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 December 29, 2001

Commission file number 1-9273

PILGRIM'S PRIDE CORORATION
(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 January 22, 2002.

13,523,429 shares of the Registrant's Class A Common Stock, $.01 par value, were outstanding as of January 22, 2002.

INDEX

PILGRIM'S PRIDE CORORATION AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Pilgrim's Pride Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	December 29, 2001	September 29, 2001
	(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$14,398	$ 20,916
Trade accounts and other receivables, less allowance for doubtful accounts	92,211	95,022
Inventories	260,140	314,400
Other current assets	13,998	12,934
Total Current Assets	380,747	443,272
OTHER ASSETS	19,999	20,067
PROPERTY, PLANT AND EQUIPMENT		
Land	36,350	36,350
Buildings, machinery and equipment	935,108	929,922
Autos and trucks	53,349	53,264
Construction-in-progress	83,002	71,427
	1,107,809	1,090,963
Less accumulated depreciation	355,117	338,607
	752,692	752,356
	$1,153,438	$1,215,695
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$143,236	$151,265
Accrued expenses	88,974	83,558
Current maturities of long-term debt	5,177	5,099
Total Current Liabilities	237,387	239,922
LONG-TERM DEBT, LESS CURRENT MATURITIES	396,945	467,242
DEFERRED INCOME TAXES	126,573	126,710
MINORITY INTEREST IN SUBSIDIARY	889	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	138	138
Common stock - Class B, $.01 par value, authorized 60,000,000 shares; 27,589,250 issued and outstanding	276	276
Additional paid-in capital	79,625	79,625
Retained earnings	315,128	302,758
Accumulated other comprehensive loss	(1,955)	(297)
Less treasury stock, 271,100 shares	(1,568)	(1,568)
Total Stockholders' Equity	391,644	380,932
	$1,153,438	$1,215,695

See notes to consolidated financial statements.

Pilgrim's Pride Corporation and Subsidiaries
Consolidated Income Statements
(Unaudited)

	THREE MONTHS ENDED DECEMBER 29, 2001	THREE MONTHS ENDED DECEMBER 30, 2000
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)	
NET SALES	$656,030	$386,032
COSTS AND EXPENSES:		
Cost of sales	598,165	338,866
Selling, general and administrative	34,535	23,955
	632,700	362,821
Operating income	23,330	23,211
OTHER EXPENSE (INCOME):		
Interest expense, net	8,573	4,140
Foreign exchange (gain)loss	(535)	121
Miscellaneous, net	(387)	(122)
	7,651	4,139
INCOME BEFORE INCOME TAXES	15,679	19,072
INCOME TAX EXPENSE	2,688	6,335
NET INCOME	$ 12,991	$ 12,737
NET INCOME PER COMMON SHARE - BASIC AND DILUTED	$ 0.32	$ 0.31
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.015	$ 0.015
WEIGHTED AVERAGE SHARES OUTSTANDING	41,112,679	41,112,679

See notes to consolidated financial statements.

Pilgrim's Pride Corporation and Subsidiaries
Consolidated Statements of Cash Flow
(Unaudited)

	THREE MONTHS ENDED DECEMBER 29, 2001	THREE MONTHS ENDED DECEMBER 30, 2002
	(IN THOUSANDS)	
Cash Flows From Operating Activities:		
Net income	$12,991	$12,737
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	17,399	8,668
Loss (Gain) on property disposals	32	(8)
Provision for doubtful accounts	128	173
Deferred income taxes	(138)	3,991
Changes in operating assets and liabilities:		
Accounts and other receivables	2,683	(14,174)
Inventories	54,260	14,025
Prepaid expenses	(1,064)	(925)
Accounts payable and accrued expenses	(2,613)	(8,363)
Other	(1,905)	(124)
Cash Provided By Operating Activities	81,773	16,000
INVESTING ACTIVITIES:		
Acquisitions of property, plant and equipment	(17,333)	(32,607)
Proceeds from property disposals	84	56
Other, net	(278)	(620)
Net Cash Used In Investing Activities	(17,527)	(33,171)
FINANCING ACTIVITIES:		
Proceeds from notes payable to banks	18,500	70,000
Repayments of notes payable to banks	(18,500)	(60,500)
Proceeds from long-term debt	10,223	10,701
Payments on long-term debt	(80,441)	(19,144)
Cash dividends paid	(621)	(621)
Cash (Used In) Provided By Financing Activities	(70,839)	436
Effect of exchange rate changes on cash and cash equivalents	75	(48)
Decrease in cash and cash equivalents	(6,518)	(16,783)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,916	28,060
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$14,398	$11,277
SUPPLEMENTAL DISCLOSURE INFORMATION:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 4,148	$ 1,661
Income taxes	178	517

