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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

JUN 18 2001

Debtor(s): *Furny*

United States Bankruptcy Court  
Albuquerque, New Mexico

Case No. *01-10779*

EXHIBIT LIST

From hearing on (matter): *UCC motion for Employment of Deloitte # 237*

Held (date): *6-13-01*

Introd. by party      Exhibit #      Witness      Description      Offered/Obj./Ruling

Introd. by party	Exhibit #	Witness	Description	Offered/Obj./Ruling
<i>UCC</i>	<i>A</i>	<i>Forum</i>	<i>Document Request List &amp; Questionair</i>	<i>Admit</i>
<i>✓</i>	<i>B</i>	<i>✓</i>	<i>Supplemental Affidant Forum</i>	<i>Admit</i>

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FURUS SUPPERMARKETS, INC.  
DOCUMENT REQUEST LIST AND QUESTIONNAIRE

(In order of Priority)

Quant	Document Request/Questions	Issue or Deliverable to Committee	Date Requested by D&T	Date Promised by Debtor	Received Yes (Y) or No (N)	Date Received by D&T	Notes
1	Fully interactive model including balance sheets, statements of income and cash flows by week and period for this fiscal year, next fiscal year by period only. Model should include the Borrowing Base and Covenant calculations and projections	D&T due diligence	4/9/01	5/1/01	N		Full model S/1 or first week of May. Follow up with Tom Moss on 5/10, he stated within a week we should have a model. Follow up with Tom Moss on 5/23, he stated the base model has been prepared and sent to KPMG and should have a version for us in the next few days
2	Copies of any written communication or notices from Heller regarding covenant violations and continuing financing arrangements	D&T due diligence	4/9/01		N		None currently available; will get going forward if no attorney/client privilege issues. Have not received any correspondence to date. Covenant have been broken the last seven weeks (as of 5/10)
3	Debtor's Business Plan 2000, 2001	D&T due diligence	4/9/01	2000 - 4/10 2001 mid-wk	N	2000: 4/12	Framework for 2001 plan will be sent
4	Summary of real property (land, improvements, etc.) owned by entity. Please also provide any information that would help Debtor estimate the fair market value of each piece of real property, evaluate lease expirations proposed by the Debtor and determine the nature of related party transactions, if any. Such information would include appraisals, property tax statements, and/or information concerning recent transactions involving comparable properties and the following: Property identification number; Property type (retail, grocery, office, industrial); Property name; Location/address; Property age; Building size (total gross leasable square feet); Lessors/landlord name(s); Primary base lease start date; Primary base lease end date or lease term (years); Renewal option specifics including renewal terms, rent, % rent, etc.; Lease rate(s) for primary term and renewal options (include all steps or escalation rents);	D&T due diligence; lease expirations; related party transactions	4/9/01	4/9/2001*	N	Partial received 4/10	Pre-C information provided is not sufficient. Additional information will be required

\*Continued... Percentage rent and all applicable sales breakpoint (natural or specific). Sales volumes by store location for the past three years. Rent and other expenses excluded from percentage rent. Market rent surveys produced by in-house real estate staff (by location). Property operating status (i.e. opened, closed, scheduled for closing etc.); Lease structure (net, triple net, gross, etc.). If net or triple net, then net/calculation of expenses for taxes, insurance and common area maintenance.

**FURNS SUPERMARKETS, INC.**  
**DOCUMENT REQUEST LIST AND QUESTIONNAIRE**  
(In order of Priority)

Count	Document Request/Questions	Letter or Deliverable to Comorbite	Date Requested By D&T	Date Provided by Debtor	Received Yes (Y) or No (No)	Date Received by D&T	Notes
4	(3) Real estate valuation report prepared by PwC; (b) lease rejection analysis prepared by PwC	D&T due diligence; related party transactions	4/9/01	4/9/01	N	(b) 4/10; 4/13	As to (a), will provide detail file instead of full report (report was delivered only and PwC has some concerns about the validity of the numbers)
5	Listing of planned store closings and/or sales	D&T due diligence	4/9/01	4/16/01	N		Received information on only five stores on 5/9
6	Debtors/WC Trade Lien Analysis and Conclusions	Trade Lien/ D&T due diligence	4/9/01	4/10/01	N		PwC in forward by 4/10. D&T to evaluate in advance of 4/16 meeting. Have not received as of 5/27
7	Supporting worksheets for Debtor's Schedules and Statement of Financial Affairs	D&T due diligence; Debt Matrix; Liquidation Analysis	4/9/01		N		Documents are voluminous; specific questions must be submitted
8	Minutes of meetings of the Board of Directors of the Debtor authorizing management to enter into the following transactions: <ul style="list-style-type: none"> <li>The December 21, 2000 financing arrangements with Heller Financial, Inc., et al</li> <li>The March 27, 2000 transactions with Metropolitan Life Insurance Co. ("MetLife") and Credit Suisse First Boston ("CSFB")</li> <li>The June 23, 2000 transactions with MetLife, CSFB, Windward Capital ("Windward"), and members of management</li> <li>The June 21, 2000 transaction with Fleming Companies, Inc. ("Fleming")</li> </ul>	D&T due diligence; related party transactions	4/9/01		N		
9	Reports, memoranda, spreadsheets, calculations, worksheets and other documents prepared and/or reviewed by the management of the Debtor in its analysis of the transactions contemplated	D&T due diligence; related party transactions	4/9/01		N		
10	Montecore's model used to determine ILLITDA's covenant contained in DIP financing arrangements	ILLITDA's; D&T due diligence	4/9/01	4/10/01	N		Provided a form with ILLITDA which was not used regarding schedule - no response to request

