

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

FILED

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In re:

U.S. BANKRUPTCY COURT
ALBUQUERQUE, NM

FURR'S SUPERMARKETS, INC.,

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

Debtor.

**DISCLOSURE OF ARTHUR ANDERSEN LLP
PURSUANT TO BANKRUPTCY RULES 2014 AND 2016**

Arthur Andersen LLP ("Andersen"), hereby states, in connection with the motion of the Debtor and Debtor in Possession, Furr's Supermarket's, Inc. ("Furr's" or the "Debtor"), to employ Andersen as its accountants and tax advisors in or in connection this bankruptcy case and on such other matters as Furr's may request of Andersen and Andersen may agree to perform:

1. The undersigned is a Partner of Andersen and practices in Andersen's Albuquerque, New Mexico office located at 6501 Americas Parkway NE, Suite 400, Albuquerque, New Mexico 87110.

2. Andersen has provided accounting and tax services to Furr's since approximately June 1994.

3. The services to be provided to Furr's by Andersen and the arrangements for compensating Andersen, if the Court approves Debtor's employment of Andersen, is described in the Engagement Letter attached hereto as Exhibit A.

4. To the best of the undersigned's knowledge, information and belief, after making reasonable inquiry, Andersen 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

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United States Trustee, or any person employed in the office of the United States Trustee, except as follows:

(a) Partners and employees of Andersen may have professional relationships with counsel and other professionals representing one or more parties in interest in the case, and with persons employed in the office of the United States Trustee. Further, partners and employees of Andersen may have social relationships with counsel and other professionals representing one or more parties in interest in the case.

(b) Andersen and its partners and employees may subscribe to telephone and other utility services from vendors who furnish such services to Debtor, and may purchase products or services from, or that are manufactured or distributed by, trade vendors of the Debtor.

(c) Andersen may represent clients who are adverse to creditors of Debtor, or who are parties in interest in cases in which creditors of Debtor also are parties in interest, in matters wholly unrelated to the Debtor's bankruptcy case.

(d) Andersen does not represent any creditors or equity security holders of Furr's in any matters related to Furr's or to this bankruptcy case.

(e) As detailed in the attached Exhibit B, Andersen has in the past from time to time represented and presently represents parties-in-interest in these proceedings. Andersen has never been retained nor consulted by any of these parties-in-interest regarding matters involving Furr's or this bankruptcy case. Furr's has consented to Andersen representing Furr's while at the same time representing the parties listed in Exhibit B in matters wholly unrelated to Furr's or this bankruptcy case.

(f) Except for its representation of the parties listed in Exhibit C in matters wholly unrelated to Furr's or this bankruptcy case, to the best of Andersen's

knowledge it does not represent any creditors of Furr's. However, the matrix in this case will likely contain more than 18,000 names, and because the complete matrix has not been made available to Andersen, Andersen will continue to review the list to confirm that it does not represent any creditors of Furr's in any matters. As soon as possible, Andersen will supplement this disclosure, if appropriate, upon completion of this review.

5. Within one year of the commencement of this bankruptcy case, the Debtor has paid Andersen, for various accounting services rendered that were not in contemplation of or in connection with the Company's Chapter 11 case, a total amount of \$260,436.14, consisting of \$241,774.00 for professional fees, \$6,416.00 for reimbursable costs, and \$12,246.14 for applicable taxes. In addition, within one year of the commencement of this bankruptcy case, the Debtor made no payments to Andersen for services rendered or to be rendered in connection with this Chapter 11 case.