See notes to consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A-BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Pilgrim's Pride Corporation ("Pilgrim's" or "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 December 29, 2001 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.

The assets and liabilities of the foreign subsidiaries are translated at end-of-period exchange rates, except for any non-monetary assets, which are translated at equivalent dollar costs at dates of acquisition using historical rates. Operations of foreign subsidiaries are translated at average exchange rates in effect during the period.

Effective January 1, 2002, the Mexican Congress passed the Mexico Tax Reform (the "Reform"), which eliminated the previous tax exemption under Simplified Regime for the Company's Mexico subsidiaries. The Reform will require that the Company's Mexico subsidiaries calculate and pay taxes under a new special regime of the Mexico Income Tax Laws beginning January 1, 2002, subject to transitional provisions. The Company is evaluating the effect of the changes to the Mexico tax law, which will likely be reflected in the second quarter results and are not expected to have a material effect on the Company cash flows or financial position.

Total comprehensive income for the three months ending December 29, 2001 and December 30, 2000 was $11.3 million and $12.7 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. The purchase price and refinancing were provided by borrowings on the Company's existing secured term borrowing facility and revolving credit facility. WLR operations have been included since the acquisition on January 27, 2001. The acquisition is being accounted for under the purchase method of accounting and the purchase price, which is still preliminary, has been allocated based on the estimated fair value of assets and liabilities.

The following table represents pro forma financial information as if the acquisition of WLR had occurred as of the first day of each period presented. Certain reclassifications have been made to the WLR historical financial statements to conform to the presentation used by Pilgrim's.

	THREE MONTHS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000
	(in thousands)	
	HISTORICAL	PRO FORMA
Net Sales	$656,030	$601,396
Operating Income	23,330	29,798
Interest Expense, Net	8,573	10,900
Income Before Tax	15,679	18,896
Net Income	12,991	12,629
Depreciation and Amortization	17,399	16,397
Net Income Per Common Share - Basic and Diluted	$ 0.32	$ 0.31

NOTE B-ACCOUNTS RECEIVABLE

On June 26, 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 December 29, 2001 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. These transactions have been recorded as sales in accordance with FASB 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 the Consolidated Statements of Cash Flows. Losses on these sales were immaterial.

NOTE C-INVENTORIES

Inventories consist of the following:

	DECEMBER 29, 2001	SEPTEMBER 29, 2001
	(IN THOUSANDS)	
Chicken:		
Live chicken and hens	$ 65,337	$ 97,073
Feed, eggs and other	78,326	77,970
Finished chicken products	61,317	70,493
	204,980	245,536
Turkey:		
Live turkey and hens	32,353	30,694
Feed, eggs and other	3,329	3,906
Finished turkey products	19,478	34,264
	55,160	68,864
Total Inventory	$260,140	$314,400

NOTE D-LONG TERM DEBT

At December 29, 2001, the Company maintained $130.0 million in revolving credit facilities and $400.0 million in 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-eights 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 December 29, 2001 ranged from LIBOR plus one and one-quarter percent to LIBOR plus two and one-quarter percent. These facilities are secured by inventory and fixed assets or are unsecured. At December 29, 2001, $84.3 million was available under the revolving credit facility and $294.0 million was available under the term borrowing facility. Annual maturities of long-term debt for the remainder of fiscal 2002 and for the five years subsequent to December 29, 2001 are: 2002 -- $3.9 million; 2003 -- $6.4 million; 2004 -- $11.8 million; 2005 -- $11.5 million; and 2006 -- $50.6 million.

