SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended SEPTEMBER 28, 1996 Commission File number 1-9273

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.)
110 SOUTH TEXAS, PITTSBURG, TX	75686-0093
(Address of principal executive offices)	(Zip code)

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

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	New York Stock Exchange

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

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 X 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. [X]

The aggregate market value of the Registrant's Common Stock, $0.01 par value, held by non- affiliates of the Registrant as of December 13, 1996, was $33,042,434. For purposes of the foregoing calculation only, all directors, executive officers, and 5% beneficial owners have been deemed affiliates.

27,589,250 shares of the Registrant's common stock, $.01 par value, were outstanding as of December 13, 1996.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the annual meeting of stockholders to be held February 5, 1997, are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

GENERAL

The Company, which was incorporated in Texas in 1968 and reincorporated in Delaware in 1986, is the successor to a partnership founded as a retail feed store in October, 1946 by the late Aubrey E. Pilgrim who was joined in the partnership by his brother Lonnie "Bo" Pilgrim in April, 1947. Over the years, the Company grew through both internal growth and various acquisitions of chicken farming and processing operations. In addition to domestic growth, the Company expanded into Mexico through acquisitions beginning in 1988 and subsequent substantial capital investments.

The Company is a vertically integrated producer of chicken products, controlling the breeding, hatching and growing of chickens and the processing, preparation and packaging of its product lines. The Company is the fifth largest producer of chicken in the United States, with production and distribution facilities located in Texas, Arkansas, Oklahoma and Arizona, and one of the two largest chicken producers in Mexico, with production and distribution facilities located in Mexico City and the states of Coahuila, San Louis Potosi, Queretaro and Hidalgo. The Company is also a producer of table eggs, animal feeds and ingredients. See Note H to the Consolidated Financial Statements of the Company for information concerning revenues, operating profit and identifiable assets attributable to the Company's U.S. and Mexican operations.

The Company's chicken products consist primarily of (i) prepared foods, which include portion-controlled breast fillets, tenderloins and strips, formed nuggets and patties and bone-in chicken parts, which are sold frozen and may be either fully cooked or raw; (ii) fresh foodservice chicken, which includes refrigerated (non-frozen), whole or cut-up chicken sold to the foodservice industry either pre-marinated or non-marinated; (iii) prepackaged chicken, which 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; and (iv) bulk packaged chicken which includes parts and whole chicken, either refrigerated or frozen for U.S. export or domestic use and is sold in eviscerated form in the U.S. and in both eviscerated and uneviscerated forms in Mexico.

During recent years, the Company's strategy has been to identify and develop specific, defined markets where it can achieve significant advantages over competing suppliers. Management believes that this strategy has enabled the Company to achieve both higher rates of growth and higher profits than otherwise would have resulted. The Company has primarily targeted the following markets: (1) U.S. foodservice, (2) U.S. consumer, and (3) Mexico. The following table sets forth, for the periods since 1990, net sales attributable to each of the Company's primary product types in these market segments. The table is based on the Company's internal sales reports and its classification of product types and customers.

	FISCAL YEAR ENDED						
	Sept 29, 1990 (52 Weeks)	Sept 28, 1991 (52 Weeks)	Sept 26, 1992 (52 Weeks)	Oct 2, 1993 (53 Weeks)	Oct 1, 1994 (52 Weeks)	Sept 30, 1995 (52 Weeks)	Sept 28, 1996 (52 Weeks)
				(in thousands)			
U.S. Chicken Sales:							
Prepared Foods:							
Foodservice	$112,509	$151,661	$178,185	$183,165	$205,224	$240,456	$303,939
Consumer (Retail)	60,069	60,188	85,700	89,822	61,068	38,683	42,946
Total Prepared Foods	172,578	211,849	263,885	272,987	266,292	279,139	346,885
Fresh Chicken:							
Foodservice	118,158	127,303	126,472	149,197	155,294	140,201	145,052
Consumer (Retail)	122,907	125,897	105,636	100,063	125,133	138,368	141,135
Other	95,907	85,323	72,724	77,709	88,437	113,414	140,614
Total Fresh Chicken	336,972	338,523	304,832	326,969	368,864	391,983	426,801
Mexico:							
Bulk-Packaged Chicken	110,632	141,570	160,620	188,754	188,744	159,491	228,129
Total Chicken Sales	620,182	691,942	729,337	788,710	823,900	830,613	1,001,815
Sales of Other Domestic Products	100,373	94,709	88,024	99,133	98,709	101,193	137,495
Total Net Sales	$720,555	$786,651	$817,361	$887,843	$922,609	$931,806	$1,139,310

UNITED STATES

The following table sets forth, since fiscal 1990, the percentage of net U.S. chicken sales attributable to each of the Company's primary products lines and markets serviced with such products. The table and related discussion are based on the Company's internal sales reports and its classification of product types and customers.

FISCAL YEAR ENDED

	Sept 29, 1990 (52 Weeks)		Sept 28, 1991 (52 Weeks)		Sept 26, 1992 (52 Weeks)		Oct 2, 1993 (53 Weeks)		Oct 1, 1994 (52 Weeks)		Sept 30, 1995 (52 Weeks)		Sept 28, 1996 (52 Weeks)	
U.S. Chicken Sales:														
Prepared Foods:														
Foodservice	22.1	%	27.6	%	31.3	%	30.5	%	32.3	%	35.8	%	39.3	%
Consumer (Retail)	11.8		10.9		15.1		15.0		9.6		5.8		5.6	
Total Prepared Foods	33.9		38.5		46.4		45.5		41.9		41.6		44.9	
Fresh Chicken:														
Foodservice	23.2		23.1		22.2		24.9		24.5		20.9		18.7	
Consumer (Retail)	24.1		22.9		18.6		16.7		19.7		20.6		18.2	
Other	18.8		15.5		12.8		12.9		13.9		16.9		18.2	
Total Fresh Chicken	66.1		61.5		53.6		54.5		58.1		58.4		55.1	
Total U.S. Chicken Sales Mix	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%

STRATEGY

Domestic chicken sales can be segmented into two principal product types - prepared foods and fresh chicken. The Company's U.S. business strategy is to (i) focus most of its primary growth in prepared foods product lines, primarily to foodservice chain restaurants and other commercial and industrial users of prepared chicken; (ii) grow its fresh chicken business through value-added, prepackaged consumer (retail) products; (iii) maintain a substantial presence in the fresh foodservice market segment, and (iv) achieve significant cost and product advantages over competing suppliers through leadership in production technology and new product R & D. The Company believes this strategy results in greater growth in sales and profits than would otherwise result.

PRODUCT TYPES

U.S. Prepared Foods Overview

During 1996, $346.9 million of the Company's net U.S. chicken sales were in prepared foods products to foodservice and consumer (retail) customers. This is an all time high, up from $172.6 million in 1990 and reflects the strategic focus for growth of the Company. Management believes the market for prepared foods chicken products will be generally characterized by higher growth rates and more stable margins than non-prepared products. The Company will grow its prepared foods sales to the foodservice industry at a faster rate than to the retail industry.

The Company establishes prices for its prepared chicken products based primarily upon perceived value to the customer, production costs and prices of competing products. However, many of these products are priced according to formulas which are based on an underlying commodity market, and this factor causes some price fluctuation.

U.S. Fresh Chicken Overview

During 1996, $426.8 million of the Company's net U.S. chicken sales were in fresh chicken products to foodservice, consumer (retail) and other customers. This is an all time high, up from $367.0 million in 1990. The most significant changes are reflected in the sales dollar shifts since 1992 as the Company has reemphasized its retail fresh chicken business which management believes will continue to be a large and relatively stable base of business. The Company anticipates that its foodservice volume will continue to gradually shift from fresh to more of a prepared foods sales mix, however, there will always remain a base level of fresh foodservice business. Sales growth in the "Other" category primarily reflect approximately $47 million in 1996 exports of fresh frozen chicken.

Most fresh chicken products are sold to established customers based upon certain weekly or monthly market prices reported by the U.S.D.A. and other public price reporting services, plus a markup, which is dependent upon the customer's location, volume, product specifications and other factors. A significant portion of the Company's fresh chicken sales is governed by agreements with customers that provide for the pricing method and volume of products to be purchased. The Company believes its practices with respect to sales of its fresh chicken are generally consistent with those of its competitors. The "Other" category of fresh chicken is the sale of the Company's bulk-packaged, whole chicken which have historically been characterized by lower prices and greater price volatility than the Company's more value-added product lines. In the United States, prices of these products are negotiated daily or weekly and are generally related to market prices quoted by the U.S.D.A. or other public price reporting services.

MARKET SEGMENTS

U.S. Foodservice

The majority of the Company's U.S. chicken sales are derived from products sold to the foodservice market which principally consists of chain restaurants, institutions, foodservice distributors, and commercial or industrial users of chicken located throughout the continental United States. The Company supplies chicken products ranging from portion-controlled refrigerated chicken parts to fully cooked and frozen, breaded or non-breaded chicken parts or formed products.

As the second largest full-line supplier of chicken to the foodservice industry, the Company believes it is well-positioned to be the primary or secondary supplier to many national and international chain restaurants who require multiple suppliers of chicken products. Additionally, it is well suited to be the sole supplier for many regional chain restaurants that offer better margin opportunities and a growing base of business. Due to its comparatively large size in this market, management believes the Company has significant competitive advantages in terms of product capability, production capacity, research and development expertise, and distribution and marketing experience relative to smaller and to non-vertically integrated producers. As a result of these competitive advantages, the Company's sales to the foodservice market from fiscal 1990 through fiscal 1996 grew at a compound annual growth rate of approximately 12%. The Company markets both prepared and fresh chicken to the foodservice industry.

FOODSERVICE - PREPARED FOODS: Prepared foods sales to the foodservice market were $303.9 million in fiscal 1996 and have increased at a compound annual growth rate of approximately 18% from fiscal 1990 through fiscal 1996. The Company's prepared foods products include portion-controlled breast fillets, tenderloins and strips, formed nuggets and patties and bone-in chicken parts, which are sold frozen and in various stages of preparation, including blanched, battered, breaded and partially or fully-cooked. The Company attributes this growth in sales of prepared foods to the foodservice market to a number of factors:

First, there has been significant growth in the number of foodservice operators offering chicken on their menus and the number of chicken items offered;

Second, foodservice operators are increasingly purchasing prepared chicken products which allow them to reduce labor cost while providing greater product consistency, quality and variety across all restaurant locations;

Third, there is a strong need among larger foodservice companies for an alternative or additional supplier to the Company's principal competitor in the prepared foods market. A viable alternative supplier must be able to ensure supply, demonstrate innovation and new product development, and provide price competition. The Company has been successful in its attempt to become the alternative supplier of choice, and thus the primary or secondary prepared chicken supplier to many large foodservice companies because it (i) is vertically integrated, giving the Company control over raw material supplies, (ii) has the capability to produce many types of chicken items and (iii) has established a reputation for dependable quality, highly responsive service and excellent technical support;

Fourth, as a result of the experience and reputation developed with larger customers, the Company has increasingly become the principal supplier to midsized foodservice organizations; and

Fifth, the Company's in-house product development group, responding to the changing needs of the foodservice market, has enabled the Company to provide foodservice customers with new and improved prepared foods. Approximately $160 million of the Company's sales to foodservice customers in 1996 consisted of products which were not sold by the Company in 1990.

FOODSERVICE - FRESH CHICKEN: The Company produces and markets fresh, refrigerated chicken for sale to domestic quick-service restaurant chains, delicatessens and other customers. These chickens have the giblets removed, are usually of specific weight ranges, are usually pre-cut to customer specifications and are often marinated to enhance value and product differentiation. By growing and processing to customers specifications, the Company is able to assist quick service restaurant chains in controlling costs and maintaining size consistency of chicken pieces sold to the consumer.

U.S. CONSUMER

The U.S. consumer market consists primarily of grocery store chains, retail distributors and wholesale clubs. The Company concentrates its efforts in this market on sales of branded, prepackaged cut-up and whole chicken to grocery chains and retail distributors in the midwestern, southwestern and western portions of the United States. This regional marketing focus enables the Company to develop consumer brand franchises and capitalize on proximity to the trade customer, in terms of lower transportation costs; more timely, responsive service; and enhanced product freshness. For a number of years the Company has invested in both trade and consumer marketing designed to establish high levels of brand name awareness and consumer preferences within these markets.

