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 30, 2001

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 periods 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 24, 2001.

13,523,429 shares of the Registrant's Class A Common Stock, $.01 par value, were outstanding as of July 24, 2001.

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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 30, 2001	September 30, 2000
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 8,767	$ 28,060
Trade accounts and other receivables, less allowance for doubtful accounts	130,060	50,286
Inventories	305,614	181,237
Deferred income taxes	5,783	6,256
Prepaid expenses and other current assets	7,766	3,131
Total Current Assets	457,990	268,970
Other Assets	20,047	18,576
Property, Plant and Equipment:		
Land	31,802	26,137
Buildings, machinery and equipment	880,068	565,034
Autos and trucks	52,135	48,187
Construction in progress	85,211	68,743
Total Fixed Assets	1,049,216	708,101
Less accumulated depreciation	322,433	290,227
	726,783	417,874
	$ 1,204,820	$ 705,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable to banks	$ 54,000	$ --
Accounts payable	139,441	105,078
Accrued expenses	82,333	34,704
Current maturities of long-term debt	5,022	4,657
Total Current Liabilities	280,796	144,439
Long-Term Debt, less current maturities	444,125	165,037
Deferred Income Taxes	110,531	52,496
Minority Interest in Subsidiary	889	889
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; 13,523,429 issued and outstanding at June 30, 2001 and September 30, 2000, respectively	138	138
Common stock - Class B, $.01 par value, authorized 60,000,000 shares; 27,589,250 issued and outstanding at June 30, 2001 and September 30, 2000, respectively	276	276
Additional paid-in capital	79,625	79,625
Retained earnings	290,436	264,088
Other Comprehensive Income	(428)	--
Less treasury stock	(1,568)	(1,568)
Total Stockholders' Equity	368,479	342,559
	$ 1,204,820	$ 705,420

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	June 30,2001	July 1, 2000	June 30, 2001	July 1, 2000
	(in thousands, except share and per share data)			
Net Sales	$ 645,836	$ 391,979	$1,573,461	$1,120,064
Costs and Expenses:				
Cost of sales	570,211	345,314	1,421,454	993,894
Selling, general and administrative	30,139	20,316	88,581	61,317
	600,350	365,630	1,510,035	1,055,211
Operating income	45,486	26,349	63,426	64,853
Other Expense (Income):				
Interest expense, net	10,014	4,967	21,239	13,569
Foreign exchange (gain)/loss	(602)	598	(439)	532
Miscellaneous, net	1,751	465	1,348	(252)
	11,163	6,030	22,148	13,849
Income before income taxes	34,323	20,319	41,278	51,004
Income tax expense	9,056	3,175	13,075	9,979
Net income	$ 25,267	$ 17,144	$ 28,203	$ 41,025
Net income per common share - basic and diluted	$ 0.62	$ 0.41	$ 0.69	$ 0.99
Dividends per common share	$ 0.015	$ 0.015	$ 0.045	$ 0.045
Weighted average shares outstanding	41,112,679	41,274,680	41,112,679	41,347,413

See Notes to condensed consolidated financial statements.

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

	Nine Months Ended June 30, 2001	July 1, 2000
	(in thousands)	
Cash Flows From Operating Activities:		
Net income	$28,203	$41,025
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	39,428	26,748
Loss on property disposals	76	572
Provision for doubtful accounts	(1,577)	(1,403)
Deferred income taxes	4,486	(3,043)
Changes in operating assets and liabilities:	(23,171)	11,809
Accounts and other receivables	(18,167)	(16,743)
Inventories	(2,326)	(4,007)
Prepaid expenses	(9,181)	6,932
Accounts payable and accrued expenses		
Other	(519)	(184)
Cash Provided by Operating Activities	17,252	61,706
Investing Activities:		
Acquisitions of property, plant and equipment	(87,640)	(56,933)
Business acquisitions	(239,539)	--
Proceeds from property disposals	1,622	2,202
Other, net	3,040	(6,996)
Net Cash Used In Investing Activities	(322,517)	(61,727)
Financing Activities:		
Borrowing for acquisition	285,070	--
Repayment on WLR Foods, Inc. debt	(45,531)	--
Proceeds from notes payable to banks	136,000	55,000
Repayment of notes payable to banks	(82,000)	(55,000)
Proceeds from long-term debt	102,631	20,047
Payments on long-term debt	(108,491)	(30,865)
Purchase of treasury stock	--	(1,314)
Cash dividends paid	(1,854)	(1,860)
Cash Provided By (Used In) Financing Activities	285,825	(13,992)
Effect of exchange rate changes on cash and cash equivalents	147	12
Decrease in cash and cash equivalents	(19,293)	(14,001)
Cash and cash equivalents at beginning of year	28,060	15,703
Cash and cash equivalents at end of period	$ 8,767	$ 1,702
Supplemental disclosure information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$16,262	$10,459
Income taxes	6,845	13,059

