



# Pilgrim's Pride Corporation

BMO Capital Markets  
Agriculture and Protein Conference

May 15, 2008





# Company Overview

Clint Rivers

Chief Executive Officer



# Cautionary Notes and Forward Looking Statements



•Statements contained in this presentation that state the intentions, plans, hopes, beliefs, anticipations, expectations, projections, or predictions of the future of Pilgrim's Pride Corporation and its management, including as to the expected benefits and synergies associated with the acquisition of Gold Kist and changes in pricing, demand and market conditions for chicken products and profitability, are forward-looking statements. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. 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; additional outbreaks of avian influenza or other diseases, either in our own flocks or elsewhere, affecting our ability to conduct our operations and/or demand for our poultry products; contamination of our products, which has previously 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; changes in laws or regulations affecting our operations or the application thereof; competitive factors and pricing pressures or the loss of one or more of our largest customers; new immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause our costs of doing business to increase, cause us to change the way we do business, or otherwise disrupt our operations; inability to consummate, or effectively integrate, any acquisition, including integrating our recent acquisition of Gold Kist, or realize the associated cost savings and operating synergies currently anticipated; currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign operations; disruptions in international markets and distribution channels; 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. Pilgrim's Pride Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

•The information included in this presentation should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended September 29, 2007 and subsequent reports filed with the Securities and Exchange Commission.

•Unless the context otherwise requires, the pro forma financial information referenced in this presentation assumes that we completed the acquisition of Gold Kist and the related financings at the beginning of the period presented. Please see our Annual Report on Form 10-K for the fiscal year ended September 29, 2007 filed with the Securities and Exchange Commission on November 19, 2007 and our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 13, 2008.

•We have included certain information regarding our results of operations and components thereof that have been adjusted to exclude accounting adjustments relating to our benefit plans, to exclude losses on early extinguishment of debt, to exclude the effects of discontinued operations in connection with the sale of the company's turkey business, and to exclude asset impairment and restructuring charges in connection with the closures of the company's Siler City processing facility and six distribution centers. We have included this information as we believe that investors may be interested in our results excluding these items as this is how our management analyzes our results from continuing operations.

•"EBITDA" is defined as net income (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is used by us, and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of Generally Accepted Accounting Principles (GAAP) results, to compare the performance of companies. EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with GAAP.



## Pilgrim's Pride at a Glance

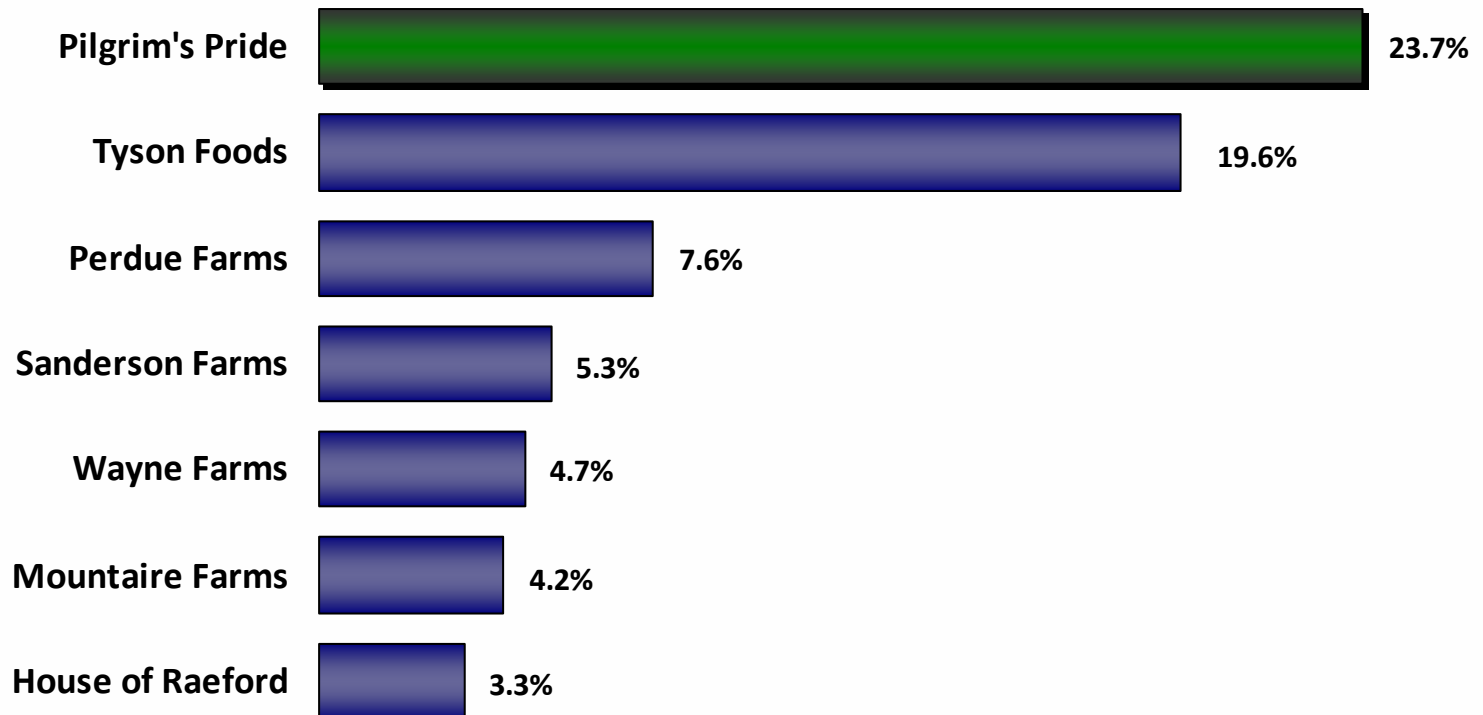
- **Largest chicken producer in the U.S.**
- **LTM as of March 29, 2008**
  - Net sales of \$8.4 billion<sup>(1)</sup>
  - 9.3 billion lbs. of dressed chicken production
- **NYSE: PPC**
  - \$655 million of public debt
  - \$1.7 billion market cap as of May 12, 2008
- **Significant history of acquisitions**
  - Gold Kist – December 2006
  - ConAgra Foods chicken division – November 2003
  - Wampler Foods (WLR) – January 2001

(1) See Appendix D for reconciliation of LTM Net Sales figures



# Number One Chicken Company in U.S.

## U.S. Chicken Industry Leaders Market Share by Production<sup>(1)</sup>



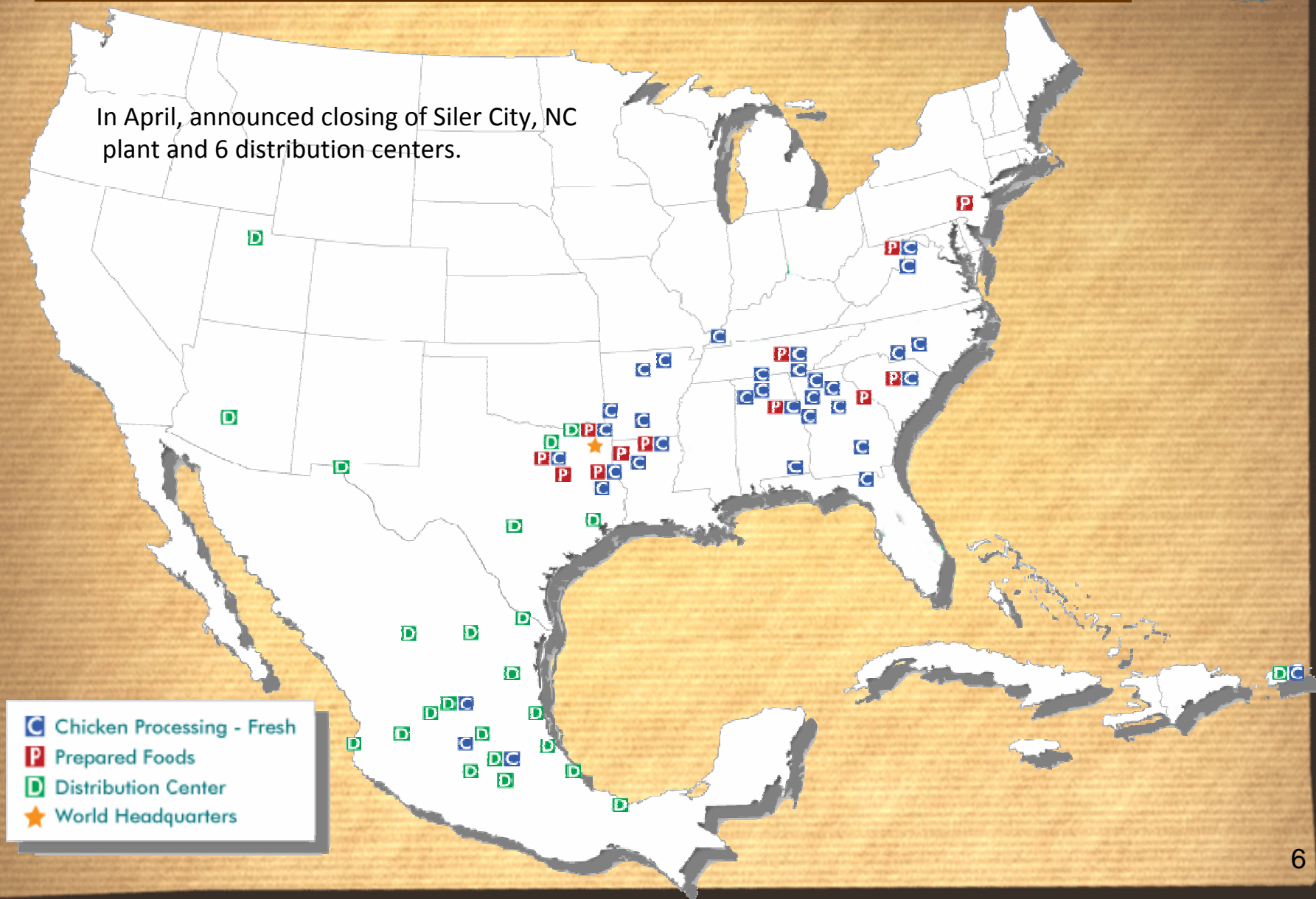
Source: WATT Poultry USA, February 2008.  
(1) Ready-To-Cook million pounds per week.