The Company utilizes numerous marketing techniques, including advertising, to develop and strengthen trade and consumer awareness and increase brand loyalty for consumer products marketed under the Pilgrim's Pride brand. The Company's founder, Lonnie "Bo" Pilgrim, is the featured spokesman in the Company's television, radio and print advertising, and a trademark cameo of a person in a Pilgrim's hat serves as the logo on all of the Company's primary branded products. As a result of this marketing strategy, the Company has established a well-known brand name in certain southwestern markets, including the Dallas/Fort Worth area where, according to a market research company, the Company's brand name was recognized by 96% of grocery shoppers in an aided brand recall study conducted in 1994. Management believes its efforts to achieve and maintain brand awareness and loyalty help to provide more secure distribution for its products and generate greater price premiums that would otherwise be the case in certain southwestern markets. The Company also maintains an active program to identify consumer preferences primarily by testing new product ideas, packaging designs and methods through taste panels and focus groups located in key geographic markets.

CONSUMER - PREPARED FOODS: The Company sells consumer oriented prepared foods primarily to grocery store chains located in the midwestern, southwestern and western portions of the U.S. where it also markets prepackaged fresh chicken. Being a major, national competitor in retail, branded frozen foods is not a part of the Company's current business strategy. The Company previously was a national supplier of retail prepared chicken to Pace Membership Warehouse until Pace was acquired by Sam's Club in January 1994. The wholesale club industry is dominated by two large national operators, Sam's Club and Price-Costco. Due to the highly concentrated nature of the club store business the Company has redirected this prepared foods capacity to a more diversified customer base with better overall gross margins.

CONSUMER -FRESH CHICKEN: The Company's prepackaged retail products include various combinations of freshly refrigerated whole chickens and chicken parts in trays, bags or other consumer packs, labeled and priced ready for the grocer's fresh meat counter. Management believes the retail, prepackaged fresh chicken business will continue to be a large and relatively stable market, providing opportunities for product differentiation and regional brand loyalty.

The Company concentrates its sales and marketing efforts for the above product types to grocery chains and retail distributors in the midwestern, southwestern and western portions of the United States. This regional marketing focus enables the Company to develop consumer brand franchises and capitalize on proximity to the trade customer, in terms of lower transportation costs; more timely, responsive service; and enhanced product freshness.

OTHER CHICKEN: The Company sells bulk whole chickens and cut-up parts primarily to retail grocers and food distributors in the United States. In recent years, the Company has de-emphasized its marketing of bulk-packaged chicken in the United States in favor of more value-added products and export opportunities. In the United States, prices of these products are negotiated daily or weekly and are generally related to market prices quoted by the U.S.D.A. or other public price reporting services. The majority of the growth in sales of "other" products between 1993 and 1996 were in exports to the Far East, Middle East and Eastern Europe. Management believes exports of both prepared and fresh chicken will grow at a rate faster than the general industry as a whole.

MEXICO

STRATEGY

In Mexico, the Company has made capital investments in advanced production technology, transferred experienced management personnel and utilized proven domestic production techniques in order to be a low cost producer of chicken. At the same time, the Company has directed its marketing efforts toward more value added chicken products. Management believes that this strategy has resulted in increased market share and higher profit margins relative to other Mexican chicken producers and has positioned the Company to participate in any growth in chicken demand which may occur in the future. Recent demand growth in Mexico is evidenced by the increase in per capita consumption of chicken in Mexico, from approximately 24 pounds in 1982 to approximately 37 pounds in 1994, according to an industry source. Recent per capita consumption of chicken is estimated to be down 8% to approximately 34 pounds. The Company considers this decline in consumption to be a temporary reaction resulting from the economic impact of the Mexican peso's devaluation occurring in 1995.

BACKGROUND: The Mexican market is one of the Company's fastest growing markets and represented approximately 20% of the Company's net sales in fiscal 1996. The Company entered the Mexican market in 1981 when it began selling eggs on a limited basis. Recognizing favorable long-term demographic trends and improving economic conditions in Mexico, the Company began exploring opportunities to produce and market chicken in Mexico. In fiscal 1988, the Company acquired four vertically integrated poultry production operations in Mexico for approximately $15.1 million. Since such acquisitions and through fiscal 1995, the Company has made capital expenditures in Mexico totaling $151.6 million to expand and improve such operations. Included in this amount is fiscal 1996 investments of approximately $6.1 million and fiscal 1995 investments of approximately $39.2 million for property, plant and equipment in Mexico, of which $30.0 million was incurred in the acquisition of Union de Queretaro, et al, a group of five chicken companies located near Queretaro, Mexico. (See Note I to the Consolidated Financial Statements). The Company believes its facilities are among the most technologically advanced in Mexico. As a result of these expenditures, the Company has increased weekly production in its Mexico operations by over 350% since its original investment in 1988. The Company believes that it is one of the lowest cost producers of chicken in Mexico.

PRODUCTS: During the last three years, the Company's Mexico operation has dramatically increased its value added sales of chicken products, which should provide higher, more stable margins. Although changing now, the market for chicken products in Mexico is less developed than in the United States with sales attributed to fewer, more basic products.

MARKETS: The Company sells its Mexican chicken products primarily to large wholesalers and, to a lesser extent, to retailers through its own distribution network, which includes several warehouse facilities located throughout Central Mexico. The Company's customer base in Mexico covers a broad geographic area from Mexico City, the capital of Mexico with a population estimated to be over 20 million, to Saltillo, the capital of the State of Coahuila, about 500 miles north of Mexico City, and from Tampico on the Gulf of Mexico to Acapulco on the Pacific, which region includes the cities of San Luis Potosi and Queretaro, capitals of the states of the same name.

COMPETITION

The chicken industry is highly competitive and certain of the Company's competitors have greater financial and marketing resources than the Company. In the United States and Mexico, the Company competes principally with other vertically integrated chicken companies. In general, the competitive factors in the domestic chicken industry include price, product quality, brand identification, breadth of product line and customer service. Competitive factors vary by major market. In the foodservice market, competition is based on consistent quality, product development, service and price. In the domestic consumer market, management believes that product quality, brand awareness and customer service are the primary bases of competition. There is some competition with non vertically integrated further processors in the U.S. prepared food business. The Company believes it has significant, long term cost and quality advantages over non-vertically integrated further processors. In Mexico, where product differentiation is limited, price and product quality are the most critical competitive factors.

OTHER ACTIVITIES

The Company markets fresh eggs under the Pilgrim's Pride brand name as well as private labels in various sizes of cartons and flats to domestic retail grocery and institutional foodservice customers located primarily in Texas. The Company has a housing capacity for approximately 2.3 million commercial egg laying hens which can produce approximately 41 million dozen eggs annually. Domestic egg prices are determined weekly based upon reported market prices. The domestic egg industry has been consolidating over the last few years with the 20 largest producers accounting for more than 68% of the total number of egg laying hens in service during 1996. The Company competes with other domestic egg producers, primarily on the basis of product quality, reliability, price and customer service. According to an industry publication, the Company is the twenty-fifth largest producer of eggs in the United States.

In fiscal 1996, exports of the Company's U.S. produced chicken accounted for approximately 6% of dollar sales. Exports were primarily to Asian, Middle Eastern and Eastern European countries. While current activity in these markets contributes only a small percentage of sales, the Company believes export demand will grow at an even faster rate than U.S. demand in the future. As export conditions become more favorable, management believes the Company is well-positioned to increase sales of both raw and cooked chicken to foreign countries.

The Company has regional distribution centers located in Arlington, El Paso, Mt. Pleasant and San Antonio, Texas; Phoenix and Tucson, Arizona; and Oklahoma City, Oklahoma that distribute the Company's own poultry products along with certain poultry and non-poultry products purchased from third parties. The Company's non-poultry distribution business is conducted as an accommodation to their customers and to achieve greater economies of scale in distribution logistics. They serve independent grocers and quick service restaurants. The store-door delivery capabilities for the Company's own poultry products provide a strategic service advantage in selling to quick service, national chain restaurants.

The Company also converts chicken by-products into protein products primarily for sale to manufacturers of pet foods. In addition, the Company produces and sells livestock feeds at its feed mill and farm supply store in Pittsburg, Texas, to dairy farmers and livestock producers in northeastern Texas.

REGULATION

The chicken industry is subject to government regulation, particularly in the health and environmental areas. The Company's domestic chicken processing facilities are subject to on-site examination, inspection and regulation by the U.S.D.A. The F.D.A. inspects the production of the Company's domestic feed mills. The Company's Mexican food processing facilities and feed mills are subject to on-site examination, inspection and regulation by a Mexican governmental agency which performs functions similar to those performed by the U.S.D.A. and F.D.A. Since commencement of operations by the Company's predecessor in 1946, compliance with applicable regulations has not had a material adverse effect upon the Company's earnings or competitive position and such compliance is not anticipated to have a materially adverse effect in the future. Management believes that the Company is in substantial compliance with all applicable laws and regulations relating to the operations of its facilities.

The Company anticipates increased regulation by the U.S.D.A. concerning food safety, as well as by the F.D.A. concerning the use of medications in feed. Although the Company does not anticipate any such regulation having a material adverse effect upon the Company, no assurances can be given to that effect.

EMPLOYEES AND LABOR RELATIONS

As of December 16, 1996 the Company employed approximately 8,300 persons in the U.S. and 3,200 persons in Mexico. Approximately 1,200 employees at the Company's Lufkin, Texas facility are members of a collective bargaining unit represented by Local 540 of the United Food and Commercial Workers Union (the "UFCW"). None of the Company's other domestic employees have union representation. The Company has operated the Lufkin facility since its purchase in 1986 through August 11, 1996 without a collective bargaining agreement. On August 11, 1996 the Company entered into a two-year collective bargaining agreement with the UFCW, the terms of which the Company believes to be no more favorable than those provided to its non-union domestic employees. In Mexico, most of the Company's hourly employees are covered by collective bargaining agreements as most employees are in Mexico. The Company has not experienced any work stoppages since May 24 and 25, 1993, and management believes that relations with the Company's employees are satisfactory.

EXECUTIVE OFFICERS OF THE REGISTRANT

As of December 16, 1996, except as noted below, the following were the Executive Officers of the Company. Officers are elected annually by the Board of Directors to serve at the pleasure of the Board of Directors.

EXECUTIVE OFFICERS OF THE COMPANY	AGE	POSITIONS
Lonnie "Bo" Pilgrim	68	Chief Executive Officer
Clifford E. Butler	54	Executive President (Prior to January 1, 1997, Chief Financial Officer, Secretary and Treasurer)
Lindy M. "Buddy" Pilgrim	42	President and Chief Operating Officer
David Van Hoose	54	President, Mexican Operations
Robert L. Hendrix	60	Executive Vice President Operations
Richard A. Cogdill	36	Executive Vice President Chief Financial Officer, Secretary and Treasurer (Prior to January 1, 1997, Senior Vice President, Corporate Controller)
Terry Berkenbile	46	Senior Vice President Sales & Marketing, Retail and Fresh Products
Ray Gameson	48	Senior Vice President Human Resources
O.B. Goolsby, Jr.	49	Senior Vice President Prepared Foods Operations

Michael D. Martin	42	Senior Vice President DeQueen, Arkansas Complex
James J. Miner, Ph.D.	68	Senior Vice President Technical Services
Michael J. Murray	38	Senior Vice President Sales & Marketing, Prepared Foods
Robert N. Palm	52	Senior Vice President, Lufkin, Texas Complex

Mr. L. A. Pilgrim has served as Chairman of the Board and Chief Executive Officer since the organization of the Company in 1968. Prior to the incorporation of the Company, Mr. Pilgrim was a partner in the Company's predecessor partnership business founded in 1945.

Mr. Butler was employed by the Company as Controller in February 1969. He has been Director of the Company since 1969, was named Senior Vice President of Finance in 1973, he became Chief Financial Officer and Vice Chairman of the Board in July 1983, and effective January 1, 1997 he is promoted to Executive President.

Mr. L. M. Pilgrim serves as President and Chief Operating Officer of the Company. He was elected as Director in March 1993 and began employment in April 1993 under the title of President of U.S. Operations and Sales & Marketing. From April 1993 to March 1994, the President and Chief Operating Officer reported to him. After that time, the Chief Operating Officer title and responsibilities were incorporated into his own. Up to October 1990, Mr. Pilgrim was employed by the Company for 12 years in marketing and 9 years in operations. From October 1990 to April 1993, he was President of Integrity Management Services, Inc., a consulting firm to the food industry. He is a nephew of Lonnie "Bo" Pilgrim.

