At December 27, 2015, we have reserved approximately 5.2 million shares of common stock for future issuance under the LTIP.

The following awards were outstanding during 2015:

Award Type	Benefit Plan	Awards Granted	Grant Date	Grant Date Fair Value per Award(a)	Vesting Condition	Vesting Date	Vesting Date Fair Value per Award(a)	Estimated Forfeiture Rate	Awards Forfeited to Date	Settlement Method
RSU	LTIP	608,561	02/04/2013	$ 8.89	Service	12/31/2014	$ 32.79	9.66%	144,382	Stock
RSA	LTIP	15,000	02/25/2013	8.72	Service	02/24/2015	27.55	—%	—	Stock
RSA	LTIP	15,000	02/25/2013	8.72	Service	02/24/2016		—%	15,000	Stock
RSU	LTIP	206,933	02/26/2013	8.62	Service	12/31/2014	32.79	—%	—	Stock
RSU	LTIP	462,518	02/19/2014	16.70	Service	12/31/2016		13.49%	67,715	Stock
RSU	LTIP	269,662	03/03/2014	17.18	Performance / Service	12/31/2017		12.34%	29,373	Stock
RSU	LTIP	158,226	02/26/2015	27.51	Performance / Service	12/31/2018		(b)	19,737	Stock

(a) The fair value of each RSA and RSU granted or vested represents the closing price of the Company's common stock on the respective grant date or vesting date.

(b) The estimated forfeiture rate for these awards will be set if or when performance conditions associated with the awards are satisfied.

Compensation costs and the income tax benefit recognized for our share-based compensation arrangements are included below:

	2015	2014	2013
		(In thousands)	
Share-based compensation cost:			
Cost of goods sold	$ 596	$ 395	$ 361
Selling, general and administrative expenses	2,379	4,533	2,984
Total	$ 2,975	$ 4,928	$ 3,345
Income tax benefit	$ 868	$ 1,326	$ 471

The Company's RSA and RSU activity is included below:

	2015		2014		2013	
	Number	Weighted Average Grant Date Fair Value	Number	Weighted Average Grant Date Fair Value	Number	Weighted Average Grant Date Fair Value
	(In thousands, except weighted average fair values)					
RSAs:						
Outstanding at beginning of year	30	$ 8.72	203	$ 6.59	273	$ 6.54
Granted	—	—	—	—	30	8.72
Vested	—	—	(173)	6.62	(100)	7.10
Forfeited	(30)	8.72	—	—	—	—
Outstanding at end of year	—	$ —	30	$ 8.72	203	$ 6.59
RSUs:						
Outstanding at beginning of year	1,120	$ 11.97	729	$ 8.81	—	$ —
Granted	428	21.00	463	16.70	815	8.82
Vested	(671)	8.81	—	—	—	—
Forfeited	(103)	18.90	(72)	10.34	(86)	8.89
Outstanding at end of year	774	$ 18.78	1,120	$ 11.97	729	$ 8.81

The total fair value of awards vested in 2015, 2014 and 2013 was $22.4 million, $3.2 million and $0.7 million, respectively.

At December 27, 2015, the total unrecognized compensation cost related to all nonvested awards was $8.8 million. That cost is expected to be recognized over a weighted average period of 2.22 years.

Historically, we have issued new shares to satisfy award conversions.

16. RELATED PARTY TRANSACTIONS

Pilgrim's has been and, in some cases, continues to be a party to certain transactions with affiliated companies.

	2015	2014	2013
		(In thousands)	
JBS USA Holding:			
Letter of credit fees[(a)]	$ 1,268	$ 1,339	$ 2,156
Equity contribution under tax sharing agreement[(b)]	3,690	3,849	—
JBS USA Food Company:			
Purchases from JBS USA Food Company[(c)]	103,542	115,337	80,809
Expenditures paid by JBS USA Food Company on behalf of Pilgrim’s[(d)]	40,611	31,149	55,730
Sales to JBS USA Food Company[(c)]	21,743	39,682	61,942
Expenditures paid by Pilgrim’s on behalf of JBS USA Food Company[(d)]	3,998	4,925	1,733
Seara International Ltd.:			
Purchases from Seara International Ltd.	2,784	2,091	—
JBS Global (UK) Ltd.:			
Sales to JBS Global (UK) Ltd.	305	255	—
JBS Chile Ltda.:			
Sales to JBS Chile Ltda.	100	463	—
Macedo Agroindustrial Ltda.			
Purchases from Macedo Agroindustrial Ltda.	60	—	—
JBS Aves Ltda.:			
Purchases from JBS Aves Ltda.	—	4,072	—

(a) Beginning on October 26, 2011, JBS USA Holdings arranged for letters of credit to be issued on its account in the amount of $56.5 million to an insurance company on our behalf in order to allow that insurance company to return cash it held as collateral against potential liability claims. We agreed to reimburse JBS USA Holdings up to $56.5 million for potential draws upon these letters of credit. We reimburse JBS USA Holdings for the letter of credit costs we would have otherwise incurred under our credit facilities. During 2015, we have paid JBS USA Holdings $1.3 million for letter of credit costs. As of December 27, 2015, the Company has accrued an obligation of $0.1 million to reimburse JBS USA Holdings for letter of credit costs incurred on its behalf.

(b) The Company entered into a tax sharing agreement during 2014 with JBS USA Holdings effective for tax years starting 2010. The net tax receivable for tax year 2015 was accrued in 2015. The net tax receivable for tax years 2010 through 2014 was accrued in 2014.