NOTE E-RELATED PARTY TRANSACTIONS

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

Transactions with related parties are summarized as follows:

	THREE MONTHS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000
	(IN THOUSANDS)	
Contract egg grower fees to major stockholder	$ --	$ 1,248
Lease payment to major stockholder	188	--
Chick, feed and other sales to major stockholder	37,107	30,770
Live chicken purchases from major stockholder	20,550	13,446

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 December 29, 2001, from related parties, including its major stockholder.

NOTE F-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 have 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. Appellants filed a short reply brief. The National Chicken Council has filed an Amicus Curiae brief in support of our position on this appeal, which was accepted by the court. 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. The Company does not expect this matter, individually or collectively, to have a material impact on our financial position, operations or liquidity. Substantially similar suits have been filed against four other integrated poultry companies, including WLR Foods, one of which resulted in a federal judge dismissing most of the plaintiffs' claims in that action with facts similar to our case.

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.

NOTE G - 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.

	THREE MONTHS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000
	(IN THOUSANDS)	
Net Sales to Customers:		
Chicken and Other Products:		
United States	$ 448,063	$ 307,552
Mexico	90,916	78,480
Sub-total	538,979	386,032
Turkey	117,051	--
Total	$ 656,030	$ 386,032
OPERATING INCOME:		
Chicken and Other Products:		
United States	$ 9,356	$ 20,631
Mexico	8,471	2,580
Sub-total	17,827	23,211

Turkey	5,503	--
Total	$ 23,330	$ 23,211
DEPRECIATION AND AMORTIZATION:		
Chicken and Other Products:		
United States	$ 10,792	$ 5,889
Mexico	3,417	2,779
Sub-total	14,209	8,668
Turkey	3,190	--
Total	$ 17,399	$ 8,668

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 reduces 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 30.1% of our 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, 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 costs, 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 DECEMBER 29, 2001 (IN THOUSANDS)	DECEMBER 30, 2000
Net Sales to Customers:		
Chicken and Other Products:		
United States	$448,063	$307,552
Mexico	90,916	78,480
Sub-total	538,979	386,032
Turkey	117,051	--
Total	$656,030	$386,032
OPERATING INCOME:		
Chicken and Other Products:		
United States	$ 9,356	$ 20,631
Mexico	8,471	2,580
Sub-total	17,827	23,211
Turkey	5,503	--
Total	$ 23,330	$ 23,211
DEPRECIATION AND AMORTIZATION:		
Chicken and Other Products:		
United States	$ 10,792	$ 5,889
Mexico	3,417	2,779
Sub-total	14,209	8,668
Turkey	3,190	--
Total	$ 17,399	$ 8,668

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

	Percentage of Net Sales THREE MONTHS ENDED DECEMBER29, 2001 (IN THOUSANDS)	DECEMBER 30, 2000
Net Sales	100.0 %	100.0 %
Costs and Expenses:		
Cost of sales	91.2	87.8
Gross profit	8.8	12.2
Selling, general and administrative	5.3	6.2
Operating Income	3.6	6.0
Interest Expense	1.3	1.1
Income Before Income Taxes	2.4	4.9
Net Income	2.0	3.3

RESULTS OF OPERATIONS

FISCAL FIRST QUARTER 2002 COMPARED TO FISCAL FIRST QUARTER 2001

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 former WLR Foods operations are included in our results for the first quarter ended December 29, 2001 and not in the quarter ended December 30, 2000.

CONSOLIDATED NET SALES. Consolidated net sales were $656.0 million for the first quarter of fiscal 2002, an increase of $270.0 million, or 69.9%, from the first quarter of fiscal 2001. The increase in consolidated net sales resulted from a $136.4 million increase in U.S. chicken sales to $402.2 million, a $117.1 million increase in turkey sales, a $12.4 million increase in Mexico chicken sales to $90.9 million and a $4.1 million increase in sales of other U.S. products to $45.8 million. The increase in U.S. chicken sales was primarily due to a 55.8% increase in dressed pounds produced, which resulted primarily from the acquisition of WLR Foods, offset partially by a 2.9% decrease in total revenue per dressed pound produced. The increase in turkey sales was due to the acquisition of WLR Foods. The $12.4 million increase in Mexico chicken sales was primarily due to an 8.6% increase in average revenue per dressed pound produced and by 6.7% increase in dressed pounds produced. The $4.1 million increase in sales of other U.S. products to $45.8 million was primarily due to the acquisition of WLR Foods.