Mr. Van Hoose has been President of Mexican Operations since April 1993. He was previously Senior Vice President, Director General, Mexican Operations since August 1990. Mr. Van Hoose was employed by Pilgrim's Pride in September 1988 as Senior Vice President, Texas Processing. Prior to that, Mr. Van Hoose was employed by Cargill, Inc., as General Manager of one of its chicken operations.

Mr. Hendrix has been Executive Vice President, Operations, of the Company since March 1994. Prior to that he served as Senior Vice President, NETEX Processing from August 1992 to March 1994 and as President and Chief of Complex Operations from September 1988 to March 1992. He was on leave from the Company from March 1992 to August 1992. He was President and Chief Operating Officer of the Company from July 1983 to September 1988. He began as Senior Vice President in September 1981 when Pilgrim's Pride acquired Mountaire Corporation of DeQueen, Arkansas, and, prior thereto, he was Vice President of Mountaire Corporation.

Mr. Cogdill has been promoted to Executive Vice President, Chief Financial Officer, Secretary and Treasurer effective January 1, 1997. Currently he serves as Senior Vice President, Corporate Controller, since August 1992 and as Vice President, Corporate Controller from October 1991 through August 1992. Prior to October 1991 he was a Senior Manager with Ernst & Young LLP. He is a Certified Public Accountant.

Mr. Berkenbile was named Senior Vice President, Sales & Marketing, for Retail and Fresh Products in July 1994. Prior to that he was Vice President, Sales & Marketing, for Retail and Fresh Products since May 1993. From February 1991 to April 1993 Mr. Berkenbile was Director Retail Sales & Marketing at Hudson Foods. From February 1988 to February 1991, Mr. Berkenbile was Director Plant Sales at Pilgrim's Pride, prior thereto, he worked in the processed red meat industry.

Mr. Gameson has been Senior Vice President of Human Resources since October 1994. He previously served as Vice President of Human Resources since August, 1993. From December 1991 to July 1993, he was employed by Townsends, Inc. and served as Complex Human Resource, Manager. Prior to that he was employed by the Company as Complex Human Resource, Manager, at its Mt. Pleasant, Texas location.

Mr. Goolsby has been Senior Vice President, Prepared Foods Operations since August 1992. He was previously Vice President, Prepared Foods Operations since April 1986 and was previously employed by the Company from November 1969 to January 1981.

Mr. Martin has been Senior Vice President, DeQueen, Arkansas Complex Manager, of the Company since April 1993. He previously served as Plant Manager at the Company's Lufkin, Texas operations and Vice President, Processing, at the Company's Mt. Pleasant, Texas, operations up to April 1993. He has served in various other operating management positions in the Arkansas Complex since September 1981. Prior to that he was employed by Mountaire Corporation of DeQueen, Arkansas, until it was acquired by the Company in September 1981.

Dr. Miner, Ph.D., has been Senior Vice President, Technical Services, since April 1994. He has been employed by the Company and its predecessor partnership since 1966 and previously served as Senior Vice President responsible for live production and feed nutrition. He has been a Director since the incorporation of the Company in 1968.

Mr. Murray has been Senior Vice President, Sales & Marketing, for Prepared Foods since October 1994. He previously served as Vice President of Sales and Marketing, Food Service since August 1993. From 1990 to July 1993, he was employed by Cargill, Inc. Prior to that, from March 1987 to 1990 he was employed by Pilgrim's Pride as a Vice President for sales and marketing and prior thereto, he was employed by Tyson Foods, Inc.

Mr. Palm has been Senior Vice President, Lufkin, Texas, Complex Manager of the Company, since June 1985 and was previously employed in various operating management positions by Plus-Tex Poultry, Inc., a Lufkin, Texas based company acquired by Pilgrim's Pride in June 1985.

ITEM 2. PROPERTIES

PRODUCTION AND FACILITIES

BREEDING AND HATCHING

The Company supplies all of its domestic chicks by producing its own hatching eggs from domestic breeder flocks owned by the Company, approximately 34% of which are maintained on 38 Company-operated breeder farms. The Company currently owns or contracts for approximately 7.7 million square feet of breeder housing on approximately 251 breeder farms. In Mexico, all of the Company's breeder flocks are maintained on Company-owned farms.

The Company owns six hatcheries in the United States, located in Nacogdoches and Pittsburg, Texas, and DeQueen and Nashville, Arkansas, where eggs are incubated and hatched in a process requiring 21 days. Once hatched, the day-old chicks are inspected and vaccinated against common poultry diseases and transported by Company vehicles to grow-out farms. The Company's six domestic hatcheries have an aggregate production capacity of approximately 7.3 million chicks per week. In Mexico, the Company owns seven hatcheries, which have an aggregate production capacity of approximately 3.9 million chicks per week.

GROW-OUT

The Company places its domestically grown chicks on approximately 992 grow-out farms located in Texas and Arkansas. These farms provide the Company with approximately 46.7 million square feet of growing facilities. The Company operates 32 grow-out farms which account for approximately 10% of its total annual domestic chicken capacity. The Company also places chicks with farms owned by affiliates of the Company under grow-out contracts. The remaining chicks are placed with independent farms under grow-out contracts. Under such grow-out contracts, the farmers provide the facilities, utilities and labor. The Company supplies the chicks, the feed and all veterinary and technical services. Contract grow-out farmers are paid based on live weight under an incentive arrangement. In Mexico, the Company owns approximately 38% of its grow-out farms and contracts with independent farmers for the balance of its production. Arrangements with independent farmers in Mexico are similar to the Company's arrangements with contractors in the United States.

FEED MILLS

An important factor in the production of chicken is the rate at which feed is converted into body weight. The Company purchases feed ingredients on the open market. The primary feed ingredients include corn, milo and soybean meal, which historically have been the largest component of the Company's total production cost. The quality and composition of the feed is critical to the conversion rate, and accordingly, the Company formulates and produces its own feed. Domestically, the Company operates five feed mills located in Nacogdoches and Pittsburg, Texas and Nashville and Hope, Arkansas. The Company currently has annual domestic feed requirements of approximately 1.8 million tons and the capacity to produce approximately 2.1 million tons. The Company owns four feed mills in Mexico which produce all of the requirements of its Mexican operations. Mexican feed requirements are approximately .7 million tons with a capacity to produce approximately 1.9 million tons. In fiscal 1996, approximately 55% of the grain used was imported from the United States. However, this percentage fluctuates based on the availability and cost of local grain supplies.

Feed grains are commodities subject to volatile price changes caused by weather, size of harvest, transportation and storage costs and the agricultural policies of the United States and foreign governments. Although the Company can and sometimes does purchase grain in forward markets, it cannot eliminate the potential adverse effect of grain price increases.

PROCESSING

Once the chickens reach processing weight, they are transported in the Company's trucks to the Company's processing plants. These plants utilize modern, highly automated equipment to process and package the chickens. The Company periodically reviews possible application of new processing technologies in order to enhance productivity and reduce costs. The Company's five domestic processing plants, two of which are located in Mt. Pleasant, Texas, and the remainder of which are located in Dallas and Lufkin, Texas, and DeQueen, Arkansas, have the capacity, under present U.S.D.A. inspection procedures, to produce approximately 1.1 billion pounds of dressed chicken annually. The Company's three processing plants located in Mexico, which perform fewer processing functions than the Company's U.S. facilities, have the capacity to process approximately 470 million pounds of dressed chicken annually.

PREPARED FOODS PLANT

The Company's prepared foods plant in Mt. Pleasant, Texas, was constructed in 1986 and expanded in 1987. This facility has deboning lines, marination systems, batter/breading systems, fryers, ovens, both mechanical and cryogenic freezers, a variety of packaging systems and cold storage. This plant is currently operating at the equivalent of two shifts a day for six days a week. If necessary, the Company could add additional shifts during the remaining days of the week.

EGG PRODUCTION

The Company produces eggs at three farms near Pittsburg, Texas. One farm is owned by the Company, while two farms are operated under contract by an entity owned by a major stockholder of the Company. The eggs are cleaned, sized, graded and packaged for shipment at processing facilities located on the egg farms. The farms have a housing capacity for approximately 2.3 million producing hens and are currently housing approximately 2.0 million hens.

OTHER FACILITIES AND INFORMATION

The Company operates a rendering plant located in Mt. Pleasant, Texas, that currently processes by-products from approximately 8.0 million chickens weekly into protein products, which are used in the manufacture of chicken and livestock feed and pet foods. The Company operates a feed supply store in Pittsburg, Texas, from which it sells various bulk and sacked livestock feed products. The Company owns an office building in Pittsburg, Texas, which houses its executive offices, and an office building in Mexico City, which houses the Company's Mexican marketing offices. The Company also owns approximately 15,150 acres of farmland previously used in the Company's non-poultry farming operations. The Company is currently in the process of disposing of such land and related assets.

Substantially all of the Company's domestic property, plant and equipment is pledged as collateral on its secured debt.

ITEM 3. LEGAL PROCEEDINGS

From time to time the Company is named as a defendant or co-defendant in lawsuits arising in the course of its business. The Company does not believe that such pending lawsuits will have a material adverse impact on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NOT APPLICABLE

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

QUARTERLY STOCK PRICES AND DIVIDENDS

High and low sales prices and dividends were:

	Prices 1996		Prices 1995		DIVIDENDS	
QUARTER	HIGH	LOW	HIGH	LOW	1996	1995
First	$8 3/8	6 5/8	$10 3/8	$9 3/8	$.015	$.015
Second	7 5/8	6 3/4	9 3/4	7 3/4	.015	.015
Third	9	6 3/4	8 3/8	7 1/2	.015	.015
Fourth	9	7 1/2	8 3/4	7 5/8	.015	.015

The Company's stock is traded on the New York Stock Exchange (ticker symbol CHX). The Company estimates there were approximately 12,500 holders (including individual participants in security position listings) of the Company's common stock as of December 4, 1996.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

	1996	1995	1994	1993(a)	1992(b)	1991	1990	1989
OPERATING RESULTS SUMMARY:								
Net sales	$1,139,310	$931,806	$922,609	$887,843	$817,361	$786,651	$720,555	$661,077
Gross margin	70,640	74,144	110,827	106,036(c)	32,802(c)	75,567	74,190	83,356
Operating income (loss)	21,504	24,930	59,698(d)	56,345(d)	(13,475)	31,039	33,379	47,014
Income (loss) before income taxes and extraordinary charge	47	2,091	42,448	32,838	(33,712)	12,235	20,463	31,027
Income tax expense (benefit)	4,551	10,058	11,390	10,543	(4,048)	(59)	4,826	10,745
Income (loss) before extraordinary charge	(4,504)	(7,967)	31,058	22,295	(29,664)	12,294	15,637	20,282
Extraordinary charge - early repayment of debt, net of tax	(2,780)	-	-	(1,286)	-	-	-	-
Net income (loss)	(7,284)	(7,967)	31,058	21,009	(29,664)	12,294	15,637	20,282
PER COMMON SHARE DATA:								
Income (loss) before extraordinary charge	$(0.16)	$(0.29)	$1.13	$ .81	$(1.24)	$ .54	$ .69	$0.90
Extraordinary charge - early repayment of debt	(0.10)	-	-	(0.05)	-	-	-	-
Net income (loss)	(0.26)	(0.29)	1.13	0.76	(1.24)	0.54	0.69	0.90
Cash dividends	0.06	0.06	0.06	0.03	0.06	0.06	0.06	0.06
Book value{ (e)}	5.19	5.51	5.86	4.80	4.06	4.97	4.49	3.86
BALANCE SHEET SUMMARY:								
Working capital	$88,455	$88,395	$99,724	$72,688	$11,277	$44,882	$54,161	$60,313
Total assets	536,722	497,604	438,683	422,846	434,566	428,090	379,694	291,102
Short-term debt	35,850	18,187	4,493	25,643	86,424	44,756	30,351	9,528
Long-term debt, less current maturities	198,334	182,988	152,631	159,554	131,534	175,776	154,277	109,412
Total stockholders' equity	143,135	154,074	161,696	132,293	112,112	112,353	101,414	87,132
KEY INDICATORS (AS A PERCENT OF SALES):								
Gross Margin	6.2%	8.0%	12.0%	11.9%(c)	4.0%(c)	9.6%	10.3%	12.6%
Selling, general and administrative expenses	4.3%	5.3%	5.5%(d)	5.6%(c)(d)	5.7% (c)	5.7%	5.7%	5.5%
Operating income (loss)	1.9%	2.7%	6.5%(d)	6.3%(d)	(1.6)%	3.9%	4.6%	7.1%
Interest expense, net	1.9%	1.9%	2.1%	2.9%	2.8%	2.5%	2.3%	2.7%
Net income (loss)	(0.6)%	(0.9)%	3.4%	2.4%	(3.6)%	1.6%	2.2%	3.1%

