SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For quarter ended JUNE 29, 2002

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)

(903) 855-1000
(Telephone number of principal executive offices)

Not Applicable
Former name, former address and former fiscal year, if changed since last report.

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

27,589,250 shares of the Registrant's Class B Common Stock, $.01 par value, were outstanding as of July 26, 2002.

13,523,429 shares of the Registrant's Class A Common Stock, $.01 par value, were outstanding as of July 26, 2002.

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PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 29, 2002	SEPTEMBER 29, 2001
ASSETS	(in thousands, except share and per share data)	
Current Assets:		
Cash and cash equivalents	$ 7,813	$ 20,916
Trade accounts and other receivables, less allowance for doubtful accounts	91,705	95,022
Inventories	331,092	314,400
Other current assets	9,683	12,934
Total Current Assets	440,293	443,272
Other Assets	21,803	20,067
Property, Plant and Equipment:		
Land	37,356	36,350
Buildings, machinery and equipment	985,311	929,922
Autos and trucks	55,453	53,264
Construction in progress	62,083	71,427
	1,140,203	1,090,963
Less accumulated depreciation	383,934	338,607
	756,269	752,356
	$1,218,365	$ 1,215,695
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable to banks	$ 58,000	$ --
Accounts payable	136,516	151,265
Accrued expenses	82,590	83,558
Current maturities of long-term debt	5,207	5,099
Total Current Liabilities	282,313	239,922
Long-Term Debt, less current maturities	418,064	467,242
Deferred Income Taxes	118,068	126,710
Minority Interest in Subsidiary	2,010	889
Commitments and Contingencies	--	--
Stockholders' Equity:		
Preferred stock, $.01 par value, authorized 5,000,000 shares; none issued	--	--
Common stock - Class A, $.01 par value, authorized 100,000,000 shares; 13,794,529 issued and outstanding at June 29, 2002 and September 29, 2001, respectively	138	138
Common stock - Class B, $.01 par value, authorized 60,000,000 shares; 27,589,250 issued and outstanding at June 29, 2002 and September 29, 2001, respectively	276	276
Additional paid-in capital	79,625	79,625
Retained earnings	318,413	302,758
Accumulated and Other Comprehensive Income	1,026	(297)
Less treasury stock, 271,100 shares	(1,568)	(1,568)
Total Stockholders' Equity	397,910	380,932
	$ 1,218,365	$ 1,215,695

See notes to consolidated financial statements.

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	(in thousands, except share and per share data)			
Net Sales	$637,116	$645,836	$1,893,899	$1,573,461
Costs and Expenses:				
Cost of sales	590,116	570,211	1,760,404	1,421,454
Selling, general and administrative	32,954	30,139	100,491	88,581
	623,070	600,350	1,860,895	1,510,035
Operating income	14,046	45,486	33,004	63,426
Other Expense (Income):				
Interest expense, net	9,031	10,014	24,866	21,239
Foreign exchange loss/ (gain)	2,269	(602)	1,374	(439)
Miscellaneous, net	(3,778)	1,751	(3,292)	1,348
	7,522	11,163	22,948	22,148
Income before income taxes	6,524	34,323	10,056	41,278
Income tax expense (benefit)	3,258	9,056	(7,453)	13,075
Net income	$ 3,266	$ 25,267	$ 17,509	$ 28,203
Net income per common share - basic and diluted	$ 0.08	$ 0.62	$ 0.43	$ 0.69
Dividends per common share	$ 0.015	$ 0.015	$ 0.045	$ 0.045
Weighted average shares outstanding	41,112,679	41,112,679	41,112,679	41,112,679

See notes to financial statements.

PILGRIM'S PRIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 29, 2002	Nine Months Ended June 30, 2001
	(in thousands)	
Cash Flows From Operating Activities:		
Net income	$17,509	$28,203
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	52,859	39,428
Loss on property disposals	227	76
Deferred income taxes	(8,642)	4,486
Changes in operating assets and liabilities:		
Accounts and other receivables	3,317	(24,748)
Inventories	(16,692)	(18,167)
Prepaid expenses and other current assets	3,251	(2,326)
Accounts payable and accrued expenses	(15,717)	(9,181)
Other	2,655	(519)
Cash Provided by Operating Activities	38,767	17,252
Investing Activities:		
Acquisitions of property, plant and equipment	(56,430)	(87,640)
Business acquisitions	--	(239,539)
Proceeds from property disposals	790	1,622
Other, net	(2,923)	3,040
Net Cash Used In Investing Activities	(58,563)	(322,517)
Financing Activities:		
Borrowing for acquisition	--	285,070
Repayments on WLR Foods, Inc. debt	--	(45,531)
Proceeds from notes payable to banks	141,500	136,000
Repayments of notes payable to banks	(83,500)	(82,000)
Proceeds from long-term debt	63,101	102,631
Payments on long-term debt	(112,171)	(108,491)
Cash dividends paid	(1,854)	(1,854)
Cash Provided By Financing Activities	7,076	285,825
Effect of exchange rate changes on cash and cash equivalents	(383)	147
Decrease in cash and cash equivalents	(13,103)	(19,293)
Cash and cash equivalents at beginning of year	20,916	28,060
Cash and cash equivalents at end of period	$ 7,813	$ 8,767
Supplemental disclosure information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 22,833	$ 16,262
Income taxes	1,451	6,845

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Pilgrim's Pride Corporation ("Pilgrim's" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended June 29, 2002 are not necessarily indicative of the results that may be expected for the year ended September 28, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in Pilgrim's annual report on Form 10-K for the year ended September 29, 2001.

The consolidated financial statements include the accounts of Pilgrim's and its wholly and majority owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

Total comprehensive income for the three months ending and the nine months ending June 29, 2002 and June 30, 2001 was $4.9 million, $18.8 million and $25.3 million, $27.8 million, respectively.

On January 27, 2001, we acquired WLR Foods, Inc. (formerly Nasdaq:WLRF) for approximately $239.5 million and the assumption of approximately $45.5 million of indebtedness. WLR Foods' operations have been included since the acquisition on January 27, 2001. The acquisition was accounted for under the purchase method of accounting and the purchase price has been allocated based on the estimated fair value of assets and liabilities.

Pro Forma Financial Information: The following unaudited pro forma financial information has been presented as if the acquisition of WLR Foods had occurred as of the beginning of the nine months ended June 30, 2001. In addition, certain reclassifications have been made to the WLR Foods historical financial statements to conform to the presentation used by Pilgrim's Pride Corporation.

	Nine Months Ended Historical June 29, 2002	Nine Months Ended ProForma June 30, 2001
	(in thousands)	
Net Sales	$1,893,899	$1,837,891
Operating Income	33,004	51,681
Depreciation and Amortization	52,859	48,561
Interest Expense, Net	24,866	30,253
Income Before Tax	10,056	20,384
Net Income	$ 17,509	$ 15,457

Net Income Per Common Share - Basic and Diluted	$ 0.43	$ 0.37

NOTE B--ACCOUNTS RECEIVABLE

In 1998 the Company entered into an Asset Sale Agreement to sell up to $60 million of accounts receivable. In connection with the Asset Sale Agreement, the Company sells, on a revolving basis, certain of its trade receivables (the "Pooled Receivables") to a special purpose corporation wholly owned by the Company, which in turn sells a percentage ownership interest to third parties. At June 29, 2002 and September 29, 2001, an interest in these Pooled Receivables of $60.0 million and $58.5 million, respectively, had been sold to third parties and is reflected as a reduction to accounts receivable. The increase in pooled receivable sales from September 29, 2001 is included in cash flows from operating activities in the Consolidated Statements of Cash Flows. Losses on sales were immaterial.

NOTE C--INVENTORIES

Inventories consist of the following:

	June 29, 2002	September 29, 2001
	(in thousands)	
Chicken:		
Live chicken and hens	$ 101,645	$ 97,073
Feed, eggs and other	69,085	77,970
Finished chicken products	68,914	70,493
	239,644	245,536
Turkey:		
Live turkey and hens	24,975	30,694
Feed, eggs and other	13,979	3,906
Finished turkey products	52,494	34,264
	91,448	68,864
Total Inventories	$331,092	$314,400

NOTE D--LONG TERM DEBT

At June 29, 2002, the Company maintained $130.0 million in revolving credit facilities and $400.0 million in a secured revolving/term borrowing facility. The $400.0 million revolving/term borrowing facility provides for $285.0 million and $115.0 million of 10-year and 7-year commitments, respectively. Borrowings under these facilities are split pro rata between the 10-year and 7-year maturities as they occur. The credit facilities provide for interest at rates ranging from LIBOR plus five-eighths percent to LIBOR plus two and three-quarters percent depending upon the Company's total debt to capitalization ratio. Interest rates on debt outstanding under these facilities at June 29, 2002 ranged from LIBOR plus one and one-quarter percent to LIBOR plus two percent. These facilities are secured by inventory and fixed assets or are unsecured. At June 29, 2002, approximately $28.4 million was available under the revolving credit facilities, borrowing under these facilities, are intended to be paid within one year and are classified as current liabilities and $270.2 million was available under the revolving/term borrowing facility. Annual maturities of long-term debt for the remainder of fiscal 2002 and for the five years subsequent to June 29, 2002 are: 2002 -- $1.3 million; 2003 -- $6.9 million; 2004 -- $14.5 million; 2005 -- $13.9 million; and 2006 -- $52.5 million.

NOTE E -- INCOME TAXES

Effective January 1, 2002, the Mexican Congress passed the Mexican tax reform (the "Reform") legislation, which eliminated the previous tax exemption under Simplified Regime for the Company's Mexico subsidiaries. The Reform requires the Company's Mexico subsidiaries to calculate and pay taxes under a new simplified regime pursuant to Mexico's income tax laws beginning January 1, 2002, subject to certain transitional provisions. The primary transitional provision was an exit calculation, which generated a net operating loss carryforward for Mexican income tax purposes.

As a result of the Reform, the Company recognized a tax benefit of approximately $9.7 million as of January 1, 2002, primarily to reflect the benefit of the net operating loss carryforward for Mexican tax purposes.

The additional deferred tax assets and liabilities resulting from the enactment of the Reform effective January 1, 2002 are summarized as follows (in thousands):

Deferred tax liabilities:	
Tax over book depreciation	$ 17,468
Inventory valuation	6,905
Other	5,559
Total deferred tax liabilities	29,932
Deferred tax assets:	
Mexico net operating losses	(47,732)
Other	(524)
Total deferred tax asset	(48,256)
Less:	
Valuation allowance	8,613
Net deferred tax (assets)	($ 9,711)

The valuation allowance reflects the portion of the net operating losses attributable to certain of the Company's Mexico subsidiaries that currently do not have significant operations and, accordingly, such losses are expected to expire unutilized.