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Pilgrim's Pride Corporation ("Pilgrim's" or "the Company") have been prepared in accordance with generally accepted accounting principles 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 adjustments) considered necessary for a fair presentation have been included. Operating results for the period ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended September 29, 2001. 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 30, 2000.

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.

On January 27, 2001, the Company completed the acquisition of all of the outstanding shares of WLR Foods, Inc. ("WLR") common stock for $14.25 per share or approximately $239.5 million and refinanced approximately $45.5 million of WLR debt.

The purchase price and refinancing were provided by borrowings on the Company's existing secured term borrowing facility and revolving credit facility (See Note D). 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 has been allocated primarily to fixed assets, summarized as follows:

Current assets, less current liabilities	$ 77,549
Fixed assets	261,676
Deferred taxes established	(54,024)
Long-term debt	(45,662)
Total Purchase Price	$239,539

The purchase price allocation is preliminary, but in the opinion of management represents the estimated fair value of assets acquired and liabilities assumed.

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		Nine Months Ended	
	June 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
	(in thousands)			
Net Sales	$645,836	$597,104	$1,837,908	$1,728,254
Depreciation and Amortization	18,609	16,234	48,603	47,647
Interest Expense, Net	10,014	11,727	30,253	33,850
Net Income	$ 25,267	$ 12,757	$ 25,343	$ 28,607
Net Income Per Common Share - Basic and Diluted	$ 0.62	$ 0.31	$ 0.62	$ 0.69

NOTE B--ACCOUNTS RECEIVABLE

On June 26, 1998 the Company entered into an asset sale agreement (the "Agreement") to sell up to $60.0 million of accounts receivable. In connection with the 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 30, 2001 and September 30, 2000, an interest in Pooled Receivables of $38.0 and $35.4 million 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 ("SFAS140"). The gross proceeds resulting from the sale are 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:

	June 30, 2001	September 30, 2000
	(in thousands)	
Chicken:		
Live chicken and hens	$ 97,125	$ 72,438
Feed, eggs and other	69,607	54,627
Finished chicken products	63,819	54,172
	230,551	181,237
Turkey:		
Live turkey and hens	29,826	-
Feed, eggs and other	12,129	-
Finished turkey products	33,108	-
	75,063	-
Total Inventories	$305,614	$181,237

NOTE D--LONG TERM DEBT

We maintain $120.0 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 30, 2001 ranged from LIBOR plus two to LIBOR plus two and one-quarter percent. These facilities are secured by inventory and fixed assets or are unsecured.

As of June 30, 2001, annual maturities of long-term debt for the remainder of fiscal 2001 and for the five years subsequent to fiscal 2001 are: 2001-$1.2 million; 2002 - $5.0 million; 2003 - $99.1 million; 2004 - $23.0 million; 2005 - $22.0 million; and 2006 - $59.6 million

At June 30, 2001, $24.3 million was available under the revolving/term borrowing credit facilities and $110.0 million was available under the term borrowing facilities.