(a) 1993 had 53 weeks.
(b) During 1992, the Company changed the fiscal year-end of its Mexican subsidiaries from August to September to coincide with that of its domestic operations. 1992 operating results included the operations of the Mexican subsidiaries for the twelve months ended September 26, 1992. Operating results for the Mexican subsidiaries during the month of September, 1991 have been reflected as a direct addition to stockholders' equity.
(c) Reflects reclassification of certain expenses from selling, general and administrative to cost of sales of $4.2 million and $1.8 million in 1993 and 1992, respectively.
(d) Reflects reclassification of foreign exchange (gain) losses from selling, general and administrative to a separate component of other expenses (income). (See Note A to the Consolidated Financial Statements).
(e) Amounts are based on end-of-period shares of common stock outstanding.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

GENERAL

The profitability of the chicken industry is affected by market prices of chicken and feed grains, both of which may fluctuate significantly and exhibit cyclical characteristics. In an effort to reduce price volatility and to generate higher, more consistent profit margins, the Company has concentrated on the production and marketing of prepared food products, which generally have higher margins than the Company's other products. This concentration has resulted in an increase in sales of prepared food products as a percentage of total domestic net sales from 28.3% in fiscal 1990 to 38.1% in fiscal 1996. Management believes that sales of prepared food products will become a larger component of its total chicken sales and, accordingly, changes in market prices for chicken and feed costs should have less impact on profitability.

RESULTS OF OPERATIONS

FISCAL 1996 COMPARED TO FISCAL 1995:

Consolidated net sales were $1.14 billion for fiscal 1996, an increase of $207.5 million, or 22.3%, over fiscal 1995. The increase in consolidated net sales resulted from a $102.6 million increase in domestic chicken sales to $773.7 million, a $68.6 million increase in Mexican chicken sales to $228.1 million and a $36.3 million increase in sales of other domestic products to $137.5 million. The increase in domestic chicken sales was primarily due to a 7.7% increase in total revenue per dressed pound produced and 7.0% increase in dressed pounds produced. The increase in Mexican chicken sales was primarily due to a 35.6% increase in Mexican dressed pounds produced and by a 5.5% increase in total revenue per dressed pound. The increase in Mexican dressed pounds produced resulted primarily from the July 5, 1995 acquisition of five chicken companies located near Queretaro, Mexico. The increase in sales of other domestic products was primarily the result of increased sales of the Company's poultry by-products group and higher sales prices for table eggs. Increased revenues per dressed pound produced both domestically and in Mexico were primarily the result of higher sales prices caused by the chicken markets adjusting to higher feed ingredient cost.

Consolidated cost of sales was $1.07 billion in fiscal 1996, an increase of $211.0 million, or 24.6%, over fiscal 1995. The increase primarily resulted from a $150.8 million increase in cost of sales of domestic operations, and a $60.2 million increase in the cost of sales in Mexican operations.

The cost of sales increase in domestic operations of $211.0 million was due to a 41.5% increase in feed ingredient costs, a 7.0% increase in dressed pounds produced and increased production of higher cost and margin products in prepared foods. Since 1995 September year end, feed ingredient costs increased substantially due to lower crop yields in the 1995 harvest season. Beginning in July 1996 feed ingredient prices have reduced significantly due to a favorable crop harvest.

The $60.2 million cost of sales increase in Mexican operations was primarily due to a 35.6% increase in dressed pounds produced and a 7.0% increase in average costs of sales per pound. The increase in average costs of sales per pound was primarily the result of a 37.2% increase in feed ingredient costs resulting from the reasons discussed above.

Gross profit as a percentage of sales decreased to 6.2% in fiscal 1996 from 8.0% in fiscal 1995. The decreased gross profit resulted mainly from increased costs of sales due to higher feed ingredient prices experienced in fiscal 1996.

Consolidated selling, general and administrative expenses were $49.1 million in fiscal 1996 and $49.2 million in fiscal 1995. Consolidated selling, general and administrative expenses as a percentage of sales decreased in fiscal 1996 to 4.3% compared to 5.3% in fiscal 1995.

Consolidated operating income was $21.5 million for fiscal 1996, a decrease of $3.4 million, when compared to fiscal 1995, resulting primarily from higher feed ingredient cost.

Consolidated net interest expense was $21.5 million in fiscal 1996, an increase of $4.1 million, or 23.2%, when compared to fiscal 1995. This increase was due to higher outstanding debt levels resulting primarily from domestic expansions and the prior year acquisitions in Mexico, offset slightly by lower interest rates when compared to fiscal 1995.

Consolidated income tax expense in fiscal 1996 was $4.6 million compared to expense of $10.1 million in fiscal 1995. Consolidated income tax expense is significantly in excess of the amount computed at the statutory U.S. income tax rate due to the non-deductibility of Mexican losses in the U.S. in both fiscal 1996 and fiscal 1995. The decrease in consolidated income tax expense in fiscal 1996 compared to fiscal 1995 primarily resulted from the $13.6 decrease in income before income taxes and extraordinary charges for domestic operations in fiscal 1996 compared to fiscal 1995.

The extraordinary charge-early repayment of debt in the amount of $2.8 million, net of tax, was incurred while refinancing certain debt at a lower interest rate, which will result in long-term interest expense reductions. See Note C to the Consolidated Financial Statements.

FISCAL 1995 COMPARED TO FISCAL 1994:

Consolidated net sales were $931.8 million for fiscal 1995, an increase of $9.2 million, or 1.0%, over fiscal 1994. The increase in consolidated net sales resulted from a $36.0 million increase in domestic chicken sales to $671.1 million and a $2.5 million increase in sales of other domestic products to $101.2 million offset partially by a $29.3 million decrease in Mexican chicken sales to $159.5 million. The increase in domestic chicken sales was due primarily to a 3.6% increase in dressed pounds produced and a 2.0% increase in the total revenue per dressed pound produced. The decrease in Mexican chicken sales resulted from a 21.9% decrease in the total revenue per dressed pound produced caused primarily by the devaluation of the Mexican peso, offset by an 8.1% increase in dressed pounds produced. See Impact of Mexican Peso Devaluation discussed below.

Consolidated cost of sales was $857.7 million in fiscal 1995, an increase of $45.9 million, or 5.7%, over fiscal 1994. The increase primarily resulted from a $39.2 million increase in cost of sales of domestic operations and a $6.7 million increase in the cost of sales from Mexican operations.

The cost of sales increase in domestic operations of $39.2 million was due primarily to a 3.6% increase in dressed pounds produced and increased production of higher cost and margin products in prepared foods, offset partially by a 6.1% decrease in feed ingredient cost.

The $6.7 million cost of sales increase in Mexican operations was due primarily to an 8.1% increase in dressed pounds produced offset partially by a 3.6% decrease in average cost of sales per dressed pound resulting from the devaluation of the Mexican peso. See Impact of Peso Devaluation discussed below.

Gross profit as a percentage of sales decreased to 8.0% in fiscal 1995 from 12% in fiscal 1994. The decreased gross profit resulted mainly from the Company's Mexican operations and was primarily the result of the Mexican peso devaluation having a greater effect on selling prices than on cost of sales, due primarily to the dollar based characteristics of grain prices, which is a major component of cost of goods sold.

Consolidated selling, general and administrative expenses were $49.2 million for fiscal 1995, a decrease of $1.9 million, or 3.7%, when compared to fiscal 1994. Consolidated selling, general and administrative expenses as a percentage of sales decreased in fiscal 1995 to 5.3% from 5.5% in fiscal 1994.

Consolidated operating income for fiscal 1995 was $24.9 million compared to $59.7 million in fiscal 1994. The decrease was due primarily to lower margins in Mexican chicken operations which resulted primarily from the effects of the Mexican peso devaluation as described previously.

Consolidated net interest expense was $17.5 million in fiscal 1995, a decrease of $1.7 million, or 8.8%, when compared to fiscal 1994. This decrease was due to lower average amounts of outstanding debt when compared to fiscal 1994.
Consolidated income tax expense decreased to $10.1 million in fiscal 1995 compared to $11.4 million in fiscal 1994. The high effective tax rate is due to the Company having positive taxable income in the United States offset by losses in Mexico which result in no current tax benefit under current Mexican tax laws.

LIQUIDITY AND CAPITAL RESOURCES:

Liquidity in fiscal 1996 remained strong, however, operating losses in Mexico resulting primarily from the Mexican peso devaluation and higher feed ingredient costs affected most financial ratios negatively. While the Company's working capital at September 28, 1996 increased slightly to $88.5 million from $88.4 million at September 30, 1995, the current ratio at September 28, 1996 decreased to 1.63 to 1 from 1.84 to 1 at September 30, 1995 and the Company's stockholders' equity decreased to $143.1 million at September 28, 1996 from $152.1 million at September 30, 1995. Total debt to capitalization increased to 62.1% at September 28, 1996 from 56.9% at September 30, 1995. The Company maintains $110 million in revolving credit facilities with available unused lines of credit of $70.7 million at December 9, 1996.

Trade accounts and other receivables were $65.9 million at September 28, 1996, a $5.9 million increase from September 30, 1995. The 9.8% increase was due primarily to increased average selling prices and volumes. Allowances for doubtful accounts, as a percentage of trade accounts and notes receivable were 5.7% at September 28, 1996 compared to 6.7% at September 30, 1995. This decrease is due to increased net sales resulting in a corresponding increase in net sales resulting in a corresponding increase in trade accounts and other receivables with allowances for doubtful accounts remaining relatively the same.

Inventories were $136.9 million at September 28, 1996, an increase of $26.5 million from September 30, 1995. This 24.0% increase was due primarily to the higher feed ingredient costs affecting the carrying value of feed on hand and feed cost in the live chickens and finished products.

Accounts payable were $71.4 million at September 28, 1996, a 28.2% increase from September 30, 1995, due primarily to higher production levels and feed ingredient costs.

Capital expenditures for fiscal 1996 were $34.3 million and were incurred primarily to expand production capacities domestically, improve efficiencies, reduce costs and for the routine replacement of equipment. The Company anticipates that it will spend approximately $35 million for capital expenditures in fiscal year 1997 and expects to finance such expenditures with available operating cash flows and long-term financing. The Company periodically reviews acquisition opportunities and any business acquisitions consummated in fiscal 1997 would likely be in addition to the projected capital expenditure amount listed above.

Cash flows provided by operating activities were $11.4 million, $32.7 million and $60.7 million in fiscal 1996, 1995 and 1994, respectively. The change in cash flows provided by operating activities between 1996 and 1995 was primarily caused by increased inventories resulting from higher feed costs. The difference between 1995 and 1994 was primarily from changes in net income.

Cash provided by (used in) financing activities was $27.3 million, $40.2 million and ($30.3) million in fiscal 1996, 1995 and 1994, respectively. The cash provided by (used in) financing activities primarily reflects proceeds from notes payable and long-term financings in fiscal 1996, 1995 and debt retirements in 1994.

The Company's deferred income taxes have resulted primarily from the Company's change from the cash method of accounting to the accrual method of accounting for taxable periods beginning after July 2, 1988. The Company's deferred income taxes arising from such change in method of accounting will continue to be deferred as long as (i) at least 50% of the voting stock and at least 50% of all other classes of stock of the Company continue to be owned by the Lonnie "Bo" Pilgrim family and (ii) the Company's net sales from its agricultural operation in a taxable year equal or exceed the Company's net sales from such operations in its taxable year ending July 2, 1988. Failure of the first requirement will cause all of the deferred taxes attributable to the change in accounting method to be due. Failure of the second requirement will cause a portion of such deferred taxes to be due based upon the amount of the relative decline in net sales from the agricultural operations. The family of Lonnie "Bo" Pilgrim currently owns approximately 65.3% of the stock of the company. Management believes that likelihood of the (i) Pilgrim family ownership falling below 50%, or (ii) gross receipts from agricultural activities falling below the 1988 level, is remote.

