

Edward S. Weisfelner
Brown Rudnick LLP
Seven Times Square
New York, NY 10036
(212) 209-4800 (telephone)
(212) 209-4801 (facsimile)

Steven D. Pohl
Jeremy B. Coffey
Texas Bar No. 24027937
Brown Rudnick LLP
One Financial Center
Boston, MA 02111
(617) 856-8200 (telephone)
(617) 856-8201 (facsimile)

*Co-Counsel to the Official Committee
Of Equity Security Holders*

Richard A. Chesley (IL 6240877)
Gregory S. Otsuka (IL 6270388)
PAUL, HASTINGS, JANOFSKY & WALKER LLP
191 North Wacker Drive, 30th Floor
Chicago, Illinois 60606
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

*Attorneys for Houlihan Lokey Howard & Zukin
Capital, Inc.*

Michael A. McConnell
Texas Bar No. 13447300
Nancy L. Ribaud
Texas Bar No. 24026066
Kelly Hart & Hallman LLP
201 Main Street, Suite 2500
Fort Worth, Texas 76102
(817) 332-2500 (telephone)
(817) 878-9280 (facsimile)

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

In re

PILGRIM'S PRIDE CORPORATION, *et al.*,

Debtors.

§
§
§
§
§
§
§
§
§

Chapter 11

Case No. 08-45664 (DML)

Jointly Administered

**JOINT RESPONSE OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY
HOLDERS AND HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC. TO
OBJECTIONS FOR ORDER APPROVING EMPLOYMENT OF HOULIHAN LOKEY
HOWARD & ZUKIN CAPITAL, INC. AS FINANCIAL ADVISOR TO THE
OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS**

The Official Committee of Equity Security Holders, appointed in the above-captioned cases (the “Equity Committee”) and Houlihan Lokey Howard & Zukin Capital, Inc. (“Houlihan Lokey”), proposed Financial Advisor to the Equity Committee, hereby jointly respond to (i) the Limited Objection of the Debtors’ to the Application for Order Approving the *Nunc Pro Tunc* Employment and Retention of Houlihan Lokey Howard & Zukin Capital, Inc., as Financial Advisor to the Official Committee of Equity Security Holders [Docket No. 2892], (ii) the United States Trustee’s (the “U.S. Trustee”) Objection to Equity Committee’s Application for Order Approving the Nunc Pro Tunc Employment and Retention of Houlihan Lokey Howard & Zukin Capital as Financial Advisor [Docket No. 2827] and (iii) the Limited Objection of Official Committee of Unsecured Creditors (the “Creditors Committee”) to Application for Order Approving Employment of Houlihan Lokey Howard & Zukin Capital, Inc. as Financial Advisor to the Official Committee of Equity Security Holders [Docket No. 2803] (together, the “Objections” and the parties who filed the Objections, the “Objecting Parties”). In support of this Joint Response, the Equity Committee and Houlihan Lokey respectfully state as follows:

RESPONSE

1. On July 7, 2009, the Equity Committee filed its Application for Order Approving the Nunc Pro Tunc Employment and Retention of Houlihan Lokey as Financial Advisor to the Equity Committee (the “Application”). In support of the Application, Houlihan Lokey submitted the Affidavit of Adam Dunayer, managing director of Houlihan Lokey. On August 14, 2009, Houlihan Lokey filed the Supplemental Affidavit of Adam Dunayer to provide additional information regarding its prior connection with the Debtors.

2. The Equity Committee has continued the hearing on the Application multiple times in an effort to arrive at a consensual resolution of the issues raised in the Objections, on

terms believed to be satisfactory to the Court and the economic stakeholders in these cases. In support of their proposed resolution of these issues, at the hearing scheduled for October 27, 2009, the Equity Committee and Houlihan Lokey intend to present evidence to support the Application, including evidence that the compensation and employment terms and conditions to which Houlihan Lokey and the Equity Committee have agreed are market-based.

3. The Equity Committee and Houlihan Lokey have heeded the Court's suggestion to attempt to reach consensual resolutions with the Objecting Parties. To that end, Houlihan Lokey sought the Objecting Parties' agreement to the entry of an order similar to the orders the Court entered approving the Debtors' retention of Lazard Freres & Co. LLC (the "Lazard Order") and the Creditors Committee's retention of Moelis & Company LLC (the "Moelis Order"). Upon information and belief, the Creditors Committee and the US Trustee declined to accept the proposed order because it was not identical to the Lazard and Moelis Orders. Thereafter, Houlihan Lokey agreed to modify the proposed order again in an attempt to accommodate the Objecting Parties; this time making the proposed order (the "Order," attached hereto as **Exhibit A**) virtually identical (other than as discussed below) to the order entered by the Court in approving the Creditors Committee's retention of Moelis.¹

