

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT
ALBUQUERQUE, NM

In re:

FURR'S SUPERMARKETS, INC..

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

Debtor.

**OBJECTION TO PEPPER HAMILTON'S SECOND INTERIM FEE
APPLICATION**

Furr's Supermarkets, Inc., debtor in possession ("Furr's"), objects to the Second Interim Application by Pepper Hamilton LLP, Counsel for the Unsecured Creditors' Committee, for Allowance and Payment of Compensation for Services Rendered for the Period July 1, 2001 Through September 26, 2001 (the "Fee Application") and states:

1. Furr's objects to the Fee Application because it appears there was duplication of services by Pepper Hamilton and the Unsecured Creditors' Committee's (the "Committee's") local counsel. Furr's objects to the extent of the unnecessary duplication.

2. Furr's objects to the Fee Application because it appears that even within Pepper Hamilton, attorneys and legal assistants duplicated work such as attending hearings, attending committee meetings, reviewing court filings, and other matters. Furr's objects to the extent of the unnecessary duplication.

3. Furr's objects to the Fee Application because it appears Pepper Hamilton continued to perform a substantial amount of work after it became apparent that there would be little or no money available for a dividend to unsecured creditors, to the extent such work was unnecessary and/or the amount sought is not reasonable.

4. Furr's objects to the Fee Application because the amount should be reduced

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given the degree of benefit to the estate from the \$740,563.03 charged to the estate for this application and Pepper Hamilton's first fee application.

5. Furr's objects to the fax charges at \$1.00 per page as being excessive and unreasonable.

6. Furr's objects to the copy charges of \$.20 per page as being excessive and unreasonable.

7. Furr's objects to the telephone charges (at rates ranging from \$.92 to \$18.86 per minute) as being excessive and unreasonable.

8. Furr's objects to the Fee Application to the extent it seeks allowance for multiple billing professionals to attend some Committee meetings, to the extent such expenses are unnecessary and unreasonable.

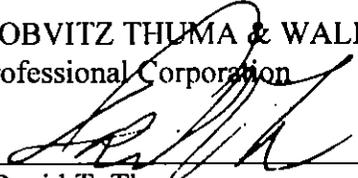
9. Pepper, Hamilton's fees also should be considered in relation to the total fees and expenses charged by the Committee and its professionals in this case. The Debtor is informed and believes that the Committee's professionals, including its investment banker Chanin Capital Partners, LLC, charged the estate about \$2.35 million, or about \$316,000 per month, for services rendered over about a 7 ½ month period through September 26, 2001. This figure consists of about \$740,500 by Pepper Hamilton, about \$200,000 by Davis & Pierce, about \$1,000,000 by Deloitte & Touche, and \$329,00 by Chanin. The Committee itself is seeking reimbursement of \$35,648 in expenses. Furr's objects that this overall amount is too high, and the amount of compensation to be allowed to Pepper Hamilton should be determined in connection with allowance of compensation to the other Committee professionals, so the overall amount is reasonable.

10. Furr's objects to the Fee Application because of the number of partners,

associates, and legal assistants who worked on the Furr's case. Six Pepper Hamilton partners, three associates, three legal assistants, one "document clerk," and one "project assistant" billed time to the Furr's case. The use of fifteen billing professionals is unnecessary and unreasonable in this case, and caused the amount billed to be too high.

WHEREFORE, Furr's prays that the Application be denied to the extent set forth above, and for all other just and proper relief.

JACOBVITZ THUMA & WALKER
A Professional Corporation

By: 
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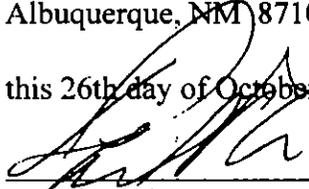
The undersigned hereby certifies that a copy of the foregoing was mailed to:

William F. Davis
P.O. Box 6
Albuquerque, NM 87103

Stuart Hertzberg
Pepper Hamilton, LLP
100 Renaissance Center, Suite 3600
Detroit, MI 48243

United States Trustee
P.O. Box 608
Albuquerque, NM 87103

this 26th day of October, 2001.


David T. Thuma