IMPACT OF MEXICAN PESO DEVALUATION:

In December 1994, the Mexican government changed its policy of defending the peso against the U.S. dollar and allowed it to float freely on the currency markets. These events resulted in the Mexican peso exchange rate declining from 3.39 to 1 U.S. dollar at October 1, 1994 to a low of 8.16 at November 14, 1995. On December 6, 1996 the Mexican peso closed at 7.93 to 1 U.S. dollar. No assurance can be given as to the future valuation of the Mexican peso and further movement in the Mexican peso could affect future earnings positively or negatively.

OTHER

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF." SFAS No. 121 establishes accounting standards for the impairment of long-lived assets to be held and used and for long-lived assets to be disposed of. The Company adopted SFAS No. 121 effective September 29, 1996. The adoption of SFAS No. 121 did not have a material effect on the Company's consolidated financial statement.

IMPACT OF INFLATION:

Due to moderate inflation and the Company's rapid inventory turnover rate, the results of operations have not been adversely affected by inflation during the past three-year period.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements together with the report of independent auditors, and financial statement schedules are included on pages 36 through 46 of this document. Financial statement schedules other than those included herein have been omitted because the required information is contained in the consolidated financial statements or related notes, or such information is not applicable.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NOT APPLICABLE

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

Reference is made to "Election of Directors" on pages 3 through 5 of Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders, which section is incorporated herein by reference.

Reference is made to "Compliance with Section 16(a) of the Exchange Act" on page 9 of Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders, which section is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information responsive to Items 11, 12 and 13 is incorporated by reference from sections entitled "Security Ownership", "Election of Directors", "Executive Compensation", and "Certain Transactions" of the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) (1) The financial statements listed in the accompanying index to financial statements and schedules are filed as part of this report.

(2) The schedules listed in the accompanying index to financial statements and schedules are filed as part of this report.

(3) Exhibits

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).

3.1 Certificate of Incorporation of the Company (incorporated by reference from Exhibit 3.1 of the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

3.2 By-Laws of the Company (incorporated by reference from Exhibit 3.2 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

4.1 Certificate of Incorporation of the Company (incorporated by reference from Exhibit 3.1 of the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

4.2 By-Laws of the Company (incorporated by reference from Exhibit 3.2 of the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

4.3 Indenture dated as of May 1, 1988, between the Company and Mtrust Corporation National Association relating to the Company's 14 1/4% Senior Notes Due 1995 (incorporated by reference from Exhibit 4.1 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

4.4 First Supplemental Indenture dated as of October 4, 1990, between the Company and Ameritrust Texas, N.A. supplementing the Indenture dated as of May 1, 1988, between the Company and Mtrust Corporation National Association relating to the Company's 14 1/4% Senior Notes Due 1995 (incorporated by reference from Exhibit 4.4 of the Company's Form 8 filed on July 1, 1992).

4.5 Form of 14 1/4% Senior Note Due 1995 (incorporated by reference from Exhibit 4.2 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

4.6 Specimen Certificate for shares of Common Stock, Par value $.01 per share, of the Company (incorporated by reference from Exhibit 4.6 of the Company's Form 8 filed on July 1, 1992).

4.7 Form of Indenture between the Company and Ameritrust Texas National Association relating to the Company's 10 7/8% Senior Subordinated Notes Due 2003 (incorporated by reference from Exhibit 4.6 of the Company's Registration Statement on Form S-1 (No. 33-59626) filed on March 16, 1993).

4.8 Form of 10 7/8% Senior Subordinated Note Due 2003 (incorporated by reference from Exhibit 4.8 of the Company's Registration Statement on Form S-1 (No. 33-61160) filed on June 16, 1993).

10.1 Pilgrim Industries, Inc., Profit Sharing Retirement Plan, restated as of July 1, 1987 (incorporated by reference from Exhibit 10.1 of the Company's Form 8 filed on July 1, 1992).

10.2 Bonus Plan of the Company (incorporated by reference from Exhibit 10.2 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.3 Aircraft Lease dated November 15, 1984, by and between L.A. Pilgrim d/b/a B.P. Leasing Company and the Company (incorporated by reference from Exhibit 10.5 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.4 Broiler Grower Contract dated November 11, 1985, between the Company and Lonnie "Bo" Pilgrim (Farm #30) (incorporated by reference from Exhibit 10.9 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.5 Broiler Growing Agreements dated October 28, 1985, between the Company and Monty K. Henderson d/b/a Central Farms and Lone Oak Farms (incorporated by reference from Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.6 Broiler Growing Agreement dated March 27, 1986, between the Company and Clifford E. Butler (incorporated by reference from

Exhibit 10.12 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.7 Broiler Grower Contract dated July 10, 1990 between the Company and James J. Miner d/b/a/ BJM Farms (incorporated by reference from Exhibit 10.7 of the Company's Form 8 filed on July 1, 1992).

10.8 Commercial Egg Grower Contract dated July 1, 1986, between the Company and Pilgrim Poultry, Ltd. (incorporated by reference from exhibit 10.14 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.9 Agreement dated November 28, 1978, by and between the Company and Pilgrim Poultry, Ltd. (incorporated by reference from Exhibit 10.15 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.10 Agreement between the Company and its Principal Shareholders dated October 2, 1974, as amended July 1, 1979 (incorporated by reference from Exhibit 10.19 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.11 Note Purchase Agreement dated as of October 1, 1986, by and between the Company and Aetna Life Insurance Company with related Collateral Trust Indenture, as amended by First Supplemental Indenture dated as of November 1, 1986, and by letter dated September 29, 1987, Texas Mortgage, Arkansas Mortgage, Guarantee Agreement, as amended by First Amendment to Guarantee Agreement dated June 9, 1987, and Cash Pledge Agreement (incorporated by reference from Exhibit 10.21 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

10.12 Letter Agreement dated April 26, 1988, by and among Aetna Life Insurance Company, The Aetna Casualty and Surety Company, The Connecticut Bank and Trust Company and the Company and Letter Agreement dated April 26, 1988, by and among Bank of America National Trust and Savings Association, The Connecticut Bank and Trust Company and the Company amending Note Purchase Agreement dated as of October 1, 1986 (incorporated by reference from Exhibit 10.36 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

10.13 Note Purchase Agreement dated as of September 21, 1990, by and among the Company, Aetna Life Insurance Company and Bank of America National Trust and Savings Association (incorporated by reference from Exhibit 10.20 of the Company's Form 8 filed on July 1, 1992).

10.14 Amended and Restated Collateral Trust Indenture dated as of September 21, 1990, by and between the Company and State Street Bank and Trust Company of Connecticut, N.A. with related Notes, Modification Agreements and First Amendment to Guaranty (incorporated by reference from Exhibit 10.21 of the Company's Form 8 filed on July 1, 1992).

10.15 Supplemental Indenture and Waiver dated as of December 9, 1991, by and between the Company and State Street Bank and Trust Company of Connecticut, N.A. with related Notes, Modification Agreements and First Amendment to Guaranty, Amended and Restated Collateral Trust Indenture dated as of September 20, 1990 (incorporated by reference from Exhibit 10.24 of the Company's Form 10-K for the year ended September 26, 1992).

10.16 Loan Agreement dated as of August 1, 1988, by and between the Company and Angelina and Neches River Authority Industrial Development Corporation, with related Reimbursement and Credit Agreement (incorporated by reference from Exhibit 10.22 of the Company's Form 8 filed on July 1, 1992).

10.17 Indenture of Trust dated as of August 1, 1988, related to Loan Agreement by and between the Company and Angelina and Neches River Authority Industrial Development Corporation, with related Bond, Irrevocable Letter of Credit, Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement (incorporated by reference from Exhibit 10.23 of the Company's Form 8 filed on July 1, 1992).

10.18 Assumption Agreement by and between the Company, Lonnie "Bo" Pilgrim and RepublicBank Lufkin, as trustee, dated June 14, 1985 (incorporated by reference from Exhibit 10.31 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.19 Stock Purchase Agreement dated September 15, 1986, among the Company, Doris Pilgrim Julian, Aubrey Hal Pilgrim, Paulette Pilgrim Rolston and Evanne Pilgrim (incorporated by reference from Exhibit 2.2 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.20 Amendment No. 1 to Stock Purchase Agreement, dated as of October 31, 1986, among the Company, Doris Pilgrim Julian, Aubrey Hal Pilgrim, Paulette Pilgrim Rolston and Evanne Pilgrim (incorporated by reference from Exhibit 2.3 to the Company's Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.21 Limited Partnership Interest Purchase Agreement dated September 15, 1986, by and between the Company and Doris Pilgrim Julian (incorporated by reference from Exhibit 2.5 to the Company's

Registration Statement on Form S-1 (No. 33-8805) effective November 14, 1986).

10.22 Employee Stock Investment Plan of the Company (incorporated by reference from Exhibit 10.28 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

10.23 Promissory Note dated February 1, 1988, by and between the Company and John Hancock Mutual Life Insurance Company with related Deed of Trust, Assignment of Rents and Security Agreement and Mortgage and Guaranty of Note and Mortgage (incorporated by reference from Exhibit 10.29 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

10.24 Letter from John Hancock Mutual Life Insurance Company dated April 25, 1988, amending Deed of Trust, Assignment of Rents and Security Agreement dated February 1, 1988 (incorporated by reference from Exhibit 10.35 of the Company's Registration Statement on Form S-1 (No. 33-21057) effective May 2, 1988).

10.25 Promissory Note dated April 25, 1991, by and between the Company and John Hancock Mutual Life Insurance Company, with related Modification Agreement and Guaranty of Note and Mortgage (incorporated by reference from Exhibit 10.31 of the Company's Form 8 filed on July 1, 1992).

10.26 Stock Purchase Agreement dated May 12, 1992, between the Company and Archer Daniels Midland Company (incorporated by reference from Exhibit 10.45 of the Company's Form 10-K for the year ended September 26, 1992).

10.27 Promissory Note dated September 21, 1988, by and between the Company and Charles Schreiner Bank, with related Warranty Deed with Vendor's Lien and Deed of Trust and Security Agreement (incorporated by reference from Exhibit 10.40 of the Company's Form 8 filed on July 1, 1992).

10.28 Promissory Note dated November 1, 1988, by and between the Company and The Connecticut Mutual Life Insurance Company, with related Deed of Trust (incorporated by reference from Exhibit 10.41 of the Company's Form 8 filed on July 1, 1992).

10.29 Promissory Note dated September 20, 1990, by and between the Company and Hibernia National Bank of Texas (incorporated by reference from Exhibit 10.42 of the Company's Form 8 filed on July 1, 1992).

10.30 Loan Agreement dated October 16, 1990, by and among the Company, Lonnie "Bo" Pilgrim and North Texas Production Credit Association, with related Variable Rate Term Promissory Note and Deed of Trust (incorporated by reference from Exhibit 10.43 of the Company's Form 8 filed on July 1, 1992).

10.31 Secured Credit Agreement dated May 27, 1993, by and among the Company and Harris Trust and Savings Bank, and FBS AG Credit, Inc., Internationale Nederlanden Bank, N.V., Boatmen's First National Bank of Kansas City, and First Interstate Bank of Texas, N.A. (incorporated by reference from Exhibit 10.31 of the Company's Registration Statement on Form S-1 (No. 33-61160) filed on June 16, 1993).

10.32 Loan and Security Agreement dated as of June 3, 1993, by and among the Company, the banks party thereto and Creditanstalt-Bankverein, as agent (incorporated by reference from Exhibit 10.32 of the Company's Registration Statement on Form S-1 (No. 33-61160) filed on June 16, 1993).

10.33 First Amendment to Secured Credit Agreement dated June 30, 1994 to the Secured Credit Agreement dated May 27, 1993, by and among the Company and Harris Trust and Savings Bank, and FBS AG Credit, Inc., Internationale Nederlanden Bank N.V., Boatman's First National Bank of Kansas City and First Interstate Bank of Texas, N.A.