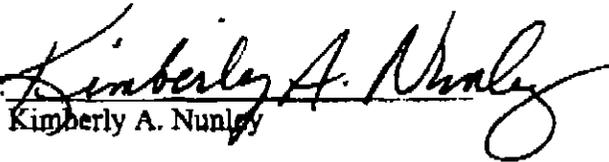
5. As of February 8, 2001 (the "Petition Date"), the Debtor owed Andersen a total of \$65,000.00. This amount owed by the Debtor to Andersen represented fees and expenses related to services performed in connection with the audit of the Debtor's financial statements for the fiscal year ended December 31, 2000 (the "FYE 2000 Audit"). Subsequent to the Petition Date, the Debtor decided not to proceed further with the completion of the FYE 2000 Audit. In connection with the Debtor's decision not to complete the FYE 2000 Audit and in order for Andersen to provide other accounting services to the Debtor in this Chapter 11 case, Andersen has written-off the full amount of the \$65,000.00 originally owed to Andersen as of the Petition Date. Accordingly, Andersen no longer holds a pre-petition claim against the Debtor.

6. Andersen is informed and believes the source of all monies it has received from the Debtor was the Debtor's funds.

7. Andersen has received no transfer, assignment or pledge of property for post-petition financial advisory services.

8. Andersen has not shared or agreed to share with any other person or entity, other than with partners or employees of Andersen, any compensation paid or to be paid by the Debtor in or in connection with this bankruptcy case.

ARTHUR ANDERSEN LLP

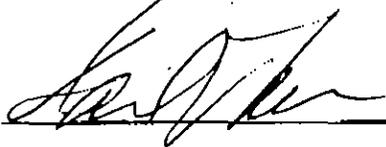
By: 
Kimberly A. Nunley

6501 Americas Parkway NE, Suite 400
Albuquerque, New Mexico 87110
(505) 889-4740
(505) 889-4838 (fax)
Proposed Accountants and Tax Advisors for
the Debtor and 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, New Mexico 87103

this 24th day of May, 2001.





Mr. Steve Stork
Senior Vice President of Finance, Controller
Furr's Supermarkets, Inc.
4411 The 25 Way, Suite 100
Albuquerque, New Mexico 87108

Arthur Andersen LLP
Suite 400
6501 Americas Parkway NE
Albuquerque NM 87110
Tel 505 889 4700
Fax 505 889 4838
www.arthurandersen.com

May 8, 2001

Dear Steve,

This letter and the attached Engagement Terms will confirm our mutual understanding for Arthur Andersen L.P. ("Andersen") to provide tax compliance, audit and other accounting services to Furr's Supermarkets, Inc. (the "Company") and Furr's Supermarkets, Inc. 401(k) Plan, Pension Plan and Group Health Plan during the pendency of the Company's Chapter 11 bankruptcy proceeding.

Based on our discussions, we understand that Andersen will be responsible for the following:

TAX COMPLIANCE SERVICES

- Preparation of the Company's Federal and New Mexico and Texas state income tax returns for the year ended December 31, 2000;
- Preparation of the Company's Federal and New Mexico and Texas state income tax returns for the year ending December 31, 2001 (or other applicable date, depending upon the circumstances of the Chapter 11 case);

BENEFIT PLAN AUDIT AND RELATED SERVICES

- Performance of limited-scope audits of the financial statements of the Company's 401(k) Plan and the Pension Plan for the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Chapter 11 case);
- Preparation of summary annual reports for the 401(k) Plan, the Pension Plan and the Group Health Plan for the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Chapter 11 case);
- Preparation of Forms 5500 (Annual Return/Report of Employee Benefit Plan) for the 401(k) Plan, the Pension Plan and the Group Health Plan for the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Chapter 11 case);

OTHER ACCOUNTING SERVICES

- Providing temporary accounting staff as requested; and,
- Providing such other accounting or consulting services as may be requested and as Andersen may agree to perform.

EXHIBIT

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Mr. Steve Stork
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TAX COMPLIANCE SERVICES

The tax filing requirements set forth above are the only returns and filings for which Andersen will have responsibility. *If there are additional returns or other filings you wish Andersen to prepare, please advise us as soon as possible.*

Unless separately arranged, Andersen will not be responsible for the preparation of amended returns, or any non-income tax returns, including, but not limited to: sales and use tax returns; local property tax returns; payroll or other trustee tax returns; and, information returns for employee benefit plans.

In addition, the identification and determination of any state tax credits that might be available is not considered part of this tax return preparation engagement.

