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)**
	:	
	:	**(Jointly Administered)**
Debtors.	:	

FINAL FEE APPLICATION OF LAZARD FRÈRES & CO. LLC, DEBTORS' INVESTMENT BANKER, FOR COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED FOR THE PERIOD FROM DECEMBER 1, 2008 THROUGH DECEMBER 10, 2009

Name of Applicant:	**Lazard Frères & Co. LLC**
Authorized to Provide Professional Services to:	**Debtors**
Date of Retention:	**January 13, 2009 *nunc pro tunc* December 1, 2008**
Period for which Final compensation and/or reimbursement is sought:	**December 1, 2008 through December 10, 2009**
Amount of Final Fees Sought as Actual, Reasonable and Necessary:	**$7,290,322.58**
Amount of Final Expense Reimbursement Sought as Actual, Reasonable and Necessary:	**$**157,874.38
Less: Amounts Paid to Date	**($1,873,718.55)**
Net Amount of Compensation Requested:	**$5,574,478.41**

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TO THE HONORABLE D. MICHAEL LYNN,
UNITED STATES BANKRUPTCY JUDGE:

Lazard Frères & Co. LLC, ("Lazard"), Investment Banker for Pilgrim's Pride Corporation, et al., (the "Debtors"), hereby submits its final fee application (the "Final Application") for the allowance of fees and expenses for the period from December 1, 2008 through December 10, 2009 (the "Compensation Period"). The Final Application requests approval of professional fees of $7,290,322.58 and reimbursement of expenses of $157,874.38 incurred during the Compensation Period. In support of this Final Application, Lazard states as follows:

JURISDICTION

1. 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). The statutory

predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code and in accordance with Bankruptcy Rule 2016.

BACKGROUND

2. On December 1, 2008 (the "Petition Date"), the Debtors commenced a case under chapter 11 of the United States Code (the "Bankruptcy Code").

3. By order dated December 31, 2008, this Court entered that certain Order Pursuant to 11 U.S.C. §§105(a) and 331 of the Bankruptcy Code Establishing Procedures for Monthly Compensation and Reimbursement of Expenses for Professionals (the "Administrative Order").

4. Pursuant to the terms set forth in that certain engagement letter between the Debtors and Lazard, dated as of September 28, 2008 (the "Engagement Agreement"), a copy of which is attached hereto as **Exhibit C,** the Debtors agreed to pay Lazard a monthly fee of $250,000.00 (the "Monthly Fee"), as well as a $6.5 million Restructuring Fee (as that term is defined in the Engagement Agreement), less applicable credits, upon consummation of a Majority Sale Transaction (as that term is defined in the Engagement Agreement) pursuant to bankruptcy proceedings. *See* Engagement Agreement, Sections 2(a) and 2(d)(ii). In addition to these fees, the Debtors agreed to reimburse Lazard for reasonable expenses. *See* Engagement Agreement, Section 2(i).

5. On January 13, 2009, this Court entered that certain Order Pursuant to sections 327(a) and 328(a) of the Bankruptcy Code authorizing the retention and employment of Lazard as Investment Bankers for the Debtors *nunc pro tunc* to December 1, 2008 (the

"Retention Order") on the terms set forth in the Retention Order and the Engagement Agreement. A true and correct copy of the Retention Order is attached hereto as **Exhibit D.**

6. By this Application, Lazard seeks allowance and compensation for all of the Monthly Fees and reasonable expenses incurred during the Compensation Period as well as the Restructuring Fee in the amount of $4,209,677.42.[1]

Summary of Monthly Fee Applications for Compensation Period:

Date Filed	Period Covered	Requested		Amounts Paid		Outstanding Balance[2]
		Fees	Expenses	Fees	Expenses	
03/05/2009	12/01/08 – 01/31/09	$500,000.00	$6,444.06	$500,000.00	$6,444.06	$0.00
03/31/2009	02/01/09 – 02/28/09	250,000.00	10,036.64	250,000.00	10,036.64	0.00
05/11/2009	03/01/09 – 03/31/09	250,000.00	23,856.13	250,000.00	23,856.13	0.00
07/24/2009	04/01/09 – 04/30/09	250,000.00	12,752.55	250,000.00	23,690.50	-10,937.95
07/24/2009	05/01/09 – 05/31/09	250,000.00	7,953.05	250,000.00	12,805.54	-4,852.49
08/27/2009	06/01/09 – 06/30/09	250,000.00	19,845.38	250,000.00	21,885.68	-2,040.30
03/31/2010	07/01/09 – 07/31/09	250,000.00	20,951.73	25,000.00	0.00	245,951.73
03/31/2010	08/01/09 – 08/31/09	250,000.00	17,491.58	0.00	0.00	267,491.58
03/31/2010	09/01/09 – 09/30/09	250,000.00	18,950.40	0.00	0.00	268,950.40
03/31/2010	10/01/09 – 10/31/09	250,000.00	8,102.99	0.00	0.00	258,102.99
03/31/2010	11/01/09 – 11/30/09	250,000.00	2,554.79	0.00	0.00	252,554.79
03/31/2010	12/01/09 – 12/10/09	4,290,322.58	8,935.08	0.00	0.00	4,299,257.66
TOTAL		**$7,290,322.58**	**$157,874.38**	**$1,775,000.00**	**$98,718.55**	**$5,574,478.41**