NOTE E--RELATED PARTY TRANSACTIONS

Transactions with related entities are summarized as follows:

	Three Months Ended		Nine Months Ended	
	June 30, 2001	July 1, 2001	June 30, 2001	July 1, 2000
	(in thousands)			
Contract egg grower fees to major stockholder	$ 48	$ 1,302	$ 1,468	$ 4,065
Lease payments to a major stockholder	188	-	376	-
Chick, feed and other sales to major stockholder	344	440	38,459	31,663
Live chicken purchases from major stockholder	288	198	39,341	31,889

NOTE F--HEDGING

On October 1, 2000, the Company adopted Financial Accounting Standards Board Statement (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended. This Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

The adoption of SFAS No. 133 had no impact on the Company as of October 1, 2000.

The Company periodically uses derivatives to moderate the financial and commodity market risks of its business operations, primarily derivative products, such as futures and option contracts, are used to hedge against changes in the amount of future cash flows related to commodities procurement.

The Company expects commodity derivatives to be cash flow hedges (i.e., hedging the exposure of variability in expected future cash flows that is attributable to a particular risk). The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings (for commodity hedges when the chickens that consumed the hedged grain are sold. The remaining cumulative gain or loss on the derivative instrument in excess of the cumulative change in the present value of the future cash flows of the hedged item, if any, is recognized in earnings during the period of change. During the quarter ended June 30, 2001, the Company used derivative futures contracts to hedge commodity purchases, all of which occurred during the quarter. No ineffectiveness was recognized on cash flow hedges during the nine months ended June 30, 2001. During the quarter ended June 30, 2001, the Company realized losses due to commodity hedges, net of gains, totaling approximately $1.2 million, of which approximately $0.7 million ($0.4 million net of tax) was deferred to future periods and is recorded in other comprehensive income (loss) at June 30, 2001, and will be recognized within the next quarter. No futures contracts were outstanding as of June 30, 2001.

NOTE G--CONTINGENCIES

Since March 23, 1999, the Company has been a plaintiff in two antitrust lawsuits in U.S. District Court in Washington, D.C. alleging a world-wide conspiracy to control production capacity and raise prices of common vitamins such as A, B-4, C and E. On November 3, 1999, a settlement, which was entered into as part of a class action lawsuit to which the Company was a member, was agreed to among the defendants and the class, which would provide for a recovery of between 18-20% of vitamins purchased from the defendants from 1990 through 1998. On March 28, 2000, the judge presiding over the case accepted the negotiated settlement between the parties; however, appeals from various sources are in process. The Company has filed documentation showing that vitamin purchases made during the recovery period totaled approximately $14.9 million. During the first fiscal quarter of 2001, the Company received $2.2 million in partial settlement of its claim and received an additional $1.1 million in the third fiscal quarter of 2001 in final settlement.

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. 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 chicken companies, including WLR, 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 100 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 H--BUSINESS SEGMENTS

Since the acquisition of WLR 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 includes sales of chicken and sales of other products the Company produces and purchases for resale in the United States and Mexico. 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, 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. Identifiable assets by segment and geographic area are those assets which are used in the Company's operations in each segment or area. Corporate assets are included with chicken and other products.

The following table presents certain information regarding our segments:

	Three Months Ended		Nine Months Ended	
	JUNE 30, 2001	JULY 1, 2000	JUNE 30, 2001	JULY 1, 2000
	(in thousands)			
Net Sales to Customers:				
Chicken and Other Products:				
United States	$ 477,291	$ 310,913	$1,179,165	$ 891,823
Mexico	89,752	81,066	244,076	228,241
Sub-total	567,043	391,979	1,423,241	1,120,064
Turkey	78,793	-	150,220	-
Total	$ 645,836	$ 391,979	$1,573,461	$1,120,064
Operating Income(Loss):				
Chicken and Other Products:				
United States	30,023	12,910	50,397	37,519
Mexico	13,767	13,439	11,145	27,334
Sub-total	43,790	26,349	61,542	64,853
Turkey	1,696	-	1,883	-
Total	$ 45,486	$ 26,349	$ 63,425	$ 64,853
Depreciation and Amortization:				
Chicken and Other Products:				
United States	$ 13,275	$ 6,321	$ 26,790	$ 18,026
Mexico	3,123	2,963	8,864	8,722
Sub-total	16,398	9,284	35,654	26,748
Turkey	2,210	-	3,774	-
Total	$ 18,608	$ 9,284	$ 39,428	$ 26,748
Total Assets:				
Chicken and Other Products:				
United States	$ 806,629		$806,629	
Mexico	212,658		212,658	
Sub-total	1,019,287		1,019,287	
Turkey	185,533		185,533	
Total	$1,204,820		$1,204,820	