# Expanded North American Footprint

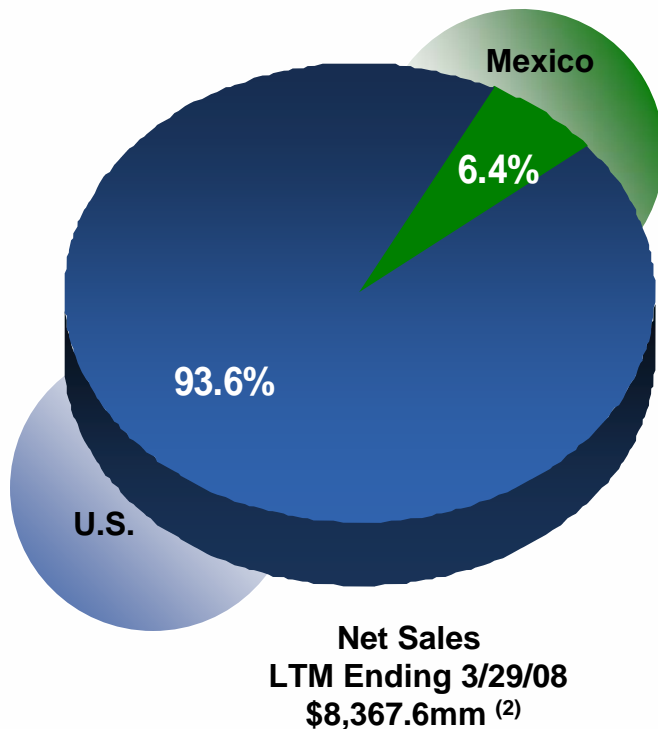


In April, announced closing of Siler City, NC plant and 6 distribution centers.

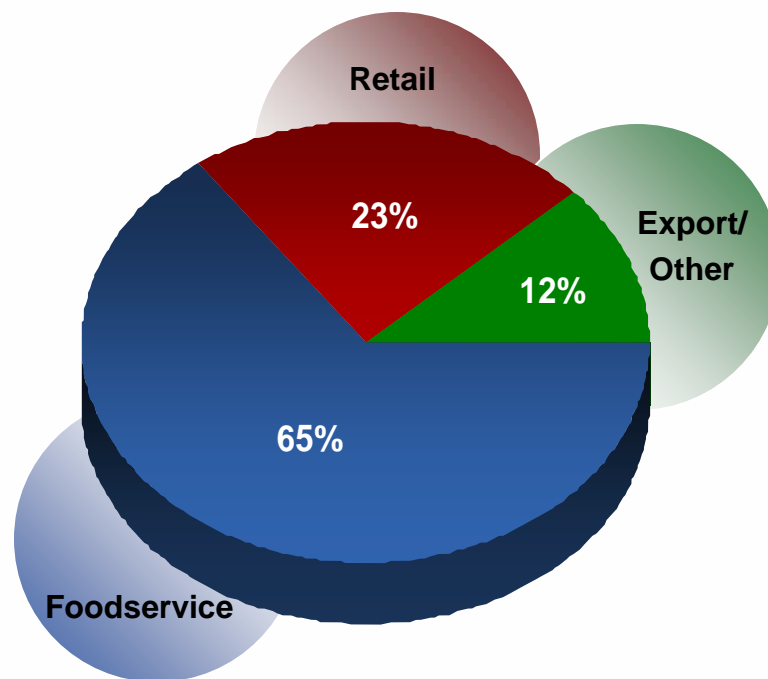




# Geographic Sales Mix and Diverse End Markets



**Geographic Sales Mix**



**Diversified End Markets<sup>(1)</sup>**

- (1) Percentage of U.S. Chicken Sales Dollars  
(2) See Appendix D for reconciliation of LTM Net Sales figures





