

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

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In re:  
  
FURR'S SUPERMARKETS, INC.,  
  
Debtor.

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

U.S. BANKRUPTCY COURT  
ALBUQUERQUE, NM

**DEBTOR'S MOTION TO EMPLOY ARTHUR ANDERSEN LLP AS ACCOUNTANTS  
AND TAX ADVISORS FOR THE DEBTOR**

The Debtor and Debtor in Possession, Furr's Supermarkets, Inc. (the "Debtor"), pursuant to 11 U.S.C. § 327(a), requests that the Court approve its employment of Arthur Andersen LLP ("Andersen") to provide accounting and tax advisory services to the Debtor. In support of this Motion (the "Motion"), Debtor states:

1. On February 8, 2001 (the "Petition Date"), the Debtor commenced this bankruptcy case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Bankruptcy Code §§1107(a) and 1108, Debtor has retained possession of its assets, as Debtor-in-Possession, and is continuing to operate its business.

2. Debtor wishes to employ Andersen as accountants and tax advisors for the Debtor to provide the accounting and tax advisory services set forth below. Andersen is well qualified to provide the accounting and tax advisory services to the Debtor in this case. Andersen has provided accounting and tax services to the Company since approximately June 1994. Andersen has represented in its disclosure filed pursuant to Bankruptcy Rules 2014 and 2016 that except for its representation of clients in matters wholly unrelated to the Debtor or this bankruptcy case, to the best of Andersen's knowledge it does not have any interests that are materially adverse to the Debtor.

3. Andersen has not received a retainer in this case.

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4. As of 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 has decided not to proceed with the completion of the FYE 2000 Audit. In connection with the Debtor's decision not to proceed further with the FYE 2000 Audit and in order for Andersen to provide other services to the Debtor in its Chapter 11 case, Andersen has written-off the full amount of the \$65,000.00 initially outstanding as of the Petition Date. Accordingly, Andersen no longer holds a pre-petition claim against the Debtor.

5. In general, the professional services Andersen may render to the Debtor include (but are not limited to):

- (a) Preparing Federal income tax returns for the 2000 and 2001 tax years;
- (b) Preparing state income tax returns for the states of New Mexico and Texas for the 2000 and 2001 tax years;
- (c) Performance of limited-scope audits of the financial statements for the Debtor's 401(k) Plan and Pension Plan for the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Debtor's Chapter 11 case);
- (d) Preparation of summary annual reports for the Debtor's 401(k) Plan, Pension Plan and Group Health Plan the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Debtor's Chapter 11 case);

- (e) Preparation of Forms 5500 (Annual Return/Report of Employee Benefit Plan) for the Debtor's 401(k) Plan, Pension Plan and Group Health Plan for the plan year ended December 31, 2000 (and for any additional plan years completed within the pendency of the Debtor's Chapter 11 case);
- (f) Providing temporary accounting staff to the Debtor as requested; and,
- (g) Providing such other accounting and tax advisory services as the Debtor may request and Andersen may agree to perform.

6. A copy of Andersen's engagement letter with the Debtor, dated May 8, 2001 (the "Engagement Letter"), is attached hereto as Exhibit A and incorporated herein by reference. Andersen seeks a determination that the rates described in the Engagement Letter are reasonable and appropriate and meet with this Court's approval.

7. To the best of Debtor's knowledge, information and belief, employment of Andersen would be in the best interest of the estate, and Andersen has no interest that is, for the matters that are subject of Andersen's employment, adverse to the Debtor, its creditors, or any other party in interest or their respective attorneys, other than any interests set forth in Andersen's statement pursuant to Bankruptcy Rules 2014 and 2016 (the "Andersen Disclosure") filed concurrently with this Motion.

8. The fees, costs and gross receipts tax that Andersen will charge Debtor are set forth in the Engagement Letter.

9. Andersen is familiar with the provisions of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure relating to compensation of professionals and reimbursement of expenses in Chapter 11 cases. Andersen expects to comply with such provisions, as well as with all local rules and orders of the Bankruptcy Court relating to compensation and reimbursement.

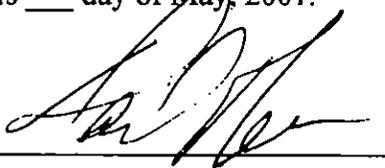
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*Attorneys for the Debtor-in-Possession*

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

United States Trustee  
P.O. Box 608  
Albuquerque, New Mexico 87103

this 24<sup>th</sup> day of May, 2001.



A handwritten signature in black ink, appearing to be 'A. P. M.', is written over a horizontal line.