PILGRIM'S PRIDE CORPORATION AND SUBSIDIARIES
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 27.6% of our consolidated cost of goods sold in fiscal 2000. 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		Nine Months Ended	
	JUNE 30, 2001	JULY 1, 2000	JUNE 30, 2001	JULY 1, 2000
	(in thousands)			
Net Sales to Customers:				
Chicken and Other Products:				
United States	$ 477,291	$ 310,913	$1,179,165	$ 891,823
Mexico	89,752	81,066	244,076	228,241
Sub-total	567,043	391,979	1,423,241	1,120,064
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Operating Income(Loss):				
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Total	$ 45,486	$ 26,349	$ 63,425	$ 64,853
Depreciation and Amortization:				
Chicken and Other Products:				
United States	$ 13,275	$ 6,321	$ 26,790	$ 18,026
Mexico	3,123	2,963	8,864	8,722
Sub-total	16,398	9,284	35,654	26,748
Turkey	2,210	-	3,774	-
Total	$ 18,608	$ 9,284	$ 39,428	$ 26,748

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 30, 2001	July 1, 2000	June 30, 2001	July 1, 2000
Net Sales	100.0 %	100.0 %	100.0 %	100.0 %
Costs and Expenses:				
Cost of sales	88.3	88.1	90.3	88.7
Gross profit	11.7	11.9	9.7	11.3
Selling, general and administrative	4.7	5.2	5.6	5.5
Operating Income	7.0	6.7	4.0	5.8
Interest Expense	1.6	1.3	1.3	1.2
Income before Income Taxes	5.3	5.2	2.6	4.6
Net Income	3.9	4.4	1.8	3.7

RESULTS OF OPERATIONS

FISCAL THIRD QUARTER 2001 COMPARED TO FISCAL THIRD QUARTER 2000

On January 27, 2001, the Company completed the acquisition of WLR, a vertically integrated producer of chicken and turkey products located in the Eastern United States. Accordingly, the Company's results for the third fiscal quarter of 2001 include 13 weeks of operations for the former WLR, whereas the third fiscal quarter of 2000 does not.

CONSOLIDATED NET SALES. Consolidated net sales were $645.8 million for the third quarter of fiscal 2001, an increase of $253.9 million, or 64.8%, from the third quarter of fiscal 2000. The increase in consolidated net sales resulted from a $148.6 million increase in U.S. chicken sales to $431.6 million, a $78.8 million increase in turkey sales, a $17.8 million increase in sales of other U.S. products to $45.7 million and by an $8.7 million increase in Mexico chicken sales to $89.8 million.

The increase in U.S. chicken sales was primarily due to a 48.3% increase in dressed pounds produced, which resulted primarily from the acquisition of WLR, and to a 2.7% increase in total revenue per dressed pound produced. The increase in turkey sales was due to the addition of WLR. The $17.8 million increase in sales of other U.S. products was due primarily to the acquisition of WLR.

The $8.7 million increase in Mexico chicken sales was primarily due to 14.1% increase in dressed pounds produced offset partially by a 3.0% decrease in revenue per dressed pound.

COST OF SALES. Consolidated cost of sales was $570.2 million in the third quarter of fiscal 2001, an increase of $224.9 million, or 65.1%, compared to the third quarter of fiscal 2000. The increase resulted primarily from a $217.2 million increase in the cost of sales of U.S. operations and from a $7.7 million increase in the cost of sales in Mexico operations.

The cost of sales increase in our U.S. operations of $217.2 million was due primarily to the acquisition of WLR, $75.9 million of which related to the turkey operations, and increased production of higher cost prepared food products and higher energy costs.