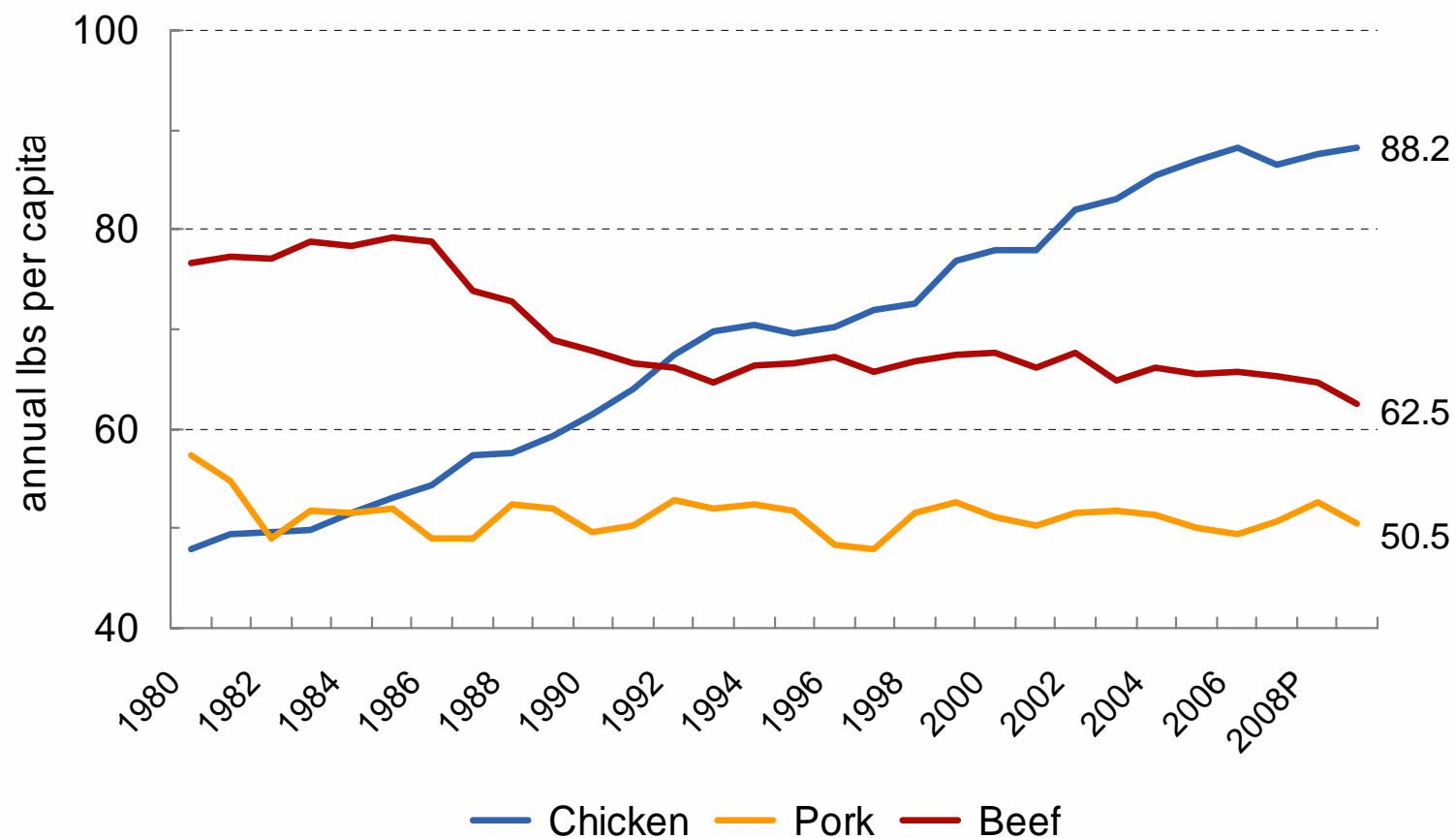
# U.S. Industry Overview





# Supply and Demand Dynamics

## U.S. Chicken Consumption

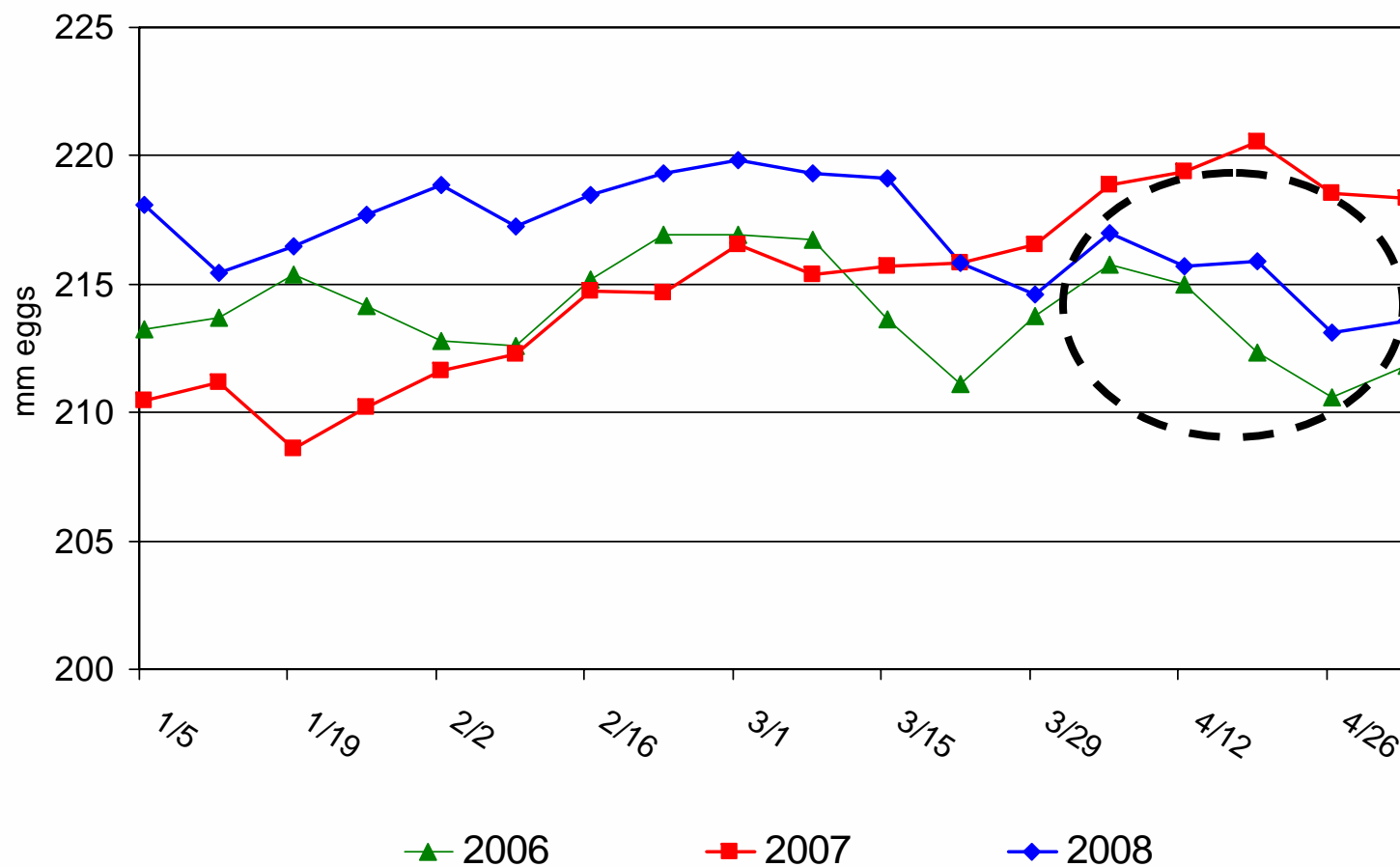


Source: April 2008 National Chicken Council.