COST OF SALES. Consolidated cost of sales were $598.2 million in the first quarter of fiscal 2002, an increase of $259.3 million, or 76.5%, compared to the first quarter of fiscal 2001. The U.S. operations accounted for $254.4 million of the increase in the cost of sales and our Mexico operations accounted for $4.9 million of the increase.

The cost of sales increase in our U.S. operations of $254.4 million was due primarily to the acquisition of WLR Foods, $105.7 million of which related to the turkey operations. The increase in cost of sales of chicken products also resulted from increased production of higher cost prepared foods products.

The $4.9 million cost of sales increase in our Mexico operations was primarily due to a 6.7% increase in dressed pounds produced.

GROSS PROFIT. Gross profit was $57.9 million for the first quarter of fiscal 2002, an increase of $10.7 million, or 22.7%, over the same period last year, due primarily to the acquisition of WLR Foods. Gross profit as a percentage of sales decreased to 8.8% in the first quarter of fiscal 2002, from 12.2% in the first quarter of fiscal 2001 due primarily to lower commodity chicken sales prices experienced in our Eastern Division.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were $34.5 million in the first quarter of fiscal 2002 and $24.0 million in the first quarter of fiscal 2001. The $10.5 million increase was due primarily to the acquisition of WLR Foods. Consolidated selling, general and administrative expenses as a percentage of sales decreased in the first quarter of fiscal 2002 to 5.3%, compared to 6.2% in the first quarter of fiscal 2001, due primarily to synergies resulting from the WLR Foods acquisition.

OPERATING INCOME. Consolidated operating income remained relatively stable at $23.3 million for the first quarter of fiscal 2002, increasing by approximately $0.1 million, when compared to the first quarter of fiscal 2001.

INTEREST EXPENSE. Consolidated net interest expense increased 107.1% to $8.6 million in the first quarter of fiscal 2002, when compared to $4.1 million for the first quarter of fiscal 2001, due to higher outstanding balances incurred for the acquisition of WLR Foods.

INCOME TAX EXPENSE. Consolidated income tax expense in the first quarter of fiscal 2002 decreased to $2.7 million compared to $6.3 million in the first quarter of fiscal 2001. This decrease resulted from lower U.S. pre-tax earnings in the first quarter of fiscal 2002 than in the first quarter of fiscal 2001.

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 DECEMBER 29, 2001 RANGED FROM LIBOR PLUS ONE AND ONE-QUARTER PERCENT TO LIBOR PLUS TWO AND ONE-QUARTER PERCENT. THESE FACILITIES ARE SECURED BY INVENTORY AND FIXED ASSETS.

AT DECEMBER 29, 2001, $84.3 MILLION WAS AVAILABLE UNDER THE REVOLVING CREDIT FACILITIES AND $294.0 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 DECEMBER 29, 2001 ARE: 2002--$3.9 MILLION; 2003--$6.4 MILLION; 2004--$11.8 MILLION; 2005--$11.5 MILLION; AND 2006--$50.6 MILLION.

ON JUNE 26, 1998, WE ENTERED INTO AN ASSET SALE AGREEMENT TO SELL UP TO $60 MILLION OF ACCOUNTS RECEIVABLE. 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 DECEMBER 29, 2001 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 DECEMBER 29, 2001, OUR WORKING CAPITAL DECREASED TO $143.4 MILLION AND OUR CURRENT RATIO DECREASED TO 1.60 TO 1, COMPARED WITH WORKING CAPITAL OF $203.5 MILLION AND A CURRENT RATIO OF 1.85 TO 1 AT SEPTEMBER 29, 2001, PRIMARILY DUE TO LOWER INVENTORIES FROM NORMAL SEASONAL VARIATIONS.