The Mexican tax operating loss carryforwards expire in the years ranging from 2008 through 2012.

NOTE F--RELATED PARTY TRANSACTIONS

The major stockholder of the Company owns a chicken growing and an egg laying operation.

Transactions with related parties are summarized as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	(in thousands)			
Contract egg grower fees to major stockholder	$ --	$ 48	$ 8	$ 1,468
Lease payments on commercial egg property	187	188	563	376
Chick, feed and other sales to major stockholder	425	344	44,485	38,459
Live chicken purchases from major stockholder	126	288	44,299	39,341
Loan guaranty fees	579	811	2,227	1,245
Lease payments on airplane	145	164	469	465

On December 29, 2000 the Company entered into an agreement to lease a commercial egg property and assume all of the ongoing costs of the operation from the Company's major stockholder. The Company had previously purchased the eggs produced from this operation pursuant to a contract grower agreement. The lease term runs for ten years with a monthly lease payment of $62,500. The Company has an option to extend the lease for an additional five years, with an option at the end of the lease to purchase the property at fair market value as determined by an independent appraisal.

The Company had accounts receivable of approximately $0.1 million at June 29, 2002 from its major stockholder and related parties. Additionally, the Company had $0.1 million at June 29, 2002 in notes receivable from other officers of the Company.

NOTE G--CONTINGENCIES

In January of 1998, seventeen of our current and/or former employees filed the case of "Octavius Anderson, et al. v. Pilgrim's Pride Corporation" in the United States District Court for the Eastern District of Texas, Lufkin Division claiming Pilgrim's Pride violated requirements of the Fair Labor Standards Act. The suit alleged Pilgrim's Pride failed to pay employees for all hours worked. The suit generally alleged that (1) employees should be paid for time spent to put on, take off, and clean certain personal gear at the beginning and end of their shifts and breaks and (2) the use of a master time card or production "line" time fails to pay employees for all time actually worked. Plaintiffs sought to recover unpaid wages plus liquidated damages and legal fees. Approximately 1,700 consents to join as plaintiffs were filed with the court by current and/or former employees. During the week of March 5, 2001, the case was tried in the Federal Court of the Eastern District of Texas, Lufkin, Texas. The Company prevailed at the trial with a judgment issued by the judge, which found no evidence presented to support the plaintiffs' allegations. The plaintiffs filed an appeal in the Fifth Circuit Court of Appeals to reverse the judge's decision. The plaintiff's brief was submitted to the court on November 5, 2001. Pilgrim's Pride's response to the plaintiff's brief to the Fifth Circuit Court of Appeals was submitted on December 5, 2001. The Fifth Circuit heard oral arguments in this matter on June 4, 2002. On June 6, 2002 the Fifth Circuit Court of Appeals entered a per curiam opinion affirming the opinion of the trial court. Appellants did not file any motion for a rehearing and the time for filing of such a motion has passed.

In August of 2000, four of our current and/or former employees filed the case of "Betty Kennell, et al. v. Wampler Foods, Inc." in the United States District Court for the Northern District of West Virginia, claiming we violated requirements of the Fair Labor Standards Act. The suit generally makes the same allegations as Anderson v. Pilgrim's Pride discussed above. Plaintiffs seek to recover unpaid wages plus liquidated damages and legal fees. Approximately 150 consents to join as plaintiffs were filed with the court by current and/or former employees. No trial date has been set. To date, only limited discovery has been performed. Neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time. We do not expect this matter, individually or collectively, to have a material impact on our financial position, operations or liquidity.

On August 20, 1999, the former WLR Foods brought legal action as a plaintiff in an antitrust lawsuit filed in the U.S. District Court in Washington D.C. alleging a world-wide conspiracy by approximately 34 named defendants to control production capacity and raise prices of common vitamins such as A, B-4, C, and E. The Company, as successor to WLR Foods in this suit, received $8.5 million in the third quarter of fiscal 2002 in partial settlement of its claims, $3.3 million of which was recorded by the Company as a component of "Other Expense (Income): Miscellaneous, Net" in the third quarter of fiscal 2002 as the recovery amount received during the period exceeded the $5.2 million recovery amount recorded at the time of the acquisition of WLR Foods. The initial estimate of the amount that would be recovered under the WLR Foods claims was based on the ratio of recoveries to vitamin purchases, that was inherent in similar claims settled by the Company in fiscal 2001 on substantially similar claims. To date, claims related to approximately one-third of the WLR Foods affected vitamin purchases have been settled by or on behalf of the former WLR Foods netting the approximately $10.0 million to the former WLR Foods and/or the Company. No assurances can be made regarding the likelihood or timing of future settlements or whether or not future recoveries, if any, will be proportionally less than, equal to or greater than these previous recovery amounts.

AS DESCRIBED IN "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS", THE COMPANY HAS INCURRED AND EXPECTS TO INCUR SIGNIFICANT LOSSES ASSOCIATED WITH THE OUTBREAK OF LOW-PATHOGENIC AVIAN INFLUENZA, A DISEASE CONTAGIOUS TO TURKEY, CHICKEN AND OTHER BIRDS, WAS DISCOVERED IN VIRGINIA DURING THE SECOND AND THIRD QUARTERS OF FISCAL 2002.

ON JUNE 19, 2002, U.S. SECRETARY OF AGRICULTURE ANN VENEMAN PROPOSED TO THE OFFICE OF MANAGEMENT AND BUDGET THAT THE U.S. DEPARTMENT OF AGRICULTURE COVER ONE-HALF, OR AN ESTIMATED $69.2 MILLION, OF THE TOTAL ESTIMATED ECONOMIC LOSS SUFFERED BY THE POULTRY INDUSTRY AND INDEPENDENT GROWERS IN VIRGINIA DUE TO THE AVIAN INFLUENZA OUTBREAK. SECRETARY VENEMAN ALSO RECOMMENDED THAT THE GOVERNMENT OF VIRGINIA COVER THE REMAINING PORTION. IT IS OUR UNDERSTANDING THAT, AS PART OF HER PROPOSAL SECRETARY VENEMAN IS

SUGGESTING THAT INDEPENDENT CHICKEN AND TURKEY GROWERS WILL BE FULLY COMPENSATED FOR THEIR LOSSES FIRST AND THAT THE REMAINDER IS TO BE ALLOCATED TO OTHER POULTRY PRODUCERS (INCLUDING THE COMPANY) WHOSE FLOCKS WERE DESTROYED BY THE VIRUS. THE COMPANY ESTIMATES THAT APPROXIMATELY 5-7% OF THE TOTAL ECONOMIC LOSS SUFFERED BY THE INDUSTRY WAS BORNE BY INDEPENDENT CHICKEN AND TURKEY GROWERS. NO ASSURANCE CAN BE GIVEN THAT ANY OF THE UNITED STATES FEDERAL OR STATE AGENCIES WILL IN FACT PROVIDE ECONOMIC ASSISTANCE TO THE POULTRY GROWERS AND PRODUCERS AFFECTED BY THE AVIAN INFLUENZA OUTBREAK IN THE COMMONWEALTH OF VIRGINIA, NOR CAN WE ESTIMATE WHEN, IF EVER, SUCH ECONOMIC ASSISTANCE WILL BE DISTRIBUTED TO THE AFFECTED PARTIES. NO ANTICIPATED RECOVERIES HAVE BEEN RECORDED BY THE COMPANY. IN THE EVENT THAT FEDERAL AND/OR STATE AGENCIES DO DECIDE TO GRANT ECONOMIC ASSISTANCE TO THE AFFECTED POULTRY GROWERS AND PRODUCERS, IT IS IMPOSSIBLE AT THIS TIME TO ESTIMATE HOW THE FEDERAL AND/OR STATE AGENCIES WILL ALLOCATE ANY SUCH ASSISTANCE BETWEEN AFFECTED POULTRY GROWERS AND PRODUCERS WHOSE FLOCKS WERE DESTROYED BY THE VIRUS.

NOTE H--BUSINESS SEGMENTS

Since the acquisition of WLR Foods on January 27, 2001, the Company operates in two reportable business segments as (1) a producer of chicken and other products and (2) a producer of turkey products.

The Company's chicken and other products segment primarily includes sales of chicken products the Company produces and purchases for resale in the United States and Mexico, and also includes table eggs and feed. The Company's chicken and other products segment conducts separate operations in the United States and Mexico and is reported as two separate geographical areas. The Company's turkey segment includes sales of turkey products produced in our turkey operation recently acquired from WLR Foods, whose operations are exclusively in the United States.

Inter-area sales and inter-segment sales, which are not material, are accounted for at prices comparable to normal trade customer sales. Corporate assets and expenses are included with chicken and other products.

The following table presents certain information regarding the Company's segments:

	Three Months Ended JUNE 29, 2002	Three Months Ended JUNE 30, 2001*	Nine Months Ended JUNE 29, 2002	Nine Months Ended JUNE 30, 2001
	(in thousands)			
Net Sales to Customers:				
Chicken and Other Products:				
United States	$ 476,232	$ 468,704	$1,373,859	$1,179,165
Mexico	84,805	89,752	256,097	244,076
Sub-total	561,037	558,456	1,629,956	1,423,241
Turkey	76,079	87,380	263,943	150,220
Total	$ 637,116	$ 645,836	$1,893,899	$1,573,461
Operating Income(Loss):				
Chicken and Other Products:				
United States	$ 13,829	$ 27,971	$ 28,156	$ 50,398
Mexico	5,831	13,766	13,788	11,145
Sub-total	19,660	41,737	41,944	61,543
Turkey	(5,614)	3,749	(8,940)	1,883
Total	$ 14,046	$ 45,486	$ 33,004	$ 63,426
Depreciation and Amortization:				
Chicken and Other Products:				
Unite States	$ 11,896	$ 13,275	$ 35,240	$ 26,790
Mexico	3,395	3,123	10,189	8,864
Sub-total	15,291	16,398	45,429	35,654
Turkey	2,523	2,210	7,430	3,774
Total	$ 17,814	$ 18,608	$ 52,859	$ 39,428

* In 2001, the Company identified certain products produced by the former WLR Foods that were included in United States Chicken and Other Products net sales but were more properly classified as Turkey Net Sales. As a result, $8.6 million has been reclassified from United States Chicken and Other Products net sales to Turkey Net Sales for the three months ended June 30, 2001. Additionally, $2.1 million has been reclassified from United States Chicken and Other Products operating income to Turkey operating income to properly reflect operating income after the reclassification of the net sales for the three months ended June 30, 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Profitability in the poultry industry is materially affected by the commodity prices of feed ingredients, chicken and turkey, which are determined by supply and demand factors. As a result, the chicken and turkey industries are subject to cyclical earnings fluctuations. Cyclical earnings fluctuations can be mitigated somewhat by:

* Business strategy;
* Product mix;
* Sales and marketing plans; and
* Operating efficiencies.

