

Pilgrim's Pride has filed for bankruptcy protection...  
let's see what the history shows!

## Pilgrim's Pride Corporation

Phone: (903) 434-1000 4845 US Highway 271 North  
Pittsburg, TX 75686 United States

Ticker: [PPC](#)

**Filed for Bankruptcy on 12/1/2008**  
**Case #08-45664, filed in the U.S. Bankruptcy Court for the Northern District of Texas**

**Latest Financial Statements as of 6/28/2008**

**Latest MD&A as of 7/25/2008**

### Business Summary

Pilgrim's Pride Corporation is a producer of poultry in the United States, Mexico and Puerto Rico. In the United States, the Company produces prepared and fresh chicken, and turkey, while in Mexico and Puerto Rico, it produces only fresh chicken. Through vertical integration, it controls the breeding, hatching and growing of chickens, and the processing and preparation, packaging and sale of its product lines. It operates in three segments as a producer and seller of chicken products; a producer and seller of turkey products, and a seller of other products. The chicken segment includes sales of chicken products it produces and purchases for resale in the United States, including Puerto Rico and Mexico. The turkey segment includes sales of turkey products produced and purchased for resale in its turkey and distribution operations in the United States. Its other products segment includes distribution of non-poultry products. In January 2007, the Company acquired Gold Kist Inc.

(Source: 10-K)

Employees: 49,800 (as of 9/29/2007)

Federal Tax Id: 751285071

### Credit Scores

[Z" Score](#) 1.63 (Neutral) 6/28/2008

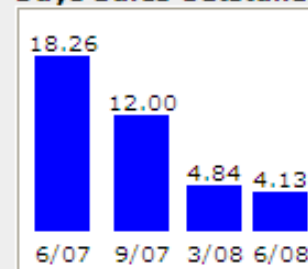
### Auditor Information

Last Audit: 9/29/2007  
Auditors: Ernst & Young LLP  
Opinion: **Unqualified**

### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
<b>Moody's</b>	Caa1	Negative		OFF
<b>S&amp;P</b>	D	NM		NM

### Days Sales Outstanding



### Third Quarter and Year-to-Date Results

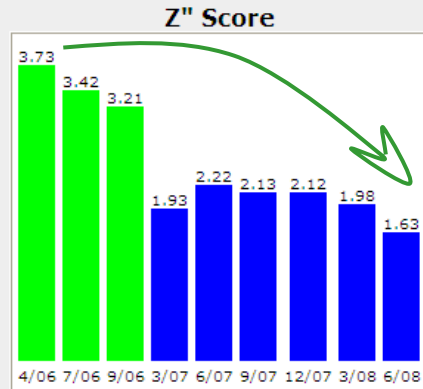
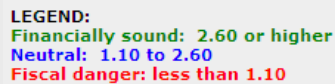
Sales for the 13 weeks ended 6/28/2008 increased 4.89% to \$2.21 billion from last year's comparable period amount of \$2.10 billion. Sales for the 39 weeks ended 6/28/2008 increased 18.05% to \$6.36 billion from \$5.38 billion for the same period last year.

Gross profit margin decreased 77.34% for the period to 53.21 million (2.41% of revenues) from \$234.83 million (11.16% of revenues) for the same period last year. Gross profit margin decreased 64.59% for the