TRADE ACCOUNTS AND OTHER RECEIVABLES WERE $92.2 MILLION AT DECEMBER 29, 2001, COMPARED TO $95.0 MILLION AT SEPTEMBER 29, 2001. THE 3.0% 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 SLIGHTLY TO $152.2 MILLION AT THE END OF THE FIRST QUARTER OF FISCAL 2002 FROM $153.5 MILLION AT THE END OF FISCAL 2001.

INVENTORIES WERE $260.1 MILLION AT DECEMBER 29, 2001, COMPARED TO $314.4 MILLION AT SEPTEMBER 29, 2001. THE $54.3 MILLION, OR 17.3%, DECREASE IN INVENTORIES WAS PRIMARILY DUE TO NORMAL SEASONAL SALES OF OUR TURKEY DIVISION WHICH LOWERS TURKEY FINISHED PRODUCT INVENTORIES AND TO LOWER LIVE CHICKEN AND HEN INVENTORIES RESULTING FROM SEASONAL VARIATIONS IN SALES OF CHICKEN AND FEED PRODUCTS TO THE COMPANY'S PRINCIPAL STOCKHOLDER.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES REMAINED RELATIVELY STABLE AT $232.2 MILLION AT DECEMBER 29, 2001, COMPARED TO $234.8 MILLION AT SEPTEMBER 29, 2001.

CAPITAL EXPENDITURES OF $17.3 MILLION AND $32.6 MILLION, FOR THE THREE MONTHS ENDED DECEMBER 29, 2001 AND DECEMBER 30, 2000, 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 $65.0 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 $81.8 MILLION AND $16.0 MILLION FOR THE THREE MONTHS ENDED DECEMBER 29, 2001 AND DECEMBER 30, 2000, RESPECTIVELY. THE INCREASE IN CASH FLOWS PROVIDED BY OPERATING ACTIVITIES IN THE FIRST QUARTER OF FISCAL 2002 COMPARED TO THE FIRST QUARTER OF FISCAL 2001, WAS PRIMARILY DUE TO A DECREASE IN INVENTORIES FROM SEASONAL SALES OF OUR TURKEY DIVISION AND SEASONAL VARIATIONS IN SALES OF CHICKEN AND FEED PRODUCTS TO THE COMPANY'S PRINCIPAL STOCKHOLDER.

CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES WERE ($70.8) MILLION AND $0.4 MILLION FOR THE THREE MONTH PERIODS ENDED DECEMBER 29, 2001 AND DECEMBER 30, 2000, RESPECTIVELY. THE CASH USED IN FINANCING ACTIVITIES PRIMARILY REFLECTS THE NET PROCEEDS (PAYMENTS) ON NOTES PAYABLE AND LONG-TERM FINANCING AND DEBT RETIREMENT.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes from the provided in Item 7a of the Company's Annual Report on Form 10-K for the year ended September 29, 2001, except interest rate risk. With the significant reduction in debt, a 25 basis point increase rate would increase interest expense by $66,500 for the first quarter of fiscal 2002.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 "ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG LIVED ASSETS" (SFAS NO. 144). SFAS No. 144 is effective for fiscal years beginning after December 15, 2001 and provides new rules for classifying assets held for sale. The adoption of this standard is not expected to have a material effect on the Company.

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;

* 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 have 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. Appellants filed a short reply brief. The National Chicken Council has filed an Amicus Curiae brief in support of our position on this appeal, which was accepted by the court. 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. The Company does not expect this matter, individually or collectively, to have a material impact on our financial position, operations or liquidity. Substantially similar suits have been filed against four other integrated poultry companies, including WLR Foods, one of which resulted in a federal judge dismissing most of the plaintiffs' claims in that action with facts similar to our case.

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.

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) Exhibit Number

None

(b) Reports on Form 8-K

The Company has not filed any reports on Form 8-K that have not been disclosed on Form 10-K for the year ended September 30, 2000.

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	1/22/2002	Richard A. Cogdill Executive Vice President, Chief Financial Officer, Secretary and Treasurer in his respective capacity as such