In an effort to reduce price volatility and to generate higher, more consistent profit margins, we have concentrated on the production and marketing of prepared foods products. Prepared foods products generally have higher profit margins than our other products. Also, the production and sale in the U.S. of prepared foods products reduce the impact of the costs of feed ingredients on our profitability. Feed ingredient purchases are the single largest component of our cost of goods sold, representing approximately 29.9% of our consolidated cost of goods sold in fiscal 2001. The production of feed ingredients is positively or negatively affected primarily by weather patterns throughout the world, the global level of supply inventories and demand for feed ingredients, and the agricultural policies of the United States and foreign governments. As further processing is performed, feed ingredient costs become a decreasing percentage of a product's total production cost, thereby reducing their impact on our profitability. Products sold in this form enable us to charge a premium, reduce the impact of feed ingredient costs on our profitability and improve and stabilize our profit margins.

The following table presents certain information regarding our segments:

	Three Months Ended JUNE 29,	Three Months Ended JUNE 30,	Nine Months Ended JUNE 29,	Nine Months Ended JUNE 30,

	2002	2001*	2002	2001
		(in thousands)		
Net Sales to Customers:				
Chicken and Other Products:				
United States	$ 476,232	$ 468,704	$1,373,859	$1,179,165
Mexico	84,805	89,752	256,097	244,076
Sub-total	561,037	558,456	1,629,956	1,423,241
Turkey	76,079	87,380	263,943	150,220
Total	$ 637,116	$ 645,836	$1,893,899	$1,573,461
Operating Income(Loss):				
Chicken and Other Products:				
United States	$ 13,829	$ 27,971	$ 28,156	$ 50,398
Mexico	5,831	13,766	13,788	11,145
Sub-total	19,660	41,737	41,944	61,543
Turkey	(5,614)	3,749	(8,940)	1,883
Total	$ 14,046	$ 45,486	$ 33,004	$ 63,426
Depreciation and Amortization:				
Chicken and Other Products:				
Unite States	$ 11,896	$ 13,275	$ 35,240	$ 26,790
Mexico	3,395	3,123	10,189	8,864
Sub-total	15,291	16,398	45,429	35,654
Turkey	2,523	2,210	7,430	3,774
Total	$ 17,814	$ 18,608	$ 52,859	$ 39,428

* In 2001, the Company identified certain products produced by the former WLR Foods that were included in United States Chicken and Other Products net sales but were more properly classified as Turkey Net Sales. As a result, $8.6 million has been reclassified from United States Chicken and Other Products net sales to Turkey Net Sales for the three months ended June 30, 2001. Additionally, $2.1 million has been reclassified from United States Chicken and Other Products operating income to Turkey operating income to properly reflect operating income after the reclassification of the net sales for the three months ended June 30, 2001.

The following table presents certain items as a percentage of net sales for the periods indicated.

	Percentage of Net Sales			
	Three Months Ended		Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net Sales	100.0 %	100.0 %	100.0 %	100.0 %
Costs and Expenses:				
Cost of sales	92.6	88.3	93.0	90.3
Gross profit	7.4	11.7	7.0	9.7
Selling, general and administrative	5.2	4.7	5.3	5.6
Operating Income	2.2	7.0	1.7	4.0
Interest Expense	1.4	1.6	1.3	1.3
Income before Income Taxes	1.0	5.3	0.5	2.6
Net Income	0.5	3.9	0.9	1.8

RESULTS OF OPERATIONS

On January 27, 2001, we completed the acquisition of WLR Foods, a vertically integrated producer of chicken and turkey products located in the eastern United States. Accordingly, the results of the former WLR Foods' operations are included in our third quarter ended and first nine months ended June 29, 2002. In the prior fiscal year, WLR Foods' results are included in our third quarter ended June 29, 2002 from and after January 27, 2001 are included in our first nine months ended June 29, 2001.

ON MARCH 12, 2002 AN OUTBREAK OF LOW-PATHOGENIC AVIAN INFLUENZA, A DISEASE CONTAGIOUS TO TURKEY, CHICKEN AND OTHER BIRDS, WAS DISCOVERED IN VIRGINIA. DURING THE SECOND AND THIRD QUARTERS OF FISCAL 2002, WE ESTIMATE THAT OUR OPERATING INCOME HAS BEEN NEGATIVELY IMPACTED BY APPROXIMATELY $5.5 MILLION AND $14.9 MILLION, RESPECTIVELY, DUE TO THE NEGATIVE IMPACT OF THE AVIAN INFLUENZA. AS OF JUNE 29, 2002, POULTRY GROWERS AND PRODUCERS HAVE DESTROYED APPROXIMATELY 4.7 MILLION HEAD OF POULTRY AFFECTED AS A RESULT OF THE VIRUS. TURKEYS REPRESENT APPROXIMATELY 70.0% OF THE DESTROYED POULTRY, WITH CHICKENS REPRESENTED BY APPROXIMATELY 30.0%. APPROXIMATELY ONE-HALF OF THE TURKEYS AND APPROXIMATELY THREE-QUARTERS OF THE CHICKENS DESTROYED BY THE POULTRY INDUSTRY IN VIRGINIA BELONGED TO THE COMPANY. NO NEW FLOCKS HAVE TESTED POSITIVE FOR THE PRESENCE OF AVIAN INFLUENZA IN VIRGINIA SINCE JULY 2, 2002. ASSUMING THE OUTBREAK OF AVIAN INFLUENZA HAS BEEN CONTAINED, WE CURRENTLY ESTIMATE THAT PRODUCTION IN OUR TURKEY OPERATION WILL BE SIGNIFICANTLY REDUCED OVER THE NEXT NINE MONTHS DUE TO THE VIRUS. AS A RESULT OF THE LOWER PRODUCTION IN OUR TURKEY OPERATION, WE ANTICIPATE THAT OPERATING INCOME FROM OUR TURKEY OPERATION WILL DECREASE BY AN ESTIMATED $6.0 TO $8.0 MILLION, IN THE FOURTH QUARTER OF FISCAL 2002, WHEN COMPARED TO THE SAME PERIOD IN FISCAL 2001. FURTHERMORE, WE ANTICIPATE THAT OPERATING INCOME FROM OUR TURKEY OPERATION FOR THE FIRST SIX MONTHS OF FISCAL 2003 WILL DECREASE BY APPROXIMATELY $8.0 TO $14.0 MILLION, WHEN COMPARED TO THE FIRST SIX MONTHS OF FISCAL 2002. ON JUNE 19, 2002, U.S. SECRETARY OF AGRICULTURE ANN VENEMAN PROPOSED TO THE OFFICE OF MANAGEMENT AND BUDGET THAT THE U.S. DEPARTMENT OF AGRICULTURE COVER ONE-HALF, OR AN ESTIMATED $69.2 MILLION OF THE TOTAL ESTIMATED ECONOMIC LOSS SUFFERED BY THE POULTRY INDUSTRY AND INDEPENDENT GROWERS IN VIRGINIA DUE TO THE AVIAN INFLUENZA OUTBREAK. SECRETARY VENEMAN ALSO RECOMMENDED THAT THE GOVERNMENT OF VIRGINIA COVER THE REMAINING PORTION. IT IS OUR UNDERSTANDING THAT, AS PART OF HER PROPOSAL SECRETARY VENEMAN IS SUGGESTING THAT INDEPENDENT CHICKEN AND TURKEY GROWERS WILL BE FULLY COMPENSATED FOR THEIR LOSSES FIRST AND THAT THE REMAINDER IS TO BE ALLOCATED TO OTHER POULTRY PRODUCERS (INCLUDING THE COMPANY) WHOSE FLOCKS WERE DESTROYED BY THE VIRUS. THE COMPANY ESTIMATES THAT APPROXIMATELY 5-7% OF THE TOTAL ECONOMIC LOSS SUFFERED BY THE INDUSTRY WERE BORNE BY THESE INDEPENDENT CHICKEN AND TURKEY GROWERS. NO ASSURANCE CAN BE GIVEN THAT ANY OF THE UNITED STATES FEDERAL OR STATE AGENCIES WILL IN FACT PROVIDE ECONOMIC ASSISTANCE TO THE POULTRY GROWERS AND PRODUCERS AFFECTED BY THE AVIAN INFLUENZA OUTBREAK IN THE COMMONWEALTH OF VIRGINIA, NOR CAN WE ESTIMATE WHEN, IF EVER, SUCH ECONOMIC ASSISTANCE WILL BE DISTRIBUTED TO THE AFFECTED PARTIES. NO ANTICIPATED RECOVERIES HAVE BEEN RECORDED BY THE COMPANY. IN THE EVENT THAT FEDERAL AND/OR STATE AGENCIES DO DECIDE TO GRANT ECONOMIC ASSISTANCE TO THE AFFECTED POULTRY GROWERS AND PRODUCERS, IT IS IMPOSSIBLE AT THIS TIME TO ESTIMATE HOW THE FEDERAL AND/OR STATE AGENCIES WILL ALLOCATE ANY SUCH ASSISTANCE BETWEEN AFFECTED POULTRY GROWERS AND PRODUCERS WHOSE FLOCKS WERE DESTROYED BY THE VIRUS.

Consolidated net income before tax is affected by foreign exchange rate fluctuations between the U.S. dollar and the Mexican peso. In the third quarter of fiscal 2002 the devaluation of the Mexican peso in relation to the U.S. dollar had a negative impact on our consolidated income before tax of approximately $5.5 million, which includes a $2.1 million reduction in operating income, a $2.3 million in a translation cost and a $1.1 million devaluation of inventories. Additionally, assuming the peso exchange rate does not change from the rate at the end of the fourth quarter of fiscal 2002, approximately $1.9 million of future devaluation will result as remaining inventory is sold. On March 29, 2002, the Mexican peso closed at 9.02 to 1 U.S. dollar, compared to 9.97 to 1 U.S. dollar on June 28, 2002, and at 9.68 to 1 U.S. dollar on July 25, 2002. No assurances can be given as to how future movements in the peso could affect our future earnings.

FISCAL THIRD QUARTER 2002 COMPARED TO FISCAL THIRD QUARTER 2001

CONSOLIDATED NET SALES. Consolidated net sales were $637.1 million for the third quarter of fiscal 2002, a decrease of $8.7 million, or 1.4%, from the third quarter of fiscal 2001. The decrease in consolidated net sales resulted from an $11.3 million decrease in turkey sales to $76.1 million and a $4.9 million decrease in Mexico chicken sales to $84.8 million partially offset by a $4.9 million increase in sales of other U.S. products to $50.6 million and by a $2.6 million increase in U.S. chicken sales to $425.6 million.

