

PILGRIMS PRIDE CORP  
Form 10-Q  
May 07, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 28, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File number 1-9273

**PILGRIM S PRIDE CORPORATION**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>75-1285071</b> (I.R.S. Employer Identification No.)
<b>4845 US Hwy 271 N, Pittsburg, TX</b> (Address of principal executive offices)	<b>75686-0093</b> (Zip code)
<b>Registrant's telephone number, including area code: (903) 434-1000</b>	

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

Number of shares outstanding of the issuer's common stock, as of May 7, 2010, was 214,281,914.

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	March 28, 2010	September 26, 2009
	(In thousands)	
<b>Assets:</b>		
Cash and cash equivalents	\$ 48,398	\$ 220,029
Investment in available-for-sale securities	7,874	5,302
Trade accounts and other receivables, less allowance for doubtful accounts	300,101	316,953
Inventories	731,763	763,869
Income taxes receivable	52,102	15,028
Prepaid expenses and other current assets	55,168	45,013
<b>Total current assets</b>	<b>1,195,406</b>	<b>1,366,194</b>
Investment in available-for-sale securities	60,646	57,314
Deferred tax assets	296	16,732
Other long-lived assets	125,103	63,609
Identified intangible assets, net	53,213	57,179
Property, plant and equipment, net	1,453,273	1,499,476
	<b>\$ 2,887,937</b>	<b>\$ 3,060,504</b>
<b>Liabilities and stockholders equity:</b>		
Accounts payable	\$ 242,635	\$ 182,173
Accrued expenses	317,546	309,259
Pre-petition obligations	30,992	
Income taxes payable	338	
Current deferred tax liabilities	15,277	16,732
Current maturities of long-term debt	50,347	
<b>Total current liabilities</b>	<b>657,135</b>	<b>508,164</b>
Long-term debt, less current maturities	1,145,755	41,062
Deferred tax liabilities	41,197	22,213
Other long-term liabilities	93,224	98,783
<b>Total liabilities not subject to compromise</b>	<b>1,937,311</b>	<b>670,222</b>
<b>Liabilities subject to compromise</b>		<b>2,233,161</b>
Common stock	2,143	771
Additional paid-in capital	1,447,211	646,793
Accumulated deficit	(481,339)	(469,407)
Accumulated other comprehensive loss	(23,966)	(27,237)
<b>Total Pilgrim s Pride Corporation stockholders equity</b>	<b>944,049</b>	<b>150,920</b>
Noncontrolling interest	6,577	6,201

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Total stockholders' equity	950,626	157,121
	\$ 2,887,937	\$ 3,060,504

The accompanying notes are an integral part of these Consolidated Financial Statements.

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**PILGRIM S PRIDE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	Three Months Ended	
	March 28, 2010	March 28, 2009
	(In thousands, except per share data)	
Net sales	\$ 1,642,918	\$ 1,698,102
Costs and expenses:		
Cost of sales	1,590,899	1,619,359
Gross profit	52,019	78,743
Selling, general and administrative expense	48,601	58,898
Administrative restructuring charges, net	35,819	(435)
Total costs and expenses	1,675,319	1,677,822
Operating income (loss)	(32,401)	20,280
Other expenses (income):		
Interest expense	28,420	46,444
Interest income	(547)	(2,824)
Miscellaneous, net	(2,325)	(1,876)
Total other expenses (income)	25,548	41,744
Loss from continuing operations before reorganization items and income taxes	(57,949)	(21,464)
Reorganization items, net	20,719	35,355
Loss from continuing operations before income taxes	(78,668)	(56,819)
Income tax expense (benefit)	(33,304)	2,347
Loss from continuing operations	(45,364)	(59,166)
Income from discontinued business, net of tax		25
Net loss	(45,364)	(59,141)
Less: Net income (loss) attributable to noncontrolling interest	183	(376)
Net loss attributable to Pilgrim s Pride Corporation	\$ (45,547)	\$ (58,765)
<b>Net loss per common share basic and diluted:</b>		
Loss from continuing operations attributable to Pilgrim s Pride Corporation common stockholders	\$ (0.21)	\$ (0.79)
Income from discontinued business attributable to Pilgrim s Pride Corporation common stockholders		
Net loss attributable to Pilgrim s Pride Corporation common stockholders	\$ (0.21)	\$ (0.79)
Weighted average shares outstanding basic and diluted	214,282	74,056
<b>Amounts attributable to Pilgrim s Pride Corporation common stockholders:</b>		
Loss from continuing operations, net of tax	\$ (45,547)	\$ (58,790)

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Income from discontinued business, net of tax

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Net loss	\$	(45,547)	\$	(58,765)
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The accompanying notes are an integral part of these Consolidated Financial Statements.

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	<b>Three Months Ended</b>	
	<b>March 28,</b>	<b>March 28,</b>
	<b>2010</b>	<b>2009</b>
	<b>(In thousands)</b>	
Net loss	\$ (45,364)	\$ (59,141)
Other comprehensive income :		
Unrealized holding gains on available-for-sale securities, net of tax	64	369
Recognition in earnings of a previously unrealized gain on a derivative instrument designated as a cash flow hedge, net of tax	(2,564)	(89)
Gains associated with pension and other postretirement benefits, net of tax	5,800	
Total other comprehensive income, net of tax	3,300	280
Comprehensive loss	(42,064)	(58,861)
Less: Comprehensive income (loss) attributable to noncontrolling interests	183	(376)
Comprehensive loss attributable to Pilgrim s Pride Corporation	\$ (42,247)	\$ (58,485)

The accompanying notes are an integral part of these Consolidated Financial Statements.



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**PILGRIM S PRIDE CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**  
**(Unaudited)**

	Pilgrim s Pride Corporation Stockholders							
			Accumulated				Additional	
			Earnings		Comprehensive		Paid-in	
			(Deficit)		Income		Capital	
			(In thousands)		(Loss)		Noncontrolling	
	Total	Comprehensive Income	Earnings (Deficit)	Comprehensive Income (Loss)	Shares	Common Stock	Paid-in Capital	Interests
Balance at September 26, 2009	\$ 157,121	\$	\$ (469,407)	\$ (27,237)	77,141	\$ 771	\$ 646,793	\$ 6,201
Comprehensive income (loss):								
Net income	33,925	33,613	33,613					312
Other comprehensive income, net of tax:								
Net unrealized holding gains on available-for-sale securities, net of tax	41	41		41				
Loss on a derivative instrument designated as a cash flow hedge	(139)	(139)		(139)				
Gains associated with pension and other postretirement benefits	69	69		69				
Total other comprehensive income	(29)	(29)						
Total comprehensive income	33,896	\$ 33,584						