# Supply and Demand Dynamics

## Weekly Egg Sets



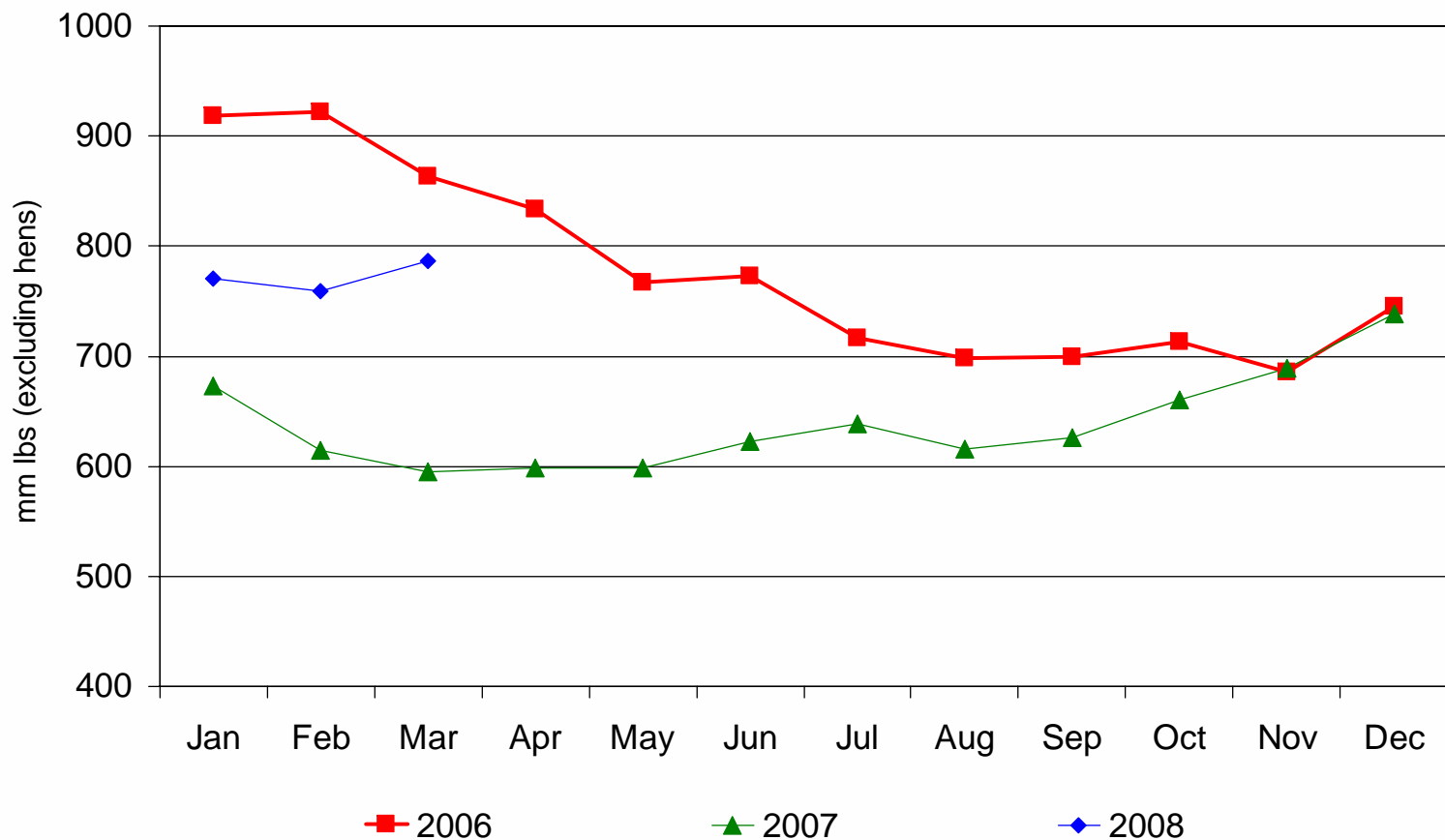
Source: USDA through May 3, 2008





# Supply and Demand Dynamics

## Cold Storage Inventories



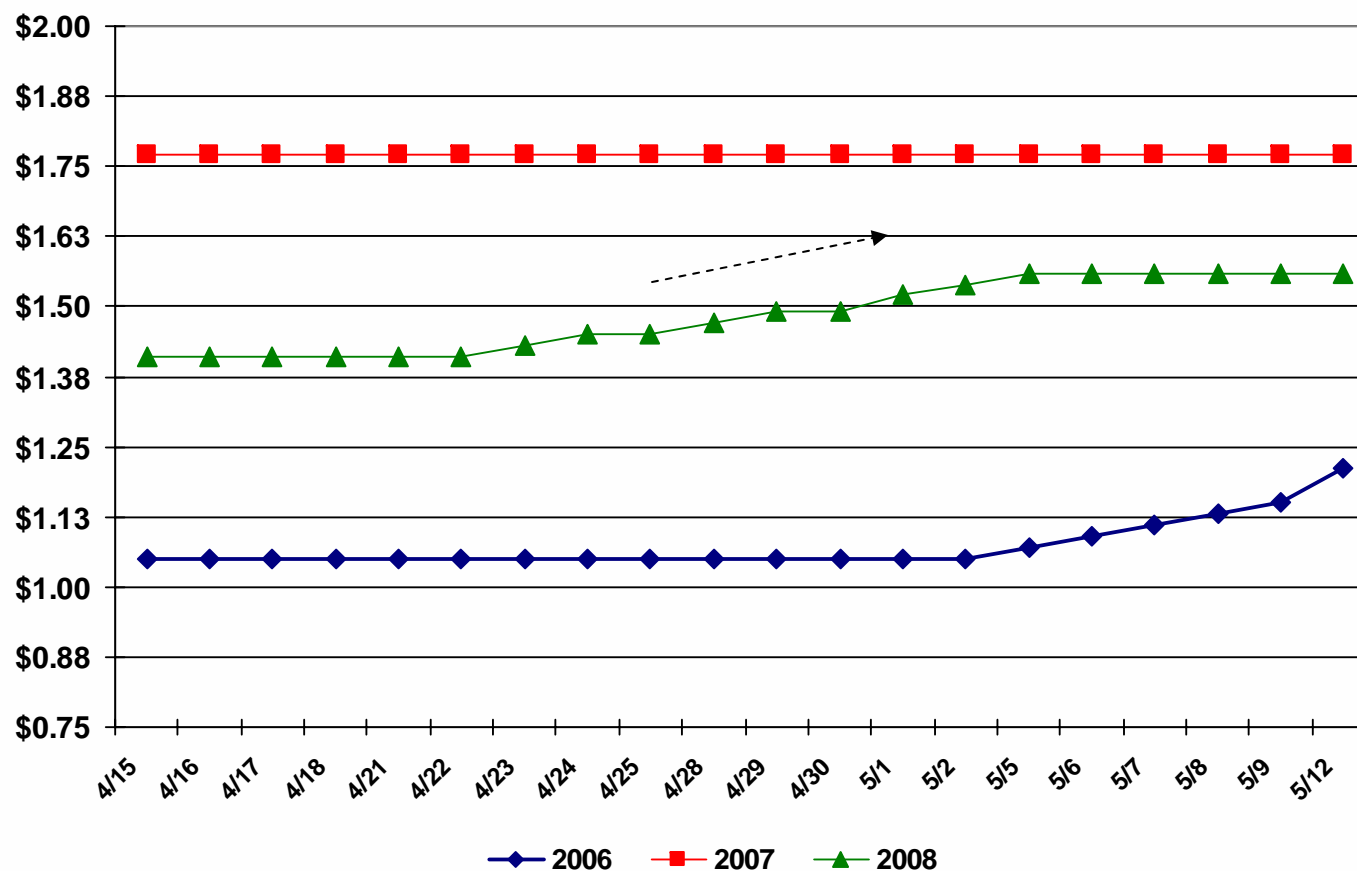
International demand remains strong, however, there has been a shortage of containers necessary to ship product to export markets leading to higher leg quarter inventories.

Source: USDA.



# Pricing Trends - Breast Meat

## UB Boneless Skinless Breast Meat



Breast meat prices have been gradually increasing since late April

Source: UrnerBarry Publications

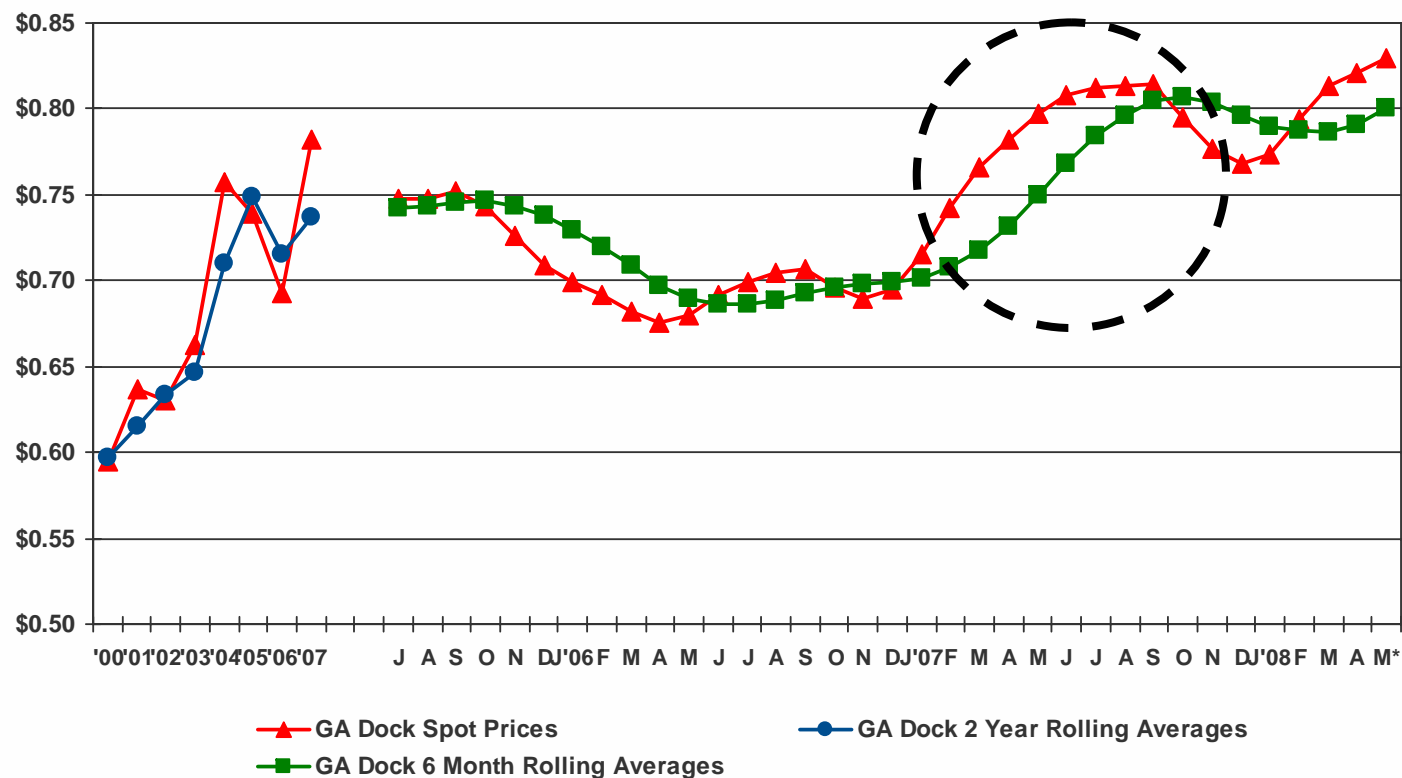
\* Through May 12, 2008





# Pricing Trends - Georgia Dock

## Georgia Dock



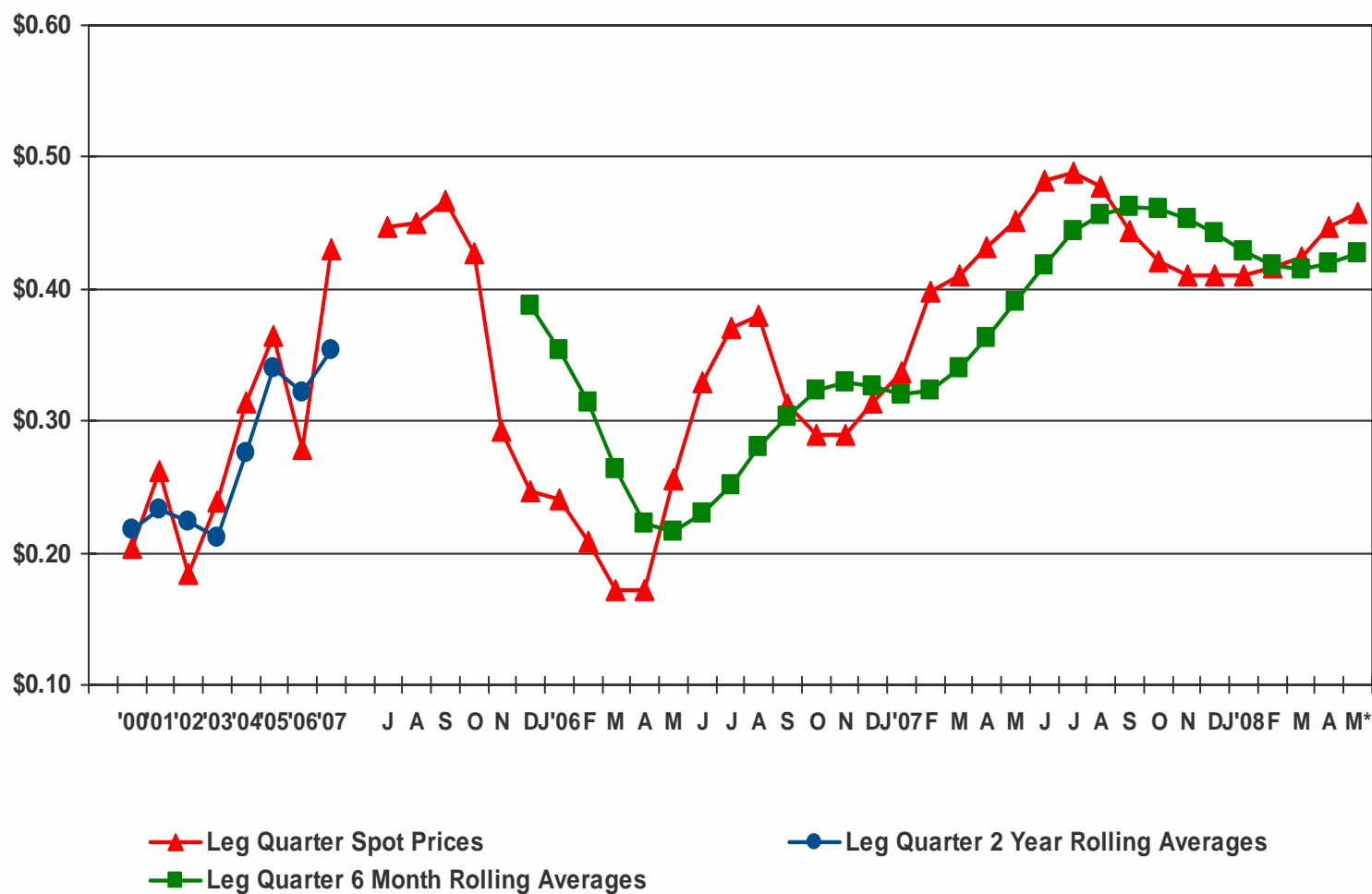
In December 2006, industry production cuts helped put positive pressure on Georgia Dock pricing

