UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the period ended: December 28, 2002

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: 333-64180

PSF Group Holdings, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**43-1818535**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
423 West 8th Street, Suite 200, Kansas City, Missouri	**64105**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (816) 472-7675

Not Applicable

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

Indicate by check mark whether the Registrant has (1) filed all documents and 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 [X] No [ ]

As of December 28, 2002, there were 100,000 shares of the Registrant’s Class A Common Stock outstanding and 113,301 shares of the Registrant’s Class B Common Stock outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PSF Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
December 28, 2002 and March 30, 2002
(in 000's)
(Unaudited)

	December 28, 2002	March 30, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ -	$ 7,182
Accounts receivable, net	24,860	21,332
Inventories	158,752	141,165
Federal income tax receivable	4,281	3,319
Deferred income taxes	15,680	15,680
Prepaid expenses and other	2,175	2,158
Total current assets	205,748	190,836
PROPERTY, PLANT, EQUIPMENT AND BREEDING STOCK, at cost:		
Land and improvements	99,740	95,349
Buildings	292,979	292,154
Machinery and equipment	259,734	251,664
Breeding stock	35,950	38,126
Construction in progress	8,931	16,306
	697,334	693,599
Less- accumulated depreciation	201,536	166,591
Total property, plant, equipment and breeding stock	495,798	527,008
GOODWILL	75,998	75,998
OTHER LONG-TERM ASSETS:		
Deferred financing costs, net	7,521	7,241
Other	5,775	6,556
Total other long-term assets	13,296	13,797
Total assets	$ 790,840	$ 807,639
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Checks issued against future deposits	$ 3,692	$ -
Accounts payable	10,509	8,385
Accrued expenses	28,113	29,494
Due to related party	1,050	1,317
Accrued interest	1,964	4,914
Current maturities of long-term debt and capital leases	7,016	26,629
Total current liabilities	52,344	70,739
LONG-TERM LIABILITIES:		
Long-term debt and capital leases, less current maturities	293,033	246,153
Other long-term liabilities	8,355	8,243
Due to related party	-	921
Deferred income taxes	81,293	98,016
Total long-term liabilities	382,681	353,333
Total liabilities	435,025	424,072
SHAREHOLDERS' EQUITY:		
Common stock	2	2
Additional paid-in capital	373,688	373,673
Accumulated other comprehensive (loss) income, net of tax	(403)	345
(Accumulated deficit) Retained earnings	(17,472)	9,547
Total shareholders' equity	355,815	383,567
Total liabilities and shareholders' equity	$ 790,840	$ 807,639

The accompanying notes are an integral part of the condensed consolidated financial statements.

PSF Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
13 and 39 weeks ended December 28, 2002 and December 29, 2001
(in 000's)
(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	December 28, 2002	December 29, 2001	December 28, 2002	December 29, 2001
Net sales	$ 154,090	$ 173,278	$ 448,874	$ 521,006
Cost of goods sold	163,393	162,272	462,818	442,984
Gross profit	(9,303)	11,006	(13,944)	78,022
Selling, general and administrative expenses	4,530	5,552	13,503	16,796
Other expense (income)	215	(348)	(531)	(455)
Operating (loss) income	(14,048)	5,802	(26,916)	61,681
Interest expense (income):				
Interest expense	6,044	5,116	17,434	17,246
Interest income	(38)	(95)	(129)	(363)
Interest expense, net	6,006	5,021	17,305	16,883
(Loss) income before income taxes and extraordinary items	(20,054)	781	(44,221)	44,798
Income tax (benefit) expense	(7,801)	(247)	(17,202)	17,416
Net (loss) income before extraordinary items	(12,253)	1,028	(27,019)	27,382
Loss on early extinguishment of debt, net of tax	-	-	-	1,315
Net (loss) income	$ (12,253)	$ 1,028	$ (27,019)	$ 26,067

The accompanying notes are an integral part of the condensed consolidated financial statements.

PSF Group Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
39 Weeks ended December 28, 2002 and December 29, 2001
(in 000's)
(Unaudited)

	December 28, 2002	December 29, 2001
OPERATING ACTIVITIES:		
Net (loss) income	$ (27,019)	$ 26,067
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	46,134	41,132
Amortization of deferred financing costs	1,109	865
Deferred income taxes	(16,723)	8,596
Loss (gain) on sale of assets	1,536	(4,220)
Changes in operating assets and liabilities, net:		
Accounts receivable	(3,528)	2,498
Inventories	(17,587)	(9,485)
Prepaid expenses and other assets	(1,015)	10,013
Accounts payable, accrued expenses and other liabilities	(3,269)	(3,127)
Net cash (used in) provided by operating activities	(20,362)	72,339
INVESTING ACTIVITIES:		
Purchases of property, plant, equipment and breeding stock	(24,405)	(76,631)
Proceeds from disposal of property, plant, equipment and breeding stock	8,015	11,245
Net cash used in investing activities	(16,390)	(65,386)
FINANCING ACTIVITIES:		
Checks issued against future deposits	3,692	-
Proceeds from long-term debt	-	173,591
Proceeds from (payments on) revolving debt, net	41,229	(4,000)
Deferred financing costs	(1,390)	(4,749)
Repayments on long-term debt	(13,961)	(176,196)
Net cash provided by (used in) financing activities	29,570	(11,354)
Net decrease in cash and cash equivalents	(7,182)	(4,401)
CASH AND CASH EQUIVALENTS, beginning of period	7,182	8,560
CASH AND CASH EQUIVALENTS, end of period	$ -	$ 4,159
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 17,888	$ 19,337
Income tax paid	5	5,197

The accompanying notes are an integral part of the condensed consolidated financial statements.

PSF Group Holdings, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

Note 1 – Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements and related notes included in PSF Group Holdings, Inc. and Subsidiaries (the "Company") consolidated financial statements for the year ended March 30, 2002 filed with the Securities and Exchange Commission on Form 10-K. It is suggested that this report be read in conjunction with those consolidated statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The year-end financial statements presented were derived from the Company's audited financial statements. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the financial position of the Company and the results of its operations.

