

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

FILED  
of \_\_\_\_\_ o'clock \_\_\_\_\_ M  
SEP 20 2002  
United States Bankruptcy Court  
Albuquerque, New Mexico  
Case No. 07-01-1077  
Chapter 7

In re:

FURR'S SUPERMARKETS, INC.,  
a Delaware corporation,

Debtor.

**FINAL APPLICATION FOR ALLOWANCE AND PAYMENT OF FEES AND  
EXPENSES OF CHANIN CAPITAL PARTNERS, LLC**

Chanin Capital Partners, LLC, investment banker to the Official Unsecured Creditors' Committee, hereby submits this final application for allowance of payment of fees and expenses pursuant to Bankruptcy Code §§ 330 and 503.

In support of this Application, Applicant states:

1. Application Period, Amount of Compensation Sought and Already Paid. In this Application, Chanin Capital Partners, LLC ("Chanin") seeks final allowance and payment of fees and expenses incurred between May 17, 2001 through August 17, 2001 in the amount of \$100,000.00 per month from May 17, 2001 through August 17, 2001, plus reasonable expenses in the amount of \$28,977.26 for a total of \$328,977.26. These fees and costs are requested based on the Application of Chairperson of the Official Unsecured Creditors' Committee for Order Pursuant to 11 U.S.C. § 1103 Authorizing the Retention and Employment of Chanin Capital Partners, LLC, to Serve as Investment Banker to the Committee approved by this Court. The Application is attached as Exhibit "A". Chanin was hired on a flat fee basis, and therefore request final approval of their flat fee payment at this time.



Chanin requests Court approval of all costs and expenses billed in this Application and flat fee, and permission for the Debtor to pay Chanin in full for their expenses and flat fee.

2. Commencement of the Bankruptcy Case. On February 8, 2001, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. An order for relief on the petition was entered the same date as a matter of course. On December 19, 2001, the Debtor's case was converted to a case under chapter 7 of the Bankruptcy Code, and the Trustee was thereafter appointed.
3. The Official Unsecured Creditors' Committee Employment of Chanin Capital Partners, LLC as Investment Banker to the Committee. On August 6, 2001, the Court entered an order approving the Official Unsecured Creditors' Committee's employment of Chanin Capital Partners, LLC as Investment Banker to the Committee as of May 17, 2001 (the "Order Approving Employment of Chanin Capital Partners, LLC" attached hereto as Exhibit "B"). The Committee employed Chanin as investment banker to assist the Committee to perform the certain services and analysis as may be requested by the Committee including: (a) assist the Committee in developing, evaluating, structuring and negotiating the terms and conditions of a Plan; (b) assist the Committee in identifying and evaluating a potential acquisition of the Debtor as a going concern; and (c) advise and assist the Committee, in *consultation with the Debtor and its professionals, in negotiations with potential acquirers of the Debtor as a going concern.* The scope of the retention is set forth as an Exhibit to the Application herein and attached hereto as Exhibit "A".

4. Prior Fee Applications; Prior Compensation Received. Chanin filed its first fee application on October 3, 2001 for fees and expenses totaling \$328,977.26. Chanin has received no payments in relation to its first fee application.
5. Services Rendered Were Actual and Necessary; Fee Charges are Reasonable. Following employment by the Committee, Chanin represented the Committee as its Investment Banker during this bankruptcy case. The costs and expenses incurred by Chanin on behalf of Committee during the Application Period, for which compensation is sought, were actual and necessary.
6. Itemization of Fees and Costs and Description of Services Rendered. The services provided by Chanin in the Application Period are set forth in detail on Exhibit "A" to the Application which Application is attached hereto as Exhibit "A", which is incorporated herein by reference. The Agreement itemizes all services and charges for professional services, reimbursable costs and expenses. An itemization of all expenses is attached hereto as Exhibit "C". The itemization of expenses is a true and correct copy to the best of Chanin's knowledge, information and belief. No gross receipts or sales taxes are due on the fee or expenses.
7. General Description of Services Rendered on Behalf of the Committee. As more fully set out in the attached Agreement, in general, Chanin 's services rendered for the Committee during the Application Period have included, among other things:
- A. Successfully Participated in Negotiation of the Sale to Fleming Foods. Chanin advised the Committee with respect to the sale of assets of the Debtor which were ultimately sold to Fleming Foods. In addition, representatives of Chanin

attended the auction, and participated in negotiations that resulted in the sale to Fleming Foods. The sale of these assets closed on August 31, 2001.

8. Time Charged for Multiple Professionals and Allocation of Responsibility. During the Application Period, Chanin worked strictly on a flat fee basis. No hourly time was kept for professional services rendered on behalf of the Committee.
9. Expense Charges. Chanin, in accordance with customary billing practices, charged for costs and expenses, including actual out-of-pocket expenses for expenses such as long distance telephone, overnight mail, reasonable travel and lodging expenses, and computerized research.
10. Other Factors. Chanin also supports this Fee Application with the discussion of various other factors, as follows (See In re Jenson-Farley, 47 B.R. 557 (D.C. Utah 1985), Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5<sup>th</sup> Cir. 1974)).
  - (a) Expertise and experience in the area of investment banking and valuation of services to the Committee. Chanin has extensive expertise and experience in the field of investment banking and valuation in general and in the restructuring businesses in particular. The Committee interviewed three (3) different investment banking firms and believed Chanin to be the best qualified for the Committee and the best value.
  - (b) Method used to compute time charges. Chanin has agreed to be compensated on a flat fee basis, and for reimbursement of reasonable expenses incurred by Chanin from the estate.

- (c) Difficulty of case dealt with by Chanin. Chanin has addressed difficult and complex issues, including sales of operating and closed supermarkets and warehouses and associated equipment.
- (d) Results Achieved and Benefit of the Results to the Estate. Chanin, as stated above, has advised the Committee with respect to the sale of assets of the Debtor, and has successfully participated in negotiations that resulted in the sale to Fleming Foods.
- (e) Chanin took this case on a flat fee basis and advanced some expenses.

11. Services Rendered Solcly for the Committee; No Fee Sharing Arrangement. All professional services for which allowance and payment of compensation is requested were performed by Chanin for the Committee and not on behalf of any other creditor or any other committee or person. Chanin has not shared or agreed to share any compensation received or to be received by it for services rendered in or in connection with this case with any person except with employees of Chanin in the ordinary course of business.

WHEREFORE, the Official Unsecured Creditors' Committee respectfully requests that the Court grant final allowance of, as a priority, administrative expense, the sum of \$28,977.26 for reimbursable costs for expenses and \$300,000.00 for fees

and direct the Debtor to pay said amount, and for such other and further relief as the Court deems just.

Dated: September 19, 2002

Respectfully submitted,

CHANIN CAPITAL PARTNERS, LLC



Randall L. Lambert  
330 Madison Avenue, 11<sup>th</sup> Floor  
New York, New York 10017  
(212) 758-2629

Investment Banker for the Official  
Unsecured Creditors' Committee

The undersigned hereby certifies that a true and accurate copy of the foregoing was mailed to the following parties as indicated below this 19<sup>th</sup> day of September, 2002.

Ron Andazola, Esq.  
UNITED STATES TRUSTEE  
P.O. Box 608  
Albuquerque, NM 87103-0608

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Los Angeles, CA 90071-3144

Robert H. Jacobvitz, Esq.  
David T. Thuma, Esq.  
JACOBVITZ, THUMA & WALKER, P.C.