The $7.7 million cost of sales increase in our Mexico operations was primarily due to a 14.1% increase in dressed pounds produced offset partially by a 1.7% decrease in average costs of sales per dressed pound produced.

GROSS PROFIT. Gross profit was $75.6 million for the third quarter of fiscal 2001, an increase of $29.0 million, or 62.1%, over the same period last year due primarily to the WLR acquisition. Gross profit as a percentage of sales decreased to 11.7% in the third quarter of fiscal 2001 from 11.9% in the third quarter of fiscal 2000 due primarily to lower net sales prices in Mexico.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were $30.1 million in the third quarter of fiscal 2001 and $20.3 million in the third quarter of fiscal 2000. The $9.8 million, or 48.4%, increase was due primarily to the acquisition of WLR and certain integration costs related thereto. Consolidated selling, general and administrative expenses as a percentage of sales decreased in the third quarter of fiscal 2001 to 4.7%, compared to 5.2% in the third quarter of fiscal 2000.

OPERATING INCOME. Consolidated operating income was $45.5 million for the third quarter of fiscal 2001, an increase of $19.1 million when compared to the third quarter of fiscal 2000, resulting primarily from lower operating margins in Mexico.

INTEREST EXPENSE. Consolidated net interest expense increased to $10.0 million in the third quarter of fiscal 2001, compared to $5.0 million in the third quarter of fiscal 2000, due to higher outstanding balances resulting from the acquisition of WLR.

INCOME TAX EXPENSE. Consolidated income tax expense in the third quarter of fiscal 2001 was $9.1 million compared to $3.2 million in the third quarter of fiscal 2000. This increase resulted from higher U.S. pre-tax earnings in the third quarter of fiscal 2001 than in the same period of fiscal 2000.

FIRST NINE MONTHS OF FISCAL 2001 COMPARED TO FIRST NINE MONTHS OF FISCAL 2000

On January 27, 2001, the Company completed the acquisition of WLR, a vertically integrated producer of chicken and turkey products located in the Eastern United States. Accordingly, twenty-two weeks of operations of the former WLR are included in the Company's results for the first nine months of fiscal 2001.

Consolidated Net Sales. Consolidated net sales were $1.6 billion for the first nine months of fiscal 2001, an increase of $453.4 million, or 40.5%, from the first nine months of fiscal 2000. The increase in consolidated net sales resulted from a $258.3 million increase in U.S. chicken sales to $1.0 billion, a $150.2 million increase in turkey sales, a $29.0 million increase in sales of other U.S. products to $134.0 million and by a $15.8 million increase in Mexico chicken sales to $244.1 million.

The increase in U.S. chicken sales was primarily due to a 29.1% increase in dressed pounds produced, which resulted primarily from the acquisition of WLR, and to a 2.9% increase in total revenue per dressed pound produced. The increase in turkey sales was due to the acquisition of WLR. The $29.0 million increase in sales of other U.S. products to $134.0 million was primarily due to the acquisition of WLR and higher prices in the Company's commercial egg and poultry by-products operations.

The $15.8 million increase in Mexico chicken sales was primarily due to a 15.6% increase in dressed pounds produced offset partially by a 7.5% decrease in average revenue per dressed pound produced.

COST OF SALES. Consolidated cost of sales were $1.4 billion in the first nine months of fiscal 2001, an increase of $427.6 million, or 43.0%, compared to the first nine months of fiscal 2000. The increase resulted primarily from a $397.3 million increase in the cost of sales of U.S. operations and by a $30.3 million increase in the cost of sales in Mexico operations.

The cost of sales increase in our U.S. operations of $397.3 million was due primarily to the acquisition of WLR, $140.9 million of which related to the turkey operations, increased production of higher cost prepared food products, higher energy costs and higher feed ingredient costs.

The $30.3 million cost of sales increase in our Mexico operations was primarily due to a 15.6% increase in dressed pounds produced.

GROSS PROFIT. Gross profit was $152.0 million for the first nine months of fiscal 2001, an increase of $25.8 million, or 20.5%, over the same period last year. Gross profit as a percentage of sales decreased to 9.7% in the first nine months of fiscal 2001 from 11.3% in the first nine months of fiscal 2000 due primarily to lower sale prices in Mexico.

