

Pilgrim's Pride Corporation ("PPC") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors"),¹ respectfully represent:

Background

1. On December 1, 2008 (the "Commencement Date"), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

Pilgrim's Pride's Businesses

3. PPC, together with its debtor and non-debtor subsidiaries (collectively, "Pilgrim's Pride"), has one of the best brand names in the chicken industry. It is one of the largest producers of chicken in the United States and the second-largest producer in Mexico. Pilgrim's Pride has operations throughout the continental United States, Puerto Rico, and Mexico. Formed in 1946 as a retail feed store partnership between Lonnie A. "Bo" Pilgrim and his brother, Aubrey E. Pilgrim, PPC has been a publicly traded company since 1986.

4. Through vertical integration, Pilgrim's Pride manages the breeding, hatching and growing of chickens. Pilgrim's Pride also manages the processing, preparation,

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.

packaging, sale and distribution of its product lines, which Pilgrim's Pride believes has made it one of the highest quality, lowest-cost producers of chicken in North America. In the continental United States, Pilgrim's Pride produces both prepared chicken products and fresh chicken products. In Mexico and Puerto Rico, it produces exclusively fresh chicken products. Pilgrim's Pride's products are sold to foodservice, retail and frozen entrée customers, distributed primarily through retailers, foodservice distributors and restaurants.

Jurisdiction

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

6. By this Application, the Debtors request authority pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014, to employ and retain American Appraisal Associates, Inc. ("American Appraisal") as valuation consultants for the Debtors nunc pro tunc to September 16, 2009, in accordance with the fee structure described below and pursuant to the terms and conditions attached to that certain Engagement Letter between American Appraisal and PPC dated September 16, 2009 (the "Engagement Letter"), a copy of which is annexed hereto as Exhibit 1. In support of this Application, the Debtors submit the Declaration of Christopher L. Rexroat (the "Rexroat Declaration"), Associate General Counsel of American Appraisal, a copy of which is attached hereto as Exhibit 2 and which is incorporated by reference herein.

Services to be Provided

7. As set forth in the Engagement Letter, the Debtors seek to retain American Appraisal for the purpose of valuing the Debtors' tangible and intangible assets to assist with

establishing an opening balance sheet as of the date of PPC's emergence from chapter 11, pursuant to the American Institute of Certified Public Accountants Statement of Position 90-7 ("SOP 90-7"), *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* ("Fresh Start Accounting"). American Appraisal will also provide the Debtors with valuation consulting services to assist them in their impairment analysis related to long-lived assets under Statement of Financial Accounting Standards NO. 144 ("SFAS 144"), *Accounting for the Impairment or Disposal of Long-Lived Assets*.

8. American Appraisal has assembled a multi-discipline team of valuing professionals for the engagement. It is proposed that American Appraisal will provide the following services as deemed appropriate by the Debtors, in accordance with its Engagement Letter, including:

- a. performing calculation of the business enterprise value and undiscounted cash flows expected to result from the use and eventual disposition of PPC's operating assets;
- b. identifying and valuing intangible assets and estimating the remaining life of each intangible assets;
- c. valuing the personal property and real estate related to the idled facilities listed in Exhibit C to the Engagement Letter;
- d. valuing the personal property and real estate related to the operating facilities listed in Exhibit B to the Engagement Letter;
- e. reviewing lease data for leased real property to assess the potential significance of any leasehold interests;
- f. reviewing and analyzing market data regarding assets and liabilities comparable to that of the Debtors'; and
- g. providing such other valuation services for the Debtors as may be necessary or desirable, to the extent permitted under professional standards and as agreed to between the Debtors and American Appraisal.