The decrease in turkey sales was primarily due to an 8.0% decrease in total revenue per dressed pound produced and a 5.4% decrease in dressed pounds produced, both of which were affected by the avian influenza outbreak late in the second quarter of fiscal 2002, discussed above. The decrease in Mexico sales was primarily due to a 4.7% decrease in total revenue per dressed pound produced and a 0.9% decrease in dressed pounds produced. U.S. chicken net sales were also negatively affected by lower dark meat sales prices in the U.S. caused in part by import restrictions of products typically sold to Russia and Japan.

COST OF SALES. Consolidated cost of sales was $590.1 million in the third quarter of fiscal 2002, an increase of $19.9 million, or 3.5%, compared to the third quarter of fiscal 2001. The U.S. operations accounted for $17.1 million of the increase in the cost of sales and $2.8 million of the increase resulted from our Mexico operations.

The $17.1 million cost of sales increase in our U.S. operations was due to a 5.4% increase in dressed pounds produced and to a 4.5% increase in average cost of sales per dressed pound primarily resulting from increased sales of higher cost prepared foods products and by a $1.1 million write down in live-chicken inventory infected by avian influenza. The increases were partially offset by a $7.3 million decrease in our turkey cost of sales primarily resulting from lower turkey sales volumes and increased production and storage of turkey inventories for the Thanksgiving holiday season attributed to product mix changes in response to the avian influenza outbreak, offset by a $9.7 million increase in turkey cost of sales related to inventory write downs of infected flocks and higher costs related to the management of the virus.

The $2.8 million increase in cost of sales in our Mexico operations was primarily due to a 5.0% increase in average cost of sales per dressed pound offset by a slight decrease in dressed pounds produced.

GROSS PROFIT. Gross profit was $47.0 million for the third quarter of fiscal 2002, a decrease of $28.6 million, or 37.8%, over the same period last year. Gross profit as a percentage of sales decreased to 7.4% in the third quarter of fiscal 2002, from 11.7% in the third quarter of fiscal 2001 due primarily to the negative effects of the avian influenza outbreak in our Eastern Division and to lower dark meat sales prices in the U.S. caused in part by import restrictions on products typically sold to Russia and Japan.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were $33.0 million in the third quarter of fiscal 2002 and $30.1 million in the third quarter of fiscal 2001. Consolidated selling, general and administrative expenses as a percentage of sales increased in the third quarter of fiscal 2002 to 5.2%, compared to 4.7% in the third quarter of fiscal 2001, due primarily to an increase in selling and administrative expense resulting from higher sales volume.

OPERATING INCOME. Consolidated operating income was $14.0 million for the third quarter of fiscal 2002, decreasing by approximately $31.4 million, when compared to the third quarter of fiscal 2001 due primarily to the negative effects of the avian influenza outbreak in our Eastern Division and to lower dark meat sales prices in the U.S. caused in part by import restrictions on products typically sold to Russia and Japan.

INTEREST EXPENSE. Consolidated net interest expense decreased 9.8% to $9.0 million in the third quarter of fiscal 2002, when compared to $10.0 million for the third quarter of fiscal 2001, due primarily to lower average outstanding debt balances experienced in the quarter.

INCOME TAX EXPENSE. Consolidated income tax expense in the third quarter of fiscal 2002 decreased to $3.3 million, compared to $9.1 million in the third quarter of fiscal 2001. This decrease in income tax expense resulted primarily from lower earnings in the U.S. and Mexico.

The effective tax rate for the third quarter ended June 29, 2002 was 49.9%, which resulted primarily from the nondeductible foreign currency exchange losses realized during the quarter.

FIRST NINE MONTHS OF FISCAL 2002 COMPARED TO FIRST NINE MONTHS OF FISCAL 2001

CONSOLIDATED NET SALES. Consolidated net sales were $1.9 billion for the first nine months of fiscal 2002, an increase of $320.4 million, or 20.4%, from the first nine months of fiscal 2001. The increase in consolidated net sales resulted from a $178.8 million increase in U.S. chicken sales to $1.2 billion, a $113.7 million increase in turkey sales to $263.9 million, a $12.0 million increase in Mexico chicken sales to $256.1 million and a $15.9 million increase in sales of other U.S. products to $149.9 million. The increase in U.S. chicken sales was primarily due to a 21.6% increase in dressed pounds produced, which resulted primarily from the acquisition of WLR Foods on January 27, 2001 (resulting in only five months of these operations being included in the Company's same period last year,) offset partially by a 3.7% decrease in total revenue per dressed pound produced. The increase in turkey sales was due to the inclusion of nine months of results in fiscal 2002 as opposed to five months results for the same period last year as a result of the acquisition of WLR Foods. The $12.0 million increase in Mexico chicken sales was primarily due to a 4.9% increase in average revenue per dressed pound produced offset partially by a 0.4% decrease in dressed pounds produced. The $15.9 million increase in sales of other U.S. products was primarily due to poultry by-products sales price increases, an increase in sales by the Company's wholesale feed division and the acquisition of WLR Foods.

COST OF SALES. Consolidated cost of sales was $1.8 billion in the first nine months of fiscal 2002, an increase of $339.0 million, or 23.8% when compared to the first nine months of fiscal 2001. The U.S. operations accounted for $332.8 million of the increase in the cost of sales and our Mexico operations accounted for $6.2 million of the increase.

The cost of sales increase in our U.S. operations of $332.8 million was due primarily to the acquisition of WLR Foods, $113.6 million of which is related to the turkey operations. The increase was partially offset by a decrease in our turkey cost of sales resulting from lower sales volumes due to the impact of avian influenza on our turkey operations as previously discussed and increased production and storage of turkey inventories for the Thanksgiving holiday season attributed to product mix changes in response to the avian influenza outbreak, offset by a $15.2 million increase in turkey cost of sales related to inventory write downs of infected flocks and higher costs related to the management of the virus. The increase in cost of sales of chicken products also resulted from increased sales of higher cost prepared foods products.

The $6.2 million cost of sales increase in our Mexico operations was primarily due to a 2.9% increase in average cost of sales per pound produced.

GROSS PROFIT. Gross profit was $133.5 million for the first nine months of fiscal 2002, a decrease of $18.5 million, or 12.2%, over the same period last year, due primarily to the negative effects of the avian influenza outbreak in our Eastern Division.

Gross profit as a percentage of sales decreased to 7.0% in the first nine months of fiscal 2002, from 9.7% in the first nine months of fiscal 2001, primarily due to increased operating expenses incurred in connection with the avian influenza outbreak in our Eastern Division.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were $100.5 million in the first nine months of fiscal 2002 and $88.6 million in the first nine months of fiscal 2001. The $11.9 million increase was due primarily to the acquisition of WLR Foods which was completed on January 27, 2001. Consolidated selling, general and administrative expenses as a percentage of sales decreased in the first nine months of fiscal 2002 to 5.3%, compared to 5.6% in the first nine months of fiscal 2001, due primarily to synergies resulting from the WLR Foods acquisition.

OPERATING INCOME. Consolidated operating income was $33.0 million for the first nine months of fiscal 2002, decreasing by approximately $30.4 million, when compared to the first nine months of fiscal 2001 primarily due to the effects of the avian influenza outbreak in the company's Eastern Division.

INTEREST EXPENSE. Consolidated net interest expense increased 17.1% to $24.9 million in the first nine months of fiscal 2002, when compared to $21.2 million for the first nine months of fiscal 2001, due to higher average outstanding balances resulting primarily from the acquisition of WLR Foods, Inc. on January 27, 2001, offset partially by lower average interest rates.

INCOME TAX EXPENSE. Consolidated income tax benefit in the first nine months of fiscal 2002 was $7.5 million compared to an income tax expense of $13.1 million in the first nine months of fiscal 2001. This decrease was a result of a $9.7 million income tax benefit resulting from changes in the Mexico tax laws and from lower pre-tax earnings.

LIQUIDITY AND CAPITAL RESOURCES

WE MAINTAIN $130.0 MILLION IN REVOLVING CREDIT FACILITIES AND $400.0 MILLION IN A SECURED REVOLVING/TERM BORROWING FACILITY. THE $400.0 MILLION REVOLVING/TERM BORROWING FACILITY PROVIDES FOR $285.0 MILLION AND $115.0 MILLION OF 10-YEAR AND 7-YEAR COMMITMENTS, RESPECTIVELY. BORROWINGS UNDER THIS FACILITY ARE SPLIT PRO RATA BETWEEN THE 10-YEAR AND 7-YEAR MATURITIES AS THEY OCCUR. THE CREDIT FACILITIES PROVIDE FOR INTEREST AT RATES RANGING FROM LIBOR PLUS FIVE-EIGHTHS PERCENT TO LIBOR PLUS TWO AND THREE-QUARTERS PERCENT, DEPENDING UPON OUR TOTAL DEBT TO CAPITALIZATION RATIO. INTEREST RATES ON DEBT OUTSTANDING UNDER THESE FACILITIES AS OF JUNE 29, 2002 RANGED FROM LIBOR PLUS ONE AND ONE-QUARTER PERCENT TO LIBOR PLUS TWO PERCENT. THESE FACILITIES ARE SECURED BY INVENTORY AND FIXED ASSETS.

AT JUNE 29, 2002, $28.4 MILLION WAS AVAILABLE UNDER THE REVOLVING CREDIT FACILITIES AND $270.2 MILLION WAS AVAILABLE UNDER THE REVOLVING/TERM BORROWING FACILITY.

IN 1998, WE ENTERED INTO AN ASSET SALE AGREEMENT TO SELL UP TO $60 MILLION OF ACCOUNTS RECEIVABLE, WHICH AGREEMENT EXPIRES IN JUNE 2003. IN CONNECTION WITH THE ASSET SALE AGREEMENT, WE SELL, ON A REVOLVING BASIS, CERTAIN OF OUR TRADE RECEIVABLES (THE "POOLED RECEIVABLES") TO A SPECIAL PURPOSE CORPORATION WHOLLY OWNED BY US, WHICH IN TURN SELLS A PERCENTAGE OWNERSHIP INTEREST TO THIRD PARTIES. AT JUNE 29, 2002 AND SEPTEMBER 29, 2001, AN INTEREST IN THESE POOLED RECEIVABLES OF $60.0 MILLION AND $58.5 MILLION, RESPECTIVELY, HAD BEEN SOLD TO THIRD PARTIES AND IS REFLECTED AS A REDUCTION IN ACCOUNTS RECEIVABLE. THESE TRANSACTIONS HAVE BEEN RECORDED AS SALES IN ACCORDANCE WITH FINANCIAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 140, ACCOUNTING FOR TRANSFERS AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES. THE INCREASE IN POOLED RECEIVABLE SALES FROM SEPTEMBER 29, 2001 IS INCLUDED IN CASH FLOWS FROM OPERATING ACTIVITIES IN OUR CONSOLIDATED STATEMENTS OF CASH FLOWS. LOSSES ON THESE SALES WERE IMMATERIAL.

