

PILGRIMS PRIDE CORP
Form DEFA14A
July 23, 2003

SCHEDULE 14A
(RULE 14a-101)

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934

- Filed by the Registrant
 - Filed by a Party other than the Registrant
- Check the appropriate box:
- Preliminary Proxy Statement
 - Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material Under Rule 14a-12

PILGRIM S PRIDE CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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PILGRIM S PRIDE CORPORATION
REPORTS THIRD QUARTER RESULTS FOR FISCAL 2003

Pittsburg, TX July 22, 2003 Pilgrim s Pride Corporation (NYSE: CHX, CHX.A) today reported net income of \$17.4 million, or \$0.42 per share, for the third fiscal quarter ended June 28, 2003, an increase of \$14.1 million, or \$0.34 per share, compared with net income of \$3.3 million in the third fiscal quarter of 2002. Net sales for the third fiscal quarter of 2003 were \$651.9 million, an increase of \$14.8 million, compared with net sales of \$637.1 million for the same period last year. The third fiscal quarter 2003 results include a \$0.25 per share gain from partial settlements from vitamin and methionine lawsuits, net of tax and related employee incentive plan accruals.

For the first nine months of fiscal 2003, net income was \$31.0 million, or \$0.75 per share, an increase of \$13.5 million compared with net income of \$17.5 million, or \$0.43 per share in the prior fiscal year s first nine months. The Company also reported net sales for the first nine months of fiscal 2003 of \$1,909.9 million, a \$16.0 million increase compared with \$1,893.9 million for the same period last year. The first nine months of fiscal 2003 results include a \$1.06 per share gain from partial settlements from vitamin and methionine lawsuits, and the recoveries from the prior year s avian influenza, net of tax and related employee incentive plan accruals.

Our third quarter results reflect an improvement in pricing and better operating efficiencies, commented O.B. Goolsby, President and Chief Operating Officer of Pilgrim s Pride. Over the last few months, higher chicken prices have increased margin levels. We expect that lower domestic supplies of meat proteins in the marketplace will continue to favorably impact our bottom line.

We have made significant progress this quarter executing on our strategy, including our June announcement that we will acquire ConAgra s chicken division. This combination will better position us to capitalize on the growing demand for prepared and fresh case-ready chicken and will give us the capacity to enhance the technological leadership and cost-efficiency for which we are known. We are looking forward to completing the ConAgra acquisition in the third calendar quarter of 2003, Mr. Goolsby said.

Pilgrim s Pride is well positioned to continue on its growth trajectory. Our objectives remain consistent: to increase sales, profit margins and earnings. Our commitment has never been stronger to providing customers with the highest-quality poultry products, as we remain focused on the company s continued growth and driving shareholder value, Mr. Goolsby concluded.

Pilgrim s Pride Corporation is the second largest poultry producer in the United States; the third largest in chicken and fifth largest in turkey, and second largest chicken company in Mexico. Pilgrim s Pride employs more than 24,500 persons and operates processing and further processing plants, distribution centers, hatcheries and feed mills in Texas, Arkansas, Arizona, North Carolina, Pennsylvania, Virginia and West Virginia and Mexico.

Products are sold to foodservice, retail and frozen entrée customers. The Company s primary distribution is through retailers and restaurants throughout the United States and in the Northern and Central regions of Mexico and to the foodservice industry nation-wide in both countries.

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A conference call to discuss the Company's third quarter of fiscal 2003 financial results will be held at 10:00 a.m. CDT (11:00 a.m. EDT) on July 23, 2003. To listen live via telephone, call 800-556-3831 access code 00977. The call will also be web cast live on the Internet at <http://www.firstcallevts.com/service/ajwz384641185gf12.html>. The web cast will be available for replay within two hours of the conclusion of the call. A telephone replay will be available beginning at 2:00 p.m. CDT on July 23 through July 30 at 800-876-6305.

Statements contained in this press release that state the intentions, hopes, beliefs, anticipations, expectations or predictions of the future of Pilgrim's Pride Corporation and its management are forward looking statements. It is important to note that the actual results could differ materially from those projected in such forward looking statements. For example, factors that could cause actual results to differ materially from those projected in such forward looking statements include: 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; contamination of our products, which has recently and can in the future lead to product liability claims and product recalls; exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate; 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 risk associated with foreign operations; changes in laws or regulations affecting our operations as well as competitive factors and pricing pressures; inability to effectively integrate ConAgra's chicken business or realize the associated cost savings and operating synergies currently anticipated; and the impact of uncertainties of litigation as well as other risks described under "Risk Factors" in our Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission

Important Legal Information

Investors and security holders are urged to read the proxy statement regarding the proposed transaction with ConAgra Foods, Inc. when it becomes available because it will contain important information. The proxy statement will be filed with the U.S. Securities and Exchange Commission by Pilgrim's Pride Corporation and security holders may obtain a free copy of the proxy statement when it becomes available, and other documents filed with the SEC by Pilgrim's Pride Corporation, at the SEC's web site at www.sec.gov. The proxy statement, and other related documents filed with the SEC by Pilgrim's Pride Corporation, may also be obtained for free by directing a request to Pilgrim's Pride Corporation at 110 South Texas, Pittsburg, Texas, 75686. Investors may obtain a detailed list of names, affiliations and interests of participants in the solicitation of proxies of Pilgrim's Pride Corporation stockholders to approve the transaction at the following address: 110 South Texas, Pittsburg, Texas, 75686.