**FURRS SUPERMARKETS, INC.**  
**DOCUMENT REQUEST LIST AND QUESTIONNAIRE**  
(In order of Priority)

Count	Document Request/Questions	Use or Deliverable to Committee	Date Requested by D&T	Date Provided by Debtor	Received Yes (Y) or No (No)	Date Received by D&T	Notes
11	Anderson's worksheets for the audits of FY 1998 and 1999	D&T due diligence; related party transactions	4/9/01		N		
12	Inventory appraisals performed by Hilco Financial Appraisers - most recent and within last 12 months	D&T due diligence	4/9/01		N		
13	Verifications of the information made by management and other individuals during June 2000, including but not limited to, ancillary loan documentation, copies of verified deposit slips reflecting the amount received, and copies of all cancelled checks and supporting documents involving any amounts paid, repaid, or forgiven to said management and others in connection with the June 2000 loans	D&T due diligence; related party transactions	4/9/01		N		
14	Provide copies of all executory contracts (in addition to real estate leases)	D&T due diligence	4/9/01		N		Assume information is available in the War room
15	How are Directors nominated?	D&T due diligence; related party	4/9/01		N		
16	List management's non-cash compensation/perks (automobile expenses, etc.)	D&T due diligence	4/9/01		N		
17	Provide a schedule showing any family relationships among officers and directors of the Debtor and any affiliated entities	D&T due diligence; related party transactions	4/9/01		N		
18	Employment Agreements of Tom Doherty, Steve Mortensen and all other members of management, as applicable. Please discuss any differences between these documents and the Motion	D&T due diligence	4/9/01		N		
19	Planned and actual charitable contributions made or to be made during the current and prior fiscal year	\$150,000 Univ. of NM donation; D&T due diligence	4/9/01	4/13/01	N		
20	Reconcile the secured equipment leases amounts disclosed in Schedule D (\$24.0 million) with the Capital lease schedule provided with the 19 week forecast (\$14.4 million)	D&T due diligence	4/10/01		N		
21	Revised 19-week cash flow projections	D&T due diligence	4/12/01		N		PwC told us that Debtor had revised sales projections. No update has been provided
22	Explanation of discrepancies between 19 week cash flow data and amounts per Holder Borrowing Base Certificate - cumulative adjustment of over \$2 million must be made to the cash flow information to agree to the amount of debt owed to Holder	D&T due diligence	4/13/01		N		Another major discrepancy for noted for WTS 5/12
23	Board of Directors Minutes for the last 12 months	D&T due diligence	4/13/01		N		Received a few months for FY 2000

Debtors & Touche/DuBois Consulting

Confidential 6/1/01

**FURRS SUPERMARKETS, INC.**  
**DOCUMENT REQUEST LIST AND QUESTIONNAIRE**  
 (In order of Priority)

Count	Document Request/Questions	Issue or Deferrible to Committee	Date Requested by D&T	Date Promised by Driller	Received Yes (Y) or No (No)	Date Received by D&T	Notes
24	Period end financial statement reporting package for each period in 2001; provide currently as each period ends	D&T due diligence	4/15/01		N		
25	Please provide inventory by period and by store for FY 1999 and FY 2000	D&T due diligence	4/19/01	4/27/01	N	4/27/01	Per T. Moss, the data request is too difficult to develop. On 4/27, debtor provided period 13 ending inventory information not easily obtainable per T. Moss
26	Follow-up request to determine average inventory balance by store for FY 2000. Information provided on 4/27 was insufficient	D&T due diligence	4/27/01	NA	N	5/1/01	
27	Provide information regarding advances from vendors/suppliers to Debtor for promotions, more specifically: (1) how are advances recorded in journal entries and in the financial statements; (2) what was the total dollar amount of advances received in FY 2000 and an itemized list detailing the vendor/supplier and the amount (if possible); (3) what was the total dollar amount earned and unearned in FY 2000 with an itemized list (if possible); (4) what was the FY 2000 year end balance and where does it appear on the financial statements	D&T due diligence	5/1/01	NA	N		Per T. Moss, Debtor is waiting for a response from their attorneys (5/23)

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

IN RE:

FURR'S SUPERMARKETS, INC.

Debtor.

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CASE NO. 01-10779-JSS

CHAPTER 11

**SUPPLEMENTAL AFFIDAVIT OF ANTHONY D. FORCUM**

1. My name is Anthony D. Forcum. I am over the age of 21 years and make this affidavit in supplement to my affidavit dated March 13, 2001 to address various objections that have been raised to the retention of Deloitte Consulting L.P. and Deloitte & Touche LLP ("Deloitte"). I have personal knowledge of all facts set forth herein.