ConAgra Foods, Inc.  
Attn: Jim Salvadori

500 Marquette NW, Suite 650  
Albuquerque, NM 87102

One ConAgra Drive  
Omaha, NE 68102

Jennie Deden Behles (Walley)  
J.D. BEHLES & ASSOCIATES  
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Albuquerque, NM 87103-0849

I. William Cohen, Esq.  
PEPPER HAMILTON LLP  
100 Renaissance Center, 36<sup>th</sup> Floor  
Detroit, MI 48243-1157



Randall L. Lambert

# EXHIBIT A

FILED  
OFFICE OF THE CLERK  
01 MAY 17 AM 10:22  
U.S. BANKRUPTCY COURT  
ALBUQUERQUE, N.M.

In Re:

FURR'S SUPERMARKETS, INC.,

Chapter 11  
Case Nos. 01-10779-SA

Debtor.

No Hearing Date

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**APPLICATION OF CHAIRPERSON OF THE  
OFFICIAL UNSECURED CREDITORS' COMMITTEE FOR  
ORDER PURSUANT TO 11 U.S.C. § 1103  
AUTHORIZING THE RETENTION AND  
EMPLOYMENT OF CHANIN CAPITAL PARTNERS LLC  
TO SERVE AS INVESTMENT BANKER TO THE COMMITTEE**

The Official General Unsecured Creditors' Committee (the "Committee") of the Debtor herein, by its counsel, Pepper Hamilton LLP, for its Application For Order Pursuant to 11 U.S.C. § 1103 Authorizing the Retention and Employment of Chanin Capital Partners LLC and its affiliate Chanin & Co. LLC (collectively, for purposes of this Application only, "Chanin") to serve as Investment Banker for the Committee, states as follows:

1. On February 8, 2001, the Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code (the "Code").
2. On or about February 13, 2001, the United States Trustee appointed the Committee under section 1102 of the Code.
3. Pursuant to the provisions of section 1103 of the Code, on May 9, 2001, at a regularly scheduled meeting of the Committee in Dallas, Texas, at which all of its members

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EXHIBIT A

were present. and during a subsequent telephonic conference call of the full Committee, the Committee selected and authorized the employment of Chanin to serve as its investment banker.

4. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§157 and 1334. Handling of this case and this Application in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are §§ 328 and 1103, as supplemented by Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

#### **RELIEF REQUESTED**

5. By this Application, the Committee seeks authority to retain and employ Chanin to act as its investment banker and provide financial advisory services during this Chapter 11 case, pursuant to sections 328 and 1103 of the Code, effective immediately.

6. The Committee will retain Chanin to provide investment banking and financial advisory services pursuant to the engagement letter attached hereto as Exhibit A.

7. The Committee requests that Chanin immediately commence work on this case in order to perform the certain services and analyses as may be requested by the Committee, including: (a) assist the Committee in developing, evaluating, structuring and negotiating the terms and conditions of a Plan; (b) assist the Committee in identifying and evaluating a potential acquisition of the Debtor as a going concern; and (c) advise and assist the Committee, in consultation with the Debtor and its professional, in negotiations with potential acquirers of the Debtor as a going concern. The scope of retention is set forth in more detail in Exhibit A.

8. The principal focus of Chanin's engagement is to enable the Committee to independently evaluate the Debtor's recommendation respecting any sale transaction or proposed

plan of reorganization. By engaging Chanin, the Committee does not intend to expand its role with respect to the future of the Debtor beyond that authorized by the Code.

9. The Committee seeks to retain Chanin because of its extensive experience in the field of investment banking and valuation in general and in the restructuring businesses in particular. The Committee believes that Chanin is both well qualified and uniquely able to assist it in this chapter 11 case in an efficient and timely manner.

10. The Committee proposes that Chanin be retained as its investment banker in connection with this chapter 11 case on the terms set forth herein.

**DISINTERESTEDNESS AND LACK OF ADVERSE INTEREST**

11. To the best of the Committee's knowledge, and based upon the Affidavit of Randall L. Lambert (the "Affidavit") Chanin does not represent any other entity having an interest adverse interest to the Committee in connection with the case. Furthermore, to the best of the Committee's knowledge, Chanin has no connection with the Debtor, or its significant creditors, their attorneys or accountants, or another party in interest in this Chapter 11 case, or the United States Trustee's Office, except as stated in the Affidavit.

a. As is discussed in more detail in the Affidavit, from time to time Chanin or its affiliates have provided, currently provide, and may in the future continue to provide professional services to certain of the Debtor's creditors or other parties in interest in matters unrelated to this chapter 11 case.

b. (b) Chanin believes that the relationships described herein and in the Affidavit do not cause Chanin to lack "disinterestedness" or to represent an entity having an adverse interest in connection with this case. Should the Court approve its retention, Chanin

will retain its customary confidentiality procedures in connection with services it provides in this case, and will not, unless specifically authorized by the Court, represent any other party in connection with this case. Because Chanin is a nationwide firm with many client relationships, and because the Debtor is a very large enterprise, Chanin is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if Chanin discovers additional information that it determines requires disclosure, it will file a supplemental disclosure with the Court promptly.

#### TERMS OF RETENTION

12. Subject to Court approval, and in accordance with § 330(a) of the Code, compensation will be payable to Chanin as set forth in more detail on Exhibit A, which envisions charges on a monthly basis (the "Monthly Advisory Fee") and fees in an amount depending on the nature and amount of any sale or investment transaction (the "Transaction Fee"). The Monthly Advisory Fee is set at \$100,000 per month. The Transaction Fee equals one percent (1.0%) of enterprise value of the Debtor as determined in an asset sale or pursuant to a Plan, in excess of one hundred and sixty million dollars (\$160,000,000). In addition, Chanin shall be entitled to a monthly reimbursement of reasonable out-of-pocket expenses incurred in connection with the services to be provided to the Committee, including but not limited to all reasonable travel expenses (coach fare), computer and research charges, messenger services and long-distance telephone calls incurred by Chanin in connection with the services to be provided to the Committee. All fees plus reimbursement of reasonable and documented out-of-pocket expenses as billed will be due upon the first of each month to Chanin.

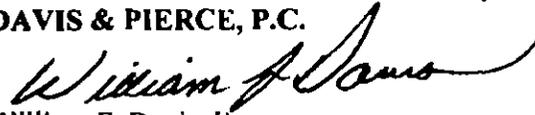
13. The scope of Debtor's indemnification of Chanin shall be determined by the issues raised with respect to the retention of P.J. Solomon, Debtor's investment banker.

14. The Affidavit, made pursuant to Bankruptcy Rule 2014(a) of the Federal Rules of Bankruptcy Procedure, has been filed contemporaneously herewith.

WHEREFORE, the Committee respectfully requests that the Court enter an order approving and authorizing its selection of Chanin, as investment banker to the Committee in these proceedings. said appointment to be effective immediately.

Respectfully submitted,

**DAVIS & PIERCE, P.C.**



William F. Davis, Esq.

PO Box 6

Albuquerque, NM 87103

PH# (505) 243-6129

FX# (505) 247-3185

-and-

**PEPPER HAMILTON, L.L.P.**

Stuart Hertzberg, Esq.

I. William Cohen, Esq.

100 Renaissance Center, #3600

Detroit, Michigan 48243

PH# (313) 259-7110

The undersigned hereby certifies  
that a true and accurate copy of  
the foregoing was mailed this  
17th day of May, 2001.

Ron Andazola, Esq.  
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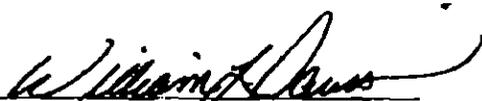
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\_\_\_\_\_  
William F. Davis, Esq.