ON JUNE 29, 1999, THE CAMP COUNTY INDUSTRIAL DEVELOPMENT CORPORATION ISSUED $25.0 MILLION OF VARIABLE-RATE ENVIRONMENTAL FACILITIES REVENUE BONDS SUPPORTED BY LETTERS OF CREDIT OBTAINED BY PILGRIM'S PRIDE. WE MAY DRAW FROM THESE PROCEEDS OVER THE CONSTRUCTION PERIOD FOR NEW SEWAGE AND SOLID WASTE DISPOSAL FACILITIES AT A POULTRY BY-PRODUCTS PLANT TO BE BUILT IN CAMP COUNTY, TEXAS. WE ARE NOT REQUIRED TO BORROW THE FULL AMOUNT OF THE PROCEEDS FROM THE BONDS. ALL AMOUNTS BORROWED FROM THESE FUNDS WILL BE DUE IN 2029. THE AMOUNTS THAT WE BORROW WILL BE REFLECTED AS DEBT WHEN RECEIVED FROM THE CAMP COUNTY INDUSTRIAL DEVELOPMENT CORPORATION. THE INTEREST RATES ON AMOUNTS BORROWED WILL CLOSELY FOLLOW THE TAX-EXEMPT COMMERCIAL PAPER RATES. PRESENTLY, THERE ARE NO BORROWINGS OUTSTANDING UNDER THE BONDS.

AT JUNE 29, 2002, OUR WORKING CAPITAL DECREASED TO $158.0 MILLION AND OUR CURRENT RATIO DECREASED TO 1.56 TO 1, COMPARED WITH WORKING CAPITAL OF $203.4 MILLION AND A CURRENT RATIO OF 1.85 TO 1 AT SEPTEMBER 29, 2001, PRIMARILY DUE TO INCREASED SHORT TERM BORROWINGS.

TRADE ACCOUNTS AND OTHER RECEIVABLES WERE $91.7 MILLION AT JUNE 29, 2002, COMPARED TO $95.0 MILLION AT SEPTEMBER 29, 2001. THE 3.5% DECREASE IN TRADE ACCOUNTS AND OTHER RECEIVABLES WAS PRIMARILY DUE TO NORMAL SEASONAL VARIATIONS. EXCLUDING THE SALE OF RECEIVABLES, TRADE ACCOUNTS AND OTHER RECEIVABLES WOULD HAVE DECREASED $1.8 MILLION TO $151.7 MILLION AT THE END

OF THE THIRD QUARTER OF FISCAL 2002 FROM $153.5 MILLION AT THE END OF FISCAL 2001.

INVENTORIES WERE $331.1 MILLION AT JUNE 29, 2002, COMPARED TO $314.4 MILLION AT SEPTEMBER 29, 2001. THE $16.7 MILLION, OR 5.3%, INCREASE IN INVENTORIES WAS PRIMARILY DUE TO INCREASES IN FINISHED TURKEY PRODUCTS INVENTORIES RELATING TO EXPECTED INCREASES IN SALES OF TURKEY PRODUCTS DURING THE HOLIDAY SEASON.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES DECREASED $15.7 MILLION TO $219.1 MILLION AT JUNE 29, 2002, COMPARED TO $234.8 MILLION AT SEPTEMBER 29, 2001 DUE TO SEASONAL VARIATIONS.

CAPITAL EXPENDITURES OF $56.4 MILLION AND $87.6 MILLION, FOR THE NINE MONTHS ENDED JUNE 29, 2002 AND JUNE 30, 2001, RESPECTIVELY, WERE INCURRED PRIMARILY TO ACQUIRE AND EXPAND CERTAIN FACILITIES, IMPROVE EFFICIENCIES, REDUCE COSTS AND FOR THE ROUTINE REPLACEMENT OF EQUIPMENT. WE ANTICIPATE SPENDING APPROXIMATELY $75.0 MILLION IN FISCAL 2002 TO IMPROVE EFFICIENCIES AND FOR THE ROUTINE REPLACEMENT OF EQUIPMENT. WE EXPECT TO FINANCE SUCH EXPENDITURES WITH AVAILABLE OPERATING CASH FLOWS AND EXISTING CREDIT FACILITIES.

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES WERE $38.8 MILLION AND $17.3 MILLION FOR THE NINE MONTHS ENDED JUNE 29, 2002 AND JUNE 30, 2001, RESPECTIVELY. THE INCREASE IN CASH FLOWS PROVIDED BY OPERATING ACTIVITIES IN THE FIRST NINE MONTHS OF FISCAL 2002 COMPARED TO THE FIRST NINE MONTHS OF FISCAL 2001 WAS PRIMARILY DUE TO INCREASED DEPRECIATION FROM THE WLR FOODS ACQUISITION AND DECREASED TRADE ACCOUNTS AND OTHER RECEIVABLES FROM OUR IMPROVED COLLECTIONS OF THE WLR FOODS ACCOUNTS RECEIVABLE.

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES WERE $7.1 MILLION AND $285.8 MILLION FOR THE NINE MONTH PERIODS ENDED JUNE 29, 2002 AND JUNE 30, 2001, RESPECTIVELY. THE CASH PROVIDED BY FINANCING ACTIVITIES PRIMARILY REFLECTS NET OF BORROWINGS. DURING THE NINE MONTHS ENDED MARCH 31, 2001 THE COMPANY PURCHASED WLR FOODS. USING $239.9 MILLION IN BORROWINGS TO COMPLETE THE ACQUISITION.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY

Our earnings are affected by foreign exchange rate fluctuations related to the Mexican peso net monetary position of our Mexico subsidiaries. We manage this exposure primarily by attempting to minimize our Mexican peso net monetary position, but from time to time we have also considered executing hedges to help minimize this exposure. Such instruments, however, have historically not been economically feasible. We are also exposed to the effect of potential exchange rate fluctuations to the extent that amounts are repatriated from Mexico to the United States. However, we currently anticipate that the cash flows of our Mexico subsidiaries will continue to be reinvested in our Mexico operations. In addition, the Mexican peso exchange rate can directly and indirectly impact our results of operations and financial position in several ways, including potential economic recession in Mexico resulting from a devalued peso. See "Item 1. Management's Discussion and Analysis of Financial Condition of Operations - Results of Operations". The impact on our financial position and results of operations resulting from a hypothetical change in the exchange rate between the U.S. dollar and the Mexican peso cannot be reasonably estimated. Foreign currency exchange gains and losses, representing the change in the U.S. dollar value of the net monetary assets of our Mexico subsidiaries denominated in Mexican pesos, was a loss of $1.4 million in the first nine months of fiscal 2002 compared to a gain of $0.4 million for the first nine months of fiscal 2001. On July 25, 2002, the Mexican peso closed at 9.68 to 1 U.S. dollar, compared to 9.54 at September 29, 2001. No assurance can be given as to how future movements in the peso could affect our future earnings.

There have been no material changes from the information provided in Item 7A of the Company's Annual Report on Form 10-K for the year ended September 29, 2001, other than foreign currency.

FORWARD LOOKING STATEMENTS

Statements of our intentions, beliefs, expectations or predictions for the future, denoted by the words "anticipate", "believe", "estimate", "expect", "project", "imply", "intend", "foresee" and similar expressions, are forward-looking statements that reflect our current views about future events and are subject to risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include the following:

* Matters affecting the poultry industry generally, including fluctuations in the commodity prices of feed ingredients, chicken and turkey;

* Disease outbreaks affecting the production performance and/or marketability of the Company's poultry products;

* Management of our cash resources, particularly in light of our substantial leverage;

* Restrictions imposed by, and as a result of, our substantial leverage;

* Currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations;

* Changes in laws or regulations affecting our operations, as well as competitive factors and pricing pressures;

* Inability to effectively integrate WLR Foods or realize the associated cost savings and operating synergies currently anticipated; and

* The impact of uncertainties of litigation as well as other risks described in our filings with the Securities and Exchange Commission.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In January of 1998, seventeen of our current and/or former employees filed the case of "Octavius Anderson, et al. v. Pilgrim's Pride Corporation" in the United States District Court for the Eastern District of Texas, Lufkin Division claiming Pilgrim's Pride violated requirements of the Fair Labor Standards Act. The suit alleged Pilgrim's Pride failed to pay employees for all hours worked. The suit generally alleged that (1) employees should be paid for time spent to put on, take off, and clean certain personal gear at the beginning and end of their shifts and breaks and (2) the use of a master time card or production "line" time fails to pay employees for all time actually worked. Plaintiffs sought to recover unpaid wages plus liquidated damages and legal fees. Approximately 1,700 consents to join as plaintiffs were filed with the court by current and/or former employees. During the week of March 5, 2001, the case was tried in the Federal Court of the Eastern District of Texas, Lufkin, Texas. The Company prevailed at the trial with a judgment issued by the judge, which found no evidence presented to support the plaintiffs' allegations. The plaintiffs filed an appeal in the Fifth Circuit Court of Appeals to reverse the judge's decision. The plaintiff's brief was submitted to the court on November 5, 2001. Pilgrim's Pride's response to the plaintiff's brief to the Fifth Circuit Court of Appeals was submitted on December 5, 2001. The Fifth Circuit Court of Appeals heard oral arguments in this matter on June 4, 2002. On June 6, 2002 the Fifth Circuit entered a per curiam opinion affirming the opinion of the trial court. Appellants did not file any motion for a rehearing and the time for filing of such a motion has passed.

In August of 2000, four of our current and/or former employees filed the case of "Betty Kennell, et al. v. Wampler Foods, Inc." in the United States District Court for the Northern District of West Virginia, claiming we violated requirements of the Fair Labor Standards Act. The suit generally makes the same allegations as Anderson v. Pilgrim's Pride discussed above. Plaintiffs seek to recover unpaid wages plus liquidated damages and legal fees. Approximately 150 consents to join as plaintiffs were filed with the court by current and/or former employees. No trial date has been set. To date, only limited discovery has been performed. Neither the likelihood of an unfavorable outcome nor the amount of ultimate liability, if any, with respect to this case can be determined at this time. We do not expect this matter, individually or collectively, to have a material impact on our financial position, operations or liquidity.