4. The only difference between the Order and the Moelis Order is the inclusion of clarifying language (the "Clarifying Language") in the third paragraph on page 2 of the Order. That Clarifying Language, however, does not alter the standard of review under section 330 and merely makes explicit two points that are entirely consistent the Court's prior comments and with the Bankruptcy Code. First, the Clarifying Language underscores that the Court can assess

¹ The Order necessarily differs from the Moelis Order in non-material ways, including with respect to certain dates and because the Fee Review Committee had not yet been established at the time the Moelis Order was entered.

the reasonableness of the Deferred Fee sought by Houlihan Lokey by comparing it “*to the range of fees paid to investment bankers in comparable transactions both in and outside of court in this and other Districts.*” This language merely reflects the substance of section 330(a)(3)(F). Second, the Clarifying Language provides that “*the number of hours spent by Houlihan Lokey’s personnel during its engagement or during any given monthly period thereof shall not be the sole factor in and of itself as to the reasonableness of the Deferred Fee or the Monthly Fee.*” This statement is consistent with the Court’s prior comments that it would allow financial advisors retained in these cases to demonstrate the reasonableness of their fees by showing either (or both) their contribution to the outcome of these cases or the amount of work they performed. Houlihan Lokey further believes this language is congruent with the apparent expectations of Lazard and Moelis, each of which has been excused from maintaining time records.² Finally, the Clarifying Language includes the proviso that “[n]o party shall rely upon this provision as binding precedent in any other chapter 11 proceedings.” The intent is to reflect the Court’s previously-stated concern that what is done with respect to Houlihan Lokey’s retention in these cases not be claimed to be precedential by any other party, in any other proceeding.

5. While the Clarifying Language merely makes explicit the existing law and the Court’s prior instructions, this language is critically important to Houlihan Lokey. Additionally, this very language has recently been included in orders entered this month in three chapter 11 proceedings in the District of Delaware.³

² Lazard and Moelis agreed that, at the Court’s or Fee Review Committee’s request, each would provide records in summary format containing descriptions of their respective services, the approximate time expended and the individuals who provided the services.

³ See *In re Premier Int’l Holdings Inc.*, Case No. 09-12019 (CSS) (Oct. 8, 2009) (order approving debtors’ retention of Houlihan Lokey); *In re NPPI Holdings, Inc.*, Case No. 09-11547 (PJW) (Oct. 21, 2009) (same); *In re Barzel Indus. Inc.*, Case No. 09-13204 (CSS) (Oct. 22, 2009) (same).

6. Houlihan Lokey believes the further revised proposed Order should: (i) satisfy the Court's previously-expressed concerns regarding review of Houlihan Lokey's proposed fees; and (ii) adequately address any remaining, legitimate objections pressed by the Objecting Parties. As of the filing of this statement, the Objecting Parties have not yet agreed to withdraw their objections. But, as before, counsel for the Equity Committee and Houlihan Lokey will continue to seek a consensual resolution of any remaining objections to Houlihan Lokey's retention in these cases. But, absent such agreements, the Equity Committee and Houlihan Lokey will request that the Court enter to the Order at the October 27, 2009 hearing and overrule any unresolved objections.

CONCLUSION

For the foregoing reasons, the Equity Committee and Houlihan Lokey respectfully request that the Court grant the Application and approve Houlihan Lokey's employment by entering the Order.

Dated: October 23, 2009

Respectfully submitted,

KELLY HART & HALLMAN LLP

By: Nancy Ribaud

Michael A. McConnell (TX Bar No. 13447300)

Nancy L. Ribaud (TX Bar No. 24026066)

Wells Fargo Tower

201 Main Street, Suite 2500

Fort Worth, Texas 76102

(817) 332-2500 (telephone)

(817) 878-9280 (facsimile)

-and-

BROWN RUDNICK LLP

Edward S. Weisfelner

Seven Times Square

New York, NY 10036

(212) 209-4800 (telephone)

(212) 209-4801 (facsimile)

Steven D. Pohl

Jeremy B. Coffey (TX Bar No. 24027937)

One Financial Center

Boston, MA 02111

(617) 856-8200 (telephone)

(617) 856-8201 (facsimile)

**CO-COUNSEL TO THE OFFICIAL
COMMITTEE OF EQUITY SECURITY
HOLDERS**

- and -

Richard A. Chesley (IL 6240877)

Gregory S. Otsuka (IL 6270388)

**PAUL, HASTINGS, JANOFSKY &
WALKER LLP**

191 North Wacker Drive, 30th Floor

Chicago, Illinois 60606

Telephone: (312) 499-6000

Facsimile: (312) 499-6100

**ATTORNEYS FOR HOULIHAN LOKEY
HOWARD & ZUKIN CAPITAL, INC.**