CHANIN CAPITAL PARTNERS

12 East 49th Street  
14th Floor  
New York, NY 10017  
Tel 212.758.2629  
Fax 212.758.2628

11100 Santa Monica Blvd.  
8th Floor  
Los Angeles, CA 90025  
Tel 310.445.4010  
Fax 310.445.4028

May 11, 2000

**Privileged and Confidential**

Official Committee of Unsecured Creditors of  
Furr's Supermarkets, Inc.

James P. Salvadori, Chairperson  
One ConAgra Drive  
Mail Code: CC334  
Omaha, NE 68102

Mr. Chairman:

The purpose of this letter (the "Agreement") is to confirm the agreement for the engagement of Chanin Capital Partners LLC and its affiliate Jeffrey Chanin & Co. LLC ("Chanin" or the "Advisor") as investment banker to the Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc. (the "Committee").

1. **Engagement:** Chanin is being retained to provide financial advisory services to the Committee in connection with Furr's Supermarkets, Inc.'s (the "Company" or "Debtor") restructuring of its indebtedness and its Chapter 11 case, including the analysis, consideration and development of a Chapter 11 plan of reorganization (the "Plan"). Upon retention, Chanin in conjunction with other advisors retained by the Committee will perform the following services and analyses as may be requested by the Committee:
  - (a) Conduct an analysis of the Company's operations, business strategy, and competition as well as an analysis of the industry dynamics affecting the Company and a Plan;
  - (b) Perform an analysis of the Company's financial condition, business plans, operating forecasts, management, and the prospects for its future performance;
  - (c) Conduct a financial evaluation of the ongoing operations of the Company;
  - (d) Assist in the determination of an appropriate capital structure for the Company;
  - (e) Determine a theoretical range of values for the Company on a going concern basis;
  - (f) Assist the Committee in developing, evaluating, structuring and negotiating the terms and conditions of a Plan;
  - (g) Assist the Committee in identifying and evaluating a potential acquisition of the Company as a going concern;

EXHIBIT "A"



CHANIN CAPITAL PARTNERS

Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc.

May 11, 2001

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- (h) Advise and assist the Committee in negotiations with potential acquirers of the Company as a going concern;
- (i) Evaluate and monitor the sales process for the Company;
- (j) Advise and assist the Committee in its efforts to evaluate the terms of debtor-in-possession financing;
- (k) Advise the Committee on the timing, nature, and terms of new securities, other consideration or other inducements to be offered pursuant to the restructuring relating to the chapter 11 case;
- (l) Assist the Committee in preparing documentation required in connection with the restructuring of the existing debt obligations;
- (m) Provide testimony, as necessary, in any proceeding before the Bankruptcy Court; and
- (n) Provide the Committee with other appropriate general restructuring advice.

The advisory services and compensation arrangements set forth herein do not encompass other investment banking or financial advisory services not set forth in this paragraph 1.

2. **Term of Agreement:** This Agreement shall commence upon its execution by both parties and shall continue unless either party gives 30 days prior written notice of termination to the other party. Upon any termination, the provisions of Paragraph 3 (to the extent applicable) shall survive the termination of this Agreement to the extent such provisions relate to the payment of fees due on or before the effective date of termination (in the event of any termination which is other than on the first of the month, the pro rata portion of the monthly fees referred to in Paragraph 3(a) for the month of termination shall be deemed to be due on the effective date of termination) and expenses incurred on or before the effective date of termination and the provisions of Paragraphs 6, 7, 8, 9 and 10 shall survive the termination of this Agreement and shall remain in effect. Additionally, if this Agreement is terminated by the Committee, other than for cause, Chanin shall be entitled to payment of the Restructuring Transaction Fee if either there is a sale of substantially all of the Company's assets or a plan of reorganization is approved in the Chapter 11 case and is consummated within 12 months of the effective date of such termination.

3. **Fees and Expenses:** All fees and expenses hereunder shall be paid subject to application for and allowance by United States Bankruptcy Court District of New Mexico.



## CHANIN CAPITAL PARTNERS

Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc.  
May 11, 2001  
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- (a) Monthly Advisory Fee: The Company shall pay Chanin a fee of \$100,000 per month (the "Monthly Fees") for the term of the engagement. The engagement shall have a minimum term of four (4) months. The Monthly Fees shall be paid in advance on the first day of each month.
- (b) Transaction Fee: In addition to the foregoing Monthly Fees, the Company shall pay Chanin a restructuring transaction fee (the "Restructuring Transaction Fee") equal to one percent (1.0%) of enterprise value of the Company as determined in an asset sale or pursuant to a Plan, in excess of one-hundred and sixty million dollars (\$160,000,000) within 30 days after the closing of the asset sale or the effective date of a Plan.
- (c) Expense Reimbursement: Chanin shall be entitled to monthly reimbursement of reasonable out-of-pocket expenses incurred in connection with the services to be provided under this Agreement. Monthly Fees plus reimbursement of reasonable and documented out-of-pocket expenses as billed are due upon the first of each month to Chanin at the address listed above.

Out-of-pocket expenses shall include, but not be limited to all reasonable travel expenses (coach airfare), computer and research charges, messenger services and long-distance telephone calls incurred by Chanin in connection with the services to be provided to the Committee.

4. Company Information: The Committee understands that Chanin shall not be liable for inaccuracies in any information provided by or on behalf of the Company to Chanin. The Committee will use reasonable efforts to assure that all information supplied to Chanin by or on behalf of the Company will, as of its respective dates, be accurate and complete in all material respects.
5. Indemnification: In consideration of the Advisor's agreement to perform services, the Company shall:
  - (a) Indemnify and hold harmless the Advisor and any of its directors, officers, employees, consultants or agents, and Company members (each, individually, an "Indemnified Person") from and against any losses, claims, expenses, damages or liabilities to which such Indemnified Person may become subject arising in any manner out of or in connection with Chanin's engagement and/or the rendering of services by Chanin hereunder, except to the extent that such losses, claims, damages or liabilities are finally determined in judicial rulings to have resulted in whole or part from the gross negligence or willful misconduct of any Indemnified Person; and
  - (b) Reimburse such Indemnified Person for reasonable legal or other expenses, as they are incurred, that arise in connection with investigating, preparing to defend or defending any lawsuit, claim or proceeding and any appeals therefrom arising in any manner out of or in connection with the rendering of services by any Indemnified Person pursuant to this Agreement to the Committee, if such Indemnified Person is entitled to indemnification under Paragraph 5(a) of this Agreement above; provided, however, that in the event a final judicial



## CHANIN CAPITAL PARTNERS

Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc.

May 11, 2001

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determination is made to the effect specified in Paragraph 5(a) of this Agreement above, such Indemnified Person promptly would remit to the Company any amounts reimbursable under this Agreement.