As you know, the basis for preparation of the above mentioned returns and filings is from information provided to Andersen by you and the personnel of the Company. It is our understanding that the documentation supporting the information (including Schedule M's) that Andersen will be using to prepare the tax returns and filings is available upon our request and will be available at a later date because Andersen will not be maintaining any copies of such documentation.

Our fee estimates, as indicated in this letter, for the tax returns and filings does not include significant tax research or consultation with respect to *non-recurring items and other matters of tax significance that may arise in the course of preparation or during the course of the year.* Such items would include, but not be limited to: assistance and planning on sale of the Company; bankruptcy specific tax issues; assistance with federal and state tax audits; performance of refund reviews or reverse audits; and, consultation and research related to state and local tax matters. As items of this nature arise, we will advise you of the nature of the matter and provide you with a fee estimate before we invest significant professional time.

Substantiation of Charitable Contributions

The law imposes stringent rules for substantiating deductions for charitable contributions. To deduct a charitable contribution in excess of \$250, the donor must obtain a written acknowledgment of the gift from the charitable organization. In addition, charitable organizations are required to provide written substantiation for contributions in excess of \$75 for which some benefit is provided to the donor (i.e., tickets to charity events, tickets to athletic events, parking privileges, merchandise, etc.). Please contact us if you have any questions regarding these rules or need additional assistance regarding these substantiation requirements.

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Underpayment of Estimated Tax by Corporations

Federal and state income tax rules require timely payment of estimated tax by a corporation. Underpayment of estimated tax will result in the imposition of an addition to tax equal to the interest that would accrue for the period of underpayment. The Internal Revenue Service (IRS) and states are authorized to waive the penalty for underpayment of estimated tax under certain circumstances and when certain exceptions apply. When these circumstances do not apply and when insufficient estimated tax is paid during the year, the taxpayer is required to complete and attach federal Form 2220 or the equivalent state form to explain which method the taxpayer is using to avoid the addition to tax. Because federal Form 2220 or the equivalent state forms are complicated, we are available to prepare these forms or the IRS and state, respectively, can make the calculation.

Tax Compliance Services Fees

We estimate that our fees for the preparation of the Company's 2000 Federal and state returns, as outlined above, will range from \$18,000 to \$28,000, plus reasonable out-of-pocket expenses and applicable gross receipts taxes. We anticipate a similar level of effort and cost for the Company's 2001 Federal and state returns. Our estimate is based upon our discussions with you relating to the level of work to be performed, our assumptions relative to the staffing required to complete the necessary work and our current hourly billing rate structure. Our current hourly billing rate ranges, by classification of personnel, is presented in the Other Accounting Services section of this engagement letter.

In order to complete the tax returns at the lowest possible cost, we will be requesting a large portion of the information requirements electronically. We will work with your management team to assist you in providing this electronic information. Certain other information requirements will be required in hard copy. In order to manage the cost of this effort, we are depending very heavily upon the Company personnel to assist us. During the course of our work, if any of the information requests are not received or are received in an incomplete format, we will return the items to you for completion or correction so that we can maintain these cost savings. Otherwise, the cost of the tax returns will be subject to change, as we will be required to independently calculate or obtain the missing information. If at any time you believe that you might be better served by us performing a particular task, please contact us and we will provide you with an estimate of the costs associated with Andersen completing such tasks.

Our fee estimate is based upon our best professional judgment. However, it must be understood that it is neither a maximum nor a fixed fee quotation. We will keep you informed of any circumstances that affect the scope of our work, the timetable or our level of participation. If we encounter circumstances that might cause our fees to exceed our estimate, we will consult with you so you will have a better understanding of our fees prior to us proceeding with the tasks involved. Should our total fees and expenses be less than the estimate provided, we will only bill you for the amount incurred.

