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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

U.S. BANKRUPTCY COURT
ALBUQUERQUE, N.M.

In re

Case No. 11-01-10779-SA
Chapter 11

FURR'S SUPERMARKETS, INC.,

Debtor.

DECLARATION OF GEORGE G. GOLLEHER IN SUPPORT OF MOTION
AUTHORIZING DEBTOR TO (a) IMPLEMENT EMPLOYEE
RETENTION, SEVERANCE, AND SUCCESS BONUS PLANS;
(b) ENTER INTO TRANSITION AGREEMENT WITH THOMAS DAHLEN;
AND (c) ENTER INTO CONSULTING AGREEMENTS
WITH GEORGE GOLLEHER AND GREG MAYS

George G. Golleher states that the following is true to the best of his
knowledge, information and belief:

1. I am the acting Non-Executive Chairman of Furr's Supermar-
kets, Inc. (the "Debtor"), a corporation organized under the laws of the State of
Delaware.

2. I have been acting as the Debtor's Non-Executive Chairman
since March 26, 2001, and have knowledge of most aspects of the Debtor's business
and its restructuring efforts. I have been a member of the Debtor's Board of
Directors for 1 year.

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3. I submit this Declaration in support of the Debtor's motion authorizing it to enter into consulting agreements with me and with Greg Mays.

4. Except as otherwise indicated, all facts in this Declaration are based upon my personal knowledge, my review of relevant documents, or my opinion, based upon my experience and knowledge of the Debtor's operations and financial condition. If I were called upon to testify, I could and would testify competently to the facts herein.

Business Experience

5. I have been involved in the grocery business since 1973. My early experience was in accounting, and over the years I rose through the ranks until I obtained the position of Chief Financial Officer. I also gained a great deal of experience in finance, logistics, real estate, labor relations, management information systems, and other aspects of the grocery industry. In the late 1980s, I became President of The Boys Markets, a large supermarket chain in Southern California.

6. In 1991, my company, The Boys Markets, acquired the Alpha Beta supermarket chain from Lucky Stores, Inc. Sometime after the acquisition, Alpha Beta began experiencing liquidity problems, and suppliers had begun to *tighten credit terms with the company*. Although a bankruptcy filing was a possibility for Alpha Beta, through our efforts of financial restructuring, executing a sound

business plan, building a management team, and focusing on the liquidity of the company, a filing did not occur.

7. In 1995, Alpha Beta was successfully merged with Ralph's Grocery Company, a large supermarket chain in Southern California. Ralph's was then merged with Fred Meyer, Inc. in 1998, and the new company was merged with the Kroger Companies in 1999.

8. During the restructuring of Alpha Beta, I worked with many of the same creditors that sit on the Official Committee of Unsecured Creditors in the present case. I have also worked with many of the same lenders and have supervised many members of the Debtor's existing management team during my years in the supermarket business. I believe that my previous experience and personal relationship with the Debtor's vendors, lenders, and management will be helpful in the Debtor's efforts to resolve the many difficult issues in this case.

9. Through my many years in the grocery industry, I have gained extensive experience in operating with financial leverage and building companies by increasing their cash flow. I also have broad experience with mergers and acquisitions, negotiating purchase and sale agreements, and general restructuring.

10. Over the past ten years I have served as a consultant in several leveraged buyouts. I currently serve as Non-Executive Chairman of

American Restaurant Group, the owner of the Black Angus Steakhouse chain. I am currently helping that company improve its capital structure and operations.

Role with the Debtor

11. Although the Court had not yet approved my Consulting Agreement, I began on March 26, 2001, to assume the duties described therein. Among other things, I have assumed oversight and instituted a complete review of all aspects of the Debtor's operations. I also have been involved in a complete review of the Debtor's management structure, with the twin goals of improving the management structure, while also ensuring that key management remains with the Debtor during this difficult time. I have also undertaken many initiatives to improve the Debtor's liquidity and profitability.

12. At the same time, I have sought to repair the Debtor's damaged relations with its trade vendors. In doing so, I also hope to improve the Debtor's relationship with the Committee of Unsecured Creditors. I have already met with the Committee and, individually, with certain of its members, on several occasions. I believe that, in part because of these contacts, relations between the Debtor and the Committee have begun to improve.

13. For the past several weeks I have devoted, on average, approximately 50 hours per week to the Debtor's business, and I intend to continue to invest as much time as the Debtor may require.

Compensation Package

14. Following Thomas Dahlen's announcement that he would be leaving the Debtor, the Board approached me about assuming a leadership role at the company. I agreed to do so, and I entered into intense, arm's-length negotiations with the Board's Compensation Committee regarding the terms of the engagement.

15. At that time, I realized that the Debtor's cash-flow situation would not permit the kind of compensation structure that I would normally require for this kind of engagement. Accordingly, I agreed to reduce the compensation that I would receive upon signing, and monthly thereafter, in exchange for correspondingly larger compensation to be paid upon the successful resolution of this case.

16. My role with the company is complemented by Gregory Mays, with whom I have worked from time to time since 1973. It was a condition to my decision to accept the additional duties that Mr. Mays be available to assist me. Mr. Mays will assist me in handling the many issues involving the day-to-day business operations of the company, while I will free existing management to focus on similar issues by taking responsibility for larger, strategic and transactional issues.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 3th day of May, 2001, in Laguna Beach California.



George G. Golder