IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

	§	
	§	
In re	§	**Chapter 11**
	§	
PILGRIM'S PRIDE CORPORATION, *et al.*,	§	**Case No. 08-45664 (DML)**
	§	
	§	
Debtors.	§	
	§	
	§	**JOINTLY ADMINISTERED**

ORDER GRANTING MOTION FOR (I) APPOINTMENT OF
A FEE REVIEW COMMITTEE AND (II) AMENDMENT
OF THE INTERIM COMPENSATION ORDER
(Relates to Docket No. __)

("Amended Compensation Procedures Order")

Upon the motion, dated April 7, 2009 (the "Motion"), of Pilgrim's Pride Corporation and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and

debtors in possession (collectively, the "Debtors"),[1] pursuant to sections 105(a) and 331 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Guidelines for Compensation and Expense Reimbursement of Professionals as incorporated in General Order 2006-02, for authority to appoint the Fee Review Committee and amend the procedures for compensation and reimbursement of expenses of Covered Professionals,[2] all as more fully described in the Motion; and the Court having entered on December 31, 2008 establishing procedures for interim monthly compensation and reimbursement of certain Covered Professionals [Docket No. 409] (the "Interim Compensation Order"); and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the "Hearing"); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the record of the Hearing; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having

[1] The Debtors in these cases are PPC; PFS Distribution Company; PPC Transportation Company; To-Ricos, Ltd.; To-Ricos Distribution, Ltd.; Pilgrim's Pride Corporation of West Virginia, Inc.; and PPC Marketing, Ltd.

[2] All capitalized terms used herein but not defined shall have the meanings ascribed to them in the Motion. As defined in the Motion, the term "Covered Professionals" refers to WGM, Lazard, Baker, Gardere, E&Y, Andrews Kurth, Moelis, and all other professionals that are required to prepare applications or fee statements for allowance of compensation for reimbursement of expenses in these chapter 11 cases with the exception of CRG and the DIP Professionals.

determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that this Order shall amend and supersede the Interim Compensation Order in its entirety; and it is further

ORDERED that all Covered Professionals in these cases may seek compensation and reimbursement of expenses in accordance with the following procedures (the "Amended Compensation Procedures"):

(a) On or before the **thirtieth (30th)** day of each month following the month for which compensation is sought, each Covered Professional then seeking compensation shall serve a monthly statement (the "Monthly Statement"), by hand or overnight delivery, on (i) each member of the Fee Review Committee, names and addresses of which shall be filed on the docket by the Debtors in the form of a supplemental notice, and (ii) any other party-in-interest that specifically requests, in writing to each Covered Professional and the Fee Review Committee, notice of Monthly Statements; provided, however, that such party-in-interest may not seek payment from, or otherwise charge, the Debtors or their estates for fees and/or expenses incurred in connection with reviewing Monthly Statements (collectively, the "Notice Parties"); provided, however, that service of the Monthly Statement after the thirtieth (30th) day of each month shall not be a defense to payment of the amounts sought in such Monthly Statement.

(b) The Monthly Statement submitted by Covered Professionals shall not be filed with the Court and a courtesy copy need not be delivered to Chambers because (i) this Motion is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code and (ii) Covered Professionals are still required to serve and file final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules for the United States Bankruptcy Court for the Northern District of Texas (the "Local Rules").

(c) Each Monthly Statement submitted by Covered Professionals must contain a list of the individuals and the individuals' respective titles (e.g., attorney, paralegal, etc.) who provided services during the statement period, the

individuals' respective billing rates, in the case of attorneys, their respective years of graduation from law school, and to the extent applicable, their year of partnership, the aggregate hours spent by each individual, a reasonably detailed breakdown of the fees and expenses incurred, and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour or as close thereto as practicable (unless otherwise authorized by the Court).

(d) Each Notice Party shall have at least **fifteen (15)** days after receiving the Monthly Statement to review the statement and, if the Notice Party objects to the compensation or reimbursement sought in a particular statement, such Notice Party shall, no later than the later of (i) the **forty-fifth (45th)** day following the month for which compensation is sought, and (ii) the **fifteenth (15th)** day following the service of the Monthly Statement, serve upon the Covered Professional to whose Monthly Statement the Notice Party objects and the other Notice Parties a written "Notice of Objection to Fee Statement," setting forth the nature of the Notice Party's objection and the amount of fees or expenses at issue.