Beginning in the fourth quarter of fiscal 1999, commodity chicken margins in the U.S. have been under pressure due, in part, to increased levels of chicken production. To the extent that these trends continue, subsequent periods' operations could be negatively affected to the extent not offset by other factors such as those discussed under "-General" above.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Consolidated selling, general and administrative expenses were $88.6 million in the first nine months of fiscal 2001 and $61.3 million in the first nine months of fiscal 2000. The $27.3 million increase was due primarily to the acquisition of WLR and certain integration costs related thereto. Consolidated selling, general and administrative expenses as a percentage of sales increased in the first nine months of fiscal 2001 to 5.6%, compared to 5.5% in the first nine months of fiscal 2000.

OPERATING INCOME. Consolidated operating income was $63.4 million for the first nine months of fiscal 2001, a decrease of $1.4 million when compared to the first nine months of fiscal 2000, resulting primarily from the acquisition of WLR and lower sales prices in Mexico.

INTEREST EXPENSE. Consolidated net interest expense increased 56.5% to $21.2 million in the first nine months of fiscal 2001, when compared to $13.6 million for the first nine months of fiscal 2000, due to higher outstanding balances incurred for the acquisition of WLR.

INCOME TAX EXPENSE. Consolidated income tax expense in the first nine months of fiscal 2001 increased to $13.1 million compared to an expense of $10.0 million in the first nine months of fiscal 2000. This increase resulted from higher U.S. pre-tax earnings in the first nine months of fiscal 2001 than in the first nine months of fiscal 2000.

LIQUIDITY AND CAPITAL RESOURCES

We maintain $120.0 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 30, 2001 ranged from LIBOR plus two percent to LIBOR plus two and one-quarter percent. These facilities are secured by inventory and fixed assets or are unsecured.

We propose to offer $200.0 million of senior unsecured notes due in 2011. The notes would be issued under our shelf registration statement covering an aggregate of $400.0 million of securities. The net proceeds of the offering would be used to redeem all of our outstanding senior subordinated notes due 2003 and repay indebtedness outstanding under our revolving/term borrowing facility. This does not constitute an offer to sell or the solicitation of an offer to buy the notes.

As of June 30, 2001, annual maturities of long-term debt for the remainder of fiscal 2001 and for the five years subsequent to fiscal 2001 are: 2001- $1.2 million; 2002 - $5.0 million; 2003 - $99.1 million; 2004 - $23.0 million; 2005 - $22.0 million; and 2006 - $59.6 million.

At June 30, 2001, $24.3 million was available under the revolving credit facilities and $110.0 million was available under the revolving/term borrowing facility.

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 June 30, 2001 and September 30, 2000, an interest in these Pooled Receivables of $38.0 million and $35.4 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 gross proceeds resulting from the sale are 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 30, 2001, our working capital increased to $177.2 million and our current ratio decreased to 1.63 to 1, compared with working capital of $124.5 million and a current ratio of 1.86 to 1 at September 30, 2000, and was primarily due to the acquisition of WLR.

Trade accounts and other receivables were $130.1 million at June 30, 2001, compared to $50.3 million at September 30, 2000. The 158.7% increase in trade accounts and other receivables between June 30, 2001 and September 30, 2000 was primarily due to the acquisition of WLR's trade receivables and other accounts partially offset by the sale of receivables under the Asset Sale Agreement discussed above. Excluding the sale of receivables, trade accounts and other receivables would have increased 96.1%, to $168.1 million. This increase was primarily due to the acquisition of WLR.

Inventories were $305.6 million at June 30, 2001, compared to $181.2 million at September 30, 2000. The $124.4 million, or 68.6%, increase in inventories between September 30, 2000 and June 30, 2001 was primarily due to the acquisition of WLR.

Accounts payable and accrued expenses were $221.8 million at June 30, 2001, compared to $139.8 million at September 30, 2000. The 58.7% increase in accounts payable and accrued expenses between September 30, 2000 and June 30, 2001, was primarily due to the acquisition of WLR.

