

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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In re:

BANKRUPTCY COURT
ALBUQUERQUE, N.M.

FURR'S SUPERMARKETS, INC..

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

Debtor.

OBJECTION TO THE PETER J. SOLOMON CO. FEE APPLICATION

Furr's Supermarkets, Inc., debtor in possession ("Furr's"), objects to the First and Final Application of Peter J. Solomon Company Limited For Compensation and Reimbursement of Expenses, filed November 5, 2001 and docketed as number 1303 (the "Fee Application") and states:

1. Furr's objects to the Fee Application to the extent it seeks allowance of \$104,980 of expenses. The expenses appear excessive and unreasonable. Little or no detail is given about most of the expenses. About half of the expenses are for attorney fees, which is unreasonable.

2. Solomon professionals spent 1816 hours on the Furr's transaction, for which Solomon is seeking \$1,885,452.96 in fees, or approximately \$1,000 per hour. This amount appears to be excessive. Of the 1816 hours spent by Solomon professionals, approximately 400 was spent by professionals who graduated from college (undergraduate) in 1999 or 2000.

3. The amount of compensation Solomon seeks is not reasonable in comparison to the work done by Solomon or the value the estate received for such work. The Court

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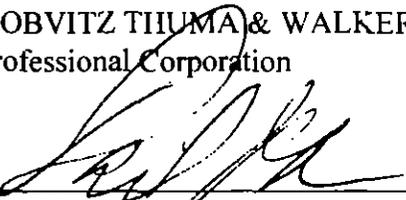
should review the compensation agreement between the Debtor and Solomon under 11 U.S.C. §328(a), and the arrangement appears improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions. When Solomon was retained, it appeared that an investment banker was needed to assist in the possible sale of the Debtor's assets. As it turned out, the only serious buyer for the assets was Fleming Companies, Inc., and Solomon's assistance in procuring Fleming as a buyer was unnecessary. The key negotiations with Fleming were conducted by Messrs. Golleher and Mays, not Solomon. Solomon brought little of independent value to the table. The Debtor does not object to compensating Solomon at some reasonable level for the hours worked, but believes that the value given to the estate by Solomon was substantially less than \$1,990,000.

4. Without limiting the generality of the foregoing, the Court should review in particular whether it is reasonable to pay Solomon nearly \$450,000 for the capital leases assumed in connection with the Fleming transaction. As it turned out, the Debtor's estate probably will be administratively insolvent, and therefore will have received no benefit from the assumption of the capital leases. Despite the lack of benefit, Solomon now seeks a large fee for the assignment of the capital leases. When Solomon was retained the Debtor could not reasonably have foreseen that no benefit would result from the assumption of the capital leases.

WHEREFORE, Furr's prays that the Fee and Expense 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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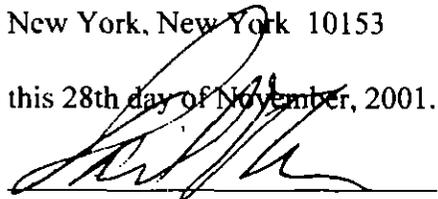
Counsel for Furr's Supermarkets, Inc.

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

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

Brian E. Greer
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153

this 28th day of November, 2001.


David T. Thuma