(e) After the later of (i) **forty-five (45)** days following the month for which compensation is sought and (ii) **fifteen (15)** days after service of the Monthly Statement on the Notice Parties, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Statement to which no objection has been served in accordance with paragraph (d) above Payment may not be made from a Covered Professional's retainer to satisfy fees and expenses owed to the Covered Professional unless the Covered Professional so requests pursuant to Local Rule 2016.1(b). If no such request by a Covered Professional is made, payment shall not be made from the retainer until these chapter 11 cases are closed.

(f) After the expiration of the objection period set forth in paragraph (e), the Notice Parties shall promptly notify the Debtors whether a dispute exists as to any particular Monthly Statement and the Debtors shall withhold payment in the amount of the dispute either from that particular Monthly Statement or, if such has already been paid, the next Monthly Statement, and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e).

(g) If the parties to an objection resolve their dispute following the service of a Notice of Objection to Fee Statement and if the party whose Monthly Statement was objected to serves on all Notice Parties a statement indicating that the objection is withdrawn and describing the terms of the resolution, then the Debtors shall promptly pay in accordance with paragraph (e) that portion of the Monthly Statement that is no longer subject to an objection.

(h) All objections that the parties do not resolve shall be preserved and presented to the Court at a hearing date to be agreed upon by the parties.

(i) Any Covered Professional who fails to serve a Monthly Statement seeking approval of compensation and expenses paid during such monthly period, shall be ineligible to receive further monthly payments of fees or reimbursement of expenses until the Covered Professional serves the Monthly Statement.

(j) Commencing with the period ending March 31, 2009, and at three-month intervals thereafter, each of the Covered Professionals shall serve a quarterly fee summary (a "Quarterly Fee Summary") to the Notice Parties, summarizing the compensation and reimbursement of expenses requested in the fee statements filed during the preceding three-month period, or with respect to the period ending March 31, 2009, the preceding period (the "Quarterly Fee Period"). Each Covered Professional shall serve its Quarterly Fee Summary within **forty-five (45)** days after the end of the Quarterly Fee Period for which the request seeks allowance of fees and reimbursement of expenses. Each Covered Professional shall serve its first Quarterly Fee Summary on or before May 15, 2009, and the first Quarterly Fee Summary shall cover the Quarterly Fee Period from the Commencement Date through and including March 31, 2009. Notice Parties shall have fifteen days (15) after receipt of the Quarterly Fee Statement to file an objection to the Quarterly Fee Statement. Absent any objections to the Quarterly Fee Summary by the Notice Parties, the remainder of any unpaid fees due under the Monthly Fee Statements for the Quarterly Fee Period shall be paid to the Covered Professionals.

(k) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein shall have any effect on this Court's final allowance of compensation and reimbursement of expenses of any Covered Professionals.

(l) Counsel for any official committee may, in accordance with the Amended Compensation Procedures collect and submit to the Notice Parties statements of expenses (excluding third-party counsel expenses of individual committee members), with supporting vouchers, from members of the committee he or she represents including from employers of such committee members if incurred on behalf of the committee members; provided, however, that such reimbursement requests comply with Section I(H) of the Guidelines for Compensation and Expense Reimbursement of Covered Professionals, (effective February 1, 2006, and incorporated in General Order 2006-02).