Professional Compensation

9. Pursuant to section 328(a) of the Bankruptcy Code, the Debtors request that the Court approve the retention of American Appraisal at a flat fee of \$493,000 plus any expenses incurred, to be paid in installments on a monthly basis, as set forth below. The fee is comprised of (i) \$115,000 for services provided in assisting PPC with complying with accounting standards under SFAS 144 (the impairment analysis); and (ii) \$378,000 for performing services required under SOP 90-7 (the fresh start accounting services). American Appraisal developed this flat fee quote at the Debtors' request based on a review of information provided by the Debtors and an evaluation of the services required by the Debtors. American Appraisal's monthly fee will vary in accordance with the amount of services necessary per month and will be calculated based on a per diem basis per professional. However, the per diem rates are only for purposes of monthly billing, and American Appraisal's total fee will not exceed \$493,000 for the services provided pursuant to the Engagement Letter; provided, however, in the event that there is a change in scope of the services required by the Debtors, a delay in the confirmation process or any other similar event that requires additional services by American Appraisal, American Appraisal will discuss such additional services and confirm in writing with the Debtors any additional necessary fee. At the Debtor's request, American Appraisal will bill any such additional services on a flat fee basis or an hourly basis as may be appropriate. In the event the Debtors request such additional services to be billed on an hourly basis, American Appraisal will do so at the rates set forth below:

Staff Level	Hourly Rates
Managing Director	\$435-\$575
Director	\$340-\$445
Senior Manager	\$265-\$350
Manager	\$225-\$240
Senior Consultant	\$185-\$200

Consultant	\$150-\$165
Associate	\$135-\$145

10. Further, because the Debtors are seeking to retain American Appraisal under section 328(a) of the Bankruptcy Code, American Appraisal's fees will be subject to review under section 330 of the Bankruptcy Code. American Appraisal agrees to apply to the Court for allowances of compensation and reimbursement of expenses in accordance with section 331 of the Bankruptcy Code, the Bankruptcy Rule and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Texas (the "Local Rules"), the guidelines (the "Guidelines") established by the United States Trustee for the District of Texas (the "U.S. Trustee"), and relevant orders of this Court ("Orders") for all services performed and expenses incurred pursuant to the Engagement Letter. American Appraisal does not, however, in the normal course of its billing practices, itemize its time in 10th hour or similar increments when engaged on a flat fee basis. In the present engagement, American Appraisal will file time records in support of its interim and final fee applications generally indicating the nature and time associated with the services broken down by each professional on a daily basis.

11. Subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Guidelines, and the Orders, the Debtors propose to pay American Appraisal for services rendered as set forth in the Rexroat Declaration and to reimburse American Appraisal according to its customary reimbursement policies. The Debtors respectfully submit that American Appraisal's rates and policies are reasonable and should be approved.

The Retention of American Appraisal Is Warranted

12. The Debtors have selected American Appraisal because of its extensive experience and knowledge in the field of valuation consulting services and because of its

expertise in valuing business enterprises. American Appraisal is willing to perform the services requested, subject to this Court's approval.

13. Prior to retaining American Appraisal, the Debtors' senior management considered other valuation consulting firms. The Debtors evaluated each firm on a number of criteria, including the overall valuation capabilities, experience and reputation of each firm and their professionals, with particular attention to the capabilities and experience of each firm with regard to management. The Debtors also considered the likely attention of the personnel of the firm and the compensation to be charged. After due consideration of the above and as an exercise of their business judgment, the Debtors concluded that American Appraisal was best qualified to provide valuation consulting services to the Debtors at a reasonable level of compensation.

14. In addition to American Appraisal's expertise in the field of valuation consulting, American Appraisal also has an understanding of the Debtors' businesses and its professionals have extensive experience and knowledge in dealing with distressed companies. Moreover, the American Appraisal team consists of individuals with bankruptcy experience, who are familiar with PPC's requirements under SOP 90-7, Statement of Financial Accounting Standards No. 141R (revised 2007), *Business Combinations* ("SFAS 141R"), No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), *Accounting for the Impairment or Disposal of Long-Lived Assets*, and No. 157, *Fair Value Measurements* ("SFAS 157"). American Appraisal has performed similar services for other chapter 11 debtors including Vertis Holdings, Inc. (Delaware); Armstrong World Industries, Inc. (Delaware); US Airways Group, Inc. (E.D. Virginia); Interstate Bakeries Corporation (W.D. Missouri); Delta Airlines, Inc. (S.D.N.Y.); Solutia, Inc. (S.D.N.Y.); World Com, Inc. (S.D.N.Y.); Lyondell Chemical Company (S.D.N.Y.);

Aventine Renewable Energy Holdings, Inc. (Delaware); Philadelphia Newspapers, LLC (E.D. Pennsylvania).