On August 20, 1999, the former WLR Foods brought legal action as a plaintiff in an antitrust lawsuit filed in the U.S. District Court in Washington D.C. alleging a world-wide conspiracy by approximately 34 named defendants to control production capacity and raise prices of common vitamins such as A, B-4, C, and E. The Company, as successor to WLR Foods in this suit, received $8.5 million in the third quarter of fiscal 2002 in partial settlement of its claims, $3.3 million of which was recorded by the Company as a component of "Other Expense (Income): Miscellaneous, Net" in the third quarter of fiscal 2002 as the recovery amount received during the period exceeded the $5.2 million recovery amount recorded at the time of the acquisition of WLR Foods. The initial estimate of the amount that would be recovered under the WLR Foods claims was based on the ratio of recoveries to vitamin purchases, that was inherent in similar claims settled by the Company in 2001 on substantially similar claims. To date, claims related to approximately one-third of the affected vitamin purchases have been settled by or on behalf of the former WLR Foods netting approximately $10.0 million to the former WLR Foods and/or the Company. No assurances can be made regarding the likelihood or timing of future settlements or whether or not future recoveries, if any, will be proportionally less than, equal to or greater than these previous recovery amounts..

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

EXHIBIT NUMBER

10.36 First Amendment to Amended and Restated Credit Agreement made as of December 14, 2001 by and among the Company, CoBank, ACB, individually and as agent for the benefit of the present and future lenders, Farm Credit Services of America, FLCA, individually and as a co-arranger, and the lenders parties thereto individually.

10.37 Second Amendment to Amended and Restated Credit Agreement made as of June 17, 2002 by and among the Company, CoBank, ACB, individually and as agent for the benefit of the present and future lenders, Farm Credit Services of America, FLCA, individually and as co-arranger, and the lenders parties thereto individually.

b. The Company filed a current report on Form 8-K on April 25, 2002 and a current report on Form 8-K/A on April 26, 2002.

SIGNATURES

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

PILGRIM'S PRIDE CORPORATION

/s/ Richard A. Cogdill

Date JULY 26, 2002

Richard A. Cogdill
Executive Vice President and
Chief Financial Officer and
Secretary and Treasurer
in his respective capacity as such

EXHIBIT 10.36

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("FIRST AMENDMENT") is made as of December 14, 2001 ("Execution Date"), by and between COBANK, ACB ("COBANK") as the Administrative, Documentation and Collateral Agent for the benefit of the present and future Syndication Parties (in its capacity as Administrative Agent and Collateral Agent, the "ADMINISTRATIVE AGENT"), Lead Arranger and Book Manager, and as a Syndication Party, FARM CREDIT SERVICES OF AMERICA, FLCA, as Co-Arranger and as a Syndication Party, the Syndication Parties identified in SCHEDULE 1 hereto, and PILGRIM'S PRIDE CORPORATION, a Delaware corporation, whose address is 110 South Texas Street, Pittsburg, Texas 75686, ("BORROWER").

R E C I T A L S

A. CoBank, in its capacity as Administrative and Documentation Agent for the benefit of the present and future Syndication Parties, Lead Arranger and Book Manager, and as a Syndication Party, Farm Credit Services of America, FLCA as Co-Arranger and as a Syndication Party and certain other Syndication Parties, and Borrower, entered into that certain Amended and Restated Credit Agreement dated as of November 16, 2000 (as amended, modified, supplemented, restated or replaced from time to time, the "CREDIT AGREEMENT") pursuant to which the Syndication Parties agreed to make to Borrower (a) a 7 Year Loan in the amount of $115,000,000 and (b) a 10 Year Loan in the amount of $285,000,000 upon the terms and conditions set forth in the Credit Agreement.

B. Borrower now desires to amend the Credit Agreement to extend certain Appraisal deadlines, which the Syndication Parties are willing to do under the terms and conditions as set forth in this First Amendment.

A G R E E M E N T S

Now, therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Administrative Agent and the Syndication Parties hereby agree as follows:

1. AMENDMENT TO CREDIT AGREEMENT. The Credit Agreement is hereby amended as of the Effective Date as follows:

a. Subsection 10.2.12(a)(i) of the Credit Agreement shall be amended in its entirety to read as follows:

(i) on December 14, 2002 and on each two year anniversary thereof, provided that if the Leverage Ratio for the Fiscal Quarter immediately preceding (or ending on) such date is less than fifty percent (50%), this requirement will be deferred on a Fiscal Quarter basis so long as such ratio is maintained, provided further that, unless otherwise agreed by the Required Lenders, any such deferrals shall be for no more than 24 months, so that in any event an Appraisal will be required no later than four years after the date the last previous Appraisal was required; and.

2. CONDITIONS TO EFFECTIVENESS OF THIS FIRST AMENDMENT. The effectiveness of this First Amendment is subject to satisfaction, in the Administrative Agent's sole discretion, of each of the following conditions precedent (such date being the "Effective Date"):

a. REPRESENTATIONS AND WARRANTIES. The representations and warranties of Borrower shall be true and correct in all material respects on and as of the Effective Date as though made on and as of such date.

b. NO EVENT OF DEFAULT. No Event of Default shall have occurred and be continuing under the Credit Agreement as of the Effective Date of this First Amendment.

3. GENERAL PROVISIONS.

a. NO OTHER MODIFICATIONS. The Credit Agreement shall remain in full force and effect except as specifically amended by this First Amendment

b. DEFINITIONS. Capitalized terms shall have the meanings set forth herein, if defined herein. Capitalized terms used, but not defined, herein shall have the meanings given to such terms in the Credit Agreement if defined therein.

c. SEVERABILITY. Should any provision of this First Amendment be deemed unlawful or unenforceable, said provision shall be deemed several and apart from all other provisions of this First Amendment and all remaining provisions of this First Amendment shall be fully enforceable.

d. GOVERNING LAW. This First Amendment shall be governed by, interpreted and enforced in accordance with the laws of the State of Colorado.

e. HEADINGS. The captions or headings in this First Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provision of this First Amendment.

f. COUNTERPARTS. This First Amendment may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Telefax copies of documents or signature pages bearing original signatures, and executed documents or signature pages delivered by telefax, shall, in each such instance, be deemed to be, and shall constitute and be treated as, an original signed document or counterpart, as applicable.

This First Amendment is executed as of the Execution Date.

BORROWER:

PILGRIM'S PRIDE CORPORATION

By: /S/ RICHARD A. COGDILL
Name: RICHARD A. COGDILL
Title: EXECUTIVE VICE PRESIDENT, CFO

ADMINISTRATIVE AGENT:

COBANK, ACB

By: /S/ KENNETH L. WARLICK
Name: KENNETH L. WARLICK
Title: VICE PRESIDENT

CO-ARRANGER:

FARM CREDIT SERVICES OF AMERICA, FLCA

By: /S/ NATHAN F. BURNHAM
Name: NATHAN F. BURNHAM
Title: VICE PRESIDENT

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

SYNDICATION PARTIES:

COBANK, ACB

By: /S/ KENNETH L. WARLICK
Name: Kenneth L. Warlick
Title: Vice President

FARM CREDIT SERVICES OF AMERICA, FLCA

By: /S/ NATHAN F. BURNHAM
Name: Nathan F. Burnham
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By: /S/ BRADLEY C. PETERSON / THEODORE D. TICE
Name: Bradley C. Peterson / Theodore D. Tice
Title: First Vice President / Vice President,
Senior Relationship Manager

HARRIS TRUST AND SAVINGS BANK

By: /S/ CURTIS FLAMMINI
Name: Curtis Flammini
Title: Vice President

SUNTRUST BANK

By: /S/ HUGH E. BROWN
Name: Hugh E. Brown
Title: Vice President

DEERE CREDIT, INC.

By: /S/ RAYMOND L. MURPHEY
Name: Raymond L. Murphey
Title: Senior Account Credit Manager

U.S. BANK, National Association (INDIVIDUALLY AND AS SUCCESSOR BY MERGER TO FIRSTAR BANK, N.A.)

By: /S/ ALAN V. SCHULER
Name: Alan V. Schuler
Title: Vice President

BANK OF TEXAS

By: /S/ DAVID BROUSSARD, JR.
Name: David Broussard, Jr.
Title: Sr. Vice President

Exhibit 10.37

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("SECOND AMENDMENT") is made as of June 17, 2002 ("EXECUTION DATE"), by and between COBANK, ACB ("COBANK") as the Administrative, Documentation and Collateral Agent for the benefit of the present and future Syndication Parties (in its capacity as Administrative Agent and Collateral Agent, the "ADMINISTRATIVE AGENT"), Lead Arranger and Book Manager, and as a Syndication Party, FARM CREDIT SERVICES OF AMERICA, FLCA, as Co-Arranger and as a Syndication Party, the Syndication Parties whose signatures appear below, and PILGRIM'S PRIDE CORPORATION, a Delaware corporation, whose address is 110 South Texas Street, Pittsburg, Texas 75686, ("BORROWER").

R E C I T A L S

A. CoBank, in its capacity as Administrative and Documentation Agent for the benefit of the present and future Syndication Parties, Lead Arranger and Book Manager, and as a Syndication Party, Farm Credit Services of America, FLCA as Co-Arranger and as a Syndication Party and certain other Syndication Parties, and Borrower, entered into that certain Amended and Restated Credit Agreement dated as of November 16, 2000, and that certain First Amendment to Amended and Restated Credit Agreement dated as of December 14, 2001 ("FIRST AMENDMENT") (as amended by the First Amendment and as amended, modified, supplemented, restated or replaced from time to time in the future, the "CREDIT AGREEMENT") pursuant to which the Syndication Parties agreed to make to Borrower (a) a 7 Year Loan in the amount of $115,000,000 and (b) a 10 Year Loan in the amount of $285,000,000 upon the terms and conditions set forth in the Credit Agreement.

B. Borrower now desires to amend the Credit Agreement, which the Syndication Parties are willing to do under the terms and conditions as set forth in this Second Amendment.

A G R E E M E N T S

Now, therefore, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Administrative Agent and the Syndication Parties hereby agree as follows:

1. AMENDMENT TO CREDIT AGREEMENT. The Credit Agreement is hereby amended as of the Effective Date as follows:

1.1 "WLR Turkey Assets" is deleted from the list of definitions following Section 1.115, and a new Section 1.116 is added reading as follows:

> 1.116 WLR TURKEY ASSETS: means all of Borrower's and its Subsidiaries' assets relating to or used in connection with its turkey line of business including, without limitation, all inventory and receivables and all real property interest, furniture, fixtures and equipment located at, or used in connection with, the turkey hatching, raising, slaughtering, processing, packaging, and shipping operations and facilities identified on Part B of EXHIBIT 7.3 hereto.