6. Bankruptcy Court Approval: This Agreement is subject to the entry of an order of the court having jurisdiction over the Company's bankruptcy case approving the retention of Chanin pursuant to the terms hereof. The Committee shall use commercially reasonable efforts to obtain prompt authorization of the retention of Chanin, *nunc pro tunc* to the date of this agreement, on the terms and provisions in this Agreement pursuant to section 328(a) of the Bankruptcy Code. The order approving the Agreement and authorizing the retention shall be acceptable to Chanin in its sole reasonable discretion.
7. Entire Agreement: This Agreement represents the entire Agreement between the parties and may not be modified except in writing signed by both parties. This Agreement may be executed in counterparts, each of which shall constitute an original. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision.
8. Arbitration: This Agreement will be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely in such state. Except to the extent that the parties shall be permitted to adjudicate any dispute in the bankruptcy court having jurisdiction over the Company's chapter 11 case and the bankruptcy court desires to exercise such jurisdiction, each of the parties hereto agrees to submit any claim or dispute arising out of or related to this Agreement to private and confidential arbitration by a single arbitrator selected in accordance with the rules of the American Arbitration Association. The arbitration proceedings shall be governed by the Commercial Rules of Arbitration of the American Arbitration Association and shall take place in the Borough of Manhattan, New York City, New York. The arbitrator shall have the power to order discovery and the authority to award any remedy or relief that a court of the State of New York could order or grant, including without limitation specific performance. The decision of the arbitrator shall be final and binding on each of the parties and judgment thereon may be entered in any court having jurisdiction. If the bankruptcy court refuses to exercise jurisdiction, this arbitration procedure is intended to be the exclusive method of resolving any claim arising out of or related to this Agreement, including any claim as to the validity of this Agreement. Each party agrees to the personal and subject matter jurisdiction of such arbitration for the resolution of any such claim, including any issue relating to this arbitration provision. In the event of any arbitration arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to an award of actual attorneys' fees and costs incurred in connection with the arbitration. Nothing in this paragraph shall pertain to or affect the authority of the bankruptcy court to consider and rule upon Chanin's applications for interim or final compensation pursuant to this Agreement.
9. Other Matters: If this letter correctly sets forth our Agreement on the matters covered herein, please so indicate by signing and returning the enclosed copy of this letter and signing and retaining the



**CHANIN CAPITAL PARTNERS**

Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc.  
May 11, 2001  
Page 5

duplicate we are enclosing for your records. Upon execution by both parties, this letter will constitute a legally binding Agreement between the Committee and Chanin.

We trust the foregoing terms and provisions are agreeable to you, and request that you sign and return the enclosed copy of this Agreement to us at your earliest convenience.

Very Truly Yours,

**CHANIN CAPITAL PARTNERS LLC**  
Randall Lambert  
Managing Director

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF FURR'S SUPERMARKETS, INC.**

By:

Its Chairman

Date: May 11, 2001

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

FILED  
OFFICE OF THE CLERK  
01 MAY 17 AM 10:21  
U.S. BANKRUPTCY COURT  
ALBUQUERQUE, N.M.

In Re:

FURR'S SUPERMARKETS, INC.,

Chapter 11  
Case Nos. 01-10779-SA

Debtor.

No Hearing Date

**AFFIDAVIT OF RANDALL L. LAMBERT IN SUPPORT OF APPLICATION OF  
OFFICIAL UNSECURED CREDITORS' COMMITTEE FOR ORDER PURSUANT TO  
11 U.S.C. § 1103 AUTHORIZING THE RETENTION AND EMPLOYMENT OF  
CHANIN CAPITAL PARTNERS LLC TO SERVE AS  
INVESTMENT BANKER TO THE OFFICIAL UNSECURED CREDITORS'  
COMMITTEE**

RANDALL L. LAMBERT, being duly sworn, deposes and says:

1. I am a Managing Director of Chanin Capital Partners LLC and its affiliate Chanin & Co. LLC (collectively, for purposes of this Affidavit only, "Chanin") which has its headquarters at 11100 Santa Monica Blvd., Suite 830 Los Angeles, CA 90025, and maintains offices at 12 East 49th Street, 14th floor New York, NY 10017.

2. This affidavit is being submitted in connection with the Application (the "Application") of the Official Unsecured Creditors' Committee (the "Committee") to retain Chanin to provide investment banking and financial advisory services to the Committee in connection with the administration of their chapter 11 cases. I have personal knowledge of the facts set forth below.

3. By its Application, the Committee seeks to employ and to retain Chanin in connection with the Debtor's chapter 11 case, effective immediately. On May 11, 2001, the Committee and Chanin memorialized their agreement concerning Chanin's employment in a certain engagement letter ("Engagement Letter"), attached to the Application as Exhibit A.

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4. Chanin is well qualified to act as investment banker to the Committee in this chapter 11 case. Chanin has been retained as special investment bankers and bankruptcy consultants in numerous nationally prominent bankruptcy proceedings. Chanin also has the capability and experience to testify as an expert witness in any actions in which the Committee is engaged and, if appropriate, it can provide expert valuations.

5. In connection with its proposed retention by the Committee in this case, Chanin researched its client records to determine whether it had any relationships with the following entities:

1. the Debtor;
2. officers and directors of the Debtor;
3. the Debtor's equity investors;
4. significant unsecured creditors of the Debtor;
5. the Debtor's lenders;
6. the attorneys, and other professionals that the Debtor has sought to employ in this chapter 11 case, pursuant to applications filed as of the date hereof; and
7. the attorneys, and other professionals that the Committee has sought to employ in this chapter 11 case, pursuant to applications filed as of the date hereof.

6. To the best of my knowledge, Chanin has no connection with the foregoing entities, or their respective attorneys.

7. Chanin has in the past represented, and may in the future represent, certain creditors of the Debtor or other parties in interest in transactional matters completely unrelated to this case. Additionally, Chanin participates in cases, proceedings and transactions involving many different attorneys, accountants, financial consultants and investment bankers, some of which may represent claimants and parties in interest in this case. Chanin does not represent any such entity in connection with the pending cases or have a relationship with any such entity or professionals which would be adverse to the Committee or the estate.

8. To the best of my knowledge, Chanin is a "disinterested person" as that term is defined in section 101(14) of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the

"Bankruptcy Code"), as modified by section 1107(b) of the Bankruptcy Code, in that the firm, its partners and employees:

1. are not creditors, equity security holders or insiders of the Debtor;
2. are not and were not investment bankers for any outstanding security of the Debtor;
3. have not been, within three years before the date of the filing of the Debtor's chapter 11 petitions, (i) investment bankers for a security of the Debtor, or (ii) an attorney for such an investment banker in connection with the offer, sale, issuance of a security of the Debtor;
4. are not and were not, within two years before the date of the filing of the Debtor's chapter 11 petitions, a director, officer, or employee of the Debtor or of an investment banker specified in subparagraph (b) or (c) of this paragraph; and
5. do not have an interest materially adverse to the interest of the Debtor's estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in the Debtor or an investment banker, specified in subparagraphs (b) or (c) of this paragraph, or for any other reason.

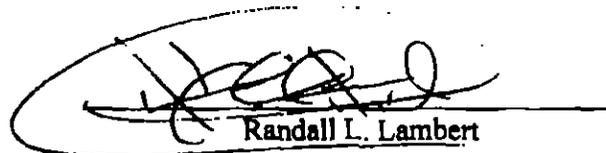
9. Chanin has agreed to provide services to the Committee in accordance with the terms and conditions set forth herein and in the Engagement Letter. Subject to the approval of this Court, Chanin will be compensated at a fee of \$100,000 per month (the "Monthly Advisory Fee"). Additionally, Chanin will be paid fees in an amount depending on the nature and amount of any sale or investment transaction (the "Transaction Fee"). The Transaction Fee equals one percent (1.0%) of the enterprise value of the Debtor as determined in an asset sale or pursuant to a plan of reorganization, in excess of one hundred and sixty million dollars (\$160,000,000). In addition, Chanin will seek reimbursement for the reasonable expenses it incurs in connection with providing services to the Committee.

10. Investment banking firms do not as a general practice keep detailed time records similar to those customarily kept by attorneys, and represents that it does not have the systems and procedures in place to follow the timekeeping practices generally followed by attorneys who regularly practice before this Court. Nevertheless, Chanin has agreed to provide time records in a streamlined or summary format, which shall set forth a description of the services rendered by each professional and the aggregate amount of time spent by such individual in rendering services to or on behalf of the Committee. Chanin charges its clients only for reasonably incurred out-of-pocket expenses associated with an assignment, including but not limited to, travel, lodging, report production, delivery services, postage, telephone and facsimile charges. All such records are located in Chanin's offices and are available for inspection, subject to certain matters contained therein that may be privileged.