10.34 Amended and Restated Loan and Security Agreement date July 29, 1994, by and among the Company, the banks party thereto and Creditanstalt-Bankverein, as agent.

10.35 Supplemental Indenture dated October 2, 1994, by and between the Company and State Street Bank and Trust Company of Connecticut, N.A., and Guarantee Agreement, as amended by Second Amendment to Guarantee Agreement dated October 2, 1994.

10.36 Second Amendment to Secured Credit Agreement dated December 6, 1994 to the Secured Credit Agreement dated May 27, 1993, by and among the Company and Harris Trust and Savings Bank, and FBS AG Credit, Inc., Internationale Nederlanden Bank N.V., Boatman's First National Bank of Kansas City and First Interstate Bank of Texas, N.A.

10.37 Third Amendment to Secured Credit Agreement dated June 30, 1995 to the Secured Credit Agreement dated May 27, 1993, by and among the Company and Harris Trust and Savings Bank, and FBS AG Credit, Inc., Internationale Nederlanden Bank N.V., Boatman's First National Bank of Kansas City and First Interstate Bank of Texas, N.A.

10.38 Second Amended and Restated Loan and Security Agreement dated

July 31, 1995, by and among the Company, the banks party thereto and Creditanstalt-Bankverein, as agent.

10.39 Revolving Credit Loan Agreement dated March 27, 1995 by and among the Company and Agricultural Production Credit Association.

10.40 First Supplement to Revolving Credit Loan Agreement dated July 6, 1995 by and among the Company and Agricultural Production Credit Association.

10.41 Note Purchase Agreement dated February 15, 1996, by and between John Hancock Mutual Life Insurance Company, a Massachusetts corporation, and Pilgrim's Pride Corporation, a Delaware corporation.

10.42 Credit Agreement dated as of January 31, 1996 is entered into among Pilgrim's Pride, S.A. de C.V., (the "Borrower") and Internationale Nederlanden (U.S.) Capital Corporation (the "Lender"), Pilgrim's Pride Corporation (the"Company"), Avicola Pilgrim's Pride de Mexico, S.A. de C.V., (the "Parent"), Compania Incubadora Avicola Pilgrim's Pride, S.A. de C.V., Productora Y Distribuidora de Alimentos, S.A. de C.V., Immobiliaria Avicola Pilgrim's Pride, S. De R.L. de C.V. and CIA. Incubadora Hidalgo, S.A. de C.V.

10.43 Fourth Amendment to Secured Credit Agreement dated June 6, 1996 to the Secured Credit Agreement dated May 27, 1993, by and among the Company and Harris Trust and Savings Bank, and FBS AG Credit, Inc., Internationale Nederlanden Bank N.V., Boatman's First National Bank of Kansas City and Wells Fargo Bank Texas, N.A., successor to First Interstate Bank of Texas, N.A.

10.44 Second Supplement to Revolving Credit Loan Agreement dated June 28, 1996 by and among the Company and Agricultural Production Credit Association.

10.45 Third Supplement to Revolving Credit Loan Agreement dated August 22, 1996 by and among the Company and Agricultural Production Credit Association.

22. Subsidiaries of Registrant.*

23. Consent of Ernst & Young LLP.*

27. Financial Data Statement.

* Filed herewith

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K promulgated by the Securities and Exchange Commission, the Company has not filed as exhibits certain other instruments defining the rights of holders of long-term debt of the Company which instruments do not pertain to indebtedness in excess of 10% of the total assets of the Company. The Company hereby agrees to furnish copies of such instruments to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

NOT APPLICABLE

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 16th day of December 1996.

PILGRIM'S PRIDE CORPORATION

By:
Clifford E. Butler
Vice Chairman of the Board and
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 dated indicated.

SIGNATURE	TITLE	DATE
______________________ Lonnie "Bo" Pilgrim	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	12/16/96
______________________ Clifford E. Butler	Vice Chairman of the Board of Directors, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	12/16/96
______________________ Lindy M. "Buddy" Pilgrim	President and Chief Operating Officer and Director	12/16/96
______________________ Robert L. Hendrix	Executive Vice President Operations and Director	12/16/96
______________________ James J. Miner	Senior Vice President Technical Services and Director	12/16/96
______________________ Lonnie Ken Pilgrim	Vice President and Director	12/16/96
______________________ Charles L. Black	Director	12/16/96
______________________ Robert E. Hilgenfeld	Director	12/16/96
______________________ Vance C. Miller	Director	12/16/96
______________________ James J. Vetter, Jr.	Director	12/16/96
______________________ Donald L. Wass	Director	12/16/96

REPORT OF INDEPENDENT AUDITORS

Stockholders and Board of Directors
Pilgrim's Pride Corporation

We have audited the accompanying consolidated balance sheets of Pilgrim's Pride Corporation and subsidiaries at September 28, 1996 and September 30, 1995 and the related consolidated statements of income (loss), stockholders' equity, and cash flows for each of the three years in the period ended September 28, 1996. Our audits also included the financial statement schedule listed on the Index to Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pilgrim's Pride Corporation and subsidiaries at September 28, 1996 and September 30, 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 28, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Dallas, Texas
November 5, 1996

C O N S O L I D A T E D   B A L A N C E   S H E E T S
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

	SEPTEMBER 28, 1996	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 18,040	$ 11,892
Trade accounts and other receivables, less allowance for doubtful accounts	65,887	60,031
Inventories	136,866	110,404
Deferred income taxes	6,801	9,564
Prepaid expenses	907	526
Other current assets	757	953
Total Current Assets	229,258	193,370
OTHER ASSETS	18,827	20,918
PROPERTY, PLANT AND EQUIPMENT		
Land	19,818	17,637
Buildings, machinery and equipment	409,191	383,076
Autos and trucks	32,503	32,227
Construction-in-progress	5,160	9,841
	466,672	442,781
Less accumulated depreciation	178,035	159,465
	288,637	283,316
	$ 536,722	$ 497,604
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable to banks	$ 27,000	$ 13,000
Accounts payable	71,354	55,658
Accrued expenses	33,599	31,130
Current maturities of long-term debt	8,850	5,187
Total Current Liabilities	140,803	104,975
LONG-TERM DEBT, LESS CURRENT MATURITIES	198,334	182,988
DEFERRED INCOME TAXES	53,608	56,725
MINORITY INTEREST IN SUBSIDIARY	842	842
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, authorized 5,000,000 shares; none issued	-	-
Common stock, $.01 par value, authorized 45,000,000 shares; 27,589,250 issued and outstanding in 1996 and 1995	276	276
Additional paid-in capital	79,763	79,763
Retained earnings	63,096	72,035
Total Stockholders' Equity	143,135	152,074
Commitments and Contingencies	-	-
	$ 536,722	$ 497,604

See Notes to Consolidated Financial Statements

C O N S O L I D A T E D   S T A T E M E N T S   O F   I N C O M E   (L O S S)
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

	Years Ended		
	SEPTEMBER 28, 1996	SEPTEMBER 30, 1995	OCTOBER 1, 1994
	(N THOUSANDS, EXCEPT PER SHARE DATA)		
NET SALES	$ 1,139,310	$ 931,806	$ 922,609
COSTS AND EXPENSES:			
Cost of sales	1,068,670	857,662	811,782
Selling, general and administrative	49,136	49,214	51,129
	1,117,806	906,876	862,911
Operating Income	21,504	24,930	59,698
OTHER EXPENSES (INCOME):			
Interest expense, net	21,539	17,483	19,173
Foreign exchange (gain) loss	1,275	5,605	(257)
Miscellaneous, net	(1,357)	(249)	(1,666)
	21,457	22,839	17,250
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY CHARGE	47	2,091	42,448
Income tax expense	4,551	10,058	11,390
Net income (loss) before extraordinary charge	(4,504)	(7,967)	31,058
Extraordinary charge-early repayment of debt, net of tax	(2,780)	-	-
NET INCOME (LOSS)	(7,284)	(7,967)	31,058
Net income (loss) per common share before extraordinary charge	$ (0.16)	$ (0.29)	$ 1.13
Extraordinary charge per common share	(0.10)	-	-
NET INCOME (LOSS) PER COMMON SHARE	$ (0.26)	$ (0.29)	$ 1.13

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

	Number Of Shards	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
			(dollars in thousands, except per share data)		
Balance at October 2, 1993	27,589,250	$ 276	$ 79,763	$ 52,254	$ 132,293
Net income for year				31,058	31,058
Cash dividends declared ($0.06 per share)				(1,655)	(1,655)
Balance at October 1, 1994	27,589,250	276	79,763	81,657	161,696
Net loss for year				(7,967)	(7,967)
Cash dividends declared ($.06 per share)				(1,655)	(1,655)
Balance at September 30, 1995	27,589,250	276	79,763	72,035	152,074
Net loss for year				(7,284)	(7,284)
Cash dividends declared ($.06 per share)				(1,655)	(1,655)
Balance at September 28, 1996	27,589,250	$ 276	$ 79,763	$ 63,096	$ 143,135

See Notes to Consolidated Financial Statements.

C O N S O L I D A T E D   S T A T E M E N T S   O F   C A S H   F L O W S

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

	YEARS ENDED		
	September 28, 1996	September 30, 1995 (in thousands)	October 1, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (7,284)	$(7,967)	$ 31,058
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	28,024	26,127	25,177
Gain on property disposals	(211)	(263)	(608)
Provision for doubtful accounts	1,003	1,133	2,666
Deferred income taxes	(354)	3,785	6,720
Extraordinary charge	4,587	-	-
Changes in operating assets and liabilities:			
Accounts and other receivables	(6,858)	(3,370)	3,412
Inventories	(24,830)	(4,336)	(8,955)
Prepaid expenses	(674)	1,066	(459)
Accounts payable and accrued expenses	18,165	15,249	1,742
Other	(177)	1,288	(89)
Net Cash Flows Provided by Operating Activities	11,391	32,712	60,664
INVESTING ACTIVITIES:			
Acquisitions of property, plant and equipment	(34,314)	(35,194)	(25,547)
Business acquisitions - property, plant and equipment	-	(29,519)	-
- other net assets	-	(6,659)	-
Proceeds from property disposal	1,468	541	2,103
Other, net	312	(758)	(128)
Net Cash Used in Investing Activities	(32,534)	(71,589)	(23,572)
FINANCING ACTIVITIES:			
Proceeds from notes payable to banks	91,000	15,000	7,000
Repayments on notes payable to banks	(77,000)	(2,000)	(19,000)
Proceeds from long-term debt	51,028	45,030	31
Payments on long-term debt	(32,140)	(16,202)	(16,253)
Extraordinary charge, cash items	(3,920)	-	-
Cash dividends paid	(1,655)	(1,655)	(2,069)
Cash Provided by (Used in) Financing Activities	27,313	40,173	(30,291)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS EQUIVALENTS	(22)	(648)	(83)
Increase in cash and cash equivalents	6,148	648	6,718
Cash and cash equivalents at beginning of year	11,892	11,244	4,526
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 18,040	$ 11,892	$ 11,244
Supplemental disclosure information:			
Cash paid during the year for:			
Interest (net of amount capitalized)	$ 20,310	$ 16,764	$ 19,572
Income taxes	$ 4,829	$ 5,128	$ 7,108

See Notes to Consolidated Financial Statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Pilgrim's Pride Corporation and its wholly and majority owned subsidiaries (the "Company"). Significant intercompany accounts and transactions have been eliminated.

The financial statements of the Company's Mexican subsidiaries are remeasured as if the U.S. dollar were the functional currency. Accordingly, assets and liabilities of the Mexican subsidiaries are translated at end-of-period exchange rates, except for non-monetary assets which are translated at equivalent dollar costs at dates of acquisition using historical rates. Operations are translated at average exchange rates in effect during the period. Foreign exchange (gains) losses are separately stated as components of "Other expenses (income)" in the Consolidated Statement of Income (Loss). In recent years the Company has experienced losses in Mexico primarily as a result of currency devaluations and other economic factors. As of September 28, 1996, the Company has net Mexican assets of $139.9 million.

CASH EQUIVALENTS: The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ACCOUNTS RECEIVABLE: The Company does not believe it has significant concentrations of credit risk in its accounts receivable, which are generally unsecured. Credit evaluations are performed on all significant customers and updated as circumstances dictate. Allowances for doubtful accounts were $4.0 million and $4.3 million in 1996 and 1995, respectively.

