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U.S. BANKRUPTCY COURT  
ALBUQUERQUE, N.M.

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re  
FURR'S SUPERMARKETS, INC.,

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

Debtor.

**SUPPLEMENTAL DECLARATION OF RICHARD LEVIN IN SUPPORT  
OF APPLICATION FOR ORDER APPROVING RETENTION OF  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
AND AFFILIATED LAW PRACTICE ENTITIES AS  
ATTORNEYS FOR DEBTOR-IN-POSSESSION**

I, Richard Levin, declare that:

1. I am a member of Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Los Angeles, California 90071. I am an attorney in good standing to practice in the State of California. I submit this Declaration to supplement the disclosures made in my Declaration (the "Initial Declaration"), dated February 7, 2001, in support of the Application, dated February 7, 2001, of Furr's Supermarkets, Inc., debtor and debtor-in-possession in the above-captioned case (the "Debtor"), for an order under section 327 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 2014, approving the Debtor's employment of

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Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practice entities (collectively, "Skadden, Arps") as its attorneys.

2. Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto. Certain of the disclosures herein relate to matters within the knowledge of other attorneys at Skadden, Arps and are based on information provided by them.

3. As discussed in the Initial Declaration, a "disinterestedness questionnaire" has been circulated to the more than 1,600 legal professionals in the firm. To date all but a handful of attorneys, all on extended leaves of absence, have responded to the questionnaire. This Declaration reports certain additional information gleaned from the responses to the questionnaire.

4. In addition, conflicts checks were conducted on the members of the Unsecured Creditors Committee, certain parties that have filed notices of appearance in the case, and other key parties in this case. This Declaration reports Skadden, Arps' connections with these parties.

5. I will supplement this disclosure further if any additional material information is discovered.

6. Major Creditors and Parties-in-Interest. Skadden, Arps represents or has represented the following known creditors or their affiliates on matters unrelated to the Debtor: Campbell Soup Company; Coca-Cola Enterprises;

The Earthgrains Company; Finova Capital Corporation; Pepsi Cola Co.; Frito Lay, Inc.; Kimberly Clark Corp.; Mars Incorporated; McDonnell Douglas Finance; Nabisco Holdings Corp.; Pharmacia Corporation; The Pillsbury Company; Sara Lee Corporation; Vlastic Foods International, Inc.; and Waste Management of New Mexico. Skadden, Arps also represents certain affiliates of Mission Foods, Inc., which may be related to creditor Mission Foods Tempe.

7. Metropolitan Life Insurance Company: Helene L. Kaplan, Of Counsel in the firm's New York office, is a director of Metropolitan Life Insurance Company ("MetLife").

8. Joe G. Maloof & Co. Skadden, Arps represents or has represented certain members of the Maloof family. To the best of my knowledge and belief, the firm has never represented Joe G. Maloof & Co., a creditor in the present case.

9. Professionals. Skadden, Arps represents, or has represented, certain of the professionals involved in this case, including Deloitte & Touche, LLP, financial advisors to the Creditors' Committee, and Latham & Watkins, counsel to the Debtor's secured lenders, on matters unrelated to the Debtor.

10. Former Clients: Several attorneys at the firm represented certain of the Debtor's known creditors or their affiliates while employed by other

law firms. To the best of my knowledge and belief, none of these attorneys worked on matters related to the Debtor while with their former employers.

11. Former Employees: At least two attorneys at the firm were previously employees of PricewaterhouseCoopers. To the best of my knowledge and belief, none of these attorneys worked on matters related to the Debtor while with their former employers.

12. Family Relationships. The father of an associate in Skadden, Arps' New York office and the father of an associate in the firm's Washington, D.C. office are directors of MetLife. Several other attorneys are related to employees, officers or directors of certain parties-in-interest.

13. Equity Holdings. Several attorneys hold relatively modest amounts of common stock in Bank of America Corporation, Coca-Cola Co.; Pepsi Cola Co.; Philip Morris, and Proctor & Gamble.

14. According to recent press reports, Skadden, Arps is the second largest firm in the United States when measured by number of attorneys, and the largest firm when measured by annual gross revenues. Nevertheless, Skadden, Arps has an extremely diverse client base. As noted in the Initial Declaration, for the twelve-month period ended December 31, 2000, no single client of the firm represented more than 2.6% of the value of the time charged to client matters.