(c) We routinely execute transactions to both purchase products from JBS USA Food Company ("JBS USA") and sell products to them. As of December 27, 2015 and December 28, 2014, the outstanding payable to JBS USA was $7.0 million and $4.8 million, respectively. As of December 27, 2015 and December 28, 2014, the outstanding receivable from JBS USA was $2.6 million and $1.4 million, respectively. As of December 27, 2015, approximately $2.5 million of goods from JBS USA. were in transit and not reflected on our Consolidated Balance Sheet.

(d) The Company has an agreement with JBS USA Holdings to allocate costs associated with the procurement by JBS USA Holdings of SAP licenses and maintenance services for both companies. Under this agreement, the fees associated with procuring SAP licenses and maintenance services are allocated between the Company and JBS USA Holdings in proportion to the percentage of licenses used by each company. The agreement expires on the date of expiration, or earlier termination, of the underlying SAP license agreement. The Company also has an agreement with JBS USA Holdings to allocate the costs of supporting the business operations by one consolidated corporate team, which have historically been supported by their respective corporate teams. Expenditures paid by JBS USA on behalf of the Company will be reimbursed by the Company and expenditures paid by the Company on behalf of JBS USA Holdings will be reimbursed by JBS USA Holdings. This agreement expires on December 31, 2016.

On June 25, 2015, the Company signed an intercompany revolving note to its indirect wholly-owned subsidiary, Pilgrim's Pride S. de R.L. de C.V., in a principal amount of $100.0 million. The note bears interest based on three-month LIBOR plus a margin of 2.5% and has a maturity date of June 24, 2020. The proceeds of the note were used to fund a portion of the purchase price of the acquisition of Tyson Mexico (as defined in "Note 2. Business Acquisition"). Interest is payable quarterly and principal is due upon maturity. The outstanding note balance eliminates upon consolidation. As of December 27, 2015, outstanding borrowings totaled $64.5 million.

17. COMMITMENTS AND CONTINGENCIES

General

We are a party to many routine contracts in which we provide general indemnities in the normal course of business to third parties for various risks. Among other considerations, we have not recorded a liability for any of these indemnities as based upon the likelihood of payment, the fair value of such indemnities would not have a material impact on our financial condition, results of operations and cash flows.

Purchase Obligations

The Company will sometimes enter into noncancelable contracts to purchase capital equipment and certain commodities such as corn, soybean meal, and electricity. At December 27, 2015, the Company was party to outstanding purchase contracts totaling $161.2 million and $0.7 million payable in 2016 and 2017, respectively. There were no outstanding purchase contracts in 2018.

Operating Leases

The Consolidated Statements of Operations include rental expense for operating leases of approximately $25.3 million, $15.2 million and $13.1 million in 2015, 2014 and 2013, respectively. The Company's future minimum lease commitments under noncancelable operating leases are as follows (in thousands):

2016	$	21,778
2017		19,116
2018		15,711
2019		11,382
2020		7,033
Thereafter		10,382
Total	$	85,402

Certain of the Company's operating leases include rent escalations. The Company includes the rent escalation in its minimum lease payments obligations and recognizes them as a component of rental expense on a straight-line basis over the minimum lease term.

The Company also maintains operating leases for various types of equipment, some of which contain residual value guarantees for the market value of assets at the end of the term of the lease. The terms of the lease maturities range from one to ten years. The maximum potential amount of the residual value guarantees is estimated to be approximately $48.5 million; however, the actual amount would be offset by any recoverable amount based on the fair market value of the underlying leased assets. No liability has been recorded related to this contingency as the likelihood of payments under these guarantees is not considered to be probable and the fair value of such guarantees is immaterial. The Company historically has not experienced significant payments under similar residual guarantees.

Financial Instruments

Pursuant to the terms of the Subordinated Loan Agreement, we have agreed to reimburse JBS USA Holdings up to $56.5 million for draws upon any letters of credit issued for JBS USA Holdings' account that support certain obligations of the Company and its subsidiaries.

The Company's loan agreements generally obligate the Company to reimburse the applicable lender for incremental increased costs due to a change in law that imposes (i) any reserve or special deposit requirement against assets of, deposits with or credit extended by such lender related to the loan, (ii) any tax, duty or other charge with respect to the loan (except standard income tax) or (iii) capital adequacy requirements. In addition, some of the Company's loan agreements contain a withholding tax provision that requires the Company to pay additional amounts to the applicable lender or other financing party, generally if withholding taxes are imposed on such lender or other financing party as a result of a change in the applicable tax law. These increased cost and withholding tax provisions continue for the entire term of the applicable transaction, and there is no limitation on the maximum additional amounts the Company could be obligated to pay under such provisions. Any failure to pay amounts due under such provisions generally would trigger an event of default, and, in a secured financing transaction, would entitle the lender to foreclose upon the collateral to realize the amount due.

Litigation

We are a party to many routine contracts in which we provide general indemnities in the normal course of business to third parties for various risks. Among other considerations, we have not recorded a liability for any of these indemnities as based upon the likelihood of payment, the fair value of such indemnities would not have a material impact on our financial condition, results of operations and cash flows.