Note 2 – New accounting pronouncements

Derivative instruments and hedging activities
On April 1, 2001, the Company adopted Financial Accounting Standards Board Statement No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities" requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability at its fair value, and changes in a derivative's fair value be recognized in current earnings or other comprehensive income.

The Company believes that its exchange traded commodity contracts serve as economic hedges, however, as a result of the extensive record keeping requirements of SFAS 133, management has elected not to designate and account for these contracts as hedges. Effective as of April 1, 2001, these contracts were marked to market through earnings. Changes in the fair value of the existing commodity contracts and those commodity contracts entered into subsequent to April 1, 2001 have been recorded in the period in which they occur. Net gains (losses) recognized during the 39 weeks ended December 28, 2002 and December 29, 2001 in gross profit were $153,000 and ($13,781,000), respectively. Net losses recognized during the 13 weeks ended December 28, 2002 and December 29, 2001 in gross profit were ($1,686,000) and ($3,307,000), respectively.

During the year ended March 30, 2002 the Company entered into an interest rate swap agreement in order to effectively convert the benchmark interest rate on the $75 million term note from variable to fixed rate debt.

The Company's comprehensive (loss) income includes net (loss) income and the change in the fair market value of the interest rate swap, net of tax. Comprehensive (loss) income for the 13 weeks ended December 28, 2002 and December 29, 2001 was ($12,237,000) and $3,110,000, respectively. Comprehensive (loss) income for the 39 weeks ended December 28, 2002 and December 29, 2001 was ($27,768,000) and $26,322,000, respectively.

Business combination, goodwill, and intangible assets
On June 30, 2001, the Financial Accounting Standards Board issued its Statements of Financial Accounting Standards Nos. 141 (SFAS 141), "Business Combinations" and 142 (SFAS 142), "Goodwill and Intangible Assets," which establish reporting and accounting standards for business combinations, goodwill and intangible assets. SFAS 141 requires all business combinations after June 30, 2001 to be accounted for

using the purchase method. Under SFAS 142, companies will no longer amortize goodwill over the estimated useful life. Goodwill will be assessed each year for impairment by applying a fair value based test.

The Company elected early adoption of these rules and recognized the effect of the new pronouncements in fiscal year 2002. Assessment of the fair value of the relevant reporting units was completed during the second quarter of fiscal year 2003, resulting in no impairment of recorded goodwill. The effect of discontinuing goodwill amortization increased income before income taxes by approximately $685,000 for the 13 weeks ended December 28, 2002 and December 29, 2001 and by approximately $2,055,000 for the 39 weeks ended December 28, 2002 and December 29, 2001.

Asset retirement obligations
On June 30, 2001 the Financial Accounting Standards Board issued its Statement of Financial Accounting Standards No. 143 (SFAS 143), "Accounting for Asset Retirement Obligations." SFAS 143 applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and the normal operation of long-lived assets. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company has not determined the impact, if any, that the adoption of this new standard will have on its financial statements.

Impairment of long-lived assets
In August 2001, the Financial Accounting Standards Board issued its Statement of Financial Accounting Standards No. 144 (SFAS 144), "Accounting for the Impairment of Long-Lived Assets." SFAS 144 supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions of APB No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 retains many of the provisions of SFAS 121, but addresses certain implementation issues associated with that Statement. This statement is effective for financial statements issued for fiscal years beginning after December 15, 2001. The statement did not have a material impact on the financial statements.

Early extinguishment of debt
During April 2002, the Financial Accounting Standards Board issued its Statement of Financial Accounting Standards No. 145 (SFAS 145), "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt" and SFAS 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends SFAS 13, "Accounting for Leases," so that certain lease modifications that have economic effects that are similar to sale-leaseback transactions are accounted for the same way as sale-leaseback transactions. Additionally, SFAS 13 is amended so that the original lessee under an operating lease agreement that becomes secondarily liable shall recognize the fair value of the guarantee obligation. SFAS 145 also stipulates that gains or losses on extinguishment of debt would have to meet the criteria of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" to be classified as an extraordinary item. In addition, extraordinary gains and losses on extinguishment of debt in prior periods presented would require reclassification. SFAS 145 is effective for fiscal years beginning after May 15, 2002. The amendment to SFAS 13 is effective for transactions occurring after May 15, 2002. The Company believes that the adoption of this new standard will not have a material impact on its financial statements.

Note 3 – Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market. Inventories consisted of the following (in thousands):

	December 28, 2002	March 30, 2002
Hogs	$ 141,984	$ 124,449
Processed pork and pork products	10,188	10,704
Packaging and supplies	3,216	2,762
Grain, feed additives and other	3,364	3,250
	$158,752	$141,165

Note 4 - Segment information

The accounting policies for the segments are the same as those described in the footnotes included in the Company's March 30, 2002 audited financial statements. The Company operates a vertically integrated business with two operating segments, Pork Processing and Hog Production. The Pork Processing segment sells fresh and value-added pork products to food retailers, distributors, wholesalers, further processors, pharmaceutical and animal feed manufacturers in both domestic and international markets. The Hog Production segment supplies a majority of the live hogs used in the Pork Processing segment and sells the excess production to other hog processing operations. Intersegment live hog sales are based on market prices. The following table presents specific financial information about each segment as reviewed by the Company's management. The Corporate and Other classification in the following table represents unallocated corporate expenses and assets, deferred and current taxes, the Company's goodwill, interest expense and intersegment elimination (in thousands):

	Pork Processing	Hog Production	Corporate and Other	Total
For the 13 weeks ended December 28, 2002-				
Net sales	$ 142,367	$ 86,307	$ (74,584)	$ 154,090
Intersegment sales	(1,967)	(72,617)	-	-
Operating income (loss)	14,601	(25,676)	(2,973)	(14,048)
For the 13 weeks ended December 29, 2001-				
Net sales	145,136	108,229	(80,087)	173,278
Intersegment sales	(1,159)	(78,928)	-	-
Operating income (loss)	11,989	(1,780)	(4,407)	5,802
For the 39 weeks ended December 28, 2002-				
Net sales	412,355	261,627	(225,108)	448,874
Intersegment sales	(5,249)	(219,859)	-	-
Operating income (loss)	25,383	(43,189)	(9,110)	(26,916)
For the 39 weeks ended December 29, 2001-				
Net sales	462,645	341,591	(283,230)	521,006
Intersegment sales	(2,814)	(280,416)	-	-
Operating income (loss)	20,496	54,780	(13,595)	61,681
As of December 28, 2002-				
Assets	193,202	509,606	88,032	790,840
As of March 30, 2002-				
Assets	199,714	514,787	93,138	807,639