Source: UrnerBarry Publications

\* Through May 12, 2008



# Pricing Trends - Leg Quarters



Source: UrnerBarry Publications

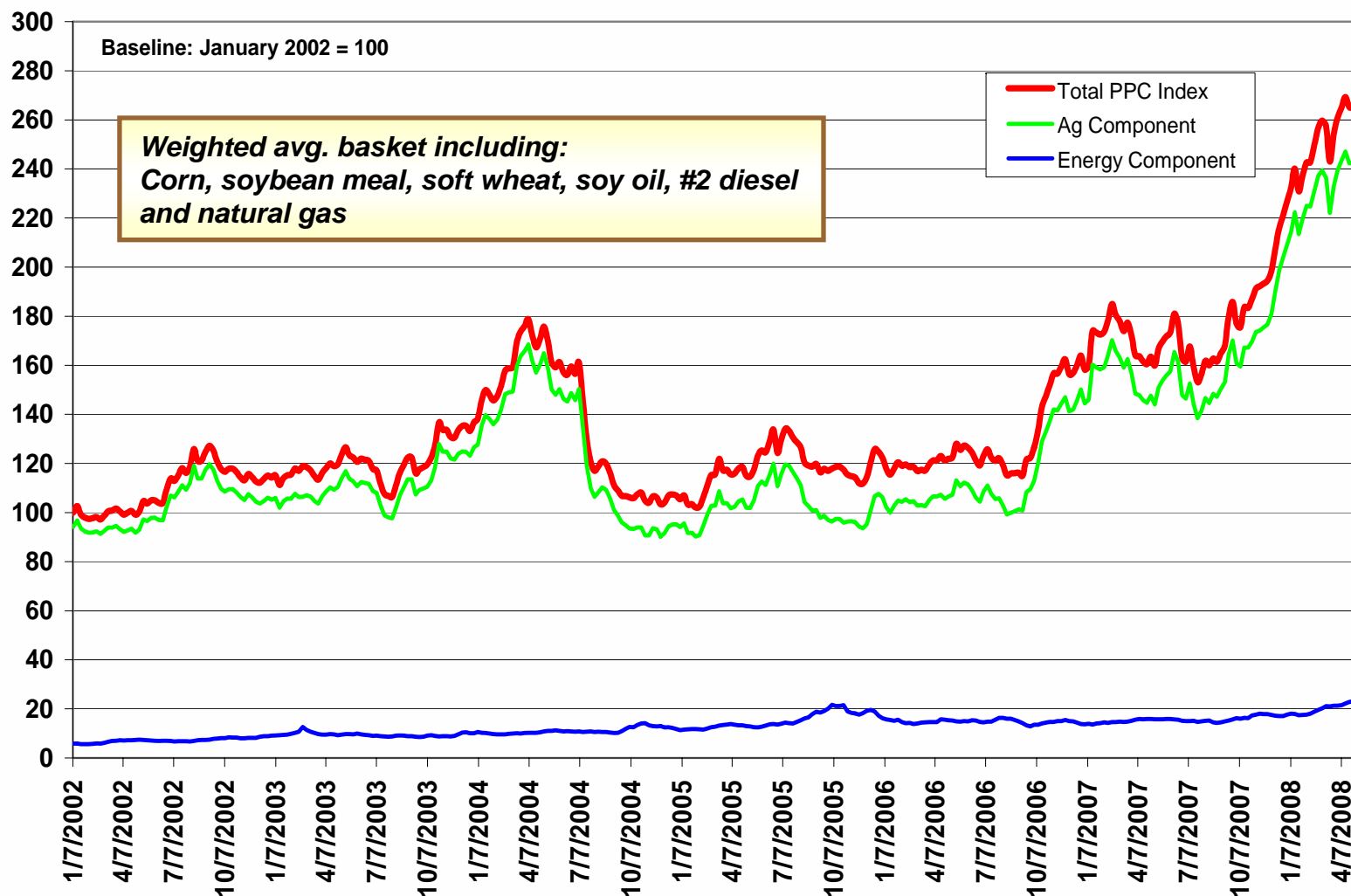
\* Through May 12, 2008





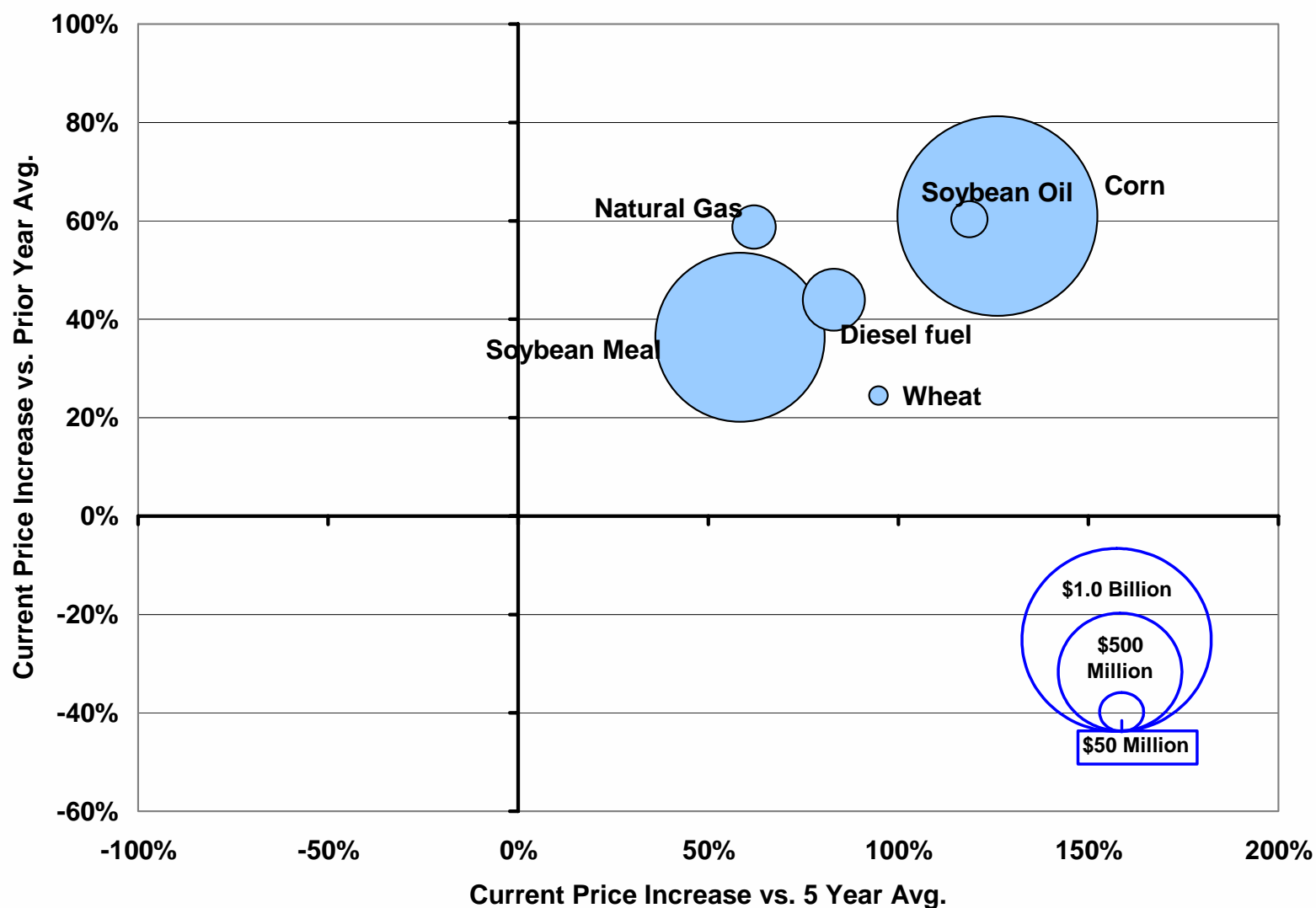
# Input Costs - Driven by Ag Component

PPC Commodity Index





## Input Costs - Corn & Soybean Meal Biggest Drivers



*Size of Circle = total dollar spend based upon current market and current volumes*





# Business Overview





## Challenges Facing Pilgrim's Pride

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- Soaring feed-ingredient and input costs
- Oversupply of chicken in U.S.
- Market pricing for chicken
- Labor
- Continued cost savings (synergies)





## Proactive Response to Challenges

- Divest non-core assets
- Sale of turkey business in March
- Close chicken complex in Siler City, NC - June 2008
- Shut down six distribution centers (beginning in April)
  - *Cincinnati, OH*      - *Pompano Beach, FL*
  - *Nashville, TN*      - *Plant City, FL*
  - *Oskaloosa, IA*      - *Jackson, MS*
- Eliminate 1,100 positions
- Reduce chicken production by 5% year-over-year in second half of FY08
- Reducing capital spending to \$170-\$190 million for FY08