1.2 Section 1.15 is amended in its entirety to read as follows:

> 1.15 AVAILABLE AMOUNT: the lesser of (a) $400,000,000.00 and (b) seventy-five percent (75%) of the Appraised Value (as shown on the latest Available Amount Report pursuant to the latest Appraisal as provided pursuant to the 1999 Credit Agreement or this Credit Agreement, whichever is later) of the Collateral in which the Syndication Parties have a perfected first priority lien (without considering the lien which secures, but after deducting from the Appraised Value the amount owing under, any Pari Passu Loan).

1.3 Section 5.4 is amended in its entirety to read as follows:

> 5.4 MANDATORY PREPAYMENTS: Borrower shall be required to make prepayments ("MANDATORY PREPAYMENTS") in each of the following events (a) in the event any of the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets) is the subject of a Casualty Event, a Mandatory Prepayment equal to the amount of the Casualty Proceeds received by Borrower, Survivor, or Subsidiary Merger Survivor on account thereof (provided that no such Mandatory Prepayment shall be required to the extent that Borrower, Survivor, or Subsidiary Merger Survivor, as applicable, use such Casualty Proceeds for repair or replacement for any Casualty Event if the amount of Casualty Proceeds does not exceed $25,000,000.00, or such higher amount as may be approved by the Required Lenders at their discretion, and so long as (i) a contract for such repair or replacement is entered into within 180 days of such Casualty Event for such repairs and/or the acquisition of such replacements, (ii) such repair or replacement is effected within 360 days of such Casualty Event, and (iii) any such replacements are covered by the lien in favor of the Administrative Agent on the Collateral); (b) upon the issuance of any equity securities in a capital raising transaction resulting in net proceeds to Borrower of an amount in excess of $10,000,000.00, a Mandatory Prepayment equal to fifty percent (50%) of net proceeds of such offering of equity securities to the extent they are not used, under the conditions set forth below, for acquisitions and/or capital investment within 360 days of receipt; (c) upon sale or other disposition of any non-current assets (except for sales in the ordinary course of business) (i) which are not a part of the Collateral (other than the WLR Turkey Assets), a Mandatory Prepayment equal to one hundred percent (100%) of the net proceeds in excess of $5,000,000 received by Borrower, Survivor, or Subsidiary Merger Survivor to the extent that they are not used, under the conditions set forth below, for acquisitions and/or capital investment within 360 days of receipt by Borrower, Survivor, or Subsidiary Merger Survivor, as applicable, or (ii) which are a part of the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets), a Mandatory Prepayment equal to one hundred percent (100%) of the net proceeds in excess of $5,000,000 received by Borrower, Survivor, or Subsidiary Merger Survivor to the extent that they are not used, under the conditions set forth below, for acquisitions and/or capital investment within 360 days of receipt by Borrower, Survivor, or Subsidiary Merger Survivor, as applicable, which are covered by a lien in favor of the Administrative Agent; and (d) at any time that the aggregate outstanding principal balance owing (i) under the 7 Year Revolving Loan and the 10 Year Revolving Loan (including the Converted

Loans) exceeds the Available Amount or (ii) under either the 7 Year Revolving Loan or the 10 Year Revolving Loan (including the 7 Year Converted Loans or the 10 Year Converted Loans, as applicable) exceeds the Aggregate 7 Year Commitment or the Aggregate 10 Year Commitment, respectively, as either of them may be reduced from time to time, a Mandatory Prepayment equal to the amount of such excess. In each case of proceeds from any offering of equity securities and from any sale or other disposition of assets other than the WLR Turkey Assets, to avoid Mandatory Prepayment based thereon, Borrower, Survivor, or Subsidiary Merger Survivor, as applicable, must, within 180 days of receipt of such proceeds, have used such proceeds for acquisitions and/or capital investments or executed a binding definitive contract for such acquisitions and/or capital investments. Mandatory Prepayments made (x) pursuant to clause (d) of this Section and applied to Converted Loans or (z) pursuant to clauses (a), (b), and (c) of this Section, will, in either case, result in a permanent reduction of the Aggregate 7 Year Commitment and the Aggregate 10 Year Commitment to the extent of the Mandatory Payments applied to each such Facility. Mandatory Prepayments under clauses (a), (b), or (c) shall be due no later than 10 Banking Days after the expiration of the applicable acquisition or capital investment period set forth above, and Mandatory Prepayments under (d) shall be due the next Banking Day following such occurrence. In determining the amount of Mandatory Prepayment required under clauses (a) or (c)(ii), Borrower shall be permitted to make any prepayment required on account of such Casualty Event or sale under any Pari Passu Loan (in a maximum amount no greater than the pro rata portion based on total outstanding principal balances of such loan and the Facilities), and in determining the amount of Mandatory Prepayment required under clauses (b) and (c)(i), Borrower shall, without duplication regarding payments made on account of any Pari Passu Loan, be permitted to make any prepayment required on account of such sale under any secured or unsecured credit facility which is not expressly subordinate to the Facilities in a maximum amount, with respect only to such unsecured facilities, of no greater than the pro rata portion based on the total outstanding principal balances owing under such unsecured facility to the sum of the total outstanding principal balances owing under all such unsecured facilities and under the Facilities.

1.4 Section 7.1 is amended in its entirety to read as follows:

7.1 BORROWER'S COLLATERAL: As security for the payment and performance of all obligations of Borrower to the Administrative Agent, to FCSA (with respect to the obligations of Borrower under Article 6 hereof), and to all present and future Syndication Parties, including but not limited to principal and interest under the Notes, purchases of Bank Equity Interests, fees, Funding Losses, reimbursements, and all other Bank Debt or obligations under any of the Loan Documents, Borrower shall grant to, and maintain for, the Administrative Agent, for the benefit of FCSA (to the extent of Borrower's obligations with respect to Bank Equity Interests), and for the benefit of all present and future Syndication Parties, a first lien and security interest, pursuant to the Security Documents, subject only to (i) purchase money security interests which would qualify as Permitted Encumbrances, and (ii) Permitted Encumbrances described in Section 11.3(a) hereof, in the following ("BORROWER COLLATERAL") in accordance with the timing set forth in Section 10.3 hereof: (a) all of Borrower's real property interest, furniture, fixtures and equipment located at, or used in connection with, the poultry hatching, raising, slaughtering, processing, packaging, and shipping operations and facilities identified on EXHIBIT 7.1 hereto; (b) all of Borrower's issued and outstanding common and preferred stock in (i) Acquisition Corp ("ACQUISITION STOCK"), and (ii) following the consummation of the Merger, in Survivor, and (iii) following the consummation of the Subsidiary Merger, in Subsidiary Merger Survivor (the stock referred to in clauses (ii) and/or (iii) the "SURVIVOR STOCK"); and (c) all proceeds with respect to the assets described in clauses (a) and (b) above and all insurance policies in connection with the assets described in clauses (a), (b) and (c) hereof and the proceeds thereof, in each case whether now owned or hereafter acquired; provided that only FCSA shall have a lien on the Bank Equity Interests and none of the Syndication Parties shall have a lien thereon. Borrower shall execute and deliver to the Administrative Agent, for the benefit of the Syndication Parties, the Security Documents to evidence the security interest of the Administrative Agent, for the benefit of the Syndication Parties, in the Borrower Collateral, together with such financing statements or other documents as the Administrative Agent shall reasonably request. Borrower shall also execute such further security agreements, mortgages, deeds of trust, financing statements, assignments or other documents as the Administrative Agent shall reasonably request from time to time, in form and substance as the Administrative Agent shall specify, to establish, confirm, perfect or provide notice of the Administrative Agent's security interest (for the benefit of the Administrative Agent and all Syndication Parties) in the Borrower Collateral.

1.5 Section 7.3 is amended in its entirety to read as follows:

7.3 GUARANTOR'S COLLATERAL: As security for the payment and performance of all obligations of Acquisition Corp. to the Administrative Agent and to all present and future Syndication Parties under the Acquisition Guaranty, Survivor and the Subsidiary Merger Survivor, as applicable, shall grant to, and maintain for, the Administrative Agent, for the benefit of all present and future Syndication Parties, a first lien and security interest, pursuant to the Security Documents in the following ("WAMPLER COLLATERAL") in accordance with the timing set forth in Section 10.3 hereof: (a) all of Survivor's stock in Wampler, and all rights, including the rights to distributions, thereunder ("WAMPLER SECURITIES COLLATERAL"); (b) all of Survivor's and Subsidiary Merger Survivor's real property interest, furniture, fixtures and equipment located at, or used in connection with, the poultry hatching, raising, slaughtering, processing, packaging, and shipping operations and facilities identified on Part A of EXHIBIT 7.3 hereto ("WLR CHICKEN ASSETS"); and (c) all proceeds with respect to the assets described in clauses (a) and (b) above and all insurance policies in connection with the assets described in clauses (a), (b), and (c) hereof and the proceeds thereof, in each case whether now owned or hereafter acquired. Survivor and Subsidiary Merger Survivor, as applicable shall execute and deliver to the Administrative Agent, for the benefit of the Syndication Parties, the Wampler Security Documents to evidence the security interest of the Administrative Agent, for the benefit of the Syndication Parties, in the Wampler Collateral, together with such financing statements or other documents as the Administrative Agent shall reasonably request. Survivor and Subsidiary Merger Survivor, as applicable, shall also execute such further security agreements, mortgages, deeds of trust, financing statements, assignments or other documents as the Administrative Agent shall reasonably request from time to time, in form and substance as the Administrative Agent shall specify, to establish, confirm, perfect or provide notice of the Administrative Agent's security interest (for the benefit of the Administrative Agent and all Syndication Parties) in the Wampler Collateral.