Note 5 – Early extinguishment of debt

On June 7, 2001, Premium Standard Farms, Inc., a wholly-owned subsidiary of the Company, issued $175 million of 9¼% senior unsecured notes due 2011 ("9¼% Notes"). A portion of the net proceeds from the private placement debt offering was used to redeem all $137.9 million principal amount of the 11% senior secured payment-in-kind notes ("PIK Notes") with the remaining net proceeds used to pay down the Company's bank credit facility. An extraordinary charge of $2,191,483, before tax of $876,593, was recorded in the Condensed Consolidated Statement of Operations for the 13 weeks ended June 30, 2001 resulting from the loss on the early extinguishment of the PIK Notes. Premium Standard Farms, the Company, and the Company's other wholly-owned subsidiaries subsequently filed a joint registration statement on Form S-4 with the Securities and Exchange Commission, as amended and declared effective on August 14, 2001, to register exchange notes ("Exchange Notes") and the guarantees of the Exchange Notes. The Exchange Notes have substantially identical terms to the privately placed 9¼% Notes, except that the Exchange Notes are freely tradeable. All of the holders of the privately placed 9¼% Notes tendered their notes for the registered Exchange Notes.

Note 6 – Amendments to Credit Agreement

Effective June 28, 2002, the Company and its bank group amended the Credit Agreement to extend the revolving credit facility one year, increase the letter of credit commitment from $10.0 million to $15.0 million, and amend certain financial covenants and pricing terms.

Effective September 27, 2002, the Company and its bank group amended the Credit Agreement to increase the Company's revolving credit facility by $50.0 million to $150.0 million in total availability subject to a borrowing base calculation, among other things. The amendment also defers quarterly principal payments on the Company's term debt for a one year period and amends certain financial covenants. Obligations under the Credit Agreement are secured by liens on substantially all of the Company's assets. In addition to customary financial covenants, the Credit Agreement contains customary restrictions on, among other things, encumbrance or disposal of assets, acquisitions, additional indebtedness, capital investment, payment of subordinated debt and construction of new hog production facilities. In addition to customary fees payable under credit facilities of this type, amounts borrowed under the Credit Agreement bear interest at fluctuating rates selected by the Company. These rates are based on the agent bank's prime rate (the Federal Funds Rate plus one half of one percent) or LIBOR plus, in each case, an applicable margin, currently ranging from 1.5% to 3.125%, determined by the Company's leverage ratio. All borrowings under the revolving credit facility mature on August 21, 2004 and the term debt matures on August 21, 2005. Financing costs associated with the amendment have been capitalized and are being amortized over the life of the amended Credit Agreement.

Note 7 – Litigation

The Company has settled two citizens' action suits which sought to enforce alleged violations of the Clean Air Act, Clean Water Act and CERCLA against the Company and ContiGroup Companies, Inc. ("ContiGroup"). In 1998, the Company engaged in a series of transactions with ContiGroup pursuant to which it purchased from ContiGroup its North Missouri Farms hog production operations and ContiGroup purchased a 51.0% ownership interest in the Company (the "1998 ContiGroup transaction"). To the extent that ContiGroup incurred any liability in this litigation, the Company assumed that liability pursuant to the terms of the 1998 ContiGroup transaction. The U.S. Environmental Protection Agency (the "E.P.A.") had intervened in the same action and filed a separate notice of violation against the Company under the Clean Air Act. This settlement, in the form of a consent decree ("EPA Consent Decree"), resolved all outstanding issues of ContiGroup and the Company with the E.P.A. The EPA Consent Decree, built upon the 1999 consent decree with the State of Missouri referenced below, requires the Company and ContiGroup to meet certain performance standards, such as a 50 percent reduction in nitrogen concentration of the effluent applied to area fields over a prescribed time period. Other key elements of the EPA Consent Decree include: monitoring air emissions from lagoons and barns; compliance with certain best management practices to reduce the risk of spills; testing of selective lagoons to ensure integrity; and the payment of a $350,000 civil penalty. The counsel for the citizen plaintiffs has submitted a petition for recovery of attorneys' fees in connection with the lawsuits against both the Company and ContiGroup. The Company believes the majority of these fees have been previously paid and resolved. The Company believes the resolution of this matter will not have a material adverse effect upon its financial position or results of operations.

In 1999, the Company settled a suit filed by the Attorney General of the State of Missouri against the Company and ContiGroup. The Company assumed ContiGroup's liability in this action in connection with the 1998 ContiGroup transaction. The settlement required the Company and ContiGroup to enter into a consent judgment pursuant to which the Company is obligated to invest $25 million over the course of five years for researching, installing and operating improved technology to control wastewater, air and odor emissions from its Missouri farms. The Company is in the fourth year of that five year period and has spent $11.7 million to satisfy the settlement. In addition, pursuant to the consent judgment the Company and ContiGroup were issued a $1 million civil penalty. Of this, $650,000 has been paid and $350,000 is suspended pending certain conditions.

In addition to the suits discussed above, the Company has received notices of violations from the Missouri Department of Natural Resources alleging releases of wastewater. The Company has responded to these notices in an effort to resolve these matters. The State of Missouri has filed a lawsuit seeking penalties and injunctive relief for these violations. The Company has filed an answer, believes it has good defenses, and intends to vigorously defend the suit.