## Pricing Update

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- Q2 08 pricing up 3% over Q1 08
- Contract duration generally reduced to 90 - 180 days
- Grain or market component added where possible
- Exiting marginal/poor sales





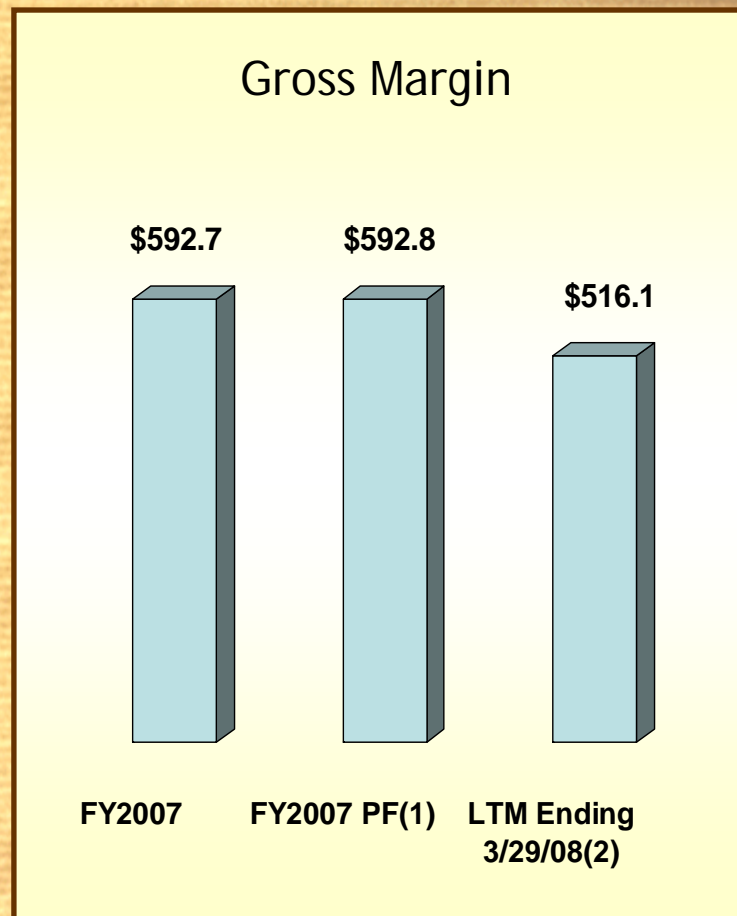
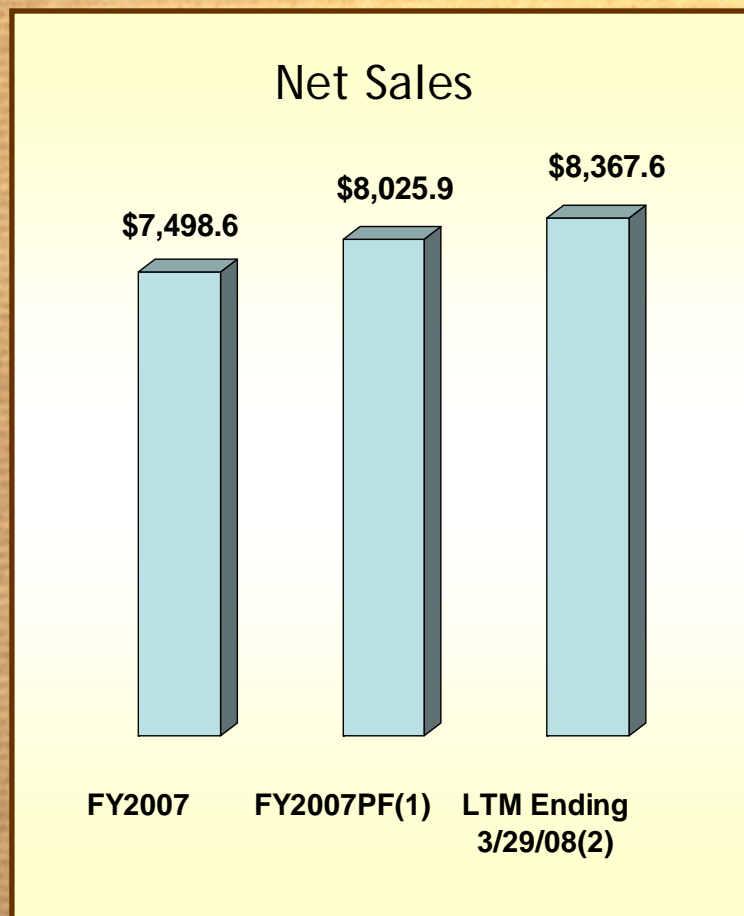
# Financial Overview

Rick Cogdill  
Chief Financial Officer





## Financial Performance from Continuing Operations



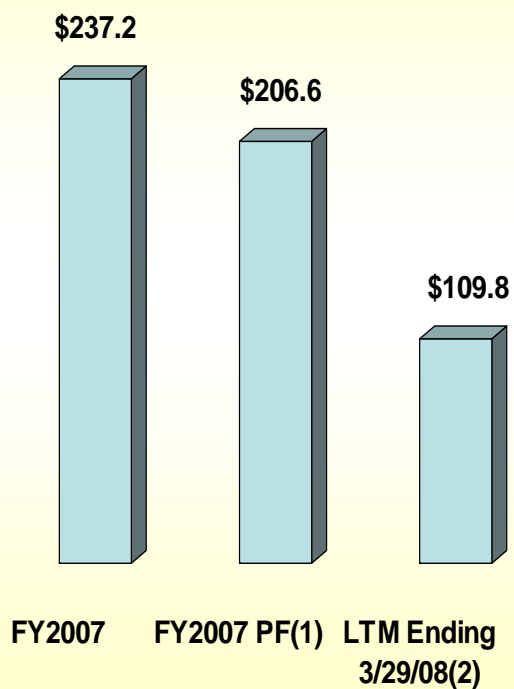
- (1) Pro Forma giving effect to the Gold Kist acquisition. See unaudited pro forma financial data in our Annual Report on Form 10-K for the fiscal year ended September 29, 2007 filed with the Securities and Exchange Commission on November 19, 2007 and our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 13, 2008.
- (2) See Appendix D for LTM Reconciliation



