

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In Re:

FURR'S SUPERMARKETS, INC.

Chapter 11
Case No. 01-10779-SA

Debtor.

**ORDER APPROVING THE APPLICATION OF CHAIRPERSON OF THE OFFICIAL
UNSECURED CREDITORS' COMMITTEE FOR ORDER PURSUANT TO 11 U.S.C.
§327(a) AUTHORIZING THE RETENTION AND EMPLOYMENT OF PEPPER
HAMILTON LLP AS COUNSEL TO THE COMMITTEE**

Upon consideration of the Application of the Official Unsecured Creditors' Committee (the "Committee") of the Debtor for an Order pursuant to 11 U.S.C. §327(a) Authorizing the Retention and Employment of Pepper Hamilton LLP (the "Firm") as Counsel for the Committee, filed herein on February 20, 2001, Notice thereof having been mailed on February 26, 2001, to the official court mailing list, with objections due no later than March 21, 2001, no objections thereto having been filed and the United States Trustee having timely filed her comment thereto, and it appearing from the Affidavit and Supplemental Affidavit of Stuart E. Hertzberg, a member of the Firm, that the Firm is a disinterested person within the meaning of 11 U.S.C. §101(14), and is otherwise in compliance with Rule 2014 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"), subject to the provisions requested by the United States Trustee as set forth below; and it further appearing that good and sufficient cause exists to grant the relief sought therein,

IT IS HEREBY ORDERED that:

1. The Committee be and is hereby authorized to employ Pepper Hamilton LLP to represent it in this case, said employment to be effective as of February 14, 2001;

2. Davis & Pierce, PC, local counsel to the Committee, will analyze and determine substantive issues, including but not limited to the validity, extent and enforceability of the secured claims held by the secured creditors represented by Pepper Hamilton (the “Pepper Clients”), Bank of America and Fleet Capital Corporation, and take any action(s) necessary in connection therewith;

3. Davis & Pierce, PC, will perform all substantive work necessary with regard to PricewaterhouseCoopers (“PwC”), accountants for the Debtor, including, but not limited to, the analysis of any Fee Applications submitted by PwC;

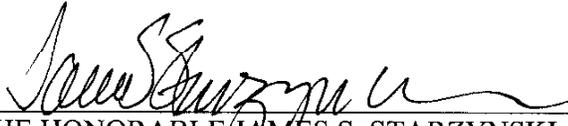
4. Pepper Hamilton will create and abide by an “ethical wall” with the resultant effect that any professionals at Pepper Hamilton handling matters for the Pepper Clients and/or PwC will not participate in matters pertaining to, or otherwise have any access to files and records relating to Furr’s Supermarkets, Inc., and, conversely, the bankruptcy attorneys at Pepper Hamilton working on the Furr’s Supermarkets, Inc., case will not participate in matters pertaining to, or otherwise have any access to files and records relating to the Pepper Clients and/or PwC with the exception of Pepper Hamilton bankruptcy attorney P. Casey Coston (who has been assigned to review all pleadings and other mail received by Pepper Hamilton in connection with the case and to route same);

5. Any request for the payment of professional fees by Pepper Hamilton will be subject to and in accordance with the applicable provisions of the Bankruptcy Code and Rules and the procedures adopted by the Court in this case. Interim fee applications shall be submitted approximately every 120 days; and

6. Pepper Hamilton shall submit monthly invoices to the Debtor, with a copy to the United States Trustee, and the Debtor shall pay to Pepper Hamilton 75% of attorney fees billed

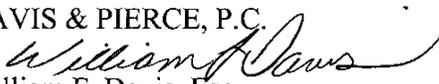
and taxes thereon, and 100% of costs and expenses as they are involved, said payments to be subject to the Court's allowance under 11 U.S.C. §§330 and 331 and subject to disgorgement in the event of disallowance.

As set out in Exhibit "B" attached to the Application, Pepper Hamilton charge the following rates: between \$285.00 and \$450.00 per hour for Partners, between \$170.00 and \$190.00 per hour for Associates, and between \$75.00 between \$120.00 per hour for paralegal time, plus costs, expenses and applicable taxes. The primary attorneys working on this matter are Stuart Hertzberg who charges \$450.00 per hour, and I. William Cohen who charges \$425.00 per hour. This matter is being handled primarily out of the Pepper Hamilton's Detroit Office. If matters arise which should be handled through Pepper Hamilton's offices out of Philadelphia or Wilmington, the rates are as follows: between \$250.00 and \$385.00 per hour for Partners, between \$175.00 and \$205.00 per hour for Associates, and between \$60.00 between \$115.00 per hour for paralegal time (Philadelphia); and between \$310.00 and \$385.00 per hour for Partners, \$200.00 per hour for Associates, and between \$90.00 between \$125.00 per hour for paralegal time (Wilmington).


THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

Approved and Submitted by:

DAVIS & PIERCE, P.C.


William F. Davis, Esq.

Local Counsel for the Official
Unsecured Creditors' Committee
PO Box 6
Albuquerque, NM 87103
(505) 243-6129

I hereby certify that a true and correct copy of the foregoing was either electronically transmitted, faxed, delivered or mailed to the listed counsel and parties on:

APR 17 2001

--and--

Mary B. Anderson

PEPPER HAMILTON, LLP
Stuart E. Hertzberg (P14911)
I. William Cohen (P12016)
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(313) 259-7110

Approved:

OFFICE OF THE UNITED STATES TRUSTEE

Telephonically approved 4-09-01- (IWC)
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