

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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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’ 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.

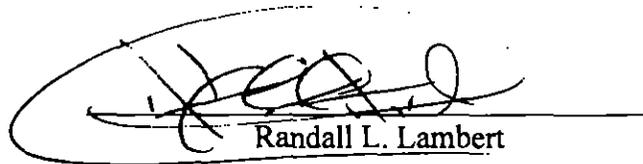
9. Chanin has agreed to provide services to the Committee in accordance with the terms and conditions set forth herein and in the Engagement Letter. Subject to the approval of this Court, Chanin will be compensated at a fee of \$100,000 per month (the “Monthly Advisory Fee”). Additionally, Chanin will 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
16th 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