Two nuisance suits were filed against ContiGroup and the Company during the second quarter of fiscal year 2003 in the Circuit Court of Jackson County, Kansas City, Missouri. There are multiple plaintiffs in each suit, who claim to live near swine farms owned by ContiGroup but under production contracts with the Company. The primary allegation is that offensive odors from these farms interfered with the plaintiffs' right to use and have quiet enjoyment of their respective properties. The Company is obligated by contract to indemnify ContiGroup for any liabilities arising from this litigation. The Company has filed an answer, believes it has good defenses to these actions, and intends to vigorously defend these suits.

In addition, the Company is involved from time to time in routine litigation incidental to its business. Although no assurance can be given as to the outcome or expense associated with any of these routine proceedings, the Company believes that none of such proceedings currently pending should, individually or in the aggregate, have a material adverse effect on its financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this report on Form 10-Q, the terms "we," "us," and "our" refer collectively to PSF Group Holdings, Inc., Premium Standard Farms, Inc. and their subsidiaries. Premium Standard Farms, Inc. is a wholly-owned subsidiary of PSF Group Holdings, Inc. The terms "expect," "anticipate," "may," "believe," "will," and similar expressions made with respect to our earnings and outlook for the future contain some forward-looking information. Naturally, all forward-looking statements involve risk and uncertainty and actual results or events could be materially different. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our goals will be achieved. Important factors that could cause actual results to differ include: economic conditions generally and in our principal markets; competitive practices and consolidation in the pork production and processing industries; the impact of current and future laws, governmental regulations and fiscal policies affecting our industry and operations, including environmental laws and regulations, trade embargoes and tariffs; domestic and international transportation disruptions; food safety; the availability of additional capital to fund future commitments and expansion and the cost and terms of financing; outbreaks of disease in our herds; feed ingredient costs; fluctuations in live hog and wholesale pork prices; customer demands and preferences; and the occurrence of natural disasters and other occurrences beyond our control. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur. Please review our Annual Report on Form 10-K for other important factors that could cause results to differ materially from those in any such forward-looking statements. Information in these archived materials may not be current and may be superceded by more recent information published by us.

Results of Operations

13 Weeks Ended December 28, 2002 Compared to the 13 Weeks Ended December 29, 2001

The following table presents selected financial information for our production and processing segments for the 13 weeks ended December 28, 2002 and December 29, 2001. Net sales, gross profit and operating (loss) income by segment are also presented as a percentage of their respective totals. The two columns under quarter-to-quarter change show the dollar and percentage change from the quarter ended December 28, 2002 to the quarter ended December 29, 2001. Intersegment sales are based on market prices.

	For the 13 Weeks Ended				Qtr to Qtr Change	
	December 28, 2002	%	December 29, 2001	%	2002 to 2001	%
	(In millions except percentages)					
Net Sales						
Production	$ 86.3	56.0 %	$ 108.2	62.4 %	$ (21.9)	(20.2)%
Processing	142.4	92.4 %	145.2	83.8 %	(2.8)	(1.9)%
Intersegment	(74.6)	(48.4)%	(80.1)	(46.2)%	5.5	-
Total Net Sales	$ 154.1	100.0 %	$ 173.3	100.0 %	$ (19.2)	(11.1)%
Gross Profit						
Production	$ (25.5)	274.2 %	$ (1.9)	(17.3)%	$ (23.6)	(1,242.1)%
Processing	16.2	(174.2)%	12.9	117.3 %	3.3	25.6 %
Total Gross Profit	$ (9.3)	100.0 %	$ 11.0	100.0 %	$ (20.3)	(184.5)%
Operating (Loss) Income						
Production	$ (25.7)	182.3 %	$ (1.8)	(31.0)%	$ (23.9)	(1,327.8)%
Processing	14.6	(103.6)%	12.0	206.9 %	2.6	21.7 %
Corporate	(3.0)	21.3 %	(4.4)	(75.9)%	1.4	31.8 %
Total Operating (Loss) Income	$ (14.1)	100.0 %	$ 5.8	100.0 %	$ (19.9)	(343.1)%

Consolidated

Net Sales. Net sales decreased by $19.2 million, or 11.1%, to $154.1 million in the third quarter of fiscal year 2003 from $173.3 million in the comparable period last year. The decrease was attributed to a decrease in prices of $20.4 million, which was offset by an increase in volume of $1.2 million. Wholesale pork prices have been severely impacted by an increased supply of pork industry-wide and the lingering impact of the Russian ban on poultry imported from the United States, which contributed to excess levels of meat protein in the domestic market. Although the ban has been lifted, the effects of it as well as the increase in pork production industry-wide for the year have continued to have a negative impact on market hog and wholesale pork prices during the third quarter of fiscal year 2003. For the quarter, industry-wide pork production was consistent with the same period last year, however, pork cold storage stocks were still 5% higher compared to the same period ended last year. See Segment Analysis below for comments on changes in sales by business segment.

Gross Profit. Gross profit decreased by $20.3 million, or 184.5%, to a loss of $9.3 million in the third quarter of fiscal year 2003 from a profit of $11.0 million in the comparable period last year. The current year gross profit decrease is primarily the result of lower live hog and pork product prices during the third quarter of fiscal year 2003 compared to the same period last year, while cost of sales remained relatively consistent between the same periods. See Segment Analysis below for comments on changes in gross profit by business segment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were lower as a percentage of net sales at 2.9% in the third quarter of fiscal year 2003 compared to 3.2% in the comparable period last year. In dollar terms, selling, general and administrative expenses decreased by $1.0 million, or 18.2%, to $4.5 million in the third quarter of fiscal year 2003 from $5.5 million in the comparable period last year. The majority of the decrease is attributable to a reduction in bonus accruals in the third quarter of fiscal year 2003 compared to the same period last year.

Operating (Loss) Income. Operating income decreased by $19.9 million, or 343.1%, to an operating loss of $14.1 million in the third quarter of fiscal year 2003 from an operating income of $5.8 million in the comparable period last year. The decrease is attributable to the factors mentioned above.

Interest Expense, net. Interest expense, net, increased by $1.0 million, or 20.0%, to $6.0 million in the third quarter of fiscal year 2003 from $5.0 million in the comparable period last year. The increase was caused by an increase in total interest-bearing debt outstanding and an increase in the amortization of deferred financing costs charged to interest expense resulting from recent amendments to the bank debt facilities. See Liquidity and Capital Resources below for more information.

