

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,
a Delaware corporation,

Case No. 11-01-10779 SA
Chapter 11

Debtor.

**ORDER RESULTING FROM PRELIMINARY HEARING ON
SKADDEN'S AND PWC'S RETENTION APPLICATIONS**

On Friday, April 6, 2001, at 10:00 a.m., a preliminary hearing was held on the following: (a) Application for Order Authorizing Retention of Skadden, Arps, Slate, Meagher & Flom LLP and Affiliated Law Practice Entities as General Bankruptcy Counsel (the "Skadden Retention Application"), and the objections thereto filed by the United States Trustee ("UST") and Official Committee of Unsecured Creditors (the "Committee"); (b); Application for Order Under 11 U.S.C. 327(a) and Fed. R. Bankr. P. 2014 Authorizing the Employment of PriceWaterhouseCoopers L.L.P. as the Debtor's Financial Consultants (the "PwC Retention Application"), and the objections thereto filed by the UST; and (c) the Motion for Order Authorizing Payment of Interim Compensation and Reimbursement of Expenses of Debtor's Professionals, filed February 20, 2001 ("Interim Payment Motion"). No objections to the Interim Payment Motion were filed. Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden"), PriceWaterhouseCoopers L.L.P. ("PwC"), the UST and the Committee appeared at the preliminary hearing in person or by telephone through counsel, as noted on the record.

The UST and/or Committee sometimes are referred to below as the “Objectors” or “Objector.” The Skadden Retention Application and PwC Retention Application sometimes are referred to below as the “Retention Applications.”

The Committee did not file an objection to the PwC Retention Application. By its approval of this order, the Committee states that it intends to file a motion requesting leave to file a late objection to the PwC Retention Application. PwC and the Debtor reserve the right to object to any such motion that may be filed.

The Court, having reviewed the record and heard and considered argument of counsel, and being sufficiently advised, hereby

ORDERS:

1. A final hearing on the Retention Applications is set for Friday, April 20, 2001 at 10:00 a.m.
2. On or before April 16, 2001: (a) the UST and Committee will file a supplemental objection to the Skadden Retention Application, and serve a copy on counsel for Skadden by facsimile; and (b) the UST will file a supplemental objection to the PwC Retention Application, and serve a copy on counsel for PwC and counsel for the Debtor by facsimile. Such supplemental objections will identify specifically the grounds for the objections filed previously that the Objector intends to pursue at the final hearing (for example, if a disqualifying conflict is claimed based on a professional’s representation of a client in unrelated matters, the supplemental objection should identify the client in question and set forth a statement of why the Objector contends it constitutes a disqualifying conflict). The supplemental objections shall include a brief, list of points and authorities,

or other indications of the legal arguments that the Objector intends to advance in support of the objections.

3. On or before April 16, 2001, the UST and Committee will serve by facsimile on counsel for Skadden, and on counsel for PwC with respect to supplemental objections to the PwC Retention Application, copies of any evidence that the UST or Committee will or may present at the final hearing on the Retention Applications, other than rebuttal evidence that cannot reasonably be anticipated in advance of the hearing; provided that the UST may transmit the relevant portions of documents to counsel for Skadden and counsel for PwC by facsimile on April 16, 2001 so long as a complete copy of the documents follow by overnight mail for morning delivery on April 17, 2001.

4. On or before April 19, 2001, Skadden and PwC will serve on counsel for the Objector(s) by facsimile: (a) a written response to the supplemental objection directed to its respective Retention Application, and (b) copies of any evidence that Skadden or PwC will or may present at the final hearing on the Retention Applications, other than rebuttal evidence that cannot reasonably be anticipated in advance of the hearing. The responses shall include a brief, list of points and authorities, or other indications of the legal arguments that the responder intends to advance the Retention Applications.

5. In lieu of serving any of the papers to be served by facsimile, a party may serve such papers by overnight mail or by hand-delivery, so long as the papers are received by the party on whom they are served on or before the last day for serving the papers by facsimile.

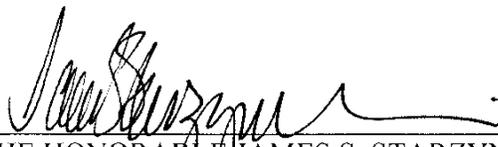
6. Any party may present direct testimony ^{which declaration may be admitted either by stipulation or by the declarant affirming its accuracy under oath,} ~~only~~ by declaration, but the declarant must be present at the final hearing and available for cross-examination. The

declarations shall be served on the other parties as provided above for service of evidence prior to the final hearing.

7. Copies of any motions, applications, orders or other papers filed of record in any bankruptcy case filed before any United States District Court or United States Bankruptcy Court, that are not certified copies, shall be admissible to the same extent as certified copies of such papers, if counsel for the party seeking to put the papers in evidence states on the record at the final hearing that such counsel is informed and believes that the papers are true copies of the papers filed with the clerk of the bankruptcy court in such bankruptcy case.

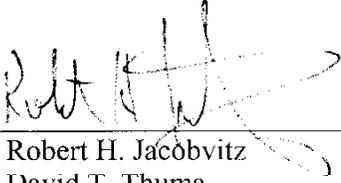
8. Under the circumstances, the Court does not intend to raise or hear any objections not properly raised by the UST or Committee in accordance with this Order.

9. Richard Levin shall not be disqualified from representing the Debtor or Skadden at the final hearing based on his being a witness in the contested matter arising from the Skadden Retention Application and objections thereto.


THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

Submitted by:

JACOBVITZ, THUMA & WALKER,
a Professional Corporation

By: 

Robert H. Jacobvitz
David T. Thuma
500 Marquette N.W., Suite 650
Albuquerque, N.M. 87102
(505) 766-9272
(505) 722-9287 (fax)
Attorneys for the Debtor
and Debtor in Possession

APPROVED:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

By: Approved by telephone 4-13-01 
Richard Levin (CA State Bar No. 66578)
Stephen J. Lubben (CA State Bar No. 190338)
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000
Attorneys for the Debtor
and Debtor in Possession

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

DAVIS & PIERCE, P.C.

Mary B. Anderson

By: By: Approved by telephone 4-13-01 
William F. Davis
P.O. Box 6
Albuquerque, New Mexico 87103-0003
(505) 243-6129
(505) 247-3185 (fax)
Attorneys for the Official Committee of
Unsecured Creditors of Furr's Supermarkets, Inc.

BRENDA MOODY WHINERY
United States Trustee

By: By: Approved by telephone 4-13-01 R H
Ronald E. Andazola
Leonard Martinez Metzgar
P.O. Box 608
Albuquerque, New Mexico 87103
(505) 248-6544

HAYNES AND BOONE, L.L.P.

By: By: Approved by telephone 4-13-01 R H
Charles A. Beckham Jr.
Trey Monsour
1000 Louisiana Street, Suite 4300
Houston, Texas 77002-5012
(713)-547-2000
(713) 547-2600 (fax)
Attorneys for PriceWaterhouseCoopers LLP