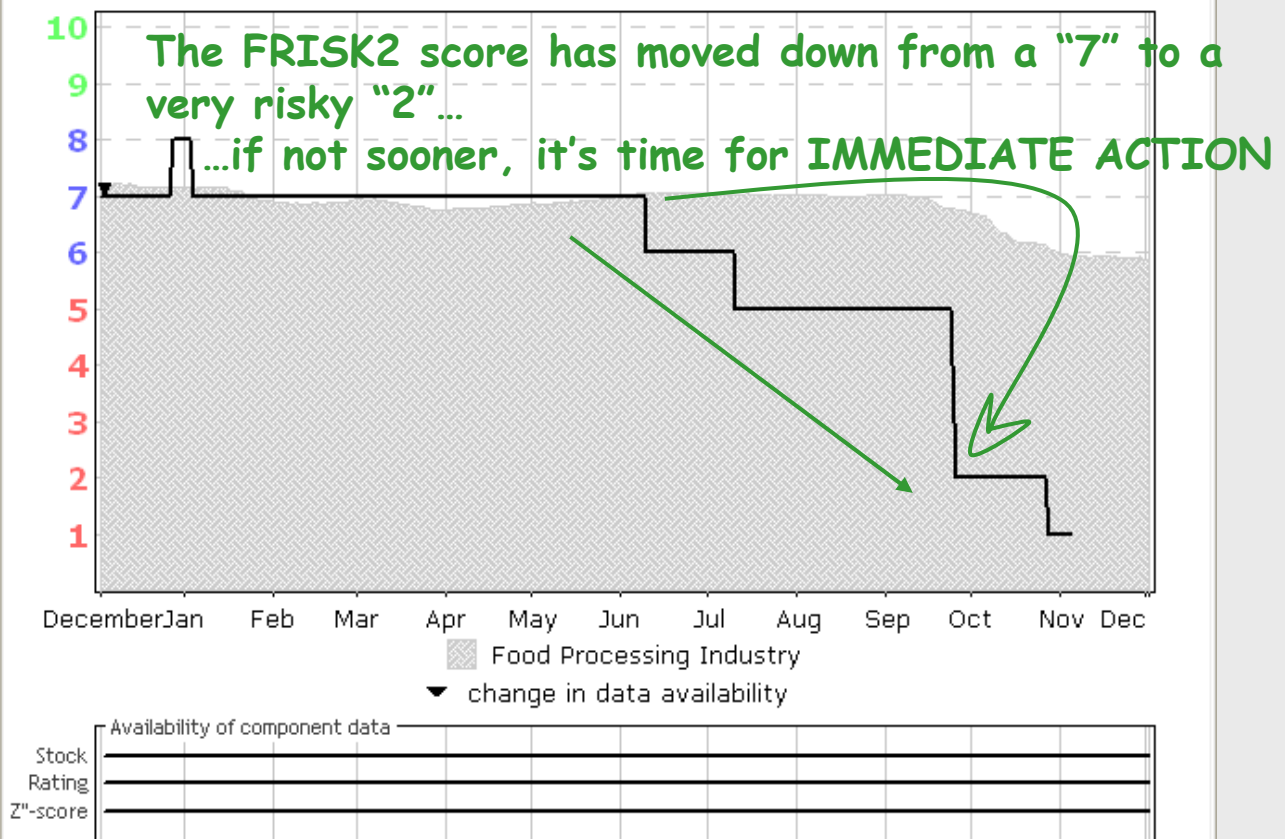
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The Altman Z" was falling, but did not signal trouble...



The most recent FRISK2 score is 1 (probability of default\* 21.0% - 50.0%), below its 12-month average and below its industry average.



FRISK2	Probability of default within 12 months	
	From	To
10	0%	0.3%
9	0.3%	0.4%
8	0.4%	0.9%
7	0.9%	1.9%
6	1.9%	3.7%
5	3.7%	7.4%
4	7.4%	10.1%
3	10.1%	14.1%
2	14.1%	21.0%
1	21.0%	50.0%

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Files Chapter 11...

Restructuring...

Rating downgrades...

Stock plunges, bankruptcy seen as a possibility...

Rating downgrades...

Concern that profitability could erode more severely than expected...

Moody's rating downgrade...