**Skadden, Arps' Relationship with Secured Creditors**

15. As noted in the Initial Declaration, Skadden, Arps represents or has represented several of the Debtor's secured creditors or their affiliates on matters unrelated to the Debtor. These clients represent a small part of the firm's overall business. The following chart illustrates this point:

<i>Client Name</i>	<i>Percentage of Firm's Total Billed Fees in 2000</i>
Bank of America, N.A.	0.06%
Bank of America Corp.	0.03%
MetLife	2.53%
Heller Financial, Inc.	0.08%
Fleet Financial Group	0.01%

16. MetLife is the only client in the foregoing table that represents any appreciable portion of the firm's business. Skadden, Arps acts as MetLife's national coordinating and trial counsel in connection with thousands of asbestos-related cases across the country. In addition, Skadden, Arps occasionally represents MetLife in various other corporate and litigation related matters. To the best of my knowledge and belief, Skadden, Arps has never represented MetLife in matters concerning the Debtor.

**Skadden, Arps Relationships with the Debtor's Shareholders**

17. The Debtor's equity is held by Windward Capital Associates, L.P. and various affiliated entities, MetLife, Credit Suisse First Boston and affiliates, the Weyerhauser Company Master Retirement Trust, and various managers and directors. As noted in the Initial Declaration, Skadden, Arps represents or has represented Credit Suisse First Boston ("CSFB"), Windward Capital Partners LLC ("Windward"), and MetLife, or their affiliates, on matters unrelated to the Debtor. Windward represented 0.07% and CSFB represented 2.15% of Skadden, Arps' total billed fees in 2000.

18. Skadden, Arps represented the Windward entities when they acquired the Debtor in 1995. At the time, Windward was an equity acquisition vehicle that was funded by MetLife, CSFB, Northwestern Mutual Life, and the Weyerhauser pension fund. After the acquisition, Skadden, Arps ceased representing Windward on matters related to the Debtor and began representing the Debtor. Skadden, Arps continues to represent Windward and its affiliated funds on matters unrelated to the Debtor.

**Skadden, Arps' Relationship with Parties in Interest**

19. The following table sets forth all creditors of the Debtor and other parties in interest that Skadden, Arps in the past has represented, or presently represents, on matters wholly unrelated to the Debtor, the Debtor's Chapter 11 case,

or those entities' claims against or relationship to the Debtor. The amount of the party's claim against the Debtor, the relative size of that claim in relation to the estate, and a general description of the nature of Skadden, Arps' representation of that party, consistent with Skadden, Arps' ethical duties to all of its clients, are also indicated on the table.

<i>Client</i>	<i>Pre-Petition Claim</i>	<i>Claim as a percentage of Total Claims<sup>2</sup></i>	<i>Nature of Skadden, Arps' Principal Work for Client</i>
Bank of America	\$17,733,337.48	8.887%	Tax matters & corporate transactions
C'SFB	\$8,625,772.00	4.313%	Corporate transactions
Windward	\$5,474,145.00	2.737%	Corporate transactions
Fleet Financial Group	\$14,218,670.00	7.109%	Corporate transactions
Heller Financial, Inc.	\$17,773,337.48	8.887%	Tax matters, litigation & corporate transactions
MetLife	\$70,276,246.00	35.138%	Litigation
Campbell Soup Company	\$84,776.00	0.042%	Corporate transactions
Coca-Cola Enterprises	\$1,249,576.33	0.625%	Political law advice
The Earthgrains Company	\$873,879.63	0.437%	Corporate transactions
Finova Capital Corporation	\$4,617,303.50	2.309%	Tax matters & corporate transactions
Frito Lay, Inc.	\$1,578,608.77	0.789%	Litigation
Kimberly Clark Corp.	\$160,742.43	0.080%	Corporate transactions
Mars Incorporated	\$75,187.39	0.038%	Bankruptcy Matters
McDonnell Douglas Finance	\$8,490,349.61	4.245%	Litigation & corporate transactions
Nabisco Holdings Corp.	\$457,392.99	0.229%	Corporate transactions
Pepsi Cola Co.	\$485,721.28	0.243%	Litigation & corporate transactions

<i>Client<sup>1</sup></i>	<i>Pre-Petition Claim</i>	<i>Claim as a percentage of Total Claims<sup>2</sup></i>	<i>Nature of Skadden, Arps' Principal Work for Client</i>
Pharmacia Corporation	\$12,760.16	0.006%	Litigation & corporate transactions
The Pillsbury Company	\$552,821.29	0.276%	Tax matters
Sara Lee Corporation	\$28,191.97	0.014%	Litigation & corporate transactions
Vlasic Foods International, Inc.	\$28,118.00	0.014%	Bankruptcy Matters
Waste Management of New Mexico	\$5,398.55	0.003%	Corporate transactions
Mission Foods	\$646,053.47	0.323%	Corporate transactions
PricewaterhouseCoopers	N/A	N/A	Litigation
Deloitte & Touche, LLP	N/A	N/A	Litigation
Latham & Watkins	N/A	N/A	Litigation

Notes:

- 1 In some cases Skadden, Arps may represent an affiliate of the creditor or party in interest listed.
- 2 Total pre-petition secured, unsecured, and subordinated claims are estimated at \$200 million for purposes of this calculation.