The Company is subject to various legal proceedings and claims which arise in the ordinary course of business. In the Company's opinion, it has made appropriate and adequate accruals for claims where necessary; however, the ultimate liability for these matters is uncertain, and if significantly different than the amounts accrued, the ultimate outcome could have a material effect on the financial condition or results of operations of the Company. For a discussion of the material legal proceedings and claims, see Part II, Item 1. "Legal Proceedings." Below is a summary of some of these material proceedings and claims. The Company believes it has substantial defenses to the claims made and intends to vigorously defend these cases.

ERISA Claims and Proceedings

Claims have been brought against certain current and former directors, executive officers and employees of the Company, the Pilgrim's Pride Administrative Committee and the Pilgrim's Pride Pension Committee seeking unspecified damages under section 502 of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1132. These claims were brought by individual participants in the Pilgrim's Pride Retirement Savings Plan, individually and on behalf of a putative class, alleging that the defendants breached fiduciary duties to plan participants and beneficiaries or otherwise violated ERISA. Although the Company is not a named defendant in these claims, our bylaws require us to indemnify our current and former directors and officers from any liabilities and expenses incurred by them in connection with actions they took in good faith while serving as an officer or director. In these actions, the plaintiffs assert claims in excess of $35.0 million. The likelihood of an unfavorable outcome or the amount or range of any possible loss to the Company cannot be determined at this time.

Tax Claims and Proceedings

In 2009, the IRS asserted claims against the Company totaling $74.7 million. The Company entered into two Stipulations of Settled Issues agreements with the IRS on December 12, 2012 that accounted for approximately $29.3 million of the claims and should result in no additional tax due.

In connection with the remaining $45.4 million claimed by the IRS, the Company filed a petition in Tax Court on May 26, 2010 in response to a Notice of Deficiency that was issued to the Company as the successor in interest to Gold Kist. The Notice of Deficiency and the Tax Court proceeding related to an ordinary loss that Gold Kist claimed for its tax year ended June 26, 2004. On December 11, 2013, the Tax Court issued its opinion in the Tax Court case holding the loss that Gold Kist claimed for its tax year ended June 26, 2004 was capital in nature. On April 14, 2014, the Company appealed the Tax Court's findings of fact and conclusions of law to the Fifth Circuit. On February 25, 2015, the Fifth Circuit issued its opinion, which reversed the Tax Court's judgment and rendered judgment in favor of the Company. The IRS did not appeal the Fifth Circuit's decision, which has become final, and no additional tax should be due in connection with this matter.

18. MARKET RISKS AND CONCENTRATIONS

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents, investment securities and trade accounts receivable. The Company's cash equivalents and investment securities are high-quality debt and equity securities placed with major banks and financial institutions. The Company's trade accounts receivable are generally unsecured. Credit evaluations are performed on all significant customers and updated as circumstances dictate. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across geographic areas. With the exception of one customer that accounts for approximately 8.2% of trade accounts and other receivables at December 27, 2015, and approximately 7.8% of net sales for 2015, the Company does not believe it has significant concentrations of credit risk in its trade accounts receivable.

At December 27, 2015, approximately 45.6% of the Company's employees were covered under collective bargaining agreements. Substantially all employees covered under collective bargaining agreements are covered under agreements that expire in 2016 or later, with the exception of four processing operations locations, where the collective bargaining agreement expired in 2015 and negotiations are ongoing. We have not experienced any labor-related work stoppage at any location in over ten years. We believe our relationship with our employees and union leadership is satisfactory. At any given time, we will likely be in some stage of contract negotiations with various collective bargaining units. The Company is currently in negotiations at four locations, and there is no assurance that agreement will be reached. In the absence of an agreement, we may become subject to labor disruption at one or more of these locations, which could have an adverse effect on our financial results.

The aggregate carrying amount of net assets belonging to our Mexico operations was $576.6 million and $454.5 million at December 27, 2015 and December 28, 2014, respectively.

19. BUSINESS SEGMENT AND GEOGRAPHIC REPORTING

We operate in one reportable business segment, as a producer and seller of chicken products we either produce or purchase for resale in the U.S., Puerto Rico and Mexico. We conduct separate operations in the U.S., Puerto Rico and Mexico; however, for geographic reporting purposes, we include Puerto Rico with our U.S. operations. Corporate expenses are allocated to Mexico based upon various apportionment methods for specific expenditures incurred related thereto with the remaining amounts allocated to the U.S.

Net sales to customers by customer location and long-lived assets are as follows:

	2015	2014	2013
		(In thousands)	
Net sales to customers by customer location:			
United States	$ 6,722,455	$ 7,067,408	$ 6,816,246
Mexico	1,116,455	1,075,764	1,108,308
Asia	120,288	246,141	301,545
Canada, Caribbean and Central America	176,396	80,121	51,275
Africa	16,171	49,810	38,809
Europe	12,841	44,377	73,349
South America	12,114	18,102	19,224
Pacific	3,384	1,642	2,392
Total	$ 8,180,104	$ 8,583,365	$ 8,411,148

	December 27, 2015	December 28, 2014
	(In thousands)	
Long-lived assets[(a)]:		
United States	$ 1,108,776	$ 1,085,856
Mexico	243,753	96,939
Total	$ 1,352,529	$ 1,182,795

(a) For this disclosure, we exclude financial instruments, deferred tax assets and intangible assets in accordance with ASC 280-10-50-41, *Segment Reporting*. Long-lived assets, as used in ASC 280-10-50-41, implies hard assets that cannot be readily removed.

