

Pilgrim Expects \$800 Million Loss for Q4

Embattled chicken producer Pilgrim's Pride Inc. expects to post a loss of more than \$800 million in its fiscal fourth quarter and plans to continue talks with its lenders to restructure its debt.

The company said Friday in a regulatory filing it was delaying filing its annual report for fiscal 2008 with the Securities and Exchange Commission due to ongoing talks with its lenders regarding temporary waivers and "related financial uncertainties."

The Pittsburg, Texas-based company had said Wednesday it reached an agreement with lenders to extend its credit lines until Monday. Pilgrim's Pride has already extended its temporary credit line twice since September when it first said it wouldn't meet obligations for current loans. It has a \$25.7 million interest payment due next week.

In the filing, Pilgrim's Pride put its loss for the quarter ended Sept. 27 at \$802 million, or \$10.83 per share, on sales of \$2.17 billion.

The loss includes a charge of \$501.4 million, or \$6.77 per share, primarily related to the impairment of goodwill at Gold Kist Inc., which Pilgrim's Pride acquired for \$1.3 billion in early 2007. Additionally, the company is posting an income tax valuation allowance of \$35 million, or 47 cents per share, against its net operating losses.

Excluding these items, the company would have lost \$265.6 million, or \$3.59 per share.

That compared with a year-earlier profit of \$33.2 million, or 50 cents per share, on sales of \$2.11 billion.

The company also said it expects to post fourth-quarter losses on feed ingredient derivative contracts of about \$96.9 million, or \$1.31 per share.

Pilgrim's Pride, like other food producers, has been hamstrung by soaring costs for animal feed -- made with expensive corn and soybeans -- and an oversupply of chicken that has lowered retail prices, making it impossible for producers to offset the higher costs.

On average, analyst surveyed by Thomson Reuters forecast a quarterly loss of \$2.06 per share on revenue of \$2.05 billion. The estimates typically exclude nonrecurring items.

Looking ahead, Pilgrim's Pride anticipates recognizing losses on feed ingredient derivative contracts for the first quarter of fiscal 2009 of \$13.4 million, or 18 cents per share, for feed ingredient derivative contracts that remained open at Sept. 27.

The contracts were closed last month.