INVENTORIES: Live chicken inventories are stated at the lower of cost or market and hens at the lower of cost, less accumulated amortization, or market. The costs associated with hens are accumulated up to the production stage and amortized over the productive lives using the straight-line method. Finished chicken products, feed, eggs and other inventories are stated at the lower of cost (first-in, first-out method) or market. Occasionally, the Company hedges a portion of its purchases of major feed ingredients using futures contracts to minimize the risk of adverse price fluctuations. Gains and losses on the hedge transactions are deferred and recognized as a component of cost of sales when products are sold.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated at cost. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of these assets. Depreciation expense was $26.8 million, $24.8 million and $23.7 million in 1996, 1995 and 1994, respectively.

NET INCOME (LOSS) PER COMMON SHARE: Net income (loss) per share is based on the weighted average shares of common stock outstanding during the year. The weighted average number of shares outstanding was 27,589,250 in all periods.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles 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.

BUSINESS: Pilgrim's Pride Corporation (the "Company") is a vertically integrated producer of chicken products, controlling the breeding, hatching and growing of chickens and the processing, preparation and packaging of its product lines. The Company is the fifth largest producer of chicken in the United States, with production and distribution facilities located in Texas, Arkansas, Oklahoma and Arizona, and one of the two largest producers of chicken in Mexico, with production and distribution facilities located in Mexico City and the states of Coahuila, San Luis Potosi, Queretaro and Hidalgo. The Company's chicken products consist primarily of prepared foods, which include portion-controlled breast fillets, tenderloins and strips, formed nuggets and patties and bone-in chicken parts, fresh foodservice chicken, prepackaged chicken, and bulk packaged chicken.

NOTE B - INVENTORIES

Inventories consist of the following:

	September 28, 1996	September 30, 1995
	(in thousands)	
Live chickens and hens	$66,248	$55,353

Feed, eggs and other	39,804	32,087
Finished chicken products	30,814	22,964
	$136,866	$110,404

NOTE C - NOTES PAYABLE AND LONG-TERM DEBT

The Company maintains a $100 million domestic credit facility with various banks providing short-term lines of credit at interest rates of approximately one and three-quarters percent above LIBOR. Domestic inventories and trade accounts receivable of the Company are pledged as collateral on this facility. The Company also maintains a $10 million credit facility for its Mexican operations with a bank providing short-term lines of credit at interest rates of approximately two and three-quarters percent above LIBOR. The Company has a negative pledge of Mexican inventories and accounts receivable related to this facility. At September 28, 1996, availability under these lines totaled $73.8 million. The weighted average interest rate on the Company's short-term borrowings as of September 28, 1996, was 7.2%. The fair value of the Company's long-term debt was estimated using quoted market prices, where available. For long-term debt not actively traded, fair values were estimated using discounted cash flow analysis using current market rates for similar types of borrowings.

The table below sets forth maturities on long-term debt during the next five years.

Year	Amount (in thousands)
1997	8,850
1998	9,741
1999	9,864
2000	24,692
2001	5,930

During 1996, the Company retired certain debt prior to its scheduled maturity. These repayments resulted in an extraordinary charge of $2.8 million, net of $1.8 million tax benefit.

The Company is required, by certain provisions of its debt agreements, to maintain minimum levels of working capital and net worth, to limit dividends to a maximum of $1.7 million per year, to maintain various fixed charge, leverage, current and debt-to-equity ratios, and to limit annual capital expenditures.

Total interest during 1996, 1995 and 1994 was $23.4 million, $19.1 million and $20.1 million, respectively. Interest related to new construction capitalized in 1996, 1995 and 1994 was $1.3 million, $.6 million and $.5 million, respectively.
Long-term debt and the related fair values consist of the following:

	September 28, 1996		September 30, 1995	
	CARRYING AMOUNTS	FAIR VALUE	CARRYING AMOUNTS	FAIR VALUE
	(IN THOUSANDS)			
Senior subordinated notes due August 1, 2003, interest at 10 7/8% (effective rate of 11 1/8 %) payable in semi-annual installments, less discount of $1,032,000 and $1,181,000 in 1996 and 1995, respectively	$ 98,968	$ 100,219	$ 98,819	$ 96,219
Notes payable to an insurance company at 7.21%, payable in monthly installments of $455,305 including interest, plus one final balloon payment at maturity on February 28, 2006	48,896	46,063	-	-
Notes payable to bank, interest at LIBOR plus 2.0% in 1996 and 1.8% in 1995, respectively, with principal payments of $167,000 and $950,000 in quarterly installments, interest paid monthly, in fiscal year 1996 and thereafter, respectively, plus one final balloon payment at maturity on June 30, 2000	29,732	29,732	30,233	30,233
Notes payable to an agricultural lender at a rate approximating LIBOR plus 1.65%, pay in equal equal equal monthly installments including interest through April 1, 2003	27,080	27,080	29,119	29,119
Senior secured debt payable to an insurance company at 10.49%, payable in equal annual installments beginning October 5, 1996 through September 21, 2002	-	-	22,000	23,930
Senior secured debt payable to an insurance company, interest at 9.55%, payable in equal annual installments through October 1, 1998	-	-	4,440	4,712
Other notes payable	2,508	2,547	3,564	3,745
	207,184	205,641	188,175	187,958
Less current maturities	8,850		5,187	
	$198,334		$182,988	

Substantially all of the Company's domestic property, plant and equipment is pledged as collateral on its long-term debt, however, Mexico's property, plant and equipment is unencumbered.

NOTE D - INCOME TAXES

Income (loss) before income taxes and extraordinary charge after allocation of certain expenses to foreign operations for 1996, 1995 and 1994 was $16.3 million, $29.9 million and $33.9 million, respectively, for domestic operations, and $(16.3) million, $(27.8) million and $8.6 million, respectively, for foreign operations. The provisions for income taxes are based on pretax financial statement income.

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

	September 28, 1996	September 30, 1995	October 1, 1994
Current:			
Federal	$3,005	$5,215	$4,573
Foreign	817	638	423
Other	1,083	420	(326)
	4,905	6,273	4,670
Deferred:			
Reinstatement of deferred taxes through utilization of tax credits and net operating losses	397	3,542	6,589
Accelerated tax depreciation	(195)	215	1,002
Expenses deductible in a different year for tax and financial reporting purposes	238	411	(580)
Other, net	(794)	(383)	(291)
	(354)	3,785	6,720
	$4,551	$10,058	$11,390

The following is a reconciliation between the statutory U.S. federal income tax rate and the Company's effective income tax rate.

	Years Ended		
	SEPTEMBER 28, 1996	SEPTEMBER 30, 1995	OCTOBER 1, 1994
Federal income tax rate	35.0%	35.0%	35.0%
State tax rate, net	1,674.1	40.1	2.3
Effect of Mexican loss being non-deductible in U.S.	6,252.3	411.1	-
Difference in U.S. statutory tax rate and Mexican effective tax rate	-	-	(10.7)
Effect of Mexican asset based minimum tax	1,649.3	-	-
Other, net	0.2	(5.2)	0.2
	9,610.9%	481.0%	26.8%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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

	Years Ended	
	SEPTEMBER 28, 1996	SEPTEMBER 30, 1995
	(IN THOUSANDS)	
Deferred tax liabilities:		
Tax over book depreciation	$ 24,027	$ 24,221
Prior use of cash accounting	33,418	33,572
Other	930	965
Total deferred tax liabilities	58,375	58,758
Deferred tax assets:		
AMT credit carryforward	4,034	2,972
General business credit carryforward	-	1,459
Expenses deductible in different years	7,534	7,166
Total deferred tax asset	11,568	11,597
Net deferred tax liabilities	$ 46,807	$ 47,161

On January 1, 1994, the Company completed a series of restructuring of activities in Mexico which allowed previously nonagricultural Mexican operations to be combined with existing agricultural operations and, as such, qualify for taxability as agricultural operations, which are currently not subject to taxes in Mexico. The current provision for foreign income taxes in 1996 and 1995 is the result of an asset based minimum tax. The Company has not provided any U.S. deferred federal income taxes on the undistributed earnings of its Mexican subsidiaries based upon its determination that such earnings will be indefinitely reinvested. As of September 28, 1996, the cumulative undistributed earnings of these subsidiaries were approximately $19.1 million. If such earnings were not considered indefinitely reinvested, deferred federal and foreign income taxes would have been provided, after consideration of estimated foreign tax credits. (Included in this amount would be foreign taxes resulting from earnings of the Mexican agricultural subsidiaries which would be due upon distribution of such earnings to the U.S.) However, determination of the amount of deferred federal and foreign income taxes is not practicable.

As of September 28, 1996, approximately $4.0 million of alternative minimum tax credits were available to offset future taxable income. All credits have been reflected in the financial statements as a reduction of deferred taxes. As these credits are utilized for tax purposes, deferred taxes will be reinstated.

NOTE E - SAVINGS PLAN

The Company maintains a Section 401(k) Salary Deferral Plan (the "Plan"). Under the Plan, eligible domestic employees may voluntarily contribute a percentage of their compensation. The Plan provides for a contribution of up to four percent of compensation subject to an overall Company contribution limit of five percent of income before taxes.

Under the plan outlined above, the Company's expenses were $1.8 million, $1.9 million and $2.6 million in 1996, 1995 and 1994, respectively.

NOTE F - RELATED PARTY TRANSACTIONS

The major stockholder of the Company owns an egg laying and a chicken growing operation. Transactions with related entities are summarized as follows:

	Years Ended		
	September 28, 1996	SEPTEMBER 30, 1995 (IN THOUSANDS)	OCTOBER 1, 1994
Contract egg grower fees to major stockholder	$ 4,697	$ 4,760	$ 5,137
Chick, feed and other sales to major stockholder	18,057	12,478	9,373
Live chicken purchases from major stockholder	18,112	12,721	9,346
Purchases of feed ingredients from Archer Daniels Midland Company	23,226	44,250	56,499

The Company leases an airplane from its major stockholder under an operating lease agreement. The terms of the lease agreement require monthly payments of $33,000 plus operating expenses. Lease expense was $396,000 for each of the years 1996, 1995 and 1994. Operating expenses were $88,000, $149,000 and $213,000 in 1996, 1995 and 1994, respectively.

Expenses incurred for the guarantee of certain debt by stockholders were $1,027,000, $623,000 and $526,000 in 1996, 1995 and 1994, respectively.

NOTE G - COMMITMENTS AND CONTINGENCIES

The Consolidated Statements of Income (Loss) included rental expense for operating leases of approximately $10.1 million, $9.8 million and $10.1 million in 1996, 1995 and 1994, respectively. The Company's future minimum lease commitments under noncancelable operating leases are as follows:

YEAR	AMOUNT (IN THOUSANDS)
1997	$8,787
1998	$8,084
1999	$7,323
2000	$6,643
2001	$5,837
Thereafter	$11,336

At September 28, 1996, the Company had $9.2 million letters of credit outstanding relating to normal business transactions.

The Company is subject to various 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 financial position or results of operations of the Company.

NOTE H - BUSINESS SEGMENTS

The Company operates in a single business segment as a producer of agricultural products and conducts separate operations in the United States and Mexico.

Interarea sales, which are not material, are accounted for at prices comparable to normal trade customer sales. Identifiable assets by geographic area are those assets which are used in the Company's operation in each area.

Information about the Company's operations in these geographic areas is as follows:

	Years Ended		
	SEPTEMBER 28, 1996	SEPTEMBER 30, 1995 (IN THOUSANDS)	OCTOBER 1, 1994
Sales to unaffiliated customers:			
United States	$ 911,181	$ 772,315	$ 733,865
Mexico	228,129	159,491	188,744
	$1,139,310	$ 931,806	$ 922,609
Operating income (loss):			
United States	$ 29,705	$ 41,923	$ 46,421
Mexico	(8,201)	(16,993)	13,277
	$ 21,504	$ 24,930	$ 59,698
Identifiable assets:			
United States	$ 363,543	$ 328,489	$ 302,911
Mexico	173,179	169,115	135,772
	$ 536,722	$ 497,604	$ 438,683

NOTE I - ACQUISITIONS AND INVESTMENTS

On July 5, 1995, the Company acquired certain assets of Union de Queretaro, et al, a group of five chicken companies located near Queretaro, Mexico for approximately $35.3 million. These assets were integrated with the Company's existing Mexican operation, headquartered in Queretaro, Mexico, which is one of the two largest chicken operations in Mexico. The acquisition has been accounted for as a purchase, and the results of operations for this acquisition have been included in the Company's consolidated results of operations since the acquisition date. Pro forma operating results are not presented as they would not differ materially from actual results reported in 1995 and 1994.