The following table sets forth, for the periods beginning with 2013, net sales attributable to each of our primary product lines and markets served with those products. We based the table on our internal sales reports and their classification of product types.

	2015	2014	2013
		(In thousands)	
U.S. chicken:			
Prepared chicken	$ 1,672,693	$ 1,787,389	$ 2,046,747
Fresh chicken	4,701,943	4,703,993	4,123,087
Export and other chicken	358,877	620,082	715,970
Total U.S. chicken	6,733,513	7,111,464	6,885,804
Mexico chicken	1,016,200	900,360	864,454
Total chicken	7,749,713	8,011,824	7,750,258
Other products:			
U.S.	409,841	535,572	614,409
Mexico	20,550	35,969	46,481
Total other products	430,391	571,541	660,890
Total net sales	$ 8,180,104	$ 8,583,365	$ 8,411,148

20. QUARTERLY RESULTS (UNAUDITED)

2015	First	Second[(a)]	Third[(b)]	Fourth[(b)]	Year
	(In thousands, except per share data)				
Net sales	$ 2,052,919	$ 2,053,876	$ 2,112,529	$ 1,960,780	$ 8,180,104
Gross profit	377,120	432,020	284,544	160,693	1,254,377
Net income attributable to PPC common stockholders	204,215	241,489	137,062	63,148	645,914
Net income per share amounts - basic	0.79	0.93	0.53	0.25	2.50
Net income per share amounts - diluted	0.79	0.93	0.53	0.25	2.50
Number of days in quarter	91	91	91	91	364

2014	First	Second	Third	Fourth	Year
	(In thousands, except per share data)				
Net sales	$ 2,018,065	$ 2,186,817	$ 2,268,048	$ 2,110,435	$ 8,583,365
Gross profit (loss)	215,106	349,476	450,265	379,148	1,393,995
Net income attributable to PPC common stockholders	98,117	190,360	255,983	167,188	711,648
Net income per share amounts - basic	0.38	0.74	0.99	0.65	2.75
Net income per share amounts - diluted	0.38	0.73	0.99	0.64	2.74
Number of days in quarter	91	91	91	91	364

2013	First	Second	Third	Fourth[(b)]	Year
	(In thousands, except per share data)				
Net sales	$ 2,036,929	$ 2,184,118	$ 2,142,816	$ 2,047,285	$ 8,411,148
Gross profit	118,434	282,507	236,573	207,925	845,439
Net income attributable to PPC common stockholders	54,582	190,704	160,917	143,352	549,555
Net income per share amounts - basic and diluted	0.21	0.74	0.62	0.55	2.12
Number of days in quarter	91	91	91	91	364

(a) In the second quarter of 2015, the Company recognized impairment charges of $4.8 million related to our Dallas, Texas and Bossier City, Louisiana plants held for sale.

(b) On June 29, 2015, the Company acquired, indirectly through certain of its Mexican subsidiaries, 100% of the equity of Tyson Mexico from Tyson Foods, Inc. and certain of its subsidiaries. The results of operations of the acquired business since June 29, 2015 are included in the Company's Consolidated Statements of Operations. Net sales generated by the acquired business during the third and fourth quarters of 2015 were $128.9 million and $121.7 million, respectively. The acquired business incurred net losses of $2.9 million and $10.8 million during the third and fourth quarters of 2015, respectively.

(c) In the fourth quarter of 2013, the Company recognized expenses related to the shutdown of our Dallas, Texas plant of $0.5 million and asset impairment charges of $0.5 million.

SCHEDULE II

PILGRIM'S PRIDE CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

	Beginning Balance	Additions: Charged to Operating Results	Additions: Charged to Other Accounts		Deductions		Ending Balance
			(In thousands)				
Trade Accounts and Other Receivables—							
Allowance for Doubtful Accounts:							
2015	$ 2,525	$ 1,060	$ 1,314	(d)	$ (1)	(a)	$ 4,900
2014	4,056	520	—		2,051	(a)	2,525
2013	3,757	1,668	—		1,369	(a)	4,056
Trade Accounts and Other Receivables—							
Allowance for Sales Adjustments:							
2015	$ 7,425	$ 150,113	$ —		$ 151,876	(b)	$ 5,662
2014	7,089	220,123	—		219,787	(b)	7,425
2013	10,152	159,417	—		162,480	(b)	7,089
Deferred Tax Assets—							
Valuation Allowance:							
2015	$ 9,150	$ —	$ —		$ (1,229)	(c)	$ 7,921
2014	10,400	(1,250)	—		—	(c)	9,150
2013	188,354	(164,180)	(13,774)		—	(c)	10,400

(a) Uncollectible accounts written off, net of recoveries.
(b) Deductions either written off, rebilled or reclassified as liabilities for market development fund rebates.
(c) Reductions in the valuation allowance.
(d) Allowance for doubtful accounts assumed with the acquisition of Tyson Mexico.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of December 27, 2015, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that information we are required to disclose in our reports filed with the Securities and Exchange Commission is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

In connection with the evaluation described above, the Company's management, including the Chief Executive Officer and Chief Financial Officer, identified no changes in the Company's internal control over financial reporting that occurred during the Company's quarter ended December 27, 2015, and that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published Internal Control-Integrated Framework (2013) (the “2013 Framework”) and related illustrative documents as an update to Internal Control-Integrated Framework (1992) (the “1992 Framework”). While the 2013 Framework’s internal control components (i.e., control environment, risk assessment, control activities, information and communication, and monitoring activities) are the same as those in the 1992 Framework, the 2013 Framework, among other matters, requires companies to assess whether 17 principles are present and functioning in determining whether their system of internal control is effective. The Company adopted the 2013 Framework during the fiscal year ending December 27, 2015.