[1] Further detail regarding the calculation of the Restructuring Fee under the terms of the Engagement Agreement is provided on **Exhibit B**. *See* **Exhibit B** at 2.

[2] The Outstanding Balance for the period covered from April 2009 through June 2009 has a negative balance because legal expenses in the total amount of $23,747.99 were inadvertently included in Lazard's monthly fee statements. Lazard has reduced the total expenses requested in this Final Application to adjust for the overpayment. Accordingly, the total outstanding balance owed as set forth in this Final Application reflects these reduced expenses.

SUMMARY OF LAZARD'S ACTIVITIES DURING COMPENSATION PERIOD

Compensation by Project Category
Please see Exhibit A – Summary of Hours Expended

Lazard, in its normal course of business, invoices its clients a flat monthly fee and does not charge by the hour. Thus, Lazard does not ordinarily keep time records. However, for the benefit of the Court, Lazard is recording its hourly time and has provided summaries of the time spent by Professionals during the Compensation Period, attached hereto as **Exhibit A.**

CUMULATIVE COMPENSATION SUMMARY BY PROFESSIONAL

Name of Professional Person	Position of the Applicant and Area of Expertise	Hourly Billing Rate (including changes)	Total Billed Hours	Total Fees
Daniel Aronson	Managing Director	n/a	348.2	n/a
Kevin Jach	Managing Director	n/a	180.4	n/a
David Iverson	Managing Director	n/a	271.9	n/a
Joe Miller	Director	n/a	624.8	n/a
Sean Daugherty	Vice President	n/a	1,801.6	n/a
Sachin Lulla	Associate	n/a	357.5	n/a
Phillip Cooksey	Associate	n/a	767.0	n/a
Jacob Chase	Analyst	n/a	780.5	n/a
Ram Krishnan	Analyst	n/a	435.0	n/a
Jared Nagae	Analyst	n/a	275.5	n/a
TOTALS			**5,842.3**	**$7,290,322.58**

CUMULATIVE COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Interface with Professionals, Official Committees, and Other Parties-In-Interest	528.2	n/a
Business Operations Planning, Monitoring, Reporting and Analysis, and Projections	1,191.9	n/a
Preparation and/or Review of Court Filings	216.0	n/a
Court Testimony/Deposition and Preparation	60.7	n/a
Valuation Analysis	378.8	n/a
Capital Structure Review and Analysis	348.8	n/a
Merger & Acquisition Processes	2,200.2	n/a
Financing Including DIP and Exit Financing	448.9	n/a
General Corporate Finance, Research and Analysis, and Other Due Diligence	448.9	n/a
Fee Application, Engagement	9.8	n/a
Employee Retention Program	10.3	n/a
TOTAL	**5,842.3**	**$7,290,322.58**

Compensation by Project Category
Please see Exhibit A – Summary of Hours Expended

7. The following summary, by Category, is intended only to highlight the most significant professional services rendered by Lazard during the Compensation Period, and it is not meant to be a detailed description of all of the work performed. Detailed descriptions of the day-to-day services provided by Lazard and the time expended performing such services in each Category is fully set forth in **Exhibit A** annexed hereto.

(a) Merger & Acquisition Activity - At the Debtors' request, Lazard conducted an analysis of strategic alternatives for a non-core business unit, including exploring the sale of the business unit. Lazard spent a considerable amount of time preparing detailed offering documents and populating and maintaining a dataroom for the business unit. Lazard contacted eight likely financial and strategic acquirers and acted as the main interface with the potential acquirers for diligence inquiries and calls / meetings. Lazard conducted due diligence sessions with potential acquirers, processed information requests, and facilitated dialogue with interested parties. Lazard also worked with management and counsel to design a sale structure that would maximize value to the Debtors, yet maintain critical contracts with the business unit post-divestiture. The Debtors entered advanced discussions with four interested parties in which Lazard's services were instrumental in negotiation and development of transaction documentation. After further evaluation, the Debtors' decided not to pursue the transaction.