Income Tax Benefit / Expense. Our effective tax rate was a benefit of 38.9% in the third quarter of fiscal year 2003 compared to a benefit of 31.6% in the comparable period last year. The difference was primarily attributable to the utilization of state income tax credits.

Segment Analysis

Hog Production. Net sales decreased by $21.9 million, or 20.2%, to $86.3 million in the third quarter of fiscal year 2003 from $108.2 million in the comparable period last year. The decrease primarily resulted from a 16.5% decrease in net market hog sales prices coupled with a 4.4% decrease in volume attributable to a 3.3% decrease in hogs marketed and a 1.1% decrease in weight per hog marketed. Intersegment sales to our pork processing segment transferred at market prices are eliminated in the Condensed Consolidated Statements of Operations.

Gross profit decreased by $23.6 million, or 1,242.1%, to a loss of $25.5 million in the third quarter of fiscal year 2003 from a loss of $1.9 million in the comparable period last year. The decrease was primarily the result of hogs produced at a higher negative margin due to the lower net market hog sales price mentioned above. Hog production costs per hundredweight were 6.3% higher during the third quarter of fiscal year 2003 compared to the same period last year mainly due to higher feed ingredient costs, lower values on culled animals and a lower weight per animal marketed.

Operating loss increased by $23.9 million, or 1,327.8%, to an operating loss of $25.7 million in the third quarter of fiscal year 2003 from an operating loss of $1.8 million in the comparable period last year. The decrease is attributed to the factors mentioned above.

Pork Processing. Net sales decreased $2.8 million, or 1.9%, to $142.4 million in the third quarter of fiscal year 2003 from $145.2 million in the comparable period last year. The decrease resulted from a 13.8% decrease in pork product sales prices, partially offset by a 13.8% increase in volume processed compared to the same period last year. The increase in volume was primarily attributable to the expansion at the Clinton, North Carolina plant completed in late fiscal year 2002, which increased capacity from 6,500 hogs per day to 10,000 hogs per day.

Gross profit increased $3.3 million, or 25.6%, to $16.2 million in the third quarter of fiscal year 2003 from $12.9 million in the comparable period last year. Higher margins were achieved by an increase in wholesale pork prices in relationship to hog prices. The increase in margins were related to the effects of the industry-wide production of hogs beginning to decrease and were coupled with higher volume through the plants during the third quarter of fiscal year 2003 compared to the same period last year. Processing costs per head decreased 4.5% during the third quarter of fiscal year 2003 compared to the same period last year, primarily the result of increased efficiencies at the Clinton plant and higher volumes processed offset slightly by increased depreciation expense related to the Clinton plant expansion and added emphasis on higher cost value-added products.

Operating income increased by $2.6 million, or 21.7%, to $14.6 million in the third quarter of fiscal year 2003 from $12.0 million in the comparable period last year. The increase was attributed to the factors mentioned above.

39 Weeks Ended December 28, 2002 Compared to the 39 Weeks Ended December 29, 2001

The following table presents selected financial information for our production and processing segments for the first three quarters ended December 28, 2002 and December 29, 2001. Net sales, gross profit and operating (loss) income by segment are also presented as a percentage of their respective totals. The two columns under year-to-year change show the dollar and percentage change from the first three quarters ended December 28, 2002 to the first three quarters ended December 29, 2001. Intersegment sales are based on market prices.

	For the 39 Weeks Ended				Year to Year Change	
	December 28, 2002	%	December 29, 2001	%	2002 to 2001	%
	(In millions except percentages)					
Net Sales						
Production	$ 261.6	58.2 %	$ 341.6	65.6 %	$ (80.0)	(23.4)%
Processing	412.4	91.9 %	462.6	88.8 %	(50.2)	(10.9)%
Intersegment	(225.1)	(50.1)%	(283.2)	(54.4)%	58.1	-
Total Net Sales	$ 448.9	100.0 %	$ 521.0	100.0 %	$ (72.1)	(13.8)%
Gross Profit						
Production	$ (43.3)	309.3 %	$ 55.1	70.6 %	$ (98.4)	(178.6)%
Processing	29.3	(209.3)%	22.9	29.4 %	6.4	27.9 %
Total Gross Profit	$ (14.0)	100.0 %	$ 78.0	100.0 %	$ (92.0)	(117.9)%
Operating (Loss) Income						
Production	$ (43.2)	160.6 %	$ 54.8	88.8 %	$ (98.0)	(178.8)%
Processing	25.4	(94.4)%	20.5	33.2 %	4.9	23.9 %
Corporate	(9.1)	33.8 %	(13.6)	(22.0)%	4.5	33.1 %
Total Operating (Loss) Income	$ (26.9)	100.0 %	$ 61.7	100.0 %	$ (88.6)	(143.6)%

Consolidated

Net Sales. Net sales decreased by $72.1 million, or 13.8%, to $448.9 million in the first three quarters of fiscal year 2003 from $521.0 million in the comparable period last year. The decrease was attributed to a decrease in prices of $93.2 million, which was offset by an increase in volume of $21.1 million. Pork prices were severely impacted by several factors, including, an increased supply of pork industry wide, compounded by an increased supply of all meat proteins. Much of the increase in meat proteins was attributed to the Russian ban on poultry imports from the United States, which was lifted before the end of the second quarter of fiscal year 2003. Although the ban has been lifted, the effects of it as well as the increase in pork production industry-wide for the year have continued to have a negative impact on market hog and wholesale pork prices during fiscal year 2003. See Segment Analysis below for comments on changes in sales by business segment.