Management’s Report on Internal Control over Financial Reporting

Pilgrim's Pride Corporation's (“PPC”) management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). PPC's internal control is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, PPC's management assessed the design and operating effectiveness of internal control over financial reporting as of December 27, 2015 based on the 2013 Framework. Based on this assessment, management concluded that PPC’s internal control over financial reporting was effective as of December 27, 2015. KPMG LLP, an independent registered public accounting firm, has issued an unqualified report on the effectiveness of the Company's internal control over financial reporting as of December 27, 2015. That report is included in this Item 9A of this annual report. The Company's assessment of internal control over financial reporting did not include the internal control of Pilgrim's México Norte, formerly Tyson Mexico, which the Company acquired in the third quarter of 2015. The amount of total assets and revenue of Pilgrim's México Norte included in our consolidated financial statements as of and for the year ended December 27, 2015 was $436.2 million and $250.6 million, respectively.

Remediation of Material Weakness in Internal Control over Financial Reporting Identified at December 28, 2014

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in our annual or interim financial statements will not be prevented or detected on a timely basis. At December 28, 2014, management identified a material weakness in the design and operating effectiveness of general information technology controls. Specifically, the Company's process lacked sufficient internal controls intended to ensure (i) that access to applications and data, and the ability to make program changes, were adequately restricted to appropriate personnel and (ii) that the activities of individuals with access to modify data and make program changes were appropriately monitored.

Management determined that no unauthorized entries were made despite the potential access to those applications and data by certain of our IT personnel. In response to the material weakness described above, the Company developed a remediation plan, with oversight from the Audit Committee of the Board of Directors. As part of the remediation process, the Company enhanced its processes for authorizing access to systems and monitoring activities of individuals who are granted access to ensure that all information technology controls designed to restrict access to applications and data, and the ability to make program changes, are operating in a manner that provides management with assurance that such access is properly restricted to the appropriate personnel.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Pilgrim's Pride Corporation:

We have audited Pilgrim's Pride Corporation's internal control over financial reporting as of December 27, 2015, based on criteria established in *Internal Control ‑ Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Pilgrim's Pride Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*, included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

In our opinion, Pilgrim's Pride Corporation maintained, in all material respects, effective internal control over financial reporting as of December 27, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company acquired Tyson Mexico (now known as Pilgrim's México Norte) during 2015, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 27, 2015, Pilgrim's México Norte's internal control over financial reporting associated with total assets of $436.2 million and total revenues of $250.6 million included in the consolidated financial statements of Pilgrim's Pride Corporation as of and for the fifty-two weeks ended December 27, 2015. Our audit of internal control over financial reporting of Pilgrim's Pride Corporation also excluded an evaluation of internal control over financial reporting of Pilgrim's México Norte.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Pilgrim's Pride Corporation as of December 27, 2015 and December 28, 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the fifty-two weeks ended December 27, 2015, December 28, 2014 and December 29, 2013, and our report dated February 11, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Denver, Colorado
February 11, 2016

PART III

Item 10. Directors and Executive Officers and Corporate Governance

Certain information regarding our executive officers has been presented under "Executive Officers" included in "Item 1. Business," above.

Reference is made to the sections entitled "Security Ownership," "Election of JBS Directors," "Election of Equity Directors and the Founder Director," "Section 16(a) Beneficial Ownership Reporting Compliance," "Committees of the Board of Directors" and "Related Party Transactions" of the Company's Proxy Statement for its 2016 Annual Meeting of Stockholders, which sections are incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics, which applies to all employees, including our Chief Executive Officer and our Chief Financial Officer and Principal Accounting Officer. The full text of our Code of Business Conduct and Ethics is published on our website, at www.pilgrims.com, under the "Investors-Corporate Governance" caption. We intend to disclose future amendments to, or waivers from, certain provisions of this Code on our website within four business days following the date of such amendment or waiver.

Item 11. Executive Compensation

Reference is made to the sections entitled "Security Ownership," "Section 16(a) Beneficial Ownership Reporting Compliance," "2014 Director Compensation Table," "Report of the Compensation Committee," "Compensation Discussion and Analysis," "Executive Compensation," "Compensation Committee Interlocks and Insider Participation" and "Related Party Transactions" of the Company's Proxy Statement for its 2016 Annual Meeting of Stockholders, which sections are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table provides certain information about our common stock that may be issued under the Long Term Incentive Plan (the "LTIP"), as of December 27, 2015. For additional information concerning terms of the LTIP, see "Note 15. Incentive Compensation" of our Consolidated Financial Statements included in this annual report.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Option, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by securities holders	—	—	5,155,700
Equity compensation plans not approved by securities holders	—	—	—
Total	—	—	5,155,700

Reference is made to the section entitled "Security Ownership," of the Company's Proxy Statement for its 2016 Annual Meeting of Stockholders, which section is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Reference is made to the sections entitled "Corporate Governance" and "Related Party Transactions" of the Company's Proxy Statement for its 2016 Annual Meeting of Stockholders, which sections are incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference from the section entitled "Independent Registered Public Accounting Firm Fee Information" of the Company's Proxy Statement for its 2016 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements

(1) The financial statements and schedules listed in the index to financial statements and schedules on page 1 of this annual report are filed as part of this annual report.