As part of the Plan of Reorganization (the "Plan") development process, Lazard identified JBS USA (the "Plan Sponsor") as a potential party in interest and held meetings with them during the case to understand their interest and their ability to maximize value for the estate. Lazard also responded to inquiries from other potential plan sponsors, qualified their interest and assisted them as appropriate in performing due diligence. After the Plan Sponsor Order was entered, Lazard also ran a process to solicit interest from 27 other potential strategic and financial acquirers to ascertain whether a superior offer might be possible.

Lazard was a key constituent in providing analysis and evaluation of the potential joint Plan of Reorganization with JBS USA. Lazard was tasked with facilitating the negotiations between the Official Committee of Unsecured Creditors (the "UCC"), the Official Equity Committee (the "Equity Committee"), and other advisors and professionals. Lazard was party to numerous meetings, telephone calls and written communication which were instrumental in finalizing the investment by JBS USA, and ultimately, the Company's Plan of Reorganization. The final deal under the Plan of Reorganizations included an $800 million investment by JBS USA for 64% ownership of the Company, leaving $450 million of value for pre-petition equity holders (without the inclusion of synergies), in a transaction representing an enterprise value of approximately $2.8 billion.

(b) DIP Financing and Analysis - Lazard assisted the Debtors in negotiations with the DIP lenders regarding the terms of the financing including financial covenants, borrowing base calculations and other material terms. Analysis produced by Lazard was instrumental in evaluating the adequacy of the borrowing base, the projected covenant cushion, and the ultimate liquidity of the Debtors. Lazard ran a process during the difficult lending market in Q4 2008 to verify the Debtors obtained the best terms possible. A Lazard Managing Director served as an expert witness in regards to the DIP financing (testimony

proffered). Additionally, Lazard assisted the Debtors in evaluating the necessity to refinance the securitization facility with the proceeds of the DIP facility.

(c) Due Diligence, Business Operations Planning, Monitoring, Reporting and Analysis, and Projections – Lazard spent considerable time during the case working closely with management and the Debtors' other advisors to analyze the Debtors' operations and develop budgets that served as the foundation to the Debtors' Plan of Reorganization. Lazard worked with the Debtors to finalize a 2009 DIP budget and assisted management and CRG in the development of a detailed 2009 operating plan that contemplated various capacity reduction initiatives, including the creation and review of detailed and flexible financial models. The budget preparation process also involved a detailed review and analysis of the operating footprint and a cost-benefit analysis of potential operational restructuring scenarios. Lazard spent a significant amount of time meeting with the various constituents' financial advisors to review the assumptions and the build-up of the budget. Additionally, Lazard and CRG hosted weekly calls with the financial advisors to review the Debtors' current performance, cash position and progress on its business planning and budgeting. During the case, the Debtors', with assistance from CRG and Lazard, prepared a long-term business plan designed to be used in negotiations with creditors, JBS USA, and in Plan development.

(d) Capital Structure Review and Analysis - Lazard prepared various capital structure analyses that were critical to advancing Plan negotiations and the determination of a post-emergence capital structure. Major benchmarking analyses included comparable company capital structure and credit statistic analyses, analysis of loan pricing and credit statistics for similar companies and liquidity analyses. In addition, Lazard performed sensitivities utilizing the Debtors' business plan to test the ability of the Debtors to support their capital structure, maintain adequate liquidity and preserve sufficient covenant cushion after emergence.

(e) Valuation – Lazard prepared various valuation analyses including comparable company analysis, discounted cash flow analysis, and a precedent transaction analysis. A combination of these analyses was used to determine the Debtors' theoretical total enterprise value in order to establish the form and amount of recovery available to creditors. This information was also used to establish a range from which to base negotiations with the Plan Sponsor. This information was presented to the board of directors on several occasions in regards to both a standalone plan and a joint Plan of Reorganization with the Plan Sponsor. This range was ultimately utilized to determine that the joint Plan of Reorganization with JBS USA was the highest and otherwise best alternative available for the Company to emerge from Chapter 11.