Gross Profit. Gross profit decreased by $92.0 million, or 117.9%, to a loss of $14.0 million in the first three quarters of fiscal year 2003 from a profit of $78.0 million in the comparable period last year. The current year gross profit decrease is primarily the result of lower live hog and pork product prices during the first three quarters of fiscal year 2003 compared to the same period last year, coupled with an increase in volume of inputs of $17.9 million and an increase in cost of inputs of $2.0 million compared to the same period last year. See Segment Analysis below for comments on changes in gross profit by business segment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were lower as a percentage of net sales at 3.0% in the first three quarters of fiscal year 2003 compared to 3.2% in the comparable period last year. In dollar terms, selling, general and administrative expenses decreased by $3.3 million, or 19.6%, to $13.5 million in the first three quarters of fiscal year 2003 from $16.8 million in the comparable period last year. The majority of the decrease is attributable to legal expenses incurred in the first three quarters of fiscal year 2002 to settle outstanding litigation and decreased bonus accruals for the current fiscal year.

Operating (Loss) Income. Operating income decreased by $88.6 million, or 143.6%, to an operating loss of $26.9 million in the first three quarters of fiscal year 2003 from an operating income of $61.7 million in the comparable period last year. The decrease is attributable to the factors mentioned above.

Interest Expense, net. Interest expense, net, increased by $0.4 million, or 2.4%, to $17.3 million in the first three quarters of fiscal year 2003 from $16.9 million in the comparable period last year. The increase was attributed to an increase in total interest-bearing debt outstanding and increased amortization of deferred financing costs which are charged to interest expense related to recent bank credit amendments, offset slightly by lower interest rates on our variable rate debt. See Liquidity and Capital Resources below for more information.

Income Tax Benefit / Expense. Our effective tax rate was a benefit of 38.9% in the first three quarters of fiscal year 2003 compared to an expense of 38.9% in the comparable period last year.

Segment Analysis

Hog Production. Net sales decreased by $80.0 million, or 23.4%, to $261.6 million in the first three quarters of fiscal year 2003 from $341.6 million in the comparable period last year. The decrease primarily resulted from a 25.6% decrease in net market hog sales prices, partially offset by a 3.0% increase in volume attributable to the effects of our Texas sow herd expansion and additional contract production. Intersegment sales to our pork processing segment transferred at market prices are eliminated in the Condensed Consolidated Statements of Operations.

Gross profit decreased by $98.4 million, or 178.6%, to a loss of $43.3 million in the first three quarters of fiscal year 2003 from a gross profit of $55.1 million in the comparable period last year. The decrease was primarily the result of a higher volume of hogs produced at a negative margin due to the lower net market hog sales price mentioned above. Hog production costs per hundredweight were 3.3% higher during the first three quarters of fiscal year 2003 compared to the same period last year mainly due to higher feed costs, lower values on culled animals and a lower weight per animal marketed.

Operating income decreased by $98.0 million, or 178.8%, to an operating loss of $43.2 million in the first three quarters of fiscal year 2003 from an operating income of $54.8 million in the comparable period last year. The decrease is attributed to the factors mentioned above.

Pork Processing. Net sales decreased $50.2 million, or 10.9%, to $412.4 million in the first three quarters of fiscal year 2003 from $462.6 million in the comparable period last year. The decrease resulted from a 19.7% decrease in pork product sales prices, partially offset by a 11.0% increase in volume processed compared to the same period last year. The increase in volume was primarily attributable to the expansion at the Clinton, North Carolina plant completed in late fiscal year 2002, which increased capacity from 6,500 hogs per day to 10,000 hogs per day.

Gross profit increased by $6.4 million, or 27.9%, to $29.3 million in the first three quarters of fiscal year 2003 from $22.9 million in the comparable period last year. The increase primarily resulted from higher margins on pork products due to lower market hog prices coupled with higher volume through the plants. Processing costs increased 3.0% during the first three quarters of fiscal year 2003 compared to the same period last year, primarily the result of increased depreciation expense related to the Clinton plant expansion and added emphasis on higher cost value-added products.

Operating income increased by $4.9 million, or 23.9%, to $25.4 million in the first three quarters of fiscal year 2003 from $20.5 million in the comparable period last year. The increase was attributed to the factors mentioned above.

Liquidity and Capital Resources

Our primary source of financing has been cash flow from operations and bank borrowings. Our ongoing operations will require the availability of funds to service debt, fund working capital and make capital expenditures on our facilities. We expect to finance these activities through cash flow from operations and from amounts available under our revolving credit facility.

Net cash flow (used in) and provided by operating activities was ($20.4) million and $72.3 million for the first three quarters ended in fiscal years 2003 and 2002, respectively. The decrease in the first three quarters of fiscal year 2003 compared to the same period last year was primarily due to a decrease in net income, the change in deferred taxes and an increase in working capital requirements partially offset by an increase in non-cash depreciation charges. Non-cash charges increased in the first three quarters of fiscal year 2003 compared to the same period last year due to incremental depreciation expense of expansion projects completed and capitalized in fiscal year 2002.

Net cash flow used in investing activities was $16.4 million and $65.4 million for the first three quarters ended in fiscal years 2003 and 2002, respectively. Net cash used in investing activities consisted of $24.4 million and $76.6 million for capital expenditures relating to property, plant and equipment and breeding stock during the first three quarters ended in fiscal years 2003 and 2002, respectively. The Company received proceeds from disposal of fixed assets of $8.0 million and $11.2 million during the first three quarters ended in fiscal years 2003 and 2002, respectively, primarily representing culled breeding stock. The decrease in capital expenditures is the result of the completion of expansion projects at our Clinton, North Carolina plant and our Texas production facilities during fiscal year 2002.

Net cash flow provided by and (used in) financing activities was $29.6 million and ($11.4) million for the first three quarters ended in fiscal years 2003 and 2002, respectively. In the first quarter of fiscal year 2002, Premium Standard Farms issued $175 million of 9¼% senior unsecured notes due 2011("9¼%

Notes"), which were used to retire $137.9 million of 11% senior secured payment-in-kind notes ("PIK Notes") on July 7, 2001. An associated 1% prepayment penalty on these PIK Notes, which was also paid on July 7, 2001, resulted in an extraordinary charge of $1.3 million, net of taxes. With the remaining proceeds, we also prepaid $25 million of bank term debt, made a $6.3 million quarterly payment on bank term debt and paid down $4.0 million on our revolving credit facility. The 9¼% Notes contain customary covenants and are redeemable by Premium Standard Farms under certain circumstances.