ORDERED that any fees or expenses paid in accordance with the Amended Compensation Procedures shall be subject to re-review only upon a sufficient showing as to why a prior objection was not made; and it is further

ORDERED that each Covered Professional whose retention has been approved by the Court as of the date of the commencement of these chapter 11 cases (the "Commencement Date") may seek, in its first Monthly Statement, compensation for work performed and reimbursement for expenses incurred during the period beginning on the Commencement Date and ending on December 31, 2008. All Covered Professionals not retained as of the Commencement Date shall serve their first Monthly Statement for the period from the effective date of their retention through the end of the first full month following the effective date of their retention, and otherwise in accordance with the procedures set forth in the Motion; and it is further

ORDERED that the Debtors shall include all payments to Covered Professionals, the DIP Professionals and CRG on their monthly operating reports, detailed so as to state the amount paid to each such party; and it is further

ORDERED that a Fee Review Committee shall be established comprising: (a) a representative of the U.S. Trustee or his designee, if the U.S. Trustee so desires; (b) a representative of the Debtors; (c) a representative of the Prepetition BMO Lending Group (as defined in the Cash Collateral/DIP Motion); (d) a representative of the Prepetition CoBank Lending Group (as defined in the Cash Collateral/DIP Motion); (e) a designated member of the Committee; (f) a designated member of any other committee that may be appointed in these cases pursuant to section 1102 of the Bankruptcy Code; and (g) Professor Nancy Rapoport of the William S. Boyd School of Law at University of Nevada, Las Vegas ("Professor Rapoport");

provided, however, that, other than Professor Rapoport, no member of the Fee Review Committee may be a professional retained in these chapter 11 cases or a professional whose fees are being paid by the Debtors' estates; and it is further

ORDERED that Professor Rapoport is hereby appointed as the chairperson of the Fee Review Committee; and it is further

ORDERED that the Debtors may compensate Professor Rapoport pursuant to the proposed fee structure set forth in the Motion; and it is further

ORDERED that other than Professor Rapoport, as set forth herein, no member of the Fee Review Committee may seek compensation from the Debtors or their estates relating to work performed by them or their professionals as part of the Fee Review Committee; and it is further

ORDERED that no Notice Party (other than Professor Rapoport) may seek compensation from the Debtors or their estates relating to review of Monthly Statements, Quarterly Fee Summary or Final Fee Applications (as defined below); and it is further

ORDERED that after the representatives are chosen, the Debtors will file a notice identifying each of the designated members of the Fee Review Committee and the address at which notices should be sent to such members, and to the extent any information changes with respect to any members of the Fee Review Committee, the Debtors shall file an amended notice; and it is further

ORDERED that pursuant to Bankruptcy Rule 9017 and Rule 706 of the Federal Rules of Evidence, Professor Rapoport is appointed as the Court's expert with respect to professional fees and expenses in these chapter 11 cases; and it is further

ORDERED that the Fee Review Committee may establish its own procedures, provided, however, that they may supplement but not conflict with the procedures set forth in this Order; and it is further

ORDERED that the duties of the Fee Review Committee shall be to ensure that the fee statements and applications filed by Covered Professionals, the DIP Professionals and CRG comply with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Fee Guidelines promulgated by the Executive Office of the United States Trustee, and any applicable orders of this Court; and it is further

ORDERED that the DIP Professionals and CRG shall submit monthly statements to the Fee Review Committee in the manner set forth in the Final Cash Collateral/DIP Order and the CRG Retention Order, respectively; and it is further

ORDERED that Paragraph 13 of the Final Cash Collateral/DIP Order is modified to substitute the words "the fee review committee (as established by order of the Court, dated April __, 2009)" for the words "the Debtors, any committee appointed by the U.S. Trustee, including the Committee, and the U.S. Trustee (collectively, the *"Invoice Recipients"*)" contained in such Paragraph. All other provisions of the Final Cash Collateral/DIP Order remain in full force and effect; and it further

ORDERED that the CRG Retention Order is modified to require that monthly statements be served on the Fee Review Committee rather than filed with the Court. All other provisions of the CRG Retention Order remain in full force and effect; and it is further

ORDERED that upon completion of duties related to these cases, each Covererd Professional shall file with the Court and provide to each Notice Party the final fee application ("Final Fee Application"), which shall include a summary of time expended, costs incurred, and

tasks accomplished as a result of such professional's effort during these chapter 11 cases; and it is further

ORDERED that appropriate time records will be made available to the Fee Review Committee upon request; and it is further

ORDERED that the Fee Review Committee shall be dissolved upon an order of this Court upon a motion or *sua sponte* after notice and a hearing; and it is further

ORDERED that this Court hereby retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

END OF ORDER