American Appraisal's Disinterestedness

15. To the best of the Debtors' knowledge and information, neither American Appraisal nor any professional employee or independent contractor of American Appraisal has any connection with or any interest adverse to the Debtors, their creditors, or any other party in interest, or their respective attorneys and accountants, except as may be set for in the Rexroat Declaration.² To the best of the Debtors' knowledge, American Appraisal is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code. American Appraisal has represented to the Debtors that it has not represented and will not represent any parties other than the Debtors in these chapter 11 cases or in connection with any matter that would be adverse to the Debtors arising from, or related to, these cases.

16. As set forth in the Rexroat Declaration, as of September 16, 2009, no amounts were due and owing from the Debtors to American Appraisal in respect of services provided prior to such date.

Basis for Relief

17. The Debtors seek approval of the employment of American Appraisal pursuant to section 328(a) of the Bankruptcy Code, nunc pro tunc to September 16, 2009. Section 328(a) of the Bankruptcy Code provides, in relevant part, that the Debtors "with the court's approval may employ or authorize the employment of a professional person under section

² American Appraisal has provided valuation services to the Debtors both on a prepetition basis and postpetition as an "ordinary course professional" (see, Debtors' Motion Pursuant To Sections 105(a), 327, 328, And 330 Of the Bankruptcy Code For Authorization To Employ Professionals Utilized In The Ordinary Course Of Business *Nunc Pro Tunc* To The Commencement Date, dated December 1, 2008. American Appraisal has been fully compensated for all such services and does not have any prepetition or postpetition claim against the Debtors' bankruptcy estate as of September 16, 2009.

327...on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis...” 11 U.S.C. § 328(a). Accordingly section 328 permits the compensation of professionals, including valuation consultants, on flexible terms that reflect the nature of their services and market conditions. Bankruptcy courts have authorized similar relief under sections 328(a) and 327(a) of the Bankruptcy Code in chapter 11 cases. *See, e.g., In re Vertis Holdings, Inc.* Case No. 08-11460 (Bankr. Del. Nov. 10, 2008) (CSS) [Docket No. 309] (authorizing debtors to employ and retain American Appraisal Associates, Inc. as valuation consultants to the Debtors); *In re Gadzooks, Inc.* Case No. 04-31486 (Bankr. N.D. Tex. Feb. 4, 2004) (HDH) [Docket No. 38] (authorizing debtors to employ and retain Great American Appraisal & Valuing Services, LLC to evaluate and apprise inventory).

18. The Debtors believe that the terms and conditions of the Engagement Letter are fair, reasonable and market-based under the standards set forth in section 328(a) of the Bankruptcy Code.

Notice

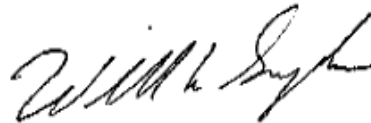
19. The Debtors have served notice of this Application upon (i) American Appraisal; (ii) the Office of the United States Trustee; (iii) counsel to the statutory committees appointed in these chapter 11 cases; (iv) counsel to the Debtors’ prepetition secured lenders; (v) counsel to the Agent to the Debtors’ postpetition lenders; and (vi) all parties on the Master Service List filed with this Court (collectively, the “Notice Parties”). The Debtors submit that no other or further notice need be provided.

No Previous Request

20. No previous request for the relief sought herein has been made to this or any other Court.

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: October 30, 2009
Fort Worth, Texas



By: William Snyder
Title: Chief Restructuring Officer