11. Chanin has received no promises regarding compensation in the cases other than in accordance with the Bankruptcy Code and as set forth in this Declaration. Chanin has no agreement with any other entity to share any compensation earned in this case. Subject to the approval of the Court, the source of all funds for services rendered in this case shall be funds of the estate.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 16, 2001

  
Randall L. Lambert

Sworn to before me this  
16<sup>th</sup> day of May, 2001

  
Notary Public

**ELIZABETH RAJU**  
Notary Public, State of New York  
No. 01RA6046900  
Qualified in Richmond County  
Commission Expires August 21, 2002

# EXHIBIT B

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re:

FURK'S SUPERMARKETS, INC.,

Case No. 11-01-10779-SA

Debtors.

ORDER APPROVING EMPLOYMENT OF  
CHANIN CAPITAL PARTNERS, LLC

This matter came before the Court at final hearing on June 27, 2001, on the Application of the Chairperson of the Official Committee of Unsecured Creditors for an Order Pursuant to 11 U.S.C. §1103 Authorizing the Retention and Employment of Chanin Capital Partners, LLC to serve as Investment Banker to the Committee filed on May 17, 2001. The Unsecured Creditors' Committee being represented by Davis & Pierce, P.C. (William F. Davis, Esq.), the Debtor being represented by Jacobovitz, Walker & Thuma, P.C. (Robert Jacobovitz, Esq.), Heller Financial, Inc. being represented by Modrall, Sperling, Rochl, Harris & Sisk, P.A. (Paul M. Fish, Esq.), and the Office of the United States Trustee represented by Ken E. Andazola, Esq. The Court being otherwise sufficiently advised and hearing argument of counsel, hereby FINDS:

1. Notice of the Application was given to all interested parties which was filed herein on May 17, 2001. The Notice specified that any objection was to be filed with the clerk and a copy served on the UCC's local counsel within 20 days of the mailing of the Notice. The deadline for filing objections, including three days for mailing, was June 9, 2001.
2. Objections to the Application were timely filed by the Debtor, by Heller Financial, Inc., as agent for itself and for Bank of America, N.A., Metropolitan Life Insurance Company and Fleet Capital Corporation, and by the United States Trustee. No other objections were filed.
3. The Movant, the Debtor and Heller Financial, Inc. have resolved all objections in

accordance with the provisions set out below.

4. The Objection of the US Trustee should be and is hereby overruled.

5. The services provided and to be provided by Chanin Capital Partners, LLC (sometimes "Chanin") to the Official Committee of Unsecured Creditors (sometimes the "Committee") are, to the extent set forth in paragraph 1 below, reasonable and necessary, and the Employment Application should be approved in accordance with the provisions set forth below.

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED** that the Application of the Chairperson of the Official Committee of Unsecured Creditors for the Employment of Chanin Capital Partners, LLC is hereby granted to the extent set forth herein.

**IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that:

1. The Committee's retention of Chanin from May 17, 2001 through August 17, 2001 is approved. The Court approves compensation for Chanin Capital Partners, LLC under 11 U.S.C. §§327(a) and 328(a) of the Bankruptcy Code in an amount of \$100,000 per month, plus reimbursement for reasonable expenses, excluding attorneys fees, for the three month period from May 17, 2001 through August 17, 2001, for a total of \$300,000, plus reimbursement for such expenses.

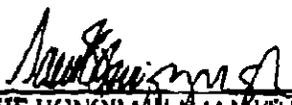
2. The fees approved herein shall not be subject to challenge on the basis of reasonableness or necessity by Bank of America, N.A., Metropolitan Life Insurance Company and Fleet Capital Corporation, Heller Financial, Inc. or the Debtor.

3. No other fees shall be approved for Chanin Capital Partners, LLC if the Asset Purchase Agreement between the Debtor and Fleming Companies, Inc. is closed.

4. The Official Committee of Unsecured Creditors may file a Motion with this Court for

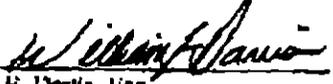
an Order extending the services of Chanin Capital Partners, LLC beyond August 17, 2001 if the transaction contemplated between the Debtor and Fleming Companies, Inc. in accordance with the Asset Purchase Agreement is not closed, as provided for therein. Said Motion will be subject to challenge only on the basis of whether the proposed additional services to be performed by Chanin Capital Partners, I.L.C. are necessary, and whether the proposed additional compensation is reasonable and appropriate.

5. The indemnity provisions requested and granted in the Order of Employment of Peter J. Solomon Company Limited are hereby made applicable to the same extent to the employment of Chanin Capital Partners, LLC.

  
\_\_\_\_\_  
THE HONORABLE JAMES S. STARZYNSKI  
UNITED STATES BANKRUPTCY JUDGE

Submitted by:

DAVIS & PIERCE, P.C.

By:   
William F. Davis, Esq.  
Attorneys for the UCC  
PO Box 6  
Albuquerque, NM 87103  
(505) 243-8129

Approved as to Form Only:

OFFICE OF THE UNITED STATES TRUSTEE

By: Telephonic approval given on 7/23/01   
Ronald E. Andazola, Esq.  
Assistant United States Trustee  
PO Box 608  
Albuquerque, NM 87103-608  
(505) 348-6544



# EXHIBIT C

**Chanin & Company LLC**  
**GENERAL LEDGER DETAIL REPORT**  
**CLIENT 346 - FURR'S SUPERMARKETS**  
**DETAIL POSTINGS FOR PERIOD 08 ENDING 08/31/01**

| ACCOUNT NO.              | PER DATE | JOURNAL                        | POSTING | REMARKS                      | BEGINNING BAL    | DEBIT        | CREDIT     | NET CHANGE   | ENDING BAL       |
|--------------------------|----------|--------------------------------|---------|------------------------------|------------------|--------------|------------|--------------|------------------|
| 5095-11-346              |          | Copy & Fax Service             |         | LA-FURR                      | 1,729.95         | .00          | .00        | .00          | 1,729.95         |
|                          |          |                                |         |                              | 1,729.95         | .00          | .00        | .00          | 1,729.95         |
| 5261-11-346              |          | Messenger & Delivery           |         | LA-FURR                      | 345.10           | .00          | .00        | .00          | 345.10           |
|                          |          |                                |         |                              | 345.10           | .00          | .00        | .00          | 345.10           |
| 5270-11-346              |          | Miscellaneous                  |         | LA-FURR                      | 20.10            | .00          | .00        | .00          | 20.10            |
|                          |          |                                |         |                              | 20.10            | .00          | .00        | .00          | 20.10            |
| 5390-11-346              |          | Professional Services          |         | LA-FURR                      | 14.25            |              |            |              | 14.25            |
| OK 09/15/01              | FE-11227 | Prof. Serv EM                  |         | 8/6/01-8/10/01               |                  | 34.20        |            |              | 48.45            |
|                          |          |                                |         |                              | 14.25            | 34.20        | .00        | 34.20        | 48.45            |
| 5450-11-346              |          | Research                       |         | LA-FURR                      | 1,694.59         | .00          | .00        | .00          | 1,694.59         |
|                          |          |                                |         |                              | 1,694.59         | .00          | .00        | .00          | 1,694.59         |
| 5500-11-346              |          | Telephone                      |         | LA-FURR                      | 682.76           |              |            |              | 682.76           |
| OK 08/31/01              | AP-R0656 | U0ATT3001                      |         | A7&T 801 Phone NY            |                  | .63          |            |              | 683.39           |
|                          |          |                                |         |                              | 682.76           | .63          | .00        | .63          | 683.39           |
| 5520-11-346              |          | Travel-Airfare                 |         | LA-FURR                      | 17,845.37        | .00          | .00        | .00          | 17,845.37        |
|                          |          |                                |         |                              | 17,845.37        | .00          | .00        | .00          | 17,845.37        |
| 5521-11-346              |          | Travel-Lodging                 |         | LA-FURR                      | 2,649.65         | .00          | .00        | .00          | 2,649.65         |
|                          |          |                                |         |                              | 2,649.65         | .00          | .00        | .00          | 2,649.65         |
| 5522-11-346              |          | Travel-Meals                   |         | LA-FURR                      | 1,092.74         |              |            |              | 1,092.74         |
| OK 08/31/01              | AP-R0659 | 00LUISPI                       |         | LUIS PILLICH 090601 Expenses |                  | 8.29         |            |              | 1,093.63         |
| OK 08/31/01              | AP-R0659 | 00LUISPI                       |         | LUIS PILLICH 090601 Expenses |                  | 7.85         |            |              | 1,098.68         |
| OK 08/31/01              | AP-R0659 | 00LUISPI                       |         | LUIS PILLICH 090601 Expenses |                  | 9.66         |            |              | 1,108.34         |
| OK 08/31/01              | AP-R0659 | 00LUISPI                       |         | LUIS PILLICH 090601 Expenses |                  | 7.93         |            |              | 1,116.27         |
|                          |          |                                |         |                              | 1,092.74         | 33.53        | .00        | 33.53        | 1,116.27         |
| 5523-11-346              |          | Travel-Parking, Transportation |         |                              | 2,844.39         | .00          | .00        | .00          | 2,844.39         |
|                          |          |                                |         |                              | 2,844.39         | .00          | .00        | .00          | 2,844.39         |
| <b>CLIENT 346 TOTAL:</b> |          |                                |         |                              | <b>28,908.90</b> | <b>68.36</b> | <b>.00</b> | <b>68.36</b> | <b>28,977.26</b> |
| <b>REPORT TOTAL:</b>     |          |                                |         |                              | <b>28,908.90</b> | <b>68.36</b> | <b>.00</b> | <b>68.36</b> | <b>28,977.26</b> |