**Pre-Petition Payments from the Debtor**

20. In the year prior to the petition date, Skadden, Arps submitted two invoices to the Debtor and received payment in full of each invoice. The following table sets forth these invoices and payments:

<i>Invoice Date</i>	<i>Invoice Amount</i>	<i>Payment Date</i>	<i>Payment Amount</i>
July 19, 2000	\$109,512	September 1, 2000	\$109,512
December 29, 2000	\$230,000	January 9, 2001 February 2, 2001	\$100,000 \$130,000

21. As the Debtor's financial problems became more apparent in late January and early February, the Debtor asked Skadden, Arps to represent it in preparing for a Chapter 11 filing. Skadden, Arps requested a retainer of \$120,000 for this engagement.

22. At about the same time, Skadden, Arps determined that certain time and other charges from the Debtor's December 2000 refinancing had not been posted to the billing system before the December invoice was sent. Skadden, Arps advised the Debtor that it would write-off the late-posted time. Skadden, Arps then accepted payment of both the remainder of the December invoice and the Chapter 11 preparation retainer in a single wire transfer of \$250,000, which was sent on February 2, 2001.

23. As explained in the Initial Declaration, Skadden, Arps will first apply the retainer to any outstanding fees, charges and disbursements incurred in connection with the preparation and filing of this Chapter 11 case, and the remainder of the retainer, if any, will be refunded to the Debtor to the extent it exceeds any fees, charges, and disbursements, allowed by the Court, that remain unpaid at the end of the case.

24. Based upon current estimates prepared by the Skadden, Arps accounting department, outstanding charges associated with the preparation of this case greatly exceed the amount of the retainer, and thus Skadden, Arps will not hold any post-petition retainer. Skadden, Arps will waive any outstanding pre-petition fees, charges, and disbursements that exceed \$120,000.

25. Based on the foregoing, I believe that Skadden, Arps and the attorneys

in the firm are "disinterested persons," as that term is defined at Bankruptcy Code § 101(14), and do not hold or represent an interest adverse to the Debtor's estate.

**Skadden, Arps' Billing Rates**

26. I believe that the Skadden, Arps' hourly rates are comparable to those of other comparable law firms. Accordingly, the table attached as Appendix A to this declaration sets forth the rates of several other comparable law firms, as reported in these firms' recent retention or fee applications. For comparison purposes, Skadden, Arps' proposed rates are set forth on the first line of the table.

27. As the table demonstrates, Skadden, Arps' hourly rates are within the range of rates of comparable law firms. Moreover, these hourly rates are the same rates that courts have approved for Skadden, Arps in many recent Chapter 11 cases, including the *In re The Singer Company, N.V.*, Case No. 99-B-10578 (BRL), case in the Southern District of New York (final application approved); the *In re USN Communications, Inc.*, Case No. 99-00383 (PJW), case in the District of Delaware (final application approved); and the *In re Service Merchandise Company, Inc.*, Case No. 399-012649, case in the Middle District of Tennessee (case pending, five interim applications approved over two years).

28. Based upon my conversations with both counsel for the Office of the United States Trustee and counsel for the Unsecured Creditors' Committee, it seems that some of the objections to Skadden, Arps' hourly rates may stem from confusion regarding the firm's "bundled rate" billing structure, which I described in my Initial Declaration. The

following paragraphs further explain this rate structure.

29. The bundled rate structure is used in both bankruptcy and non-bankruptcy matters. All of the firm's clients are free to choose between a traditional rate structure, under which the firm bills for various items on an "as used" basis, and the bundled rate structure.

30. Hourly rates under the bundled rate structure are approximately seven percent higher than the hourly charges under the firm's traditional rate structure, but under the bundled rate structure Skadden, Arps does not bill separately for any of the following charges: outgoing faxes, overtime meals, transportation allowance (for late work), secretarial overtime, word processing or secretarial word processing services, proofreading, and record clerks and other miscellaneous support, such as file clerks. In addition, the firm's charge for internal photocopying and other reproduction is reduced from \$.15 per page to \$.10 per page.