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Billing and Payment Terms for Tax Compliance Services

It is our understanding that, in accordance with procedures established in the Company's Chapter 11 proceeding, the Company will make interim payments to Andersen on a monthly basis upon receipt of Andersen's detailed monthly billing statements. We further understand that such payment will be made prior to the Bankruptcy Court's determination of the allowability of Andersen's compensation. We have been advised that interim payments to Andersen will reflect 75 percent of the professional fees and 100 percent of the expenses presented in Andersen's detailed monthly billing statements. The remaining 25 percent of Andersen's professional fees will be payable upon the Court's determination that the professional fees and expenses of Andersen are allowable under the relevant section(s) of the Bankruptcy Code, after proper notice and filing of detailed fee applications.

It is Andersen's objective to provide the Company with its detailed monthly billing statements for Tax Compliance Services by the 15th day of the month following the period during which services were provided.

BENEFIT PLAN AUDIT AND RELATED SERVICES

The objective of our work is to provide you with our auditors' reports on the financial statements and schedules referred to above. We will conduct our limited-scope audits in accordance with U.S. generally accepted auditing standards except that, as permitted by Regulation 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under ERISA and as instructed by you, we will not perform any auditing procedures with respect to information prepared and certified to by Connecticut General Life Insurance Company or The Plains National Bank, the trustees, other than comparing that information with the related information included in the financial statements and supplemental schedules. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified to by the trustees, will be audited by us in accordance with U.S. generally accepted auditing standards, and, accordingly, will be subjected to tests of your accounting records and other procedures as we consider necessary to enable us to express opinions as to whether the information audited by us is presented in compliance with the DOL Rules and Regulations for Reporting and Disclosure under ERISA.

A limited-scope audit does not provide reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we will bring to your attention immaterial misstatements and any fraudulent or illegal acts (including prohibited transactions with parties in interest and other violations of ERISA and IRS rules and regulations) of which we become aware during our audits. Pursuant to professional standards, in the unusual event that we are unable to complete the audits, we may decline to issue a report as a result of the engagement.

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While a limited-scope audit includes obtaining an understanding of internal control sufficient to plan the work and to determine the nature, timing and extent of procedures to be performed, it is not designed to provide assurance on internal control or to identify significant deficiencies in internal control. However, we are responsible for ensuring that the responsible parties for each of the Company's benefit plans are aware of any such deficiencies that come to our attention.

As a part of our limited-scope audits, we will perform certain procedures, as required by generally accepted auditing standards, directed at considering benefit plan compliance with applicable Internal Revenue Code requirements for tax exempt status, including inspecting the latest tax determination letters from the IRS. As we conduct our work, we will remain alert to the possibility that events affecting the tax status of the benefit plans may have occurred. Similarly, we will remain alert to the possibility that events affecting compliance with the requirements of ERISA may have occurred. You should recognize, however, that our work is not designed to, nor is it intended to, determine the overall compliance of the Company's benefit plans with applicable provisions of the Internal Revenue Code or ERISA.

Also, we will perform certain procedures, as required by generally accepted auditing standards, to test the allocation of net assets to individual participant accounts for the 401(k) Plan. However, the nature and extent of those procedures is not sufficient, nor intended, to permit the expression of an opinion on individual participant activity or account balances.

The audited financial statements and supplemental schedules, and our auditors' reports are required to be filed with the Form 5500s for each of the applicable benefit plans. Professional standards require that we read each Form 5500 prior to its filing. The purpose of this procedure is to consider whether the information in Form 5500s, or the manner of their presentation, are materially inconsistent with the information, or the manner of their presentation, appearing in the financial statements and supplemental schedules. This procedure is neither sufficient nor is it intended to ensure that the Form 5500s are completely and accurately prepared. In the event that our auditors' reports are issued prior to our having read each Form 5500, you agree not to file the Form 5500s until we have read the completed Form 5500s.