1.6 Subsection 10.2.11 is amended in its entirety to read as follows:

10.2.11 AVAILABLE AMOUNT REPORTS: If any Advance is made during any Fiscal Quarter, then, no later than forty-five (45) days after the end of such Fiscal Quarter, unless the outstanding principal balance owing under the Facilities on any Advance Date (including the Advance requested for such date in a Borrowing Notice) exceeds ninety percent (90%) of the Aggregate Commitment, in which case an Available Amount Report effective as of the date of such Borrowing Notice must accompany the Borrowing Notice (the appropriate date in either case being the "AVAILABLE AMOUNT REPORT DEADLINE"), a report in the form of EXHIBIT 10.2.11 attached hereto ("AVAILABLE AMOUNT REPORT") effective as of the last day of such Fiscal Quarter or the date of such Borrowing Notice, as applicable. Any time that, in connection with a Pari Passu Loan, Borrower requests the Administrative Agent to execute an Intercreditor Agreement, Borrower shall provide to the Administrative Agent an endorsement to the Title Policy increasing the amount of insurance provided thereby (or a new Title Policy in the full amount, including any such increase) if the following two conditions have occurred: (a) the maximum amount available under such Pari Passu Loan, together with the maximum amounts available under all Pari Passu Loans entered into since the most recent increase in the amount of the Title Policy, is equal to or greater than $25,000,000.00, and (b) Borrower has since the most recent increase in the amount of the Title Policy, provided to the Administrative Agent one or more Available Amount Reports which, in the aggregate, reflect an increase in the Appraised Value of the real estate (including any structures or other improvements thereon, other than equipment) included in the Collateral in an amount equal to or greater than $25,000,000.00; provided that Borrower shall not be required to provide such endorsement or new Title Policy on account of Available Amount Reports which increase the Available Amount based solely on the WLR Chicken Assets so long as (i) no part of the WLR Chicken Assets are used in calculating whether a Pari Passu Loan is permitted under this Subsection and (ii) none of the WLR Chicken Assets are used as security for any such Pari Passu Loan. In the event an increase in the amount of insurance available under the Title Policy is required pursuant to the preceding sentence, the amount of such increase shall be the amount of the aggregate increase in Appraised Value determined as provided in clause (b) thereof; provided that in no event shall Borrower be required to increase the amount of insurance provided under the Title Policy to the extent it would result in the amount thereof being an amount in excess of (x) during the Availability Period, the Aggregate Commitment, or (y) at any time after the end of the Availability Period, the amount of Bank Debt owing. In the event the parcel or parcels of real estate with respect to which there has been an increase in Appraised Value are insured by separate Title Policies, the increase in insured amount required above need only be provided with respect to those Title Policies.

1.7 Subsection 10.2.12 is amended in its entirety to read as follows:

10.2.12 APPRAISALS: Borrower shall provide the Administrative Agent with Appraisals covering all interests required to be included within the Collateral: (a) on December 14, 2002 and on each two year anniversary thereof, provided that if the Leverage Ratio for the Fiscal Quarter immediately preceding (or ending on) such date is less than fifty percent (50%), this requirement will be deferred on a Fiscal Quarter basis so long as such ratio is maintained, provided further that, unless otherwise agreed by the Required Lenders, any such deferrals shall be for no more than 24 months, so that in any event an Appraisal will be required no later than four years after the date the last previous Appraisal was required; and (b) as may be required in connection with Pari Passu Loans as provided herein.

1.8 Section 10.3 is amended in its entirety to read as follows:

10.3 GRANT OF LIENS ON WLR RELATED ASSETS: Borrower shall cause Acquisition Corp. and/or Survivor, and/or Subsidiary Merger Survivor to, grant to the Administrative Agent, for the benefit of the Syndication Parties, a first priority lien on the Wampler Securities Collateral and the WLR Chicken Assets, and with respect to such assets take the actions in accordance with the following time table:

1.9 Clause (e) of Subsection 10.3.3 is amended in its entirety to read as follows:

(e) The Administrative Agent shall have received in form and substance satisfactory to the Administrative Agent: (i) documents, certified to be true and correct by the Secretary or Assistant Secretary of Borrower, evidencing all corporate action taken by Survivor and Subsidiary Merger Survivor to authorize (including the specific names and titles of the persons authorized to so act the execution, delivery and performance of the Wampler Security Documents to which it is a party and which relate to WLR Chicken Assets, and a certificate of the Secretary or Assistant Secretary of Borrower, dated the Closing Date, certifying the names and true signatures of the Authorized Officers; (ii) documents, certified to be true and correct by the Secretary or Assistant Secretary of Survivor and Subsidiary Merger Survivor, evidencing all corporate action taken by such Person to authorize (including the specific names and titles of the persons authorized to so act) the execution, delivery and performance of such Wampler Security Documents, and (iii) evidence satisfactory to it that all consents and approvals of governmental authorities and third parties which are with respect to Survivor and/or Subsidiary Merger Survivor necessary for, or required as a condition of the validity and enforceability of such Wampler Security Documents to which it is a party.

1.10 Subsection 10.3.4 is deleted in its entirety.

1.11 Section 10.15 is amended in its entirety to read as follows:

1.12 10.15 APPRAISED PROPERTY: No Available Amount Report will be based in any part on the Appraised Value of any real property, or improvements, fixtures, machinery or equipment located on any real property, not, in either case, described in the deeds of trust executed, on or prior to the date of such Available Amount Report, by Borrower in connection with this Credit Agreement.

1.13 Clause (f) of Section 11.1 is amended in its entirety to read as follows:

(f) secured Debt (other than Bank Debt and the Pari Passu Loans) in an aggregate amount at any time outstanding of up to the sum of (i) eighty-five percent (85%) of the book value of the outstanding accounts receivable of Borrower and its Subsidiaries (as such account receivable would be shown on a consolidated balance sheet of Borrower and its Subsidiaries prepared in accordance with GAAP), less allowance for doubtful accounts, PLUS (ii) seventy-five percent (75%) of the higher of book value or fair market value, determined in accordance with GAAP, of the assets of Borrower and its Subsidiaries, but excluding from such calculation under this clause (ii), the assets covered by clause (i), the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the WLR Chicken Assets), and good will, MINUS (iii) amounts owing under the Harris Loan and under the Hancock Loan;

1.14 Clauses (g), (h), and (i) of Section 11.3 are amended in their entirety to read as follows:

(g) Liens, other than on the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets), securing its reimbursement obligations under any letter of credit issued in connection with the acquisition of an asset; provided that (i) the lien attaches only to such asset, and (ii) the lien is released upon satisfaction of such reimbursement obligation;

(h) Liens on the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets) in connection with the Bank Debt or any permitted Pari Passu Loan;

(i) Liens on assets of Borrower or its Subsidiaries, other than on the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets), to secure indebtedness permitted under Sections 11.1(f) and 11.1(i); and

1.15 Section 11.4 is amended in its entirety to read as follows:

11.4 SALE OF ASSETS: Borrower shall not (nor shall it permit any of its Subsidiaries to) sell, convey, assign, lease or otherwise transfer or dispose of, voluntarily, by operation of law or otherwise, any of the Collateral (including, after the Merger Consummation Date, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets) except the sale of assets disposed of in the ordinary course of business, and which are either replaced or are no longer necessary or useful for the business conducted at the facilities which are included within the Collateral (including, whether or not the Administrative Agent has, for the benefit of the Syndication Parties, been granted a lien thereon, the Acquisition Stock, the Wampler Securities Collateral, and the WLR Chicken Assets).

2. CONDITIONS TO EFFECTIVENESS OF THIS SECOND AMENDMENT. The effectiveness of this Second Amendment is subject to satisfaction, in the Administrative Agent's sole discretion, of each of the following conditions precedent:

2.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of Borrower shall be true and correct in all material respects on and as of the Effective Date as though made on and as of such date.

2.2 NO EVENT OF DEFAULT. No Event of Default shall have occurred and be continuing under the Credit Agreement as of the Execution Date.

2.3 EXECUTION AND DELIVERY. Receipt by the Administrative Agent of a copy of this Second Amendment, duly executed by all requisite parties.

2.4 SCHEDULE OF APPRAISED VALUES. Receipt by the Administrative Agent of a report, certified to by Borrower's Chief Financial Officer, showing, for each of the facilities included within the Borrower Collateral and the Wampler Collateral and upon which the Available Amount is based: (a) the address, physical description, and function; (b) the Appraised Value (separated as to (i) machinery and equipment, (ii) building improvements, and (iii) land); and (c) the date of the Appraisal from which the Appraised Value has been determined.

2.5 AMENDMENT FEE. Borrower's payment to the Administrative Agent, by wire transfer, of a fee in the amount of $100,000.00 ("AMENDMENT FEE") to be distributed to the Syndication Parties in the manner determined by the Administrative Agent and disclosed to the Syndication Parties.

3. GENERAL PROVISIONS.

3.1 NO OTHER MODIFICATIONS. The Credit Agreement shall remain in full force and effect except as specifically amended by this Second Amendment

3.2DEFINITIONS. Capitalized terms shall have the meanings set forth herein, if defined herein. Capitalized terms used, but not defined, herein shall have the meanings given to such terms in the Credit Agreement if defined therein.

3.3PRIOR ACTIONS. Nothing in this Second Amendment shall affect any previous actions, waivers, or lien releases.

3.4 SEVERABILITY. Should any provision of this Second Amendment be deemed unlawful or unenforceable, said provision shall be deemed several and apart from all other provisions of this Second Amendment and all remaining provisions of this Second Amendment shall be fully enforceable.

3.5 GOVERNING LAW. This Second Amendment shall be governed by, interpreted and enforced in accordance with the laws of the State of Colorado.

3.6 HEADINGS. The captions or headings in this Second Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Second Amendment.

3.7 COUNTERPARTS. This Second Amendment may be executed by the parties hereto in separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Telefax copies of documents or signature pages bearing original signatures, and executed documents or signature pages delivered by telefax, shall, in each such instance, be deemed to be, and shall constitute and be treated as, an original signed document or counterpart, as applicable.

This Second Amendment is executed as of the Execution Date.

BORROWER:

PILGRIM'S PRIDE CORPORATION

By: /S/ RICHARD A. COGDILL
Name: Richard A. Cogdill
Title: Executive Vice President,
Chief Financial Officer,
Secretary & Treasurer

ADMINISTRATIVE AGENT:

COBANK, ACB

By: /S/ BRIAN J. KLATT
Name: Brian J. Klatt
Title: Vice President

CO-ARRANGER:

FARM CREDIT SERVICES OF AMERICA, FLCA

By: /S/ NATHAN F. BURNHAM
Name: Nathan F. Burnham
Title: Vice President

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

SYNDICATION PARTIES:

COBANK, ACB

By: /S/ KEN WARLICK
Name: Ken Warlick
Title:

FARM CREDIT SERVICES OF AMERICA, FLCA

By: /S/ NATHAN F. BURNHAM
Name: Nathan F. Burnham
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By:
Name:
Title:

HARRIS TRUST AND SAVINGS BANK

By:
Name:
Title:

SUNTRUST BANK

By:
Name:
Title:

DEERE CREDIT, INC.

By:
Name:
Title:

U.S. BANK, National Association (INDIVIDUALLY AND AS SUCCESSOR BY MERGER TO FIRSTAR BANK, N.A.)

By:
Name:
Title:

BANK OF TEXAS

By:
Name:
Title:

GREENSTONE FARM CREDIT SERVICES, FLCA

By: /S/ ALFRED S. COMPTON, JR.
Name: Alfred S. Compton, Jr.
Title: Vice President/Senior Loan Officer