Capital expenditures of $87.6 million and $56.9 million for the nine months ended June 30, 2001 and July 1, 2000, respectively, were primarily incurred to acquire and expand certain facilities, improve efficiencies, reduce costs and for the routine replacement of equipment. We anticipate spending $15.0 to $20.0 million in the fourth quarter of fiscal 2001 and $55.0 to $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 long-term financing.

Cash flows provided by operating activities were $17.3 million and $61.7 million for the nine month periods ended June 30, 2001 and July 1, 2000, respectively. The decrease in cash flows provided by operating activities for the nine months ended June 30, 2001, compared to the nine months ended July 1, 2000, was primarily due to the increase of: accounts receivable, due primarily to a higher level of sales activity; and inventories, due primarily to higher levels of live poultry and frozen turkey inventory resulting primarily from seasonal variations in the live production cycle and sales of turkey products.

Cash flows provided by (used in) financing activities were $285.8 million and $(14.0) million for the nine month periods ended June 30, 2001 and July 1, 2000, respectively. The increase in cash flows provided by (used in) financing activities for the nine month period ended June 30, 2001, when compared to the nine month period ended July 1, 2000, reflects the net proceeds (payments) from borrowings to finance the acquisition of WLR.

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, including:

* 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 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 the Company's Security and Exchange Commission ("SEC") filings.

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.

The Company does not intend to provided updated information about the matters referred to in these forward looking statements, other than in the context of Management's Discussion and Analysis of Results of Operations and Financial Condition contained herein and other disclosures in the Company's SEC filings.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of feed ingredients, foreign currency exchange rates and interest rates as discussed below and as adjusted for the acquisition of WLR. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions management may take to mitigate its exposure to such changes. Actual results may differ.

FEED INGREDIENTS. The Company purchases certain commodities, primarily corn and soybean meal. As a result, the Company's earnings are affected by changes in the price and availability of such feed ingredients. As market conditions dictate, the Company will from time to time lock-in future feed ingredient prices using various hedging techniques, including forward purchase agreements with suppliers and futures contracts. The Company does not use such financial instruments for trading purposes and is not a party to any leveraged derivatives. Market risk is estimated as a hypothetical 10% increase in the weighted-average cost of the Company's primary feed ingredients as of June 30, 2001. Based on the Company's feed consumption during the twelve-month period ending June 30, 2001, such an increase would have resulted in an increase to cost of sales of approximately $51.7 million in that period. As of June 30, 2001, the Company had not hedged any of its remaining fiscal 2001 or 2002 feed requirements.

FOREIGN CURRENCY. Our earnings are affected by foreign exchange rate fluctuations related to the Mexican peso net monetary position of our Mexico subsidiaries denominated in Mexican pesos. 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 manners, including potential economic recession in Mexico resulting from a devalued peso. The impact on our financial position and results of operations of 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, were a loss of $2.3 million in 1998, a gain of $0.1 million and $0.2 million in fiscal 1999 and 2000, respectively, and a gain of $1.1 million for the twelve-month period ending June 30, 2001. On June 30, 2001, the Mexican peso closed at 9.04 to 1 U.S. dollar, a decrease from 9.45 at September 30, 2000. No assurance can be given as to how future movements in the peso could affect our future earnings.

INTEREST RATES. The Company's earnings are also affected by changes in interest rates due to the impact those changes have on its variable-rate debt instruments. The acquisition of WLR substantially increased the Company's outstanding balances of variable-rate debt. The Company has variable-rate debt instruments representing approximately 64.6% of its long-term debt at June 30, 2001. Holding other variables constant, including levels of indebtedness, a 25 basis points increase in interest rates during the 12 month period ending June 29, 2002, would increase our interest expense by $725,000 over the same period in 2001. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate long-term debt at June 30, 2001.

Market risk for fixed-rate long-term debt is estimated as the potential increase in fair value resulting from a hypothetical 25 basis points decrease in interest rates and amounts to approximately $487,000 as of June 30, 2001, using discounted cash flow analysis.