(2) All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable and therefore have been omitted.

(3) The financial statements schedule entitled "Valuation and Qualifying Accounts and Reserves" is filed as part of this annual report on page 85.

(b) Exhibits

Exhibit Number

2.1 Agreement and Plan of Reorganization dated September 15, 1986, by and among Pilgrim's Pride Corporation, a Texas corporation; Pilgrim's Pride Corporation, a Delaware corporation; and Doris Pilgrim Julian, Aubrey Hal Pilgrim, Paulette Pilgrim Rolston, Evanne Pilgrim, Lonnie "Bo" Pilgrim, Lonnie Ken Pilgrim, Greta Pilgrim Owens and Patrick Wayne Pilgrim (incorporated by reference from Exhibit 2.1 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

2.2 Agreement and Plan of Merger dated September 27, 2000 (incorporated by reference from Exhibit 2 of WLR Foods, Inc.'s Current Report on Form 8-K (No. 000-17060) dated September 28, 2000).

2.3 Agreement and Plan of Merger dated as of December 3, 2006, by and among the Company, Protein Acquisition Corporation, a wholly owned subsidiary of the Company, and Gold Kist Inc. (incorporated by reference from Exhibit 99.(D)(1) to Amendment No. 11 to the Company's Tender Offer Statement on Schedule TO (No. 005-81998) filed on December 5, 2006).

2.4 Stock Purchase Agreement by and between the Company and JBS USA Holding Lux, S.à.r.l., formerly known as JBS USA Holdings, LLC, dated September 16, 2009 (incorporated by reference from Exhibit 2.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed September 18, 2009).

2.5 Amendment No.1 to the Stock Purchase Agreement by and between the Company and JBS USA Holding Lux, S.à.r.l., formerly known as JBS USA Holdings, LLC, dated December 28, 2009 (incorporated by reference from Exhibit 2.5 of the Company's Annual Report on Form 10-K/A (No. 001-09273) filed January 22, 2010).

3.1 Amended and Restated Certificate of Incorporation of the Company (incorporated by reference from Exhibit 3.1 of the Company's Form 8-A (No. 001-09273) filed on December 27, 2012).

3.2 Amended and Restated Corporate Bylaws of the Company (incorporated by reference from Exhibit 3.2 of the Company's Form 8-A (No. 001-09273) filed on December 27, 2012).

4.1 Amended and Restated Certificate of Incorporation of the Company (included as Exhibit 3.1).

4.2 Amended and Restated Corporate Bylaws of the Company (included as Exhibit 3.2).

4.3 Stockholders Agreement dated December 28, 2009 between the Company and JBS USA Holding Lux, S.à.r.l., formerly known as JBS USA Holdings, LLC, as amended (incorporated by reference from Exhibit 3.3 to the Company's Form 8-A (No. 001-09273) filed on December 27, 2012).

4.4 Form of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K (No. 001-09273) filed on December 29, 2009).

4.5 Indenture dated as of December 14, 2010 among the Company, Pilgrim's Pride Corporation of West Virginia, Inc. and The Bank of New York Mellon, as Trustee (incorporated by reference from Exhibit 4.1 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.6 Form of Senior 7.875% Note due 2018 (incorporated by reference from Exhibit 4.3 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.7 Form of Guarantee (incorporated by reference from Exhibit 4.4 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.8 Indenture dated as of March 11, 2015 among the Company, Pilgrim's Pride Corporation of West Virginia, Inc. and Wells Fargo Bank, National Association, as Trustee, Form of Senior 5.750% Note due 2025, and Form of Guarantee attached (incorporated by reference from Exhibit 4.1 of the Company's current report of Form 8-K (No 001-09273) filed on March 11, 2015).

10.1 2005 Deferred Compensation Plan of the Company (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) dated December 27, 2004). †

10.2 Change to Company Contribution Amount Under the Amended and Restated 2005 Deferred Compensation Plan of the Company (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (No. 001-09273) filed July 30, 2008). †

10.3 Pilgrim's Pride Corporation Short-Term Management Incentive Plan (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 30, 2009). †

10.4 Pilgrim's Pride Corporation Long Term Incentive Plan (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 30, 2009). †

10.5 Employment Agreement dated January 14, 2011 between the Company and William Lovette (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on January 18, 2011). †

10.6 Restricted Share Agreement dated January 14, 2011 between the Company and William Lovette (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on January 18, 2011). †

10.7 Subordinated Loan Agreement dated as of June 23, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on June 24, 2011).

10.8 Amended and Restated MXN$557,415,000 Credit Agreement dated as of October 19, 2011, by and among Avícola Pilgrim's Pride de México, S.A. de C.V. ("Avicola"), Pilgrim's Pride, S. de R.L. de C.V. ("PPS", together with Avicola, the "Borrowers"), certain subsidiaries of the Borrowers (the "Subsidiary Guarantors"), ING Bank (México), S.A. Institución de Banca Múltiple, ING Grupo Financiero, as lender and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on October 25, 2011).

10.9 Amendment No. 1 to the Subordinated Loan Agreement dated as of October 26, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 10-Q (No. 001-09273) filed on April 27, 2012).

10.10 Amendment No. 2 to the Subordinated Loan Agreement dated as of December 16, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K/A (No. 001-09273) filed on December 20, 2011).