**EXHIBIT C**

Chanin & Company LLC  
 GENERAL LEDGER DETAIL REPORT  
 CLIENT 346 - FURR'S SUPERMARKETS  
 DETAIL POSTINGS FOR PERIOD 07 ENDING 07/31/01

| ACCOUNT NO./<br>R. DATE | JOURNAL POSTING REMARKS                           | BEGINNING BAL. | DEBIT    | CREDIT   | NET CHANGE | ENDING BAL. |
|-------------------------|---|----------------|----------|----------|------------|-------------|
| 2-11-346                | Travel-Meals: LA-FURR                             | (Continued)    |          |          |            |             |
|                         |   | 676.54         | 406.16   | .00      | -406.16    | 1,082.74    |
| 3-11-346                | Travel-Parking, Transportation                    | 2,278.00       |          |          |            | 2,278.00    |
| 7 07/23/01              | AP-R0640 00ARJSTAC Corporate Trip 6/01 Trips      |                | 94.86    |          |            | 2,372.86    |
| 7 07/25/01              | AP-R0640 00ARJSTAC Corporate Trip 6/01 Trips      |                | 134.64   |          |            | 2,507.50    |
| 7 07/31/01              | AP-R0643 00RANDALL MR. RANDALL LA 072601 Expenses |                | 5.00     |          |            | 2,512.50    |
| 7 07/31/01              | AP-R0643 00RANDALL MR. RANDALL LA 072601 Expenses |                | 50.00    |          |            | 2,562.50    |
| 7 07/31/01              | AP-R0646 00ROBERTJ MR. ROBERT J. 080201 Expenses  |                | 118.59   |          |            | 2,681.39    |
| 7 07/31/01              | AP-R0646 00ROBERTJ MR. ROBERT J. 080201 Expenses  |                | 106.00   |          |            | 2,787.39    |
| 7 07/31/01              | AP-R0646 00ROBERTJ MR. ROBERT J. 080201 Expenses  |                | 31.00    |          |            | 2,818.39    |
| 7 07/31/01              | AP-R0646 00ROBERTJ MR. ROBERT J. 080201 Expenses  |                | 26.90    |          |            | 2,844.39    |
|                         |   | 2,278.00       | 566.39   | .00      | 566.39     | 2,844.39    |
|                         | CLIENT 346 TOTAL.                                 | 26,558.35      | 3,406.05 | 1,055.50 | 2,350.55   | 28,908.90   |

**Chanin & Company LLC**  
**GENERAL LEDGER DETAIL REPORT**  
**CLIENT 346 - FURR'S SUPERMARKETS**  
**DETAIL POSTINGS FOR PERIOD 06 ENDING 06/30/01**