2. In response to objections raised by the United States Trustee and Joseph Gallo Farms, I have conducted further research into Deloitte's representation of Metropolitan Life and Fleming Companies, Inc. ("Fleming"). Based upon this investigation, I continue to believe that the work performed by Deloitte for these entities does not render Deloitte disinterested within the meaning of 11 U.S.C. § 101(14) or violate applicable ethical standards. In the year 2000, Deloitte and its affiliates received roughly 0.25% of their total revenue of approximately \$11.2 billion from work performed for Metropolitan Life. Work for Fleming, likewise, constituted less than 0.03% of Deloitte's total worldwide revenue. Neither I nor any member of the Deloitte team working on the representation of the Official Unsecured Creditors Committee (the "Committee") in this case are working on matters for either Metropolitan Life or Fleming. Deloitte will agree to implement an ethics wall to ensure that this distinction remains true for purposes of this case.



3. Deloitte's services to the Committee will include performing financial and economic analysis regarding the Debtor's current and past operations and financial performance to the extent requested by the Committee. Some of these analyses may be used in litigation, and a portion of this litigation may involve current clients of Deloitte or its affiliates. Consistent with practices in the consulting and accounting professions, Deloitte will not provide expert testimony on behalf of one client against another client of the firm. Deloitte, however, will provide the results of its analyses to any testifying expert retained by the Committee and assist such expert in becoming familiar with its analyses. Deloitte will not charge the Committee or estate for the time spent in connection with briefing and working with a testifying expert.

4. I also have conducted further research on the lender relationship between Deloitte and Bank of America, N.A. ("BOA") and Fleet Financial ("Fleet") in response to the request of the United States Trustee for additional information. I also believe that neither of these relationships render the firm disinterested or violate any ethical rules. Both BOA and Fleet are participants in a nine-bank syndicate which provides financing to Deloitte under a five-year revolving credit facility in which JP Morgan Chase is lead bank and administrative agent. Deloitte also has obtained short-term financing from time to time from BOA and Fleet, and various partners of Deloitte and its affiliates have elected to use BOA or Fleet as a lender for purposes of financing their annual capital contributions to the firm as well as for various personal banking and lending needs. While I do not believe these relationships render Deloitte disinterested or impose any *ethical restraint to Deloitte's representation, they have been disclosed out of an abundance of caution and in the interests of full disclosure.*

5. Deloitte will conduct periodic reviews for additional potential conflicts during the pending of this case and file further appropriate supplemental affidavits if required under the Bankruptcy Code or applicable ethical guidelines.

6. In connection with the hourly rates proposed to be charged by Deloitte, I also have reviewed the rate structure approved by the Court in this case for Price WaterhouseCoopers ("PWC") and believe that, with one exception, the rates of the principal members of the Deloitte team assigned to this case are within the PWC ranges. The one exception is myself. I believe my rate is consistent with rates for professionals with comparable experience. The principal members of the Deloitte team and their hourly rates are:

Tony Forcum	\$600
Joc Wells	\$420
John Tittle	\$350
Ben Barnett	\$350
John Solomon	\$350
John Little	\$315
Kyle Redfearn	\$315
Tom Mason	\$315
Brian Convery	\$275
Anthony Jackson	\$175
Michael Finley	\$175
Ryan Miller	\$175
Rachel Pack	\$175
Matthew Pierre	\$175
Brigette Scott	\$70

Deloitte is willing to agree to fix the rates of these individuals at the amounts set forth above for purposes of this case, subject to the right of the firm to seek permission from the Committee and the Court to increase those rates when rates are adjusted in accordance with the firm's customary rate-review practices. As it does in every

representation, Deloitte will take steps to ensure that each matter is staffed at an appropriate level.

7. Finally, with respect to the application to employ Deloitte *nunc pro tunc*, I believe that this request is merited given the nature and size of Deloitte's operations, the complexity of running conflicts checks and the firm's diligent efforts to ensure that all known connections were disclosed, and the demands of this particular case. On or about February 15, 2001, Deloitte was invited by the Unsecured Creditors Committee to make a presentation and proposal to the Committee to serve as the Committee's Financial Advisors and Reorganization Consultants. On February 21, 2001, Deloitte made a presentation and was selected to serve in such capacity. Immediately upon its selection, Deloitte was invited to attend the in-progress Committee meeting to begin to provide the services desired by the Committee. As is normal in these types of situations, Deloitte began work immediately in order to ensure that the interests of the Committee were fully represented.

*Anthony D. Forcum*  
\_\_\_\_\_  
Anthony D. Forcum

STATE OF TEXAS )  
 ) to wit:  
COUNTY OF DALLAS )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public in and for the County of Dallas, City of Irving, State of Texas, on this 12<sup>th</sup> day of June 2001, as witness to Anthony D. Forcum's signature on the above Affidavit.

9-19-03  
My Commission Expires:

*Judith A. Alcorn*  
\_\_\_\_\_  
Notary Public in and for the  
State of Texas