The working papers prepared in conjunction with our work are the property of Andersen, constitute confidential and proprietary information and will be retained by us in accordance with our policies and procedures. We may be requested to make certain working papers available to the Internal Revenue Service and/or the Department of Labor pursuant to authority given to it by law or regulation. If requested, access to such working papers will be provided under our supervision. Furthermore, upon request, we may provide copies of selected working papers to the Internal Revenue Service and/or the Department of Labor. The Internal Revenue Service and/or the Department of Labor may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

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Plan Administrators' Responsibilities and Representations

The Plan Administrators are responsible for the financial statements and supplemental schedules and for adjusting those statements and schedules to correct material misstatements. The Plan Administrators are also responsible for: (1) maintaining effective internal control over financial reporting; (2) identifying and ensuring that each benefit plan comply with the laws and regulations applicable to their activities; and, (3) making available to us all financial records and related information and personnel with information of relevance to our audits.

As required by generally accepted auditing standards, we will make specific inquiries of the Plan Administrators and others about the representations embodied in the financial statements and the effectiveness of internal control. Those standards also require that we obtain from the Plan Administrators a representation letter which covers the financial statements and supplemental schedules and which affirms that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements and supplemental schedules taken as a whole. The results of our audit tests, the responses to our inquiries and the written representations constitute the evidential matter we intend to rely upon in rendering reports on the financial statements and supplemental schedules.

If you intend to publish or otherwise reproduce the financial statements together with our reports (or otherwise make reference to Andersen) in a document that contains other information, you agree to provide us with a draft of the document to read and comment on before it is printed and distributed. Furthermore, you agree that the terms of this engagement do not encompass an undertaking by us: (1) to consent, by means of a separate letter or otherwise, to the inclusion of our auditors' reports on the financial statements referred to above in a filing with a Federal or state regulatory agency (except to the extent required by ERISA) or otherwise reissue our reports for purposes of a securities offering or other financing transaction; or, (2) to acknowledge reliance on our reports by others.

Billing and Payment Terms for Benefit Plan Audit and Related Services

We estimate that our fees for the services referred to above will be as follows, plus reasonable out-of-pocket expenses and applicable gross receipts taxes:

Limited Scope Audit - 401(k) Plan	\$13,300.00
Limited Scope Audit - Pension Plan	14,000.00
Summary Annual Reports and Form 5500s - All Plans	6,500.00
	<u>\$33,800.00</u>

Our estimate is based on our experience regarding the level of work to be performed, our assumptions relative to the staffing required to complete the necessary work and our current hourly billing rate structure. Our current hourly billing rate ranges, by classification of personnel, is presented in the Other Accounting Services section of this engagement letter.

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Our estimate assumes we will receive appropriate assistance from your staff in the preparation of schedules and other matters. It also assumes that there have been no significant events, plan changes or financial statement issues that will require special attention from the engagement team or from specialists and that our procedures will be limited to those required by generally accepted auditing standards. Should such issues arise, we will advise you promptly and discuss the appropriate fee adjustment. Our estimate also contemplates that the Plan Administrators and/or the plan sponsor will perform the agreed upon items, such as, preparation of financial statements and supporting schedules, confirmation letters, staff assistance, etc. in conjunction with our audits.

Our fee estimate is based upon our best professional judgment. However, it must be understood that it is neither a maximum nor a fixed fee quotation. We will keep you informed of any circumstances that affect the scope of our work, the timetable or our level of participation. If we encounter circumstances that might cause our fees to exceed our estimate, we will consult with you so you will have a better understanding of our fees prior to us proceeding with the tasks involved. Should our total fees and expenses be less than the estimate provided, we will only bill you for the amount incurred.

It is our understanding that, in accordance with procedures established in the Company's Chapter 11 proceeding, the Company will make interim payments to Andersen on a monthly basis upon receipt of Andersen's detailed monthly billing statements. We further understand that such payment will be made prior to the Bankruptcy Court's determination of the allowability of Andersen's compensation. We have been advised that interim payments to Andersen will reflect 75 percent of the professional fees and 100 percent of the expenses presented in Andersen's detailed monthly billing statements. The remaining 25 percent of Andersen's professional fees will be payable upon the Court's determination that the professional fees and expenses of Andersen are allowable under the relevant section(s) of the Bankruptcy Code, after proper notice and filing of detailed fee applications.