| ACCOUNT NO / PER | DATE | JOURNAL POSTING               | REMARKS                                  | BEGINNING BAL | DEBIT     | CREDIT | NET CHANGE | ENDING BAL |
|------------------|------|-------------------------------|--|---------------|-----------|--------|------------|------------|
| 195-11-346       |      | Copy & Fax Service: LA-FURR   |  | .00           |           |        |            | .00        |
| 06 06/25/01      |      | AP-R0629                      | 00ALBUQUE ALBUQUERQUE LE 501 Copies, P   | .00           | 1,729.95  |        |            | 1,729.95   |
|                  |      |                               |  | .00           | 1,729.95  | .00    | 1,729.95   | 1,729.95   |
| 260-11-346       |      | Messenger & Delivery: LA-FURR |  | 13.58         |           |        |            | 13.58      |
| 06 06/25/01      |      | AP-R0627                      | 00FED5945 FEDERAL EXPRESS 6/01 Delivery  |               | 45.92     |        |            | 59.50      |
| 06 06/25/01      |      | AP-R0629                      | 00FED5945 FEDERAL EXPRESS 6/01 Delivery  |               | 285.50    |        |            | 345.10     |
|                  |      |                               |  | 13.58         | 331.52    | .00    | 331.52     | 345.10     |
| 270-11-346       |      | Miscellaneous: LA-FURR        |  | 9.51          |           |        |            | 9.51       |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 10.59     |        |            | 20.10      |
|                  |      |                               |  | 9.51          | 10.59     | .00    | 10.59      | 20.10      |
| 450-11-346       |      | Research: LA-FURR             |  | 1,156.41      |           |        |            | 1,156.41   |
| 06 06/30/01      |      | AP-R0632                      | 00SECURIT SECURITIES DAT 05/01 Research  |               | 508.50    |        |            | 1,664.91   |
|                  |      |                               |  | 1,156.41      | 508.50    | .00    | 508.50     | 1,664.91   |
| 5500-11-346      |      | Telephone: LA-FURR            |  | 160.20        |           |        |            | 160.20     |
| 06 06/25/01      |      | AP-R0627                      | 00RANDALL MR. RANDALL LA 061901 Expenses |               | 52.36     |        |            | 212.56     |
| 06 06/30/01      |      | AP-R0633                      | 00RANDALL MR. RANDALL LA 070201 Expenses |               | 13.36     |        |            | 230.92     |
| 06 06/30/01      |      | AP-R0637                      | 00ATT3001 AT&T 6/01 Phone NY             |               | 19.33     |        |            | 250.25     |
| 06 06/30/01      |      | AP-R0637                      | 00ATT3001 AT&T 6/01 Phone                |               | .54       |        |            | 250.79     |
| 06 06/30/01      |      | AP-R0638                      | 00MCI0599 MCI WORLDCOM C 6/01 Conference |               | 92.45     |        |            | 333.24     |
| 06 06/30/01      |      | AP-R0638                      | 00MIKE E. MR. MICHAEL ES 071801 Expenses |               | 60.36     |        |            | 393.60     |
| 06 06/30/01      |      | AP-R0638                      | 00MIKE E. MR. MICHAEL ES 071801 Expenses |               | 41.62     |        |            | 435.22     |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 8.52      |        |            | 443.74     |
|                  |      |                               |  | 160.20        |           | .00    | 293.54     | 443.74     |
| 5520-11-346      |      | Travel-Airfare: LA-FURR       |  | 7,047.37      |           |        |            | 7,047.37   |
| 06 06/25/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 2,011.25  |        |            | 9,058.62   |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 30.00     |        |            | 9,058.62   |
| 06 06/30/01      |      | AP-R0633                      | 00RANDALL MR. RANDALL LA 070201 Expenses |               | 1,506.50  |        |            | 10,695.12  |
| 06 06/30/01      |      | AP-R0633                      | 00RANDALL MR. RANDALL LA 070201 Expenses |               | 30.00     |        |            | 10,725.12  |
| 06 06/30/01      |      | AP-R0637                      | 00RANDALL MR. RANDALL LA 071001 Expenses |               | 1,059.50  |        |            | 11,784.62  |
| 06 06/30/01      |      | AP-R0638                      | 00MIKE E. MR. MICHAEL ES 071801 Expenses |               | 1,053.50  |        |            | 12,838.12  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 2,642.40  |        |            | 15,480.62  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 189.50    |        |            | 15,670.12  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 1,059.50  |        |            | 16,729.62  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 801.75    |        |            | 17,531.37  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 30.00     |        |            | 17,561.37  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 30.00     |        |            | 17,591.37  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 10.00     |        |            | 17,601.37  |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 50.00     |        |            | 17,651.37  |
|                  |      |                               |  | 7,047.37      | 10,584.00 | .00    | 10,584.00  | 17,651.37  |
| 5521-11-346      |      | Travel-Lodging: LA-FURR       |  | 437.76        |           |        |            | 437.76     |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 115.02    |        |            | 555.78     |
| 06 06/30/01      |      | AP-R0633                      | 00RANDALL MR. RANDALL LA 070201 Expenses |               | 352.39    |        |            | 908.17     |
| 06 06/30/01      |      | AP-R0638                      | 00MIKE E. MR. MICHAEL ES 071801 Expenses |               | 437.29    |        |            | 1,345.46   |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 182.34    |        |            | 1,528.30   |
| 06 06/30/01      |      | AP-R0638                      | 00ROBERT J MR. ROBERT J. 071601 Expenses |               | 240.30    |        |            | 1,768.60   |
|                  |      |                               |  | 437.76        | 1,330.34  | .00    | 1,330.84   | 1,768.60   |
| 5522-11-346      |      | Travel-Meals: LA-FURR         |  | 47.82         |           |        |            | 47.82      |
| 06 06/25/01      |      | AP-R0627                      | 00STEVENI MR. STEVE TIEG 061901 Expenses |               | 17.40     |        |            | 65.62      |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 34.00     |        |            | 89.62      |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 061901-2 Expens |               | 34.00     |        |            | 123.62     |
| 06 06/26/01      |      | AP-R0630                      | 00RANDALL MR. RANDALL LA 062501 Expenses |               | 47.30     |        |            | 170.62     |
| 06 06/30/01      |      | AP-R0632                      | 00LUTSPIL LUIS PELICHO 062501 Expenses   |               | 14.55     |        |            | 184.65     |
| 06 06/30/01      |      | AP-R0632                      | 00LUTSPIL LUIS PELICHO 062601 Expenses   |               | 13.00     |        |            | 197.65     |
| 06 06/30/01      |      | AP-R0632                      | 00LUTSPIL LUIS PELICHO 062601 Expenses   |               | 13.20     |        |            | 210.85     |
| 06 06/30/01      |      | AP-R0632                      | 00LUTSPIL LUIS PELICHO 062601 Expenses   |               | 12.13     |        |            | 222.98     |

+ 22.61 AP 0637

316.15

Chanin & Company LLC  
 GENERAL LEDGER DETAIL REPORT  
 CLIENT 346 - FURR'S SUPERMARKETS  
 DETAIL POSTINGS FOR PERIOD 06 ENDING 06/30/01

| ACCOUNT NO.       | PER DATE | JOURNAL                        | POSTING | REMARKS                                 | BEGINNING BAL. | DEBIT     | CREDIT | NET CHANGE | ENDING BAL |
|-------------------|----------|--------------------------------|---------|---|----------------|-----------|--------|------------|------------|
| 5522-11-346       |          | Travel-Meals: LA-FURR          |         | (Continued)                             |                |           |        |            |            |
| 06                | 06/30/01 | AP-R0632                       | 00      | MATTHEW MR. MATTHEW YU 062501 Expenses  |                | 16.60     |        |            | 239.53     |
| 06                | 06/30/01 | AP-R0632                       | 00      | MATTHEW MR. MATTHEW YU 062501 Expenses  |                | 20.80     |        |            | 260.33     |
| 06                | 06/30/01 | AP-R0632                       | 00      | MATTHEW MR. MATTHEW YU 062501 Expenses  |                | 16.39     |        |            | 276.72     |
| 06                | 06/30/01 | AP-R0632                       | 00      | MIKESEE MR. MICHAEL SE 062501 Expenses  |                | 23.08     |        |            | 301.90     |
| 06                | 06/30/01 | AP-R0633                       | 00      | ASHISHER MR. ASHISH RAJ 070201 Expenses |                | 9.93      |        |            | 310.95     |
| 06                | 06/30/01 | AP-R0633                       | 00      | RANDALL MR. RANDALL LA 070201 Expenses  |                | 20.49     |        |            | 331.44     |
| 06                | 06/30/01 | AP-R0637                       | 00      | CLAUDIA MS. CLAUDIA LE 070601 Expenses  |                | 13.56     |        |            | 345.00     |
| 06                | 06/30/01 | AP-R0638                       | 00      | BRENDAN MR. BRENDAN O' 071501 Expenses  |                | 29.36     |        |            | 363.96     |
| 06                | 06/30/01 | AP-R0638                       | 00      | MATTHEW MR. MATTHEW YU 071501 Expenses  |                | 25.51     |        |            | 391.17     |
| 06                | 06/30/01 | AP-R0638                       | 00      | MATTHEW MR. MATTHEW YU 071601 Expenses  |                | 21.51     |        |            | 412.98     |
| 06                | 06/30/01 | AP-R0638                       | 00      | MIKE E. MR. MICHAEL ES 071601 Expenses  |                | 15.08     |        |            | 433.06     |
| 06                | 06/30/01 | AP-R0638                       | 00      | MIKE E. MR. MICHAEL ES 071601 Expenses  |                | 76.93     |        |            | 504.99     |
| 06                | 06/30/01 | AP-R0638                       | 00      | MIKE E. MR. MICHAEL ES 071601 Expenses  |                | 19.25     |        |            | 524.04     |
| 06                | 06/30/01 | AP-R0639                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 23.48     |        |            | 547.52     |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 17.16     |        |            | 564.70     |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 48.21     |        |            | 613.01     |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 46.92     |        |            | 659.93     |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 16.65     |        |            | 676.58     |
|                   |          |                                |         |   | 47.52          | 623.75    | .00    | 63.76      | 676.58     |
| 5522-11-346       |          | Travel-Parking, Transportation |         |   | 276.52         |           |        |            | 276.52     |
| 06                | 06/25/01 | AP-R0627                       | 00      | RANDALL MR. RANDALL LA 061901 Expenses  |                | 45.00     |        |            | 321.52     |
| 06                | 06/25/01 | AP-R0627                       | 00      | RANDALL MR. RANDALL LA 061901 Expenses  |                | 6.00      |        |            | 327.52     |
| 06                | 06/25/01 | AP-R0627                       | 00      | RANDALL MR. RANDALL LA 061901 Expenses  |                | .25       |        |            | 328.37     |
| 06                | 06/25/01 | AP-R0629                       | 00      | ARISTAC Corporate Tran 6/01 Trans       |                | 162.69    |        |            | 491.06     |
| 06                | 06/26/01 | AP-R0630                       | 00      | RANDALL MR. RANDALL LA 061901-2 Expens  |                | 320.15    |        |            | 811.21     |
| 06                | 06/30/01 | AP-R0632                       | 00      | ARISTAC Corporate Tran 06/16/01 Furr's  |                | 174.42    |        |            | 985.63     |
| 06                | 06/30/01 | AP-R0633                       | 00      | RANDALL MR. RANDALL LA 070201 Expenses  |                | 60.00     |        |            | 1,045.63   |
| 06                | 06/30/01 | AP-R0637                       | 00      | RANDALL MR. RANDALL LA 071001 Expenses  |                | 144.84    |        |            | 1,190.47   |
| 06                | 06/30/01 | AP-R0637                       | 00      | RANDALL MR. RANDALL LA 071001 Expenses  |                | 50.00     |        |            | 1,240.47   |
| 06                | 06/30/01 | AP-R0638                       | 00      | MIKE E. MR. MICHAEL ES 071601 Expenses  |                | 22.00     |        |            | 1,262.47   |
| 06                | 06/30/01 | AP-R0638                       | 00      | MIKE E. MR. MICHAEL ES 071601 Expenses  |                | 97.41     |        |            | 1,359.88   |
| 06                | 06/30/01 | AP-R0638                       | 00      | RANDALL MR. RANDALL LA 071601 Expenses  |                | 44.37     |        |            | 1,404.25   |
| 06                | 06/30/01 | AP-R0638                       | 00      | RANDALL MR. RANDALL LA 071601 Expenses  |                | 91.60     |        |            | 1,495.85   |
| 06                | 06/30/01 | AP-R0638                       | 00      | RANDALL MR. RANDALL LA 071601 Expenses  |                | 69.45     |        |            | 1,565.31   |
| 06                | 06/30/01 | AP-R0638                       | 00      | RANDALL MR. RANDALL LA 071601 Expenses  |                | 59.16     |        |            | 1,624.47   |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 20.67     |        |            | 1,645.14   |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 350.17    |        |            | 1,995.31   |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 142.49    |        |            | 2,138.00   |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 25.00     |        |            | 2,163.00   |
| 06                | 06/30/01 | AP-R0638                       | 00      | ROBERT J MR. ROBERT J. 071601 Expenses  |                | 115.00    |        |            | 2,278.00   |
|                   |          |                                |         |   | 276.52         | 2,001.45  | .00    | 2,001.48   | 2,278.00   |
| CLIENT 346 TOTAL: |          |                                |         |   | 9,149.17       | 17,409.13 | .00    | 17,409.16  | 26,558.35  |

