

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT
ALBUQUERQUE, NM

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 7-01-10779-SA
Chapter 7

Debtor.

**DISCLOSURE OF HURLEY, TOEVS, STYLES, HAMBLIN & PANTER, P.C.
PURSUANT TO BANKRUPTCY RULES 2014 AND 2016**

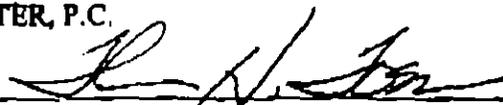
Hurley, Toevs, Styles, Hamblin & Panter, P.C. ("HTSHP"), hereby states, in connection with the Application For Order Authorizing Employment And Retention Of Professionals Used In Ordinary Course Of Business, filed by Furr's Supermarket's, Inc. ("Furr's"):

1. The undersigned is an officer of HTSHP.
2. To the best of the undersigned's knowledge, information, and belief, after making reasonable inquiry, HTSHP has no connection with Furr's, Furr's creditors or any other party in interest in this case, or their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, except that HTSHP may render professional services to clients who are or may be adverse to Furr's, which services are wholly unrelated to Furr's or to this bankruptcy case.
3. The arrangement for compensating the HTSHP, if the Court approves Debtor's employment of HTSHP, is described in the engagement letter attached hereto as Exhibit A.
4. HTSHP has received no transfer, assignment or pledge of property for post-petition services.

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5. HTSHP has not shared or agreed to share with any other person or entity, other than with members or regular associates or employees of HTSHP, any compensation paid or to be paid by Debtor in or in connection with this bankruptcy case.

HURLEY, TOEVS, STYLES, HAMBLIN &
PANTER, P.C.

By: 

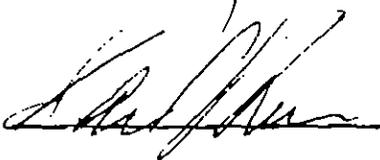
Thomas Toevs
4155 Montgomery Blvd, NE
Albuquerque, New Mexico 87109
(505) 888-1188
(505) 888-9215 (fax)

Pension Plan Counsel for the Debtor in Possession

This certifies that a copy
of the foregoing document
was served by mail on:

United States Trustee
P.O. Box 608
Albuquerque, NM 87103

this 11th day of September, 2002.



HURLEY, TOEVS, STYLES, HAMBLIN & PANTER, P.A.

ATTORNEYS AT LAW

Danielle R. Pantar*

4100 Montgomery Blvd., N.E.
Albuquerque, NM 87109
pantar@hurleytoevs.com
Facsimile
(505) 888-8215
Telephone
(505) 888-8214

October 10, 2001

HAND-DELIVERED

Mr. Steve Mortensen
President and COO
Furr's Supermarkets, Inc.
4411 The 25 Way N.E.
Albuquerque, New Mexico 87109

Re: Furr's Supermarkets, Inc. 401(k) Plan

Dear Steve:

Pursuant to your request, this letter revises the engagement letter I sent to Cathy Davis dated October 3, 2001, regarding the legal work that remains to be done for the Furr's Supermarkets, Inc. ("Furr's") 401(k) Plan (the "Plan"). You also asked me to include a list of the work that can be done on this matter before November 1, 2001, so that you can deliver Furr's to the bankruptcy trustee with as much Plan work done as possible.

As you know, I am an Employee Retirement Income Security Act of 1974, as amended ("ERISA") lawyer. On August 9, 2001, Furr's terminated the Plan effective September 30, 2001, using Board resolutions I drafted. Please be aware that annual reports (IRS Form 5500) are due until all distributions have been made. I do not prepare annual reports (IRS Form 5500) and expect that Furr's or Towers will do so.

I understand from our conversation, that Furr's will file an application for a determination letter regarding the Plan termination. Although filing for a determination letter is optional, it is strongly recommended. The Plan's most recent determination letter is dated March 28, 1996. The Plan is required to be completely restated for GUST (namely, the General Agreement on Tariffs and Trade enacted as part of the Uruguay Round Agreements Act on December 8, 1994, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, and the Taxpayer Relief Act of 1997). I obtained an amendment from CIGNA that they claim updates terminating plans for GUST. It is possible that this amendment can be used. I have not finished researching this question.

The following can be accomplished before November 1, 2001:

1. Research the application of the same desk rule to former employees employed by the purchaser at the same job (applicable only until December 31, 2001, when the same desk rule is eliminated);
2. Provide general advice regarding the post-termination distribution of assets;

HURLEY, TOEVS, STYLES, HAMBLIN & PANTER, P.A.

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3. Amend the Plan to comply with current pension law on the date of termination. *This is required to be completed by December 31, 2001.*
4. File for an IRS determination letter. *Requires an IRS user fee of \$225, payable separately from the retainer.* The determination letter process usually takes about 6 months. The determination letter will be received after November 1, 2001.

I require a \$10,000 retainer to be held in our firm's trust account before beginning work on this project. Charges for services are \$165/hr with the retainer used as an advance against hourly fees, in the following manner. Monthly statements will be issued for legal services rendered. Simultaneously with the issuance of the statement, a draw for the amount of the fees will be made against your retainer account.

When the amount held in the retainer account is less than \$1,000, work will stop on this matter until you remit another \$9,000 toward your retainer. Of course, you are entitled to cease work at anytime and receive a refund equal to your unused balance. If there is no activity on this matter for two months, we will automatically refund your unused balance.

I am the attorney handling the project. Cynthia Slatton and Jenny Summers, my legal assistants, also will be involved.

Work will be performed on an hourly basis. The current hourly rates are as follows:

Danielle Panter	\$165 an hour
Cynthia Slatton	\$ 65 an hour
Jenny Summers	\$ 65 an hour

Invoices will cover attorney and paralegal time, as well as costs and expenses. All charges are subject to New Mexico Gross Receipts Tax (which currently is 5.8125%). Because of normal accounting and processing delays, particularly with respect to the charges of third party vendors, it is not unusual for a 30- to 60-day time lapse to occur in the billing of expenses. Legal fees will be billed in the month immediately following the month in which the fees are incurred.

Costs and expenses are charged by our office on an actual cost basis. Presently, copies are \$0.12 a page, plus tax, and fax charges are \$0.50 per page, plus tax. Federal Express and out-of-town package delivery, if any, are charged at the actual rate, including tax, billed to our firm. There is no charge for long distance telephone charges, postage or in-town deliveries by our office courier. Additional typing and proofreading is \$12/hr.

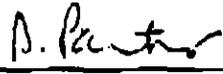
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If you have questions, please contact me. To indicate Furr's approval of this arrangement, please sign the enclosed copy of this letter in the space below, and return the copy to me with your check in the amount of \$10,000.

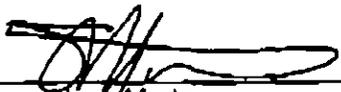
Very truly yours,

**HURLEY, TOEVS, STYLES,
HAMBLIN & PANTER, P.A.**

By: 
Danielle R. Pantar

Encl.

AGREED TO:
FURR'S SUPERMARKETS, INC.

By: 
Steve Mortensen
President and COO

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