Borrowings are provided under a Credit Agreement that provides for up to $150 million of revolving credit (with actual credit limit determined monthly by reference to a borrowing base formula) and a term loan facility with $56.3 million outstanding at December 28, 2002. Effective June 28, 2002, the Credit Agreement was amended to extend the revolving credit facility one year, increase the letter of credit commitment from $10 million to $15 million, and amend certain financial covenants and pricing terms, among other things. Effective September 27, 2002, the Credit Agreement was amended to increase the revolving credit facility by $50.0 million to $150.0 million in total availability subject to a borrowing base calculation, defer quarterly principal payments on the term debt for one year, and amend certain financial covenants and pricing terms, among other things. Obligations under the Credit Agreement are secured by liens on substantially all of our assets. In addition to customary financial covenants, the Credit Agreement contains customary restrictions on, among other things, encumbrance or disposal of assets, acquisitions, additional indebtedness, capital investment, payment of subordinated debt and construction of new hog production facilities. In addition to customary fees payable under credit facilities of this type, amounts borrowed under the Credit Agreement bear interest at fluctuating rates selected by the Company. These rates are based on the agent bank's prime rate (the Federal Funds Rate plus one half of one percent) or LIBOR plus, in each case, an applicable margin, currently ranging from 1.5% to 3.125%, determined by the Company's leverage ratio. All borrowings under the revolving credit facility mature on August 21, 2004, and all borrowings under the term debt mature on August 21, 2005.

Total indebtedness at December 28, 2002 was $300.0 million, as compared to $272.8 million at December 29, 2001. At December 28, 2002, we had $64.5 million outstanding under our revolving credit facility, $10.0 million in letters of credit and $69.1 million available for borrowing under our revolving credit facility.

In fiscal 2003, we plan to spend approximately $27 million on capital expenditures, of which we expect to spend approximately:

- $7 million in upgrades and improvements in our processing operations;

- $5 million in upgrades and improvements in our production operations; and

- $15 million in net breedstock purchases.

We have reduced our initial planned capital expenditures by $9 million in response to current market conditions.

Under our consent decree with the Attorney General of the State of Missouri we are required to invest $13.3 million in research and development over the next two years.

We believe that available borrowings under our revolving credit facility and cash flow from operations will be sufficient to support our working capital, capital expenditures and debt service requirements for the foreseeable future. Our ability to generate cash, however, is subject to a certain extent to general economic, financial, competitive, legislative, regulatory and other factors beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our revolving credit facility in an amount sufficient to enable us to pay our indebtedness, including the 9¼% Notes, or to fund our other liquidity needs. If we consummate any material acquisitions or expand our operations, we may need to seek additional sources of funding, which might potentially come from the issuance of additional equity, debt or the pursuit of joint ventures to the extent that such options are available.

The following table represents a summary of our contractual cash obligations as of December 28, 2002:

	Payments due by period				
Contractual Cash Obligations	**Total**	**Current**	**1-3 years**	**4-5 years**	**Thereafter**
	(in thousands)				
Long-Term Debt	$ 295,748	$ 6,250	$ 114,498	$ -	$ 175,000
Capital Lease Obligations	4,301	766	1,706	1,662	167
Operating Leases	22,598	5,801	7,893	4,962	3,942
Unconditional Purchase Obligations	22,661	22,661	-	-	-
Other Long-Term Obligations	1,000	1,000	-	-	-
Total Contractual Cash Obligations	$ 346,308	$ 36,478	$ 124,097	$ 6,624	$ 179,109

Most of our hogs are raised in facilities that we own. Some of our hogs, however, are raised under farrowing, nursery, or finishing contracts with individual farmers. In these relationships, we typically own the livestock and provide the necessary feed, genetics, and veterinary supplies, while the contract producer provides the land, facilities, labor, utilities, and other costs of production. These contracts vary from terms of less than one year to up to 12 years and the payments are not reflected in the above table. These payments represented approximately 11 percent of our hog production segment's cost of goods sold for the first three quarters ended December 28, 2002. All of these contracts are cancelable by us if the producer fails to perform to an acceptable level.

Critical Accounting Policies

In preparing the condensed consolidated financial statements in accordance with generally accepted accounting principles, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the date of the condensed consolidated financial statements and during the reporting period. Actual results may differ from those estimates due to the complexity and subjectivity of those estimates. Management has identified the accounting policies it believes to be the most important as inventory valuation of livestock, contingent liabilities, and accounting for derivative instruments.

Inventory valuation of livestock is calculated based on a standard cost model for each geographic hog production region. This model is based on the budgeted costs and inventory projections at each age and phase of the production cycle, adjusted to actual costs and reduced to the lower of cost or market when required. Management believes this method for valuing livestock most accurately represents actual inventory costs. At each balance sheet date management compares the projected costs to complete current inventory to projected future revenues. To the extent the estimated cost exceeds projected future revenue an impairment is recorded.

Contingent liabilities, such as self-insured workers' compensation and health insurance, bonuses, and legal obligations are estimated based on information received from third parties and management estimates. These obligations are provided for when the loss is probable and the amount is reasonably estimable. Actual settlement costs may vary from estimates we made. Management believes that any difference in the actual results from the estimates will not have a material adverse effect upon our financial position or results of operations.

Derivative instruments are accounted for in accordance with Financial Standards Board Statement No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." We believe that our exchange traded commodity contracts serve as economic hedges, however, as a result of the extensive record keeping requirements of SFAS 133, we mark these exchange traded contracts to market with the resulting gain or loss recorded in sales for lean hog contracts or cost of sales for all other commodity contracts. This may result in large fluctuations in our earnings depending on the volume of commodity contracts and their corresponding volatility.