#	Date	Source	Headline
1	12/1/2008	Moody's Investors Service	<b>Moody's lowers Pilgrim's Pride's PDR to D</b>
2	12/1/2008	PR Newswire	<b>Pilgrim's Pride Corporation Files Voluntary Chapter 11 Petitions to Address Short-Term Operational and Liquidity Challenges</b>
3	11/28/2008	CRMZ News Service	<b>PILGRIMS PRIDE CORP Files Notification of Late Filing for its Form 10-K with the Securities and Exchange Commission.</b>
4	11/26/2008	PR Newswire	<b>Pilgrim's Pride Corporation Announces Third Extension of Temporary Covenant Waiver With Lenders</b>
5	11/14/2008	PR Newswire	<b>Glancy Binkow &amp; Goldberg LLP, Representing Investors Who Purchased Pilgrim's Pride Corporation, Announces Class Action Lawsuit and Seeks to Recover Losses</b>
6	11/10/2008	CRMZ News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers, Temporary Suspension of Trading Under Registrant's Employee Benefit Plans, Regulation FD Disclosure, Financial Sta</b>
7	11/10/2008	PR Newswire	<b>Pilgrim's Pride Corporation Appoints William K. Snyder as Chief Restructuring Officer</b>
8	11/6/2008	CRMZ News Service	<b>Pilgrim's Pride Corporation -- updated S&amp;P ratings available</b>
11	11/3/2008	Market Wire	<b>Law Offices of Brodsky &amp; Smith, LLC Announces Class Action Lawsuit Against Pilgrim's Pride Corporation</b>
12	11/1/2008	PR Newswire	<b>Law Offices of Howard G. Smith Announces Class Action Lawsuit Against Pilgrim's Pride Corporation</b>
13	10/31/2008	Market Wire	<b>Brower Piven Encourages Investors Who Have Losses in Excess of \$100,000 From Investment in Pilgrim's Pride Corporation to Inquire About the Lead Plaintiff Position in Securities Fraud Class Action Law</b>
14	10/30/2008	Market Wire	<b>Izard Nobel LLP Announces Class Action Lawsuit Against Pilgrim's Pride Corporation</b>
15	10/30/2008	Business Wire	<b>Coughlin Stoia Geller Rudman &amp; Robbins LLP Files Class Action Suit against Pilgrim's Pride Corporation</b>
16	10/30/2008	CRM News Service	<b>Pilgrim's Pride Lenders Grant Temporary Waiver</b>
17	10/30/2008	CRM News Service	<b>CreditSights Says Pilgrim's Pride Bankruptcy Likely In December</b>
18	10/28/2008	CRMZ News Service	<b>Pilgrim's Pride Corporation -- updated S&amp;P ratings available</b>
20	10/28/2008	CRMZ News Service	<b>Pilgrim's Pride Corporation -- updated Moody's rating available</b>
21	10/27/2008	Moody's Investors Service	<b>Moody's lowers Pilgrim's Pride's ratings (PDR to Caa2); outlook negative</b>
22	10/27/2008	CRMZ News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Change in Directors or Principal Officers, Regulation FD Disclosure, Financial Statements and Exhibits</b>
23	10/27/2008	PR Newswire	<b>Pilgrim's Pride Corporation Announces Extension of Temporary Covenant Waiver With Lenders</b>
24	10/17/2008	CRM News Service	<b>Pilgrim's Pride Plunges 24% on Bankruptcy Speculation</b>
26	9/29/2008	CRM News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Regulation FD Disclosure, Financial Statements and Exhibits</b>
27	9/29/2008	PR Newswire	<b>Pilgrim's Pride Corporation Announces Definitive Written Agreement With Lenders on Temporary Covenant Waiver</b>
28	9/26/2008	CRM News Service	<b>Pilgrim's Pride Corporation -- updated S&amp;P ratings available</b>
29	9/26/2008	CRM News Service	<b>Pilgrim's Pride Corporation -- updated Moody's rating available</b>
30	9/25/2008	Moody's Investors Service	<b>Moody's lowers Pilgrim's Pride's ratings (PDR to B2); continues review for downgrade</b>
31	9/25/2008	PR Newswire	<b>Pilgrim's Pride Corporation Issues Statement in Response to Recent Trading Activity in Its Common Stock</b>
32	9/4/2008	CRM News Service	<b>Pilgrim's Pride Corporation -- updated Moody's rating available</b>
33	9/3/2008	Moody's Investors Service	<b>Moody's puts Pilgrim's Pride under review for downgrade (CFR B1)</b>
34	7/30/2008	CRM News Service	<b>Pilgrim's Pride Corporation -- updated financials available</b>
35	7/30/2008	CRM News Service	<b>PILGRIMS PRIDE CORP: a Form 10-Q has been Filed with the SEC</b>
36	7/29/2008	CRM News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Regulation FD Disclosure</b>
37	7/29/2008	CRM News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Regulation FD Disclosure</b>
38	7/29/2008	CRM News Service	<b>PILGRIMS PRIDE CORP FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</b>
39	7/11/2008	CRM News Service	<b>Pilgrim's Pride Corporation -- updated Moody's rating available</b>
41	7/10/2008	Moody's Investors Service	<b>Moody's lowers ratings for Pilgrim's Pride (CFR to B1)</b>

Temporary waiver until 12/1...

"High Probability of Bankruptcy" predicted...

Temporary waiver until 11/26...

Temporary waiver until 10/28...

Acknowledges expectation of large 4<sup>th</sup> Q loss resulting in non-compliance under it credit facilities...