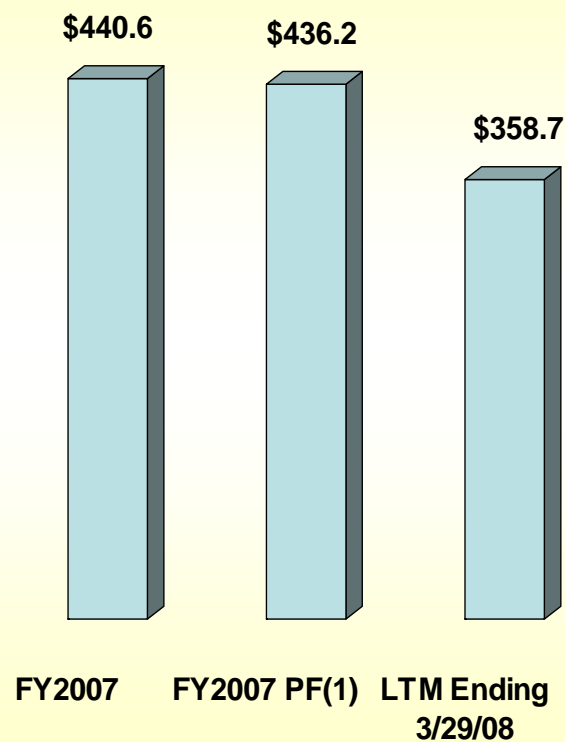


## Financial Performance from Continuing Operations

### Operating Income



### Adjusted EBITDA<sup>(3)</sup>



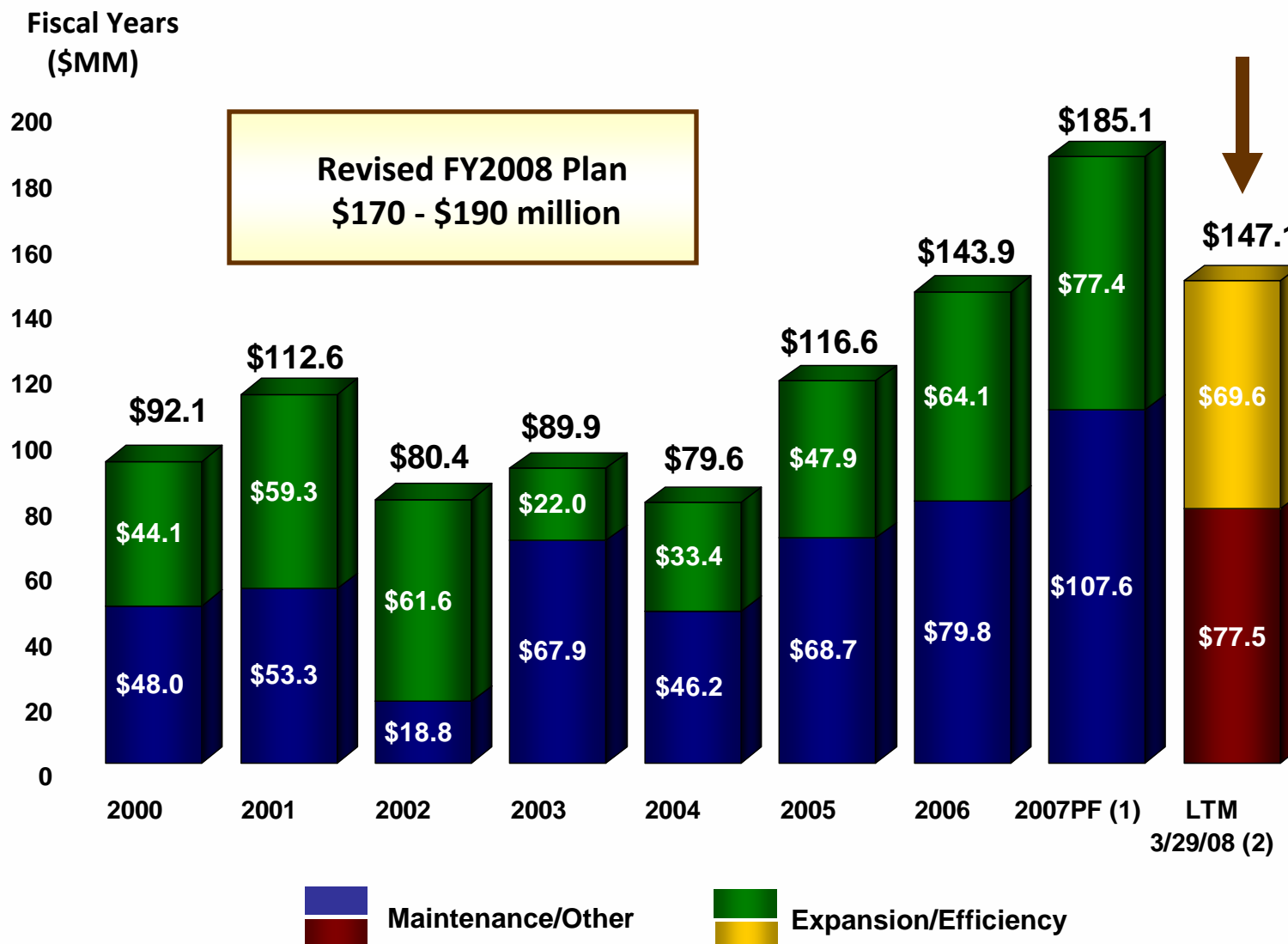
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(2) See Appendix D for LTM Reconciliation

(3) See Appendix A for Adjusted EBITDA Reconciliations



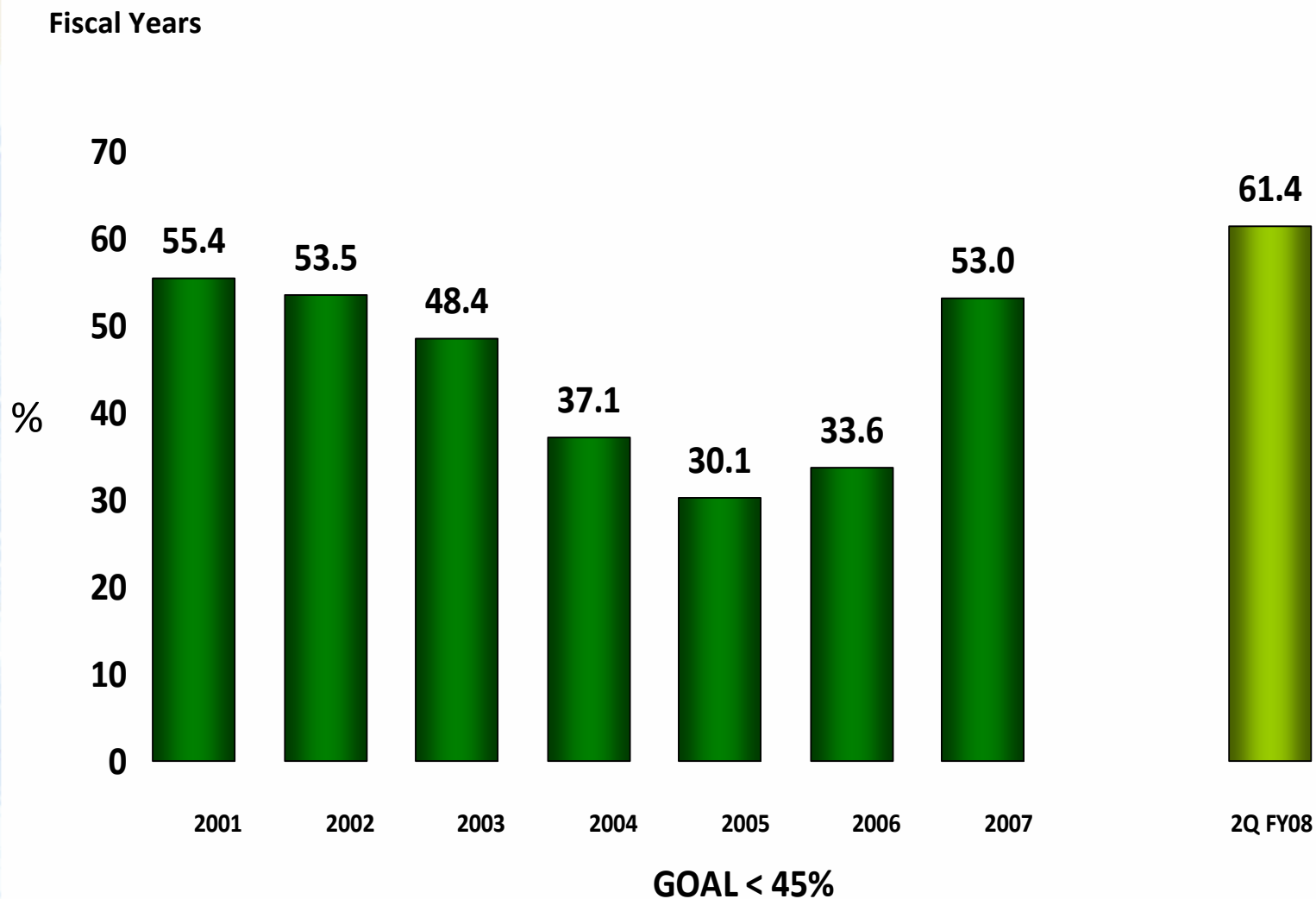
# Reduction in Capital Spending



- (1) Pro forma for acquisition of Gold Kist  
(2) See Appendix D for reconciliation of LTM capital expenditures.