31. Many, if not most, of the firms listed on the following table, however, bill under a traditional rate structure. I believe that any comparison of Skadden, Arps' rates with the rates of other firms should take into account the total cost to the estate, and, specifically, the disbursement charges that may be associated with each firm's engagement on a particular matter.

32. Based on the foregoing, I believe that the rates set forth in the Initial Declaration are the same as the rates charged by Skadden, Arps in other chapter 11 cases

and for non-bankruptcy matters. I also believe that these rates are comparable to those charged by other comparable firms.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 23th day of March, 2001, in Los Angeles, California.

 (By S.J.L. with permission)  
Richard Levin

Appendix A

<i>Firm</i>	<i>Billing Rates</i>	<i>Debtor &amp; Case No.</i>	<i>Jurisdiction</i>	<i>Document Title</i>	<i>Document Date</i>
Skadden, Arps	\$415-\$670 (counsel & partners) \$230-\$405 (associates) \$80-\$160 (paraprofessionals)	Randall's Island Family Golf Centers, Inc. 00-B-41065 (SMB)	Bankr. S.D.N.Y.	First Application for Pursuant to Sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016 and Local Bankruptcy Rule 2016-1 of Fried, Frank, Harris, Shriver & Jacobson, Attorneys for Debtors and Debtors-In-Possession, for Interim Approval and Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred and Posted from May 4, 2000 through August 31, 2000	September 20, 2000
Fried, Frank, Harris, Shriver & Jacobson	\$420-\$800 (counsel & partners) \$245-\$345 (associates) \$80-\$135 (paraprofessionals)	Converse, Inc. 01-223 (SLR)	D. Del.	First Monthly Application of Willkie, Farr & Gallagher as Attorneys for Debtor and Debtor in Possession for Interim Allowance of Compensation for Services Rendered and Reimbursement For Expenses Incurred from January 22, 2001 Through January 31, 2001	March 13, 2001
Willkie, Farr & Gallagher	\$495-\$690 (partners) \$265-\$450 (associates) \$100 (legal assistants)	Bugle Boy Industries, Inc. SV 01-10834-GM	Bankr. C.D. Cal.	Application for Order Authorizing the Employment and Retention of Milbank, Tweed, Hadley & McCloy LLP as Counsel for Debtor and Debtor in Possession	February 21, 2001
Milbank, Tweed, Hadley & McCloy	\$450-\$675 (partners) \$250-\$420 (associates) \$150-\$200 (legal assistants)	Bradlees Stores, Inc 00-B-16035 (BRL)	Bankr. S.D.N.Y.	Affidavit and Disclosure Statement of Adam C. Rogoff, Esq. On Behalf of Weil, Gotshal & Manges Pursuant to Section 328(a), 329, and 504 of the Bankruptcy Code and Rules 2014(a) and 2016(b) of the Federal Rules of Bankruptcy Procedure	December 26, 2000
Weil, Gotshal & Manges	\$375-\$675 (counsel & members) \$165-\$440 (associates) \$50-\$245 (paraprofessionals)	Owens Corning 00-3837 (MFW)	Bankr. D. Del.	Application for Order Approving the Retention of Davis Polk & Wardwell as Counsel for the Official Committee of Unsecured Creditors. <i>Nunc Pro Tunc</i> to October 25, 2000	November 16, 2000
Davis Polk & Wardwell	\$450-\$650 (counsel & partners) \$175-\$440 (associates) \$90-\$170 (legal assistants)	Armstrong World Industries, Inc. 00-4417 (JJF)	D. Del.	Application for Order Approving the Retention of Paul, Weiss, Rifkind, Wharton & Garrison as Counsel to Official Committee of Unsecured Creditors	January 19, 2001
Paul, Weiss, Rifkind, Wharton & Garrison	\$475-\$650 (counsel & members) \$250-\$450 (associates) \$75-\$165 (paraprofessionals)	Confinancial Corporation, Inc. 00-B-12184 (AUC)	Bankr. S.D.N.Y.	Dewey Ballantine LLP's Statement of Fees and Expenses for Services Rendered and Disbursements Incurred as Counsel to Confinancial Corporation and Affiliates for the Period Beginning November 1, 2000 and Ending November 30, 2000	December 22, 2000
Dewey Ballantine LLP	\$475-\$650 (counsel & partners) \$225-\$450 (associates) \$130-\$140 (paraprofessionals)				