Contact:

Richard A. Cogdill
Chief Financial Officer
540/896-0406

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PILGRIM S PRIDE CORPORATION**Consolidated Statements of Income**

[In thousands, except share and per share amounts]

| Three Months Ended | June 28, 2003 | June 29 2002 |
|---|------------------|-----------------|
| Net Sales | \$ 651,877 | \$ 637,116 |
| Costs and Expenses: | | |
| Cost of sales | 600,932 | 590,807 |
| Non-recurring recoveries | [10,302] | [691] |
| Selling, general and administrative | 35,107 | 32,954 |
| | <u>625,737</u> | <u>623,070</u> |
| Operating Income | 26,140 | 14,046 |
| Other Expense [Income]: | | |
| Interest expense, net | 9,417 | 9,031 |
| Foreign exchange gain [loss] | [334] | 2,269 |
| Miscellaneous, net | [8,124] | [3,778] |
| | <u>[959]</u> | <u>7,522</u> |
| Income Before Income Taxes | 25,181 | 6,524 |
| Income Tax Expense | 7,740 | 3,258 |
| Net Income | <u>\$ 17,441</u> | <u>\$ 3,266</u> |
| Net Income per Common Share - Basic and Diluted | \$ 0.42 | \$ 0.08 |
| Dividends Declared per Common Share | \$ 0.015 | \$ 0.015 |
| Weighted Average Shares Outstanding | 41,112,679 | 41,112,679 |

| Nine Months Ended | June 28, 2003 | June 29 2002 |
|-------------------------------------|------------------|------------------|
| Net Sales | \$ 1,909,874 | \$ 1,893,899 |
| Costs and Expenses: | | |
| Cost of sales | 1,805,257 | 1,763,290 |
| Non-recurring recoveries | [36,002] | [2,886] |
| Selling, general and administrative | 102,728 | 100,491 |
| | <u>1,871,983</u> | <u>1,860,895</u> |
| Operating Income | 37,891 | 33,004 |
| Other Expense [Income]: | | |
| Interest expense, net | 28,835 | 24,866 |
| Foreign exchange [gain] loss | [466] | 1,374 |
| Miscellaneous, net | [36,787] | [3,292] |
| | <u>[8,418]</u> | <u>22,948</u> |

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| | | |
|---|-------------------|-------------------|
| Income Before Income Taxes | <u>46,309</u> | <u>10,056</u> |
| Income Tax Expense [Benefit] | <u>15,346</u> | <u>[7,453]</u> |
| Net Income | \$ 30,963 | \$ 17,509 |
| Net Income per Common Share - Basic and Diluted | \$ 0.75 | \$ 0.43 |
| Dividends Declared per Common Share | \$ 0.045 | \$ 0.045 |
| Weighted Average Shares Outstanding | 41,112,679 | 41,112,679 |

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Condensed Consolidated Balance Sheets

[In thousands]

| | <u>June 28, 2003</u> | <u>September 28, 2002</u> |
|---|----------------------|---------------------------|
| ASSETS | | |
| Total Current Assets | \$ 508,880 | \$ 443,918 |
| Other Assets | 30,837 | 21,940 |
| Property, Plant and Equipment, net | 739,203 | 762,032 |
| | <u>\$ 1,278,920</u> | <u>\$ 1,227,890</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Total Current Liabilities | \$ 241,036 | \$ 264,881 |
| Long-Term Debt, Less Current Maturities | 480,150 | 450,161 |
| Deferred Income Taxes | 134,229 | 116,911 |
| Minority Interest in Subsidiary | 1,316 | 1,613 |
| Total Stockholders' Equity | 422,189 | 394,324 |
| | <u>\$ 1,278,920</u> | <u>\$ 1,227,890</u> |

PILGRIM S PRIDE CORPORATION
Condensed Consolidated Statements of Cash Flows
[In thousands]

| <u>Nine Months Ended</u> | <u>June 28, 2003</u> | <u>June 29, 2002</u> |
|--|----------------------|----------------------|
| Cash Provided by Operating Activities | \$ 14,695 | \$ 38,767 |
| Investing Activities: | | |
| Acquisitions of property, plant and equipment | [36,146] | [56,430] |
| Proceeds from property disposals | 923 | 790 |
| Other, net | [4,650] | [2,923] |
| | <u>[39,873]</u> | <u>[58,563]</u> |
| Cash Used in Investing Activities | | |
| Financing Activities: | | |
| Net borrowings on notes payable | | 58,000 |
| Net proceeds [payments] on long-term debt | 29,141 | [49,070] |
| Cash dividends paid | [1,858] | [1,854] |
| | <u>27,283</u> | <u>7,076</u> |
| Cash Provided by Financing Activities | | |
| Effect of exchange rate changes on cash and cash equivalents | [351] | [383] |
| | <u>\$ 1,754</u> | <u>\$ [13,103]</u> |
| Increase [Decrease] in cash and cash equivalents | | |