NOTE J - QUARTERLY RESULTS - (UNAUDITED)

YEAR ENDED SEPTEMBER 28, 1996

	First Quarter	Second Quarter	Third Quarter	Fourth Qaurter	Fiscal Year
	(in thousands, except per share data)				
Net sales	$267,475	$272,004	$294,339	$305,492	$1,139,310
Gross profit	20,972	16,047	17,384	16,237	70,640
Operating income (loss)	8,825	3,684	5,454	3,541	21,504
Extraordinary charge(a)	-	(2,780)	-	-	(2,780)
Net income (loss)	(704)	(3,335)	1,007	(4,252)	(7,284)
Per share:					
Net income (loss) before extraordinary charge	(0.03)	(0.02)	0.04	(0.15)	(0.16)
Extraordinary charge	-	(0.10)	-	-	(0.10)
Net income (loss)	(0.03)	(0.12)	0.04	(0.15)	(0.26)
Cash dividends	0.015	0.015	0.015	0.015	0.06
Market price:					
High	8 3/8	7 5/8	9	9	9
Low	6 5/8	6 3/4	6 3/4	7 1/2	6 5/8

YEAR ENDED SEPTEMBER 30, 1995

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
	(in thousands, except per share data)				
Net sales	$227,000	$216,830	$230,297	$257,679	$931,806
Gross profit	20,765	7,577	23,826	21,976	74,144
Operating income (loss)	8,742	(4,662)	11,843	9,007	24,930
Net income (loss)	556	(16,304)	6,143	1,638	(7,967)
Per share:					
Net income (loss)	0.02	(0.59)	0.22	0.06	(0.29)
Cash dividends	0.015	0.015	0.015	0.015	0.06
Market price:					
High	10 3/8	9 3/4	8 3/8	8 3/4	10 3/8
Low	9 3/8	7 3/4	7 1/2	7 5/8	7 1/2

(a) The extraordinary charge of $2.8 million, net of tax, is the result of the early repayment of 10.49% and 9.55% senior secured debt payable to an insurance company. (See Note C).

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Col. A	Col. B	Col. C		Col. D	Col. E
		ADDITIONS			
DESCRIPTION	Balance at Beginning of Period	Charged to Costs and Expenses	Changes to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
Year ended September 28, 1996:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$ 4,280,000	$ 1,003,000	$ --	$ 1,298,000(1)	$ 3,985,000
Year ended September 30, 1995:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$ 5,906,000	$ 1,333,000	$ --	$ 2,759,000(1)	$ 4,280,000
Year ended October 1, 1994:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$ 3,238,000	$ 2,666,000	$ --	$ (2,000)(2)	$ 5,906,000

(1) The decrease in the 1996 and 1995 reserve account is primarily due to the devaluation of the peso.

(2) Uncollectible accounts written off, net of receivables.

EXHIBIT 22 - SUBSIDIARIES OF REGISTRANT

1. AVICOLA PILGRIM'S PRIDE DE MEXICO, S.A. DE C.V.
2. COMPANIA INCUBADORA AVICOLA PILGRIM'S PRIDE, S.A. DE C.V.
3. CIA. INCUBADORA HIDALGO, S.A. DE C.V.
4. INMOBILIARIA AVICOLA PILGRIM'S PRIDE, S. DE R.L. DE C.V.
5. PILGRIM'S PRIDE, S.A. DE C.V.
6. PRODUCTORA Y DISTRIBUIDORA DE ALIMENTOS, S.A. DE. C.V.
7. GALLINA PESADA S.A. DE C.V.

EXHIBIT 23 - CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 3-12043) of Pilgrim's Pride Corporation of our report dated November 5, 1996, with respect to the consolidated financial statements and schedule of Pilgrim's Pride Corporation included in this Annual Report (Form 10-K) for the year ended September 28, 1996.

ERNST & YOUNG LLP

Dallas, Texas 75201
December 13, 1996

SECOND SUPPLEMENT TO REVOLVING CREDIT LOAN AGREEMENT

This Second Supplement to the Revolving Credit Loan Agreement is dated as of the date set forth below between AGRICULTURAL PRODUCTION CREDIT ASSOCIATION, a federally chartered production credit association, organized and operating under the Farm Credit Act of 1971, as amended, with its principal place of business at 3210 WNW Loop 323, Tyler, Texas (hereinafter referred to as "Lender"), and PILGRIM'S PRIDE CORPORATION, a Delaware corporation authorized to do business in the state of Texas, with its principal place of business at 110 S. Texas, Pittsburg, Texas (hereinafter referred to as "Borrower").

RECITALS

WHEREAS, Borrower executed the Revolving Credit Loan Agreement, dated March 27, 1995, which agreement provided Borrower with a revolving credit facility under the terms and conditions set forth therein, and which agreement was modified by the First Supplement to Revolving Credit Loan Agreement dated July 6, 1995 (such documents being collectively referred to herein as the "Agreement"); and

WHEREAS, Borrower, Guarantor, and Lender desire to amend certain material provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and in the Agreement, the parties agree as follows:

1. CAPITALIZED TERMS. When used in this Second Supplement to Revolving Credit Loan Agreement, all capitalized terms shall have the same meanings and definitions set forth in the Agreement.

2. PURPOSE. Borrower and Guarantor each acknowledge that all terms and provisions of the Agreement and the Loan Documents shall be and remain in full force and effect as therein written, except as otherwise expressly provided herein. Nothing herein shall operate to release Borrower or Guarantor from any liability to keep or perform all of the terms, conditions, obligations and agreements contained in the Agreement and in the Loan Documents, except as herein expressly modified.

3. MODIFICATIONS. The Agreement is hereby modified as follows:

(a) Section 7.01 of the Agreement is amended to read as follow:

7.01. LEVERAGE RATIO. Borrower shall not permit its Leverage Ratio at the end of any Fiscal Quarter from the date of this Agreement through and including the Fiscal Quarter ending March 31, 1996 to exceed 0.675: 1.00. Borrower shall not permit its Leverage Ratio at the end of any Fiscal Quarter following April 1, 1996 through and including the Fiscal Quarter ending December 31, 1997 to exceed 0.700: 1.00. Thereafter, Borrower shall not permit its Leverage Ratio at the end of any succeeding Fiscal Quarter to exceed 0.675: 1.00.

4. SUCCESSORS AND ASSIGNS. This Second Supplement to Revolving Credit Loan Agreement shall be binding upon and inure to the benefit of Borrower, Guarantor and Lender and their respective Affiliates, successors, permitted assigns, heirs and legal representatives.

5. ENTIRE AGREEMENT. This Second Supplement to Revolving Credit Loan Agreement represents all agreed modifications to the Agreement and supersedes all prior written and oral negotiations and/or agreements pertaining to the modifications set forth herein.

6. COUNTERPARTS. This Second Supplement to Revolving Credit Loan Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same Second Supplement to Revolving Credit Loan Agreement.

THIS SECOND SUPPLEMENT TO REVOLVING CREDIT LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES RELATING TO THIS MODIFICATION OF THE REVOLVING CREDIT LOAN AGREEMENT, DATED MARCH 27, 1995, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed this the 28th day of June 1996.

Agricultural Production Credit Association	Pilgrim's Pride Corporation
By:______________________________	By:______________________________
Name: Stephen R. Ogletree	Name: Lonnie "Bo" Pilgrim
Title: President	Title: Chief Executive Officer

Attest:

____

Name: Cliff Butler
Title: Chief Financial Officer

Guarantors:

____

Lonnie "Bo" Pilgrim

____
Patty Redding Pilgrim

THIRD SUPPLEMENT TO REVOLVING CREDIT LOAN AGREEMENT

This Third Supplement to the Revolving Credit Loan Agreement is dated as of the date set forth below between AGRICULTURAL PRODUCTION CREDIT ASSOCIATION, a federally chartered production credit association, organized and operating under the Farm Credit Act of 1971, as amended, with its principal place of business at 3210 WNW Loop 323, Tyler, Texas (hereinafter referred to as "Lender"), and PILGRIM'S PRIDE CORPORATION, a Delaware corporation authorized to do business in the state of Texas, with its principal place of business at 110 S. Texas, Pittsburg, Texas (hereinafter referred to as "Borrower").

RECITALS

WHEREAS, Borrower executed the Revolving Credit Loan Agreement, dated March 27, 1995, which agreement provided Borrower with a revolving credit facility under the terms and conditions set forth therein, and which agreement was modified by the First Supplement to Revolving Credit Loan Agreement dated July 6, 1995, and the Second Supplement to Revolving Credit Loan Agreement dated June 28, 1996 (such documents being collectively referred to herein as the "Agreement"); and

WHEREAS, Borrower, Guarantor, and Lender desire to amend certain material provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and in the Agreement, the parties agree as follows:

1. CAPITALIZED TERMS. When used in this Third Supplement to Revolving Credit Loan Agreement, all capitalized terms shall have the same meanings and definitions set forth in the Agreement.

2. PURPOSE. This Supplement to the Agreement is made to document Borrower's desire to obtain an Advance for the purchase of certain real property in Dallas County, Texas. Borrower and Guarantor each acknowledge that all terms and provisions of the Agreement and the Loan Documents shall be and remain in full force and effect as therein written, except as otherwise expressly provided herein. Nothing herein shall operate to release Borrower or Guarantor from any liability to keep or perform all of the terms, conditions, obligations and agreements contained in the Agreement and in the Loan Documents, except as herein expressly modified.

3. MODIFICATIONS. The Agreement is hereby modified as follows:

(a) Certain definitions in Section 1.01 of the Agreement are hereby amended to read as follows:

"Deed of Trust" shall mean all and singular the Deeds of Trust, Security Agreements, Financing Statements, Assignments of Rents, Agreements and Mortgages executed by Borrower and assigning or conveying the Collateral to secure the repayment of the Obligations including, without any limitation, any such instruments executed by Borrower on property added to the Collateral after the original date of this Agreement, and all amendments, modifications, supplements, extensions and revisions.

"Land" shall mean the real estate or interest therein described in Schedule "1.01" and in Supplemental Schedule "1.01 H" attached to the Agreement and incorporated herein by this reference, all fixtures or other improvements situated thereon and all rights, titles and interests appurtenant thereto.

"Title Insurance" shall mean one or more mortgagee's policies of title insurance, all in form and substance satisfactory to Lender and containing no exceptions (printed or otherwise) which are unacceptable to Lender, issued by a title company (or, if Lender so requires, by several title companies) acceptable to Lender in the aggregate amount of at least $16,000,000.00 and insuring that Lender has a first and prior Deed of Trust on the Collateral, subject only to the Permitted Liens described in the Deed of Trust.

4. SUCCESSORS AND ASSIGNS. This Third Supplement to Revolving Credit Loan Agreement shall be binding upon and inure to the benefit of Borrower, Guarantor and Lender and their respective Affiliates, successors, permitted assigns, heirs and legal representatives.

5. ENTIRE AGREEMENT. This Third Supplement to Revolving Credit Loan Agreement represents all agreed modifications to the Agreement and supersedes all prior written and oral negotiations and/or agreements pertaining to the modifications set forth herein.

6. COUNTERPARTS. This Third Supplement to Revolving Credit Loan Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same Third Supplement to Revolving Credit Loan Agreement.

THIS THIRD SUPPLEMENT TO REVOLVING CREDIT LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES RELATING TO THIS MODIFICATION OF THE REVOLVING CREDIT LOAN AGREEMENT, DATED MARCH 27, 1995, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed this the 22nd day of August, 1996.

Agricultural Production   Pilgrim's Pride Corporation

Credit Association

By:______________________________	By:______________________________
Name: Stephen R. Ogletree	Name: Lonnie "Bo" Pilgrim
Title: President	Title: Chief Executive Officer

Attest:

____
Name: Cliff Butler
Title: Chief Financial Officer

Guarantors:

____
Lonnie "Bo" Pilgrim

____
Patty Redding Pilgrim

YEAR
SEP-28-1996
SEP-28-1996
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65,887
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(.26)
(.26)