Losses reported...

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...need more depth? Look at the Performance Ratios...  
 ...Steady Decrement in Net Income/Loss, Operating  
 Margin, and Cash Flow...

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars )					
Period Ended	13 weeks 6/28/2008	26 weeks 3/29/2008	12/29/2007	13 weeks 9/29/2007	13 weeks 6/30/2007
<b>Net sales \$</b>	\$2,207,476	\$4,148,147	n/a	\$2,149,116	\$2,104,499
% change	n/a	n/a	n/a	2.12%	n/a
<b>Gross margin \$</b>	\$53,211	\$81,724	n/a	\$206,832	\$234,825
% change	n/a	n/a	n/a	-11.92%	n/a
% of sales	2.41%	1.97%	n/a	9.62%	11.16%
<b>SG&amp;A \$</b>	\$92,291	\$206,992	n/a	\$96,467	\$97,929
% change	n/a	n/a	n/a	-1.49%	n/a
% of sales	4.18%	4.99%	n/a	4.49%	4.65%
<b>Operating margin \$</b>	(\$42,531)	(\$142,959)	n/a	\$98,377	\$136,896
% change	n/a	n/a	n/a	-28.14%	n/a
% of sales	-1.93%	-3.45%	n/a	4.58%	6.50%
<b>EBITDA \$</b>	\$18,565	(\$22,639)	n/a	\$156,832	\$197,770
% change	n/a	n/a	n/a	-20.70%	n/a
% of sales	0.84%	-0.55%	n/a	7.30%	9.40%
<b>Pre-tax income \$</b>	(\$76,795)	(\$201,693)	n/a	\$67,301	\$99,945
% change	n/a	n/a	n/a	-32.66%	n/a
% of sales	-3.48%	4.86%	n/a	3.13%	4.75%
<b>Net income (loss) \$</b>	(\$52,781)	(\$143,777)	n/a	\$33,189	\$62,641
% change	n/a	n/a	n/a	-47.02%	n/a
% of sales	-2.39%	-3.47%	n/a	1.54%	2.98%
<b>Tax expense \$</b>	(\$28,451)	(\$57,026)	n/a	\$34,112	\$36,668
Effective tax rate	37.05%	28.27%	n/a	50.69%	36.69%
<b>Depreciation expense \$</b>	\$60,506	\$116,296	n/a	\$49,287	\$58,005
% of sales	2.74%	2.80%	n/a	2.29%	2.76%
% of capital expenses	220.62%	165.63%	n/a	131.88%	143.22%
% of PP&E, net (annualized)	14.02%	13.19%	n/a	10.71%	12.18%
<b>Capital expenditures \$</b>	\$27,425	\$70,216	\$42,684	\$37,372	\$40,502
% change	n/a	64.50%	n/a	-7.73%	n/a
% of PP&E, net (annualized)	6.35%	7.96%	n/a	8.12%	8.51%
% of working capital (annualized)	19.64%	27.49%	n/a	27.24%	22.71%
<b>Interest coverage ratio</b>	0.52	(0.36)	n/a	4.96	4.94
% change	n/a	n/a	n/a	0.34%	n/a
<b>Free cash flow \$</b>	(\$133,460)	(\$315,950)	(\$77,883)	\$411,984	\$26,335
% change	n/a	305.67%	n/a	1464.40%	n/a
Source:	10-Q 7/30/2008	10-Q 7/30/2008		10-K 11/19/2007	10-Q 7/30/2008

...In the MD&A section, the CEO and CFO mislead shareholders and were charged with multiple class-action lawsuits for material misrepresentations to the market concerning their financial condition ...

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*From MD&A section, period 6/28/2008, filed 7/30/2008:*

#### LIQUIDITY AND CAPITAL RESOURCES

The Company is required, by certain provisions of its debt agreements, to maintain certain levels of working capital and net worth, to limit dividends to a maximum of \$26.0 million per year, and to maintain various fixed charge, leverage, current and debt-to-equity ratios. The Company's debt agreements are also generally cross-defaulted with one another, and the Company's leases are generally cross-defaulted with the credit agreements. At June 28, 2008, the Company has fully complied with these covenants. In April 2008, the Company and its lenders amended certain covenants in its credit facilities and receivables purchase facility effective through the end of fiscal 2009 to levels the Company believes it can comply with in the near-term despite the current economic issues facing the chicken industry.

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