It is Andersen's objective to provide the Company with its detailed monthly billing statements for Benefit Plan Audit and Related Services by the 15th day of the month following the period during which services were provided.

OTHER ACCOUNTING SERVICES

For all other services, including loan staff and other accounting services, Andersen's fees will be based upon the level of personnel required and the time incurred, at our standard hourly billing rates, plus reasonable out-of-pocket expenses with proper substantiation. The following is a summary of our current hourly billing rates for individuals who would be assigned to this project:

Partners	\$300 - \$450
Managers	\$250 - \$350
Seniors	\$150 - \$250
Staffs	\$125 - \$175

These rate ranges may change from time to time in accordance with Andersen's established billing practices and procedures.

Mr. Steve Stork
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Loan Staff Services

All loan staff professionals assigned to perform services at the request of Company (the "Personnel") shall report directly and exclusively to the Company, and the Company shall be solely responsible for reviewing and approving any and all work performed by the Personnel. The Personnel shall observe the Company's reasonable policies regarding working conditions and business hours, to the extent such policies are made known to the Personnel; provided that Andersen's sole responsibility for the refusal of any Personnel to observe such policies shall be to furnish the Company with replacement Personnel who will observe such policies.

The Company shall supply on-site Personnel with suitable office space, desks, storage, furniture and other normal office equipment support, including computer terminals, telephone service, postage, copying, typing, secretarial services and general office supplies which may be necessary in connection with Personnel's performance of the Services.

Employees of Andersen who perform Services hereunder shall remain the employees of Andersen (or another entity within Andersen Worldwide). Andersen shall be responsible for the tax withholdings, payment of salaries, unemployment insurance, workers' disability and compensation, social security contributions and employee benefits such as vacation, sick pay, insurance, pension and profit-sharing benefits of such Andersen employees. In connection with this agreement, each party is an independent contractor and as such will not have any authority to bind or commit the other. Nothing herein shall be deemed or construed to create a joint venture, partnership or agency relationship between the parties for any purpose.

The Company shall also be responsible for providing the Personnel with access to all individuals and tools reasonably necessary for the Personnel to perform the Services. Furthermore, it shall be the Company's responsibility to obtain any and all consents from third parties required to permit and authorize such access.

The parties acknowledge that in the course of performance hereunder, the Personnel may use products, materials or methodologies proprietary to Andersen or third parties. Notwithstanding anything contained herein to the contrary, the Company shall not have or obtain any rights in such proprietary products, materials and methodologies of Andersen or any third parties. This agreement shall not preclude Andersen or the Personnel from providing any services to third parties, irrespective of their similarity to the Services delivered to the Company pursuant to this agreement.

The Company shall not solicit, hire or offer employment to any Personnel during the term of this agreement and for a period of one (1) year following the termination of this agreement. This restriction shall apply equally to the Company, its subsidiaries, parent company and any other of its affiliates. Any breach of this provision shall require the Company to pay Andersen an amount equal to one (1) year's salary of each individual with respect to which a breach occurred.

Mr. Steve Stork
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Billing and Payment Terms for Other Accounting Services

It is our understanding that, in accordance with procedures established in the Company's Chapter 11 proceeding, the Company will make interim payments to Andersen on a monthly basis upon receipt of Andersen's detailed monthly billing statements. We further understand that such payment will be made prior to the Bankruptcy Court's determination of the allowability of Andersen's compensation. We have been advised that interim payments to Andersen will reflect 75 percent of the professional fees and 100 percent of the expenses presented in Andersen's detailed monthly billing statements. The remaining 25 percent of Andersen's professional fees will be payable upon the Court's determination that the professional fees and expenses of Andersen are allowable under the relevant section(s) of the Bankruptcy Code, after proper notice and filing of detailed fee applications.

It is Andersen's objective to provide the Company with its detailed monthly billing statements for Other Accounting Services by the 15th day of the month following the period during which services were provided.