NEW ACCOUNTING PRONOUNCEMENTS. On October 1, 2000, the Company adopted Financial Accounting Standards Board Statement (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended. This Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings, or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

The adoption of SFAS No. 133 had no impact on the Company as of October 1, 2000.

The Company periodically uses derivatives to moderate the financial and commodity market risks of its business operations, primarily derivative products, such as futures and option contracts, are used to hedge against changes in the amount of future cash flows related to commodities procurement.

The Company expects commodity derivatives to be cash flow hedges (i.e., hedging the exposure of variability in expected future cash flows that is attributable to a particular risk). The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings (for commodity hedges when the chickens that consumed the hedged grain are sold). The remaining cumulative gain or loss on the derivative instrument in excess of the cumulative change in the present value of the future cash flows of the hedged item, if any, is recognized in earnings during the period of change. During the quarter ended June 30, 2001, the Company used derivative futures contracts to hedge commodity purchases, all of which occurred during the quarter. No ineffectiveness was recognized on cash flow hedges during the nine months ended June 30, 2001. During the quarter ended June 30, 2001, the Company realized losses due to commodity hedges, net of gains, totaling approximately $1.2 million, of which approximately $0.7 million ($0.4 million net of tax) was deferred to future periods and is recorded in other comprehensive income (loss) at June 30, 2001 and will be recognized within the next quarter. No futures contracts were outstanding as of June 30, 2001.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Since March 23, 1999, the Company has been a plaintiff in two antitrust lawsuits in U.S. District Court in Washington, D.C. alleging a world-wide conspiracy to control production capacity and raise prices of common vitamins such as A, B-4, C and E. On November 3, 1999, a settlement, which was entered into as part of a class action lawsuit to which the Company was a member, was agreed to among the defendants and the class, which would provide for a recovery of between 18-20% of vitamins purchased from the defendants from 1990 through 1998. On March 28, 2000, the judge presiding over the case accepted the negotiated settlement between the parties; however, appeals from various sources are in process. The Company has filed documentation showing that vitamin purchases made during the recovery period totaled approximately $14.9 million. During the first fiscal quarter of 2001, the Company received $2.2 million in partial settlement of its claim and received an additional $1.1 million in the third fiscal quarter of 2001 in final settlement.

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. We 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. 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. Substantially similar suits have been filed against four other integrated chicken companies, including WLR, 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 100 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 February 9, 2000, the U.S. Department of Labor ("DOL") began a nationwide audit of wage and hour practices in the chicken industry. The DOL has audited 51 chicken plants, four of which are owned by us. The DOL audit examined pay practices relating to both processing plant and catching crew employees and includes practices which are the subject of Anderson v. Pilgrim's Pride and Kennell v. Wampler Foods discussed above. We met with the DOL in a closing conference in March of 2001 and are currently considering the recommendations presented by the DOL, the majority of which are procedural. We do not expect this matter, individually or collectively, to have a material impact on our financial position, operations or liquidity.

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

(a) Computation of Ratio of Earnings to Fixed Charges

REPORTS ON FORM 8-K

The Company filed a Form 8-K/A on April 12, 2001, as an amendment to the Form 8-K filed on February 8, 2001, relating to the acquisition by a wholly-owned subsidiary of Pilgrim's Pride Corporation of WLR.

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

Date JULY 24, 2001

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

EXHIBIT 12

PILGRIM'S PRIDE CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	NINE MONTHS ENDED JUNE 30, 2001	NINE MONTHS ENDED JULY 1, 2000
EARNINGS:		
Income before income taxes and extraordinary charge	$ 41,277	$ 51,004
Add: Total fixed charges (see below)	33,877	21,734
Less: Interest Capitalized	5,232	2,255
Total Earnings	$ 69,922	$ 70,483
FIXED CHARGES:		
Interest (1)	$ 27,032	$ 16,257
Portion of rental expense representative of the interest factor	6,845	5,477
Total fixed charges	$ 33,877	$ 21,734
Ratio of earnings to fixed charges	2.06	3.24

(1) Interest includes amortization of capitalized financing fees.