(f) Disclosure Statement / Plan of Reorganization – Lazard served as the lead negotiating party in the development of the Debtors' Plan of Reorganization. Lazard lead negotiations with the Plan Sponsor and made

significant contributions to the negotiation of the Stock Purchase Agreement and lead discussions with the various constituents to develop support for the Plan. Along with the Debtors, Weil, Gotshal & Manges, Baker & McKensie, and CRG, Lazard participated in the development and refinement of the Disclosure Statement and Plan of Reorganization. Lazard created the valuation section of the Disclosure Statement, as well as provided significant feedback and commentary in the various drafts of each document. At the confirmation hearing, a Lazard managing director provided testimony regarding the adequacy of the sale process and reasonableness of the Plan. Lazard was also a key negotiating party in the contentious issues surrounding the Stock Purchase Agreement, among many other topics incorporated in the Disclosure Statement and Plan.

(g) Exit Financing - The Debtors, along with Lazard, solicited numerous proposals during the summer of 2009 for an exit financing facility. Similar to the DIP process, Lazard solicited interest from multiple parties to ensure that the Debtors received the best available terms. After contacting numerous lenders, Lazard and the Debtors had restricted discussions and meetings with nine parties, received six sets of illustrative terms, and two formal proposals. Ultimately, the banks issuing the two formal proposals coordinated syndication efforts to raise the $1.75 billion exit facility. Additionally, Lazard assisted the Debtors in evaluating the collateral packages, pricing, covenants, syndication strategy, and lender group combinations. Once the exit financing structure was determined with the lender group, Lazard produced a multitude of analyses testing and sensitizing the liquidity, leverage statistics, and cushion under the proposed covenants.

(h) Interfacing with Professionals and Other Parties of Interest – Lazard has spent considerable time during the Case interfacing with the Debtors' management, the Debtors' other professionals, such as CRG and Weil, Gotshal & Manges and the Debtors' Board of Directors regarding the status of the case and various projects related to the creation of a Plan of Reorganization. Lazard was in contact with management and the Debtors' other professionals on a regular basis. Lazard and the Debtors' have also spent a significant amount of time interfacing with the professionals representing the UCC, the Equity Committee, the BMO secured bank group and the CoBank secured bank group. Lazard also participated in regular calls with the lenders in the BMO and CoBank bank groups, the members of the UCC and Equity Committee to discuss progress in the Debtors' cases, including without limitation, the Debtors' financing requirements, business operations and financial performance, the projected business plan, case status and various other topics.

8. During the Compensation Period, Lazard incurred expenses of $157,874.38.

Attached hereto as **Exhibit B** is a detailed breakdown of such expenses.

CUMULATIVE EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Total Expenses
Car Services and Taxis		$16,674.94
Courier/Shipping		1,627.45
Electronic Information Service		1,760.09
Employee Meals		4,776.46
Meals-Meetings/Travel		8,099.48
Photocopying Costs		1,047.00
Telephone/Telex/Fax-Usage		4,982.79
Temporary Wages		2,060.13
Travel		116,756.04
Grand Total Expenses		**$157,874.38**

CONCLUSION

WHEREFORE, Lazard respectfully requests entry of an order: (i) allowing and awarding fees for professional services rendered during the Compensation Period in the amount of $7,290,322.58 and reimbursement of all actual and necessary expenses incurred by Lazard during the Compensation Period in the amount of $157,874.38; (ii) authorizing payment of any amounts held back during the Compensation Period; and (iii) granting Lazard such other and further relief as is just and proper. To date, Lazard has been paid $1,873,718.55, and is thus seeking payment in the amount of **$5,574,478.41** representing the full balance of payment due for the Compensation Period.

Dated: New York, New York
March 31, 2010

LAZARD FRÈRES & CO. LLC

/s/ Daniel Aronson
Daniel Aronson
Managing Director
Lazard Frères & Co. LLC
30 Rockefeller Plaza, 61st Floor
New York, NY 10020

CERTIFICATION OF CERTIFYING PROFESSIONAL

The undersigned hereby certifies that the undersigned has been designated by Lazard Freres & Co. LLC ("Lazard") as the certifying professional with respect to the Final Application, and that (a) the undersigned has read the Final Application; (b) to the best of the certifying professional's knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the Guidelines for Compensation and Expense Reimbursement of Professionals for the United States Bankruptcy Court, Northern District of Texas, effective January 1, 2001; and (c) the compensation and expense reimbursement requested are billed at rates in accordance with practices no less favorable than those customarily employed by Lazard and generally accepted by Lazard's clients for similar services.

The certifying professional certifies under penalty of perjury that the information contained in the Final Application and the foregoing statements are true and correct to the best of his/her knowledge.

/s/ *Daniel Aronson*
Daniel Aronson