Market Risk

Our operating results are influenced by fluctuations in the price of our primary feed components, corn and soybean meal, and by fluctuations in market hog and wholesale pork sales prices. The cost and supply of feed components and market hog and wholesale pork sales prices are determined by constantly changing market forces of supply and demand, which are driven by matters over which we have no control, including weather, current and projected worldwide grain stocks and prices, grain export prices and supports, hog production and governmental agricultural policies. In our hog production segment we use forward contracts, as well as futures and options contracts, to establish adequate supplies of future grain requirements, to secure margins and to reduce the risk of market fluctuations. To secure margins and minimize earnings volatility in our pork processing segment, we utilize lean hog futures to hedge future pork product sales. While this may tend to limit our ability to participate in gains from favorable commodity price fluctuation, it also tends to minimize earnings volatility and secure future margins. For the first three quarters ended December 28, 2002, we recognized gains under SFAS 133 of \$0.5 million in net sales for gains related to lean hog futures and losses of \$0.4 million in costs of goods sold relating to the hedging of feed components. For open futures contracts, we use a sensitivity analysis technique to evaluate the effect that changes in the market value of commodities will have on these commodity derivative instruments. As of December 28, 2002, the potential change in fair value of open exchange-traded contracts, assuming a 10% change in the underlying commodity price, was \$4.4 million.

We are exposed to changes in interest rates. Our term debt and revolving credit facility have variable interest rates. Interest rate changes generally do not affect the market value of such debt but do impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. Conversely, for fixed rate debt, interest rate changes do not impact future cash flows and earnings, but do impact the fair market value of such debt, assuming other factors are held constant. During the fiscal year ended March 30, 2002, we entered into an interest rate swap agreement to convert the variable base interest rate of our bank term debt to a fixed rate of 3.0125% plus its spread (currently 3.125% at December 28, 2002). The swap is accounted for as a cash flow hedge under SFAS 133. During the first three quarters ended December 28, 2002, we recognized a \$0.7 million loss, net of tax, into Accumulated other comprehensive loss for the change in the market value of the swap.

The 9¼% Notes had a fair value of approximately \$154.0 million as of December 28, 2002 based on inter-dealer prices, as compared to the book value of \$175.0 million as of December 28, 2002.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk" above.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Within 90 days prior to the filing date of this report (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's chief executive officer and its chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the chief executive officer and chief financial officer concluded that as of the Evaluation Date, the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Exchange Act) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their most recent evaluation nor were there any significant deficiencies or material weaknesses in the Company's internal controls.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We have settled two citizens' action suits which sought to enforce alleged violations of the Clean Air Act, Clean Water Act and CERCLA against us and ContiGroup Companies, Inc. ("ContiGroup"). In 1998, we engaged in a series of transactions with ContiGroup pursuant to which we purchased from ContiGroup its North Missouri Farms hog production operations and ContiGroup purchased a 51.0% ownership interest in us (the "1998 ContiGroup transaction"). To the extent that ContiGroup incurred any liability in this litigation, we assumed that liability pursuant to the terms of our 1998 ContiGroup transaction. The U.S. Environmental Protection Agency (the "E.P.A.") had intervened in our action and filed a separate notice of violation against us under the Clean Air Act. This settlement, in the form of a consent decree ("EPA Consent Decree"), resolved all outstanding issues of ContiGroup and us with the E.P.A. The EPA Consent Decree, built upon the 1999 consent decree with the State of Missouri referenced below, requires us and ContiGroup to meet certain performance standards, such as a 50 percent reduction in nitrogen concentration of the effluent applied to area fields over a prescribed time period. Other key elements of the EPA Consent Decree include: monitoring air emissions from lagoons and barns; compliance with certain best management practices to reduce the risk of spills; testing of selective lagoons to ensure integrity, and the payment of a $350,000 civil penalty. The counsel for the citizen plaintiffs has submitted a petition for recovery of attorneys' fees in connection with the lawsuits against both us and ContiGroup. We believe the majority of these fees have been previously paid and resolved. We believe the resolution of this matter will not have a material adverse effect upon our financial position or results of operations.

In 1999, we settled a suit filed by the Attorney General of the State of Missouri against us and ContiGroup. We assumed ContiGroup's liability in this action in connection with the 1998 ContiGroup transaction. The settlement required us and ContiGroup to enter into a consent judgment pursuant to which we are obligated to invest $25 million over the course of five years for researching, installing and operating improved technology to control wastewater, air and odor emissions from our Missouri farms. We are in the fourth year of that five year period and have spent $11.7 million to satisfy the settlement. In addition, pursuant to the consent judgment we and ContiGroup were issued a $1 million civil penalty. Of this, $650,000 has been paid and $350,000 is suspended pending certain conditions.

In addition to the suits discussed above, we have received notices of violations from the Missouri Department of Natural Resources alleging releases of wastewater. We have responded to these notices in an effort to resolve these matters. The State of Missouri has filed a lawsuit seeking penalties and injunctive relief for these violations. We have filed an answer, believe we have good defenses, and intend to vigorously defend this suit.

Two nuisance suits were filed against ContiGroup and us during the third quarter of fiscal year 2003 in the Circuit Court of Jackson County, Kansas City, Missouri. There are multiple plaintiffs in each suit, who claim to live near swine farms owned by ContiGroup but under production contracts with us. The primary allegation is that offensive odors from these farms interfered with the plaintiffs' right to use and have quiet enjoyment of their respective properties. We are obligated by contract to indemnify ContiGroup for any liabilities arising from this litigation. We have filed an answer, believe we have good defenses to these actions, and intend to vigorously defend these suits.

In addition, we are involved from time to time in routine litigation incidental to our business. Although no assurance can be given as to the outcome or expense associated with any of these routine proceedings, we believe that none of such proceedings currently pending should, individually or in the aggregate, have a material adverse effect on our financial statements.

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits – None

(b) Reports on Form 8-K.

1. A Current Report on Form 8-K was filed with the SEC on October 1, 2002, to report, under Item 5, an amendment to the credit agreement, and filing the form of the amendment under Item 7.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PSF GROUP HOLDINGS, INC.

February 11, 2003	/s/ Stephen A. Lightstone
Date	Stephen A. Lightstone Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

CERTIFICATIONS

I, John M. Meyer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PSF Group Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ John M. Meyer
John M. Meyer
Chief Executive Officer
(Principal Executive Officer)

I, Stephen A. Lightstone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PSF Group Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Stephen A. Lightstone
Stephen A. Lightstone
Chief Financial Officer
(Principal Financial Officer)