10.11 First Amendment to Amended and Restated MXN$557,415,000 Credit Agreement dated as of December 13, 2011, by and among the Borrowers, the Subsidiary Guarantors, the several banks and other financial institutions party thereto and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.3 of the Company's Current Report on Form 8-K/A (No. 001-09273) filed on December 20, 2011).

10.12 Waiver and Second Amendment to Amended and Restated Credit Agreement, dated as of June 28, 2012, by and among Avicola Pilgrim's Pride de Mexico, S.A. de C.V., Pilgrim's Pride, S. de R.L. de C.V., their subsidiaries, as guarantors, ING Capital LLC, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (No. 001-09273) filed on October 26, 2012).

10.13 Pilgrim's Pride Corporation 2012 Long Term Incentive Program (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on September 10, 2012). †

10.14 Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on September 10, 2012). †

10.15 Third Amendment to Amended and Restated MXN$557,415,000 Credit Agreement dated as of June 25, 2013, by and among Avícola Pilgrim's Pride de México, S.A. de C.V. and Pilgrim's Pride, S. de R.L. de C.V., as borrowers, the subsidiaries of the borrowers party thereto, the banks and other financial institutions party thereto and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed July 1, 2013).

10.16	Amendment and Restatement to Credit Agreement dated August 7, 2013 among Pilgrim's Pride Corporation, To-Ricos Distribution, Ltd., CoBank, ABC, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed August 12, 2013).
10.17	Amendment No. 1 to Credit Agreement dated May 21, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.17 of the Company's Annual Report on Form 10-K (No. 001-09273) filed on February 12, 2015).
10.18	Amendment No. 2 to Credit Agreement dated December 16, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto. (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 19, 2014).
10.19	Amendment No. 2 to Credit Agreement dated December 16, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto. (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 19, 2014).
10.20	Second Amended and Restated Credit Agreement dated February 11, 2015 among Pilgrim's Pride Corporation, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on February 12, 2015).
12	Computation of Ratio of Earnings to Fixed Charges for the years ended December 27, 2015, December 28, 2014, December 29, 2013, December 30, 2012 and December 25, 2011.*
21	Subsidiaries of Registrant.*
23.1	Consent of KPMG LLP.*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Principal Executive Officer of Pilgrim's Pride Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Principal Financial Officer of Pilgrim's Pride Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

*	**Filed herewith**
**	**Furnished herewith**
†	**Represents a management contract or compensation plan arrangement**

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 11, 2016.

PILGRIM'S PRIDE CORPORATION

By: /s/ Fabio Sandri

Fabio Sandri
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
Gilberto Tomazoni	Chairman of the Board	February 10, 2016
/s/ William W. Lovette William W. Lovette	President and Chief Executive Officer (Principal Executive Officer)	February 10, 2016
/s/ Fabio Sandri Fabio Sandri	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 10, 2016
Joesley Mendonça Batista	Director	February 10, 2016
/s/ Wesley Mendonça Batista Wesley Mendonça Batista	Director	February 10, 2016
/s/ David E. Bell David E. Bell	Director	February 10, 2016
/s/ Michael L. Cooper Michael L. Cooper	Director	February 10, 2016
/s/ Wallim Cruz de Vasconcellos Junior Wallim Cruz de Vasconcellos Junior	Director	February 10, 2016
/s/ Charles Macaluso Charles Macaluso	Director	February 10, 2016
/s/ Andre Nogueira de Souza Andre Nogueira de Souza	Director	February 10, 2016

Exhibit Index

2.1 Agreement and Plan of Reorganization dated September 15, 1986, by and among Pilgrim's Pride Corporation, a Texas corporation; Pilgrim's Pride Corporation, a Delaware corporation; and Doris Pilgrim Julian, Aubrey Hal Pilgrim, Paulette Pilgrim Rolston, Evanne Pilgrim, Lonnie "Bo" Pilgrim, Lonnie Ken Pilgrim, Greta Pilgrim Owens and Patrick Wayne Pilgrim (incorporated by reference from Exhibit 2.1 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

2.2 Agreement and Plan of Merger dated September 27, 2000 (incorporated by reference from Exhibit 2 of WLR Foods, Inc.'s Current Report on Form 8-K (No. 000-17060) dated September 28, 2000).

2.3 Agreement and Plan of Merger dated as of December 3, 2006, by and among the Company, Protein Acquisition Corporation, a wholly owned subsidiary of the Company, and Gold Kist Inc. (incorporated by reference from Exhibit 99.(D)(1) to Amendment No. 11 to the Company's Tender Offer Statement on Schedule TO (No. 005-81998) filed on December 5, 2006).

2.4 Stock Purchase Agreement by and between the Company and JBS USA Holding Lux, S.à.r.l., formerly known as JBS USA Holdings, LLC, dated September 16, 2009 (incorporated by reference from Exhibit 2.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed September 18, 2009).

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3.1 Amended and Restated Certificate of Incorporation of the Company (incorporated by reference from Exhibit 3.1 of the Company's Form 8-A (No. 001-09273) filed on December 27, 2012).

3.2 Amended and Restated Corporate Bylaws of the Company (incorporated by reference from Exhibit 3.2 of the Company's Form 8-A (No. 001-09273) filed on December 27, 2012).

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4.4 Form of Common Stock Certificate (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K (No. 001-09273) filed on December 29, 2009).