* * * * *

OTHER MATTERS

As you know, we will be pleased to respond to your request for our services in areas beyond the scope of this arrangement. The terms of this letter are intended to apply to all tax compliance, accounting and other services that Andersen is requested to perform on behalf of the Company. However, Andersen reserves that right to amend this letter, and seek separate Bankruptcy Court approval, in the event that Andersen determines that certain procedures or services requested of Andersen need to be appropriately defined or clarified.

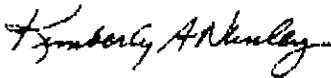
Please confirm your agreement with the terms of this letter and the Engagement Terms, which terms are hereby made a part of this letter, by signing a copy of this letter and returning it in the enclosed self-addressed envelope.

Mr. Steve Stork
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We have enjoyed the opportunity to serve you in the past and, once again, assure you that this engagement will be given our closest attention. If you have any questions concerning this arrangement, please do not hesitate to contact me at 505.889.4740.

With kind regards,

ARTHUR ANDERSEN LLP



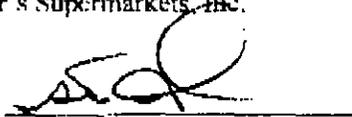
By

Kimberly A. Nunley

Accepted and Agreed to this 21st day of May, 2001:

Furr's Supermarkets, Inc.

By



Steve Stork

~~Senior~~ Vice President of Finance, Controller

This Agreement includes the following Attachment, made part of the Agreement

Exhibit A - Arthur Andersen LLP Engagement Terms

no responsibility to advise client of any such changes and client acknowledges the need for it to re-evaluate Andersen's preceding services and deliverables. Andersen reserves the right to in whole or in part decline to perform certain tasks if information comes to Andersen's attention indicating that performing such tasks could cause Andersen to be in violation of applicable law, regulations or standards or in a conflict of interest, or to suffer reputational damage.

7. **Affiliates.** Recognizing that at times Andersen's work may pertain not only to client but also to a parent, various of its subsidiaries, other affiliates, advisors and contractors, or to family members or related trusts, partnerships, partners, estates or foundations, client shall, as may be requested by Andersen from time to time (including subsequent to completion of the services), obtain written confirmation of their agreement to the terms of this letter. This agreement is binding on each party hereto and on each of its permitted successors, assigns and legal representatives. Andersen may authorize or allow its affiliates and contractors to assist in performing this letter and to share in Andersen's rights hereunder, provided any such party shall commit (as applicable) to be bound by the restrictions set forth in this letter and Andersen obtains such express commitments as are necessary.

8. **General.** This agreement, including its formation and the parties' respective rights and duties and all disputes that might arise from or in connection therewith or its subject matter, shall be governed by and construed in accordance with the laws of Illinois, without giving effect to conflicts of laws rules. Each party is an independent contractor with respect to the other and shall not be construed as having a trustee or fiduciary relationship. The letter, including this and any other incorporated attachments, sets forth the entire understanding between and among the parties regarding the subject matter addressed herein, supersedes all prior agreements, arrangements and communications and may not be modified or amended except by the mutual written agreement of both parties. If any term hereof is found unenforceable or invalid this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included.

EXHIBIT B

Andersen currently serves or has served the following clients in matters not specifically related to this chapter 11 case:

Anderson News Company
Bank of America
Cisco Systems Capital Corporation
CIT Group
City of El Paso
Condisco
Compaq
Conagra Beef Co.
Credit Suisse First Boston
Edison Source
Finova Capital Corporation
Fleet Capital
Frito-Lay, Inc.
General Electric Capital Corporation
General Mills
George Golleher
Heller Financial, Inc.
Hewlett-Packard Company
McDonald Douglas Finance
Metropolitan Life Insurance Company
New Mexico Beverage
Pepsi Cola
Philip Morris
Pilgrims Pride Corp
Proctor & Gamble
Quaker
Richard Goodspeed
Sensormatic Electronics Corp.
Southern Wine & Spirits
State of New Mexico