Chanin & Company LLC  
 GENERAL LEDGER DETAIL REPORT  
 CLIENT 346 - FURR'S SUPERMARKETS  
 DETAIL POSTINGS FOR PERIOD 05 ENDING 05/31/01

| ACCOUNT NO.<br>PER DATE | JOURNAL                        | POSTING                         | REMARKS                       | BEGINNING BAL. | DEBIT    | CREDIT | NET CHANGE | ENDING BAL. |
|-------------------------|--------------------------------|---------------------------------|-------------------------------|----------------|----------|--------|------------|-------------|
| 160-11-346              | Message & Delivery             |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0620                       | 00FED5945                       | FEDERAL EXPRESS 5/01 Delivery | .00            | 13.53    | .00    | 13.53      | 13.53       |
| 170-11-346              | Miscellaneous                  |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      | .00            | 9.51     | .00    | 9.51       | 9.51        |
| 450-11-346              | Research                       |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 77.37    |        |            | 77.37       |
| 05 05/31/01             | AP-R0623                       | 00LEX1023                       | LEXS NEWS 05/01-05/31 Car     |                | 729.64   |        |            | 807.01      |
| 05 05/31/01             | AP-R0623                       | 00XLS COM DATA DOWNLINK         | 5/01 Research                 |                | 349.40   |        |            | 1,156.41    |
|                         |                                |                                 |                               | .00            | 1,156.41 | .00    | 1,156.41   | 1,156.41    |
| 5500-11-346             | Telephone                      |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0619                       | 00RANDALL MR. RANDALL LA 052901 | Expenses                      |                | 63.99    |        |            | 63.99       |
| 05 05/31/01             | AP-R0621                       | 00ATT3001                       | AT&T 0501 Phone               |                | .20      |        |            | 64.19       |
| 05 05/31/01             | AP-R0621                       | 00ATT5001                       | AT&T 5/01 Phone               |                | .55      |        |            | 65.02       |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      |                | 12.25    |        |            | 77.27       |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      |                | 51.90    |        |            | 129.17      |
| 05 05/31/01             | AP-R0626                       | 00ATT2111                       | AT&T WIRELESS 5/01 Phone      |                | 29.77    |        |            | 158.94      |
| 05 05/31/01             | AP-R0626                       | 00ATT0001                       | AT&T 5/01 Phone               |                | .38      |        |            | 159.32      |
| 05 05/31/01             | AP-R0626                       | 00ATT1001                       | AT&T 5/01 Phone               |                | .89      |        |            | 160.20      |
|                         |                                |                                 |                               | .00            | 160.20   | .00    | 160.20     | 160.20      |
| 5520-11-346             | Travel-Airfare                 |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 2,681.50 |        |            | 2,681.50    |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 1,541.00 |        |            | 4,222.50    |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      |                | 2,824.57 |        |            | 7,047.37    |
|                         |                                |                                 |                               | .00            | 7,047.37 | .00    | 7,047.37   | 7,047.37    |
| 5521-11-346             | Travel-Lodging                 |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 254.92   |        |            | 254.92      |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      |                | 182.94   |        |            | 437.76      |
|                         |                                |                                 |                               | .00            | 437.76   | .00    | 437.76     | 437.76      |
| 5522-11-346             | Travel-Meals                   |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/24/01             | AP-R0614                       | 00CHRIS MR. CHRIS ABAD 052201   | Expenses                      |                | 10.13    |        |            | 10.13       |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 15.75    |        |            | 25.88       |
| 05 05/31/01             | AP-R0621                       | 00RANDALL MR. RANDALL LA 060401 | Expenses                      |                | 21.84    |        |            | 47.62       |
|                         |                                |                                 |                               | .00            | 47.62    | .00    | 47.62      | 47.62       |
| 5523-11-346             | Travel-Packing, Transportation |                                 | LA-FURR                       | .00            |          |        |            | .00         |
| 05 05/31/01             | AP-R0620                       | 00ARISTAC Corporate Tran        | 5/01 Trans                    |                | 87.21    |        |            | 87.21       |
| 05 05/31/01             | AP-R0620                       | 00MIKE E. MR. MICHAEL ES 053101 | Expenses                      |                | 148.79   |        |            | 235.21      |
| 05 05/31/01             | AP-R0623                       | 00ARISTAC Corporate Tran        | 5/01 Trans                    |                | 41.51    |        |            | 276.52      |
|                         |                                |                                 |                               | .00            | 276.52   | .00    | 276.52     | 276.52      |
|                         |                                |                                 | CLIENT 346 TOTAL:             | .00            | 9,149.17 | .00    | 9,149.17   | 9,149.17    |