# Total Debt to Total Capitalization



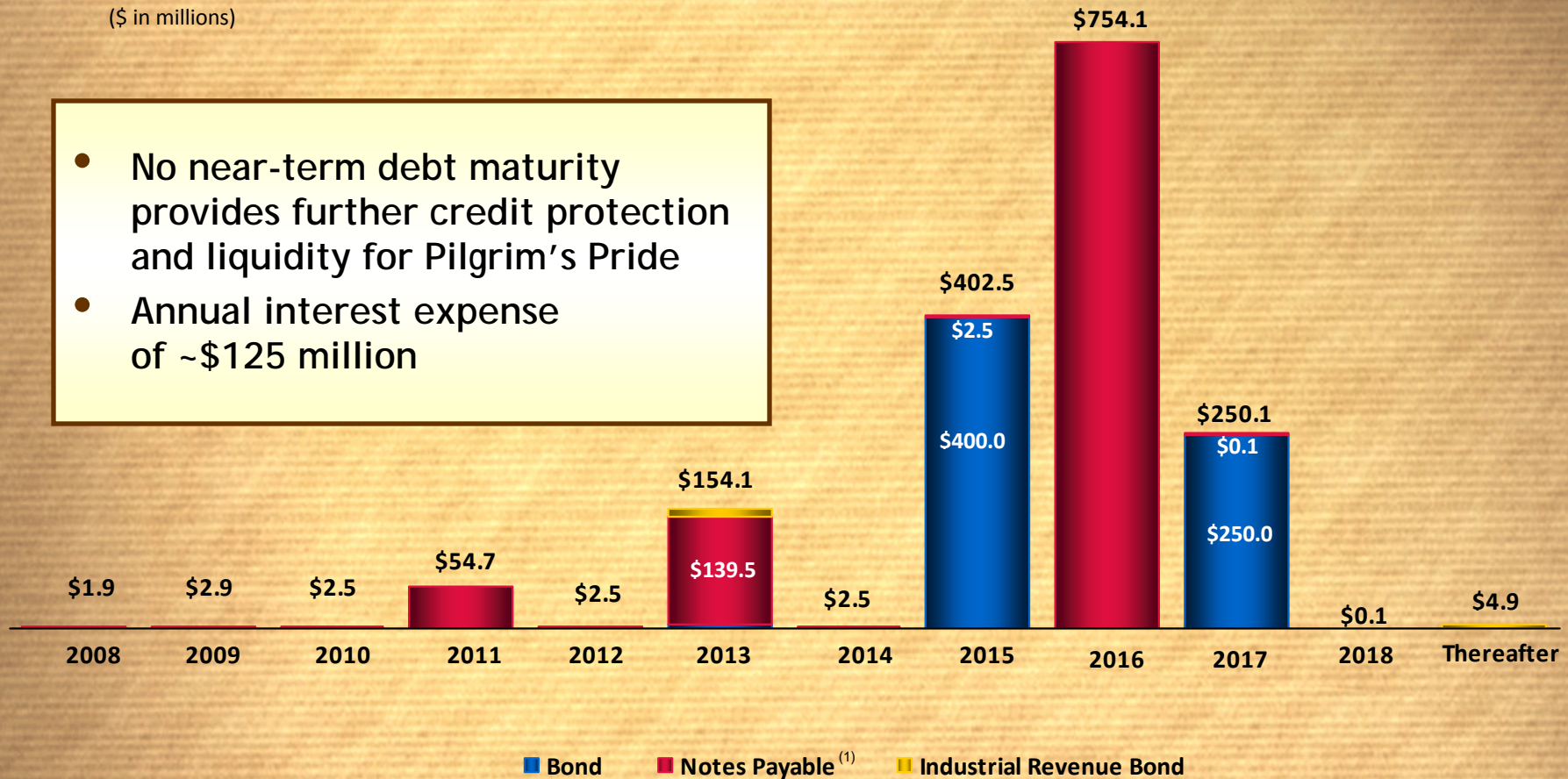


# Debt Maturity Profile



(\$ in millions)

- No near-term debt maturity provides further credit protection and liquidity for Pilgrim's Pride
- Annual interest expense of ~\$125 million



Note: Maturity Profile is based on fiscal years.

(1) Notes payable consists of \$960.4 million of revolving/term credit facilities and other notes payable of \$2.2 million.



# Temporary Financial Covenant Changes

Ratios Adjusted:	Original Requirement	Actual Q2 FY 2008	New Requirement		Return to Original Q1 FY2010
			Q3 FY2008 - Q3 FY2009	Q4 FY2009	
<b>Leverage Ratio</b>	65.00%	59.98%	70.00%	70.00%	65.00%
<b>Tangible Net Worth</b>	\$423,508	\$451,790	\$250,000	\$300,000	\$300,000 + 50% of Net Income
<b>Net Tangible Assets to TL</b>	112.50%	115.80%	105.00%	110.00%	112.50%
<b>Fixed Charge Coverage</b>	150.00%	193.50%	125.00%	125.00%	150.00%

<b>Other Ratios:</b>		
<b>Current Ratio</b>	1.35	1.64
<b>Net Working Capital</b>	\$250,000	\$581,404





## Going Forward...

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### **Our Financial Goals Remain Clear**

- Utilize free cash flow to fund internal growth
- Continue reducing leverage with excess cash-flow
- Selectively pursue expansion opportunities that generate high rates of return





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# Appendix

## Reconciliation of Non-GAAP Measures and Other Computations



# Appendix A - Reconciliations

## EBITDA Reconciliations\*

(\$ in thousands)

	<b>Pro forma FY2007<sup>(1)</sup></b>	<b>FY2007</b>	<b>LTM Ending 3/31/07<sup>(2)</sup></b>	<b>LTM Ending 3/29/08<sup>(2)</sup></b>
Net Income	\$ 12,832	\$ 47,017	\$ (76,768)	\$ (47,948)
Add:				
Income Tax Expense	26,569	47,319	(23,194)	16,117
Interest expense, net	144,354	118,542	70,491	132,002
Depreciation and amortization	228,539	203,316	151,900	232,019
Minus:				
Amortization of capitalized financing costs	7,051	6,554	2,864	6,841
EBITDA	<u>\$ 405,243</u>	<u>\$ 409,640</u>	<u>\$ 119,565</u>	<u>\$ 325,349</u>
Adjustments:				
Discontinued Operations	4,499	4,499	843	3,643
Accounting adjustments related to benefit plans	-	-	6,405	-
Loss on early extinguishment of debt	26,463	26,463	14,475	11,988
Other Restructuring	-	-	-	5,669
Asset Impairment	-	-	-	12,022
Adjusted EBITDA	<u>\$ 436,205</u>	<u>\$ 440,602</u>	<u>\$ 141,288</u>	<u>\$ 358,671</u>

## Debt net of Cash Reconciliation

	<b>FY2007</b>	<b>Q2 FY2007</b>	<b>Q2 FY2008</b>
Total Debt	\$ 1,321,430	\$ 1,797,771	\$ 1,632,821
Less Cash	<u>66,168</u>	<u>69,170</u>	<u>97,195</u>
Net Debt	<u>\$ 1,255,262</u>	<u>\$ 1,728,601</u>	<u>\$ 1,535,626</u>

(1) Pro Forma giving effect to the Gold Kist acquisition. See unaudited pro forma financial data in our Annual Report on Form 10-K for the fiscal year ended September 29, 2007 filed with the Securities and Exchange Commission on November 19, 2007 and our Current Report on Form 8-K filed with the Securities and Exchange Commission on May 13, 2008.

(2) For LTM Reconciliations see Appendices B and C





## Appendix B - Adjusted LTM EBITDA Reconciliation

(\$ in thousands)	3Q2006 Actual	4Q2006 Actual	1Q2007 Actual	2Q2007 Actual	LTM Ending 3/31/07
Net Income (Loss)	\$ (20,473)	\$ (7,483)	\$ (8,736)	\$ (40,076)	\$ (76,768)
Add:					
Income Tax Expense (benefit)	(16,420)	19,051	(6,426)	(19,399)	(23,194)
Interest expense, net	11,024	10,169	12,362	36,936	70,491
Depreciation and amortization	34,255	30,747	32,323	54,575	151,900
Minus:					
Amortization of capitalized financing costs	477	572	705	1,110	2,864
EBITDA	<u>\$7,909</u>	<u>\$51,912</u>	<u>\$28,818</u>	<u>\$30,926</u>	<u>\$119,565</u>
Adjustments:					
Discontinued Operations	1,783	(907)	(1,091)	1,058	843
Accounting Adjustments related to benefit plans	-	6,405	-	-	6,405
Loss on early extinguishment of debt	-	-	-	14,475	14,475
Adjusted EBITDA	<u>\$9,692</u>	<u>\$57,410</u>	<u>\$27,727</u>	<u>\$46,459</u>	<u>\$141,288</u>



## Appendix C - Adjusted LTM EBITDA Reconciliation

(\$ in thousands)

	3Q2007 Actual	4Q2007 Actual	1Q2008 Actual	2Q2008 Actual	LTM Ending 3/29/08
Net Income (Loss)	\$ 62,641	\$ 33,188	\$ (32,329)	\$ (111,448)	\$ (47,948)
Add:					
Income Tax Expense (benefit)	36,668	36,475	7,267	(64,293)	16,117
Interest expense, net	39,820	29,424	29,432	33,326	132,002
Depreciation and amortization	57,601	58,817	55,544	60,057	232,019
Minus:					
Amortization of capitalized financing costs	1,118	3,621	1,044	1,058	6,841
EBITDA	<u>\$195,612</u>	<u>\$154,283</u>	<u>\$58,870</u>	<u>(\$83,416)</u>	<u>\$325,349</u>
Adjustments:					
Discontinued Operations	636	3,897	(837)	(53)	3,643
Loss on early extinguishment of debt	-	11,988	-	-	11,988
Other Restructuring	-	-	-	5,669	5,669
Asset Impairment	-	-	-	12,022	12,022
Adjusted EBITDA	<u>\$196,248</u>	<u>\$170,168</u>	<u>\$58,033</u>	<u>(\$65,778)</u>	<u>\$358,671</u>





## Appendix D - LTM Reconciliations

(\$ in millions)	FYE 9/29/2007	-	YTD Ended 3/31/2007	+	YTD Ended 3/29/2008	=	LTM Ending 3/29/2008
<b>Gross Margin</b>	592.7		146.3		69.7		516.1
<b>Operating Income</b>	237.2		(15.6)		(143.0)		109.8
<b>Capital Expenditures</b>							
Expansion/Efficiency	67.9		30.8		32.5		69.6
Maintenance/Other	104.4		63.6		36.7		77.5
<b>Total Capital Expenditures</b>	172.3		94.4		69.2		147.1
<b>Net Sales</b>							
U.S. Operations							
Chicken							
Prepared Foods							
Foodservice	1,897.6		871.6		1,020.8		2,046.8
Retail	511.5		230.2		252.6		533.9
Subtotal	2,409.1		1,101.8		1,273.4		2,580.7
Fresh							-
Foodservice	2,280.0		963.6		1,243.6		2,560.0
Retail	975.7		408.5		508.0		1,075.2
Subtotal	3,255.7		1,372.1		1,751.6		3,635.2
Export/Other	663.6		240.5		426.1		849.2
Total U.S. Chicken	6,328.4		2,714.4		3,451.1		7,065.1
Other	661.1		324.3		434.3		771.1
Total U.S. Net Sales	6,989.5		3,038.7		3,885.4		7,836.2
Mexico Operations							
Chicken	488.4		233.9		248.3		502.8
Other	20.7		6.5		14.4		28.6
Total Mexico Net Sales	509.1		240.4		262.7		531.4
<b>Total Net Sales</b>	7,498.6		3,279.1		4,148.1		8,367.6