4.5 Indenture dated as of December 14, 2010 among the Company, Pilgrim's Pride Corporation of West Virginia, Inc. and The Bank of New York Mellon, as Trustee (incorporated by reference from Exhibit 4.1 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.6 Form of Senior 7.875% Note due 2018 (incorporated by reference from Exhibit 4.3 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.7 Form of Guarantee (incorporated by reference from Exhibit 4.4 of the Company's Form 8-K (No. 001-09273) filed on December 15, 2010).

4.8 Indenture dated as of March 11, 2015 among the Company, Pilgrim's Pride Corporation of West Virginia, Inc. and Wells Fargo Bank, National Association, as Trustee, Form of Senior 5.750% Note due 2025, and Form of Guarantee attached (incorporated by reference from Exhibit 4.1 of the Company's current report of Form 8-K (No 001-09273) filed on March 11, 2015).

10.1 2005 Deferred Compensation Plan of the Company (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) dated December 27, 2004). †

10.2 Change to Company Contribution Amount Under the Amended and Restated 2005 Deferred Compensation Plan of the Company (incorporated by reference from Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (No. 001-09273) filed July 30, 2008). †

10.3 Pilgrim's Pride Corporation Short-Term Management Incentive Plan (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 30, 2009). †

10.4 Pilgrim's Pride Corporation Long Term Incentive Plan (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 30, 2009). †

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10.6 Restricted Share Agreement dated January 14, 2011 between the Company and William Lovette (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on January 18, 2011). †

10.7 Subordinated Loan Agreement dated as of June 23, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on June 24, 2011).

10.8 Amended and Restated MXN$557,415,000 Credit Agreement dated as of October 19, 2011, by and among Avícola Pilgrim's Pride de México, S.A. de C.V. ("Avicola"), Pilgrim's Pride, S. de R.L. de C.V. ("PPS", together with Avicola, the "Borrowers"), certain subsidiaries of the Borrowers (the "Subsidiary Guarantors"), ING Bank (México), S.A. Institución de Banca Múltiple, ING Grupo Financiero, as lender and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on October 25, 2011).

10.9 Amendment No. 1 to the Subordinated Loan Agreement dated as of October 26, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 10-Q (No. 001-09273) filed on April 27, 2012).

10.10 Amendment No. 2 to the Subordinated Loan Agreement dated as of December 16, 2011, between the Company and JBS USA Food Company Holdings, successor by assignment to JBS USA Holdings, LLC, (incorporated by reference from Exhibit 10.2 of the Company's Current Report on Form 8-K/A (No. 001-09273) filed on December 20, 2011).

10.11 First Amendment to Amended and Restated MXN$557,415,000 Credit Agreement dated as of December 13, 2011, by and among the Borrowers, the Subsidiary Guarantors, the several banks and other financial institutions party thereto and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.3 of the Company's Current Report on Form 8-K/A (No. 001-09273) filed on December 20, 2011).

10.12 Waiver and Second Amendment to Amended and Restated Credit Agreement, dated as of June 28, 2012, by and among Avicola Pilgrim's Pride de Mexico, S.A. de C.V., Pilgrim's Pride, S. de R.L. de C.V., their subsidiaries, as guarantors, ING Capital LLC, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (No. 001-09273) filed on October 26, 2012).

10.13 Pilgrim's Pride Corporation 2012 Long Term Incentive Program (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on September 10, 2012). †

10.14 Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (No. 001-09273) filed on September 10, 2012). †

10.15 Third Amendment to Amended and Restated MXN$557,415,000 Credit Agreement dated as of June 25, 2013, by and among Avícola Pilgrim's Pride de México, S.A. de C.V. and Pilgrim's Pride, S. de R.L. de C.V., as borrowers, the subsidiaries of the borrowers party thereto, the banks and other financial institutions party thereto and ING Capital LLC, as administrative agent and lead arranger (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed July 1, 2013).

10.16 Amendment and Restatement to Credit Agreement dated August 7, 2013 among Pilgrim's Pride Corporation, To-Ricos Distribution, Ltd., CoBank, ABC, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed August 12, 2013).

10.17 Amendment No. 1 to Credit Agreement dated May 21, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.17 of the Company's Annual Report on Form 10-K (No. 001-09273) filed on February 12, 2015).

10.18 Amendment No. 2 to Credit Agreement dated December 16, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto. (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 19, 2014).

10.19 Amendment No. 2 to Credit Agreement dated December 16, 2014 among Pilgrim's Pride Corporation, To-Ricos, Ltd., To-Ricos Distribution, Ltd., the various subsidiaries of Pilgrim's Pride Corporation party thereto, CoBank, ACB, as administrative agent, and the lenders party thereto. (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on December 19, 2014).

10.20	Second Amended and Restated Credit Agreement dated February 11, 2015 among Pilgrim's Pride Corporation, To-Ricos, Ltd. and To-Ricos Distribution, Ltd., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland, New York Branch, as administrative agent, and the lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-09273) filed on February 12, 2015).
12	Computation of Ratio of Earnings to Fixed Charges for the years ended December 27, 2015, December 28, 2014, December 29, 2013, December 30, 2012 and December 25, 2011.*
21	Subsidiaries of Registrant.*
23.1	Consent of KPMG LLP.*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Principal Executive Officer of Pilgrim's Pride Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Principal Financial Officer of Pilgrim's Pride Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

*	**Filed herewith**
**	**Furnished herewith**
†	**Represents a management contract or compensation plan arrangement**

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