FILED
01 FEB -8 AM 9:42
U.S. BANKRUPTCY COURT
ALBUQUERQUE N.M.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re	:	11-01-10779-[redacted]
FURR'S SUPERMARKETS, INC.,	:	Chapter 11
Debtor.	:	

APPLICATION FOR ORDER UNDER 11 U.S.C. 327(a) AND FED. R. BANKR. P. 2014 AUTHORIZING THE EMPLOYMENT OF PRICEWATERHOUSECOOPERS LLP, AS THE DEBTOR'S FINANCIAL CONSULTANTS

Furr's Supermarkets, Inc., debtor and debtor-in-possession ("Debtor"), hereby moves this Court for an Order under section 327 of the Bankruptcy Code and Bankruptcy Rule 2014 authorizing the employment of PricewaterhouseCoopers LLP (the "Application") as the Debtor's accountants and financial consultants ("Financial Consultants"). In support of this Application, the Debtor represents as follows:

BACKGROUND

1. On February 8, 2001 (the "Petition Date"), the Debtor filed a voluntary petition in this Court for reorganization relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code"). The Debtor continues to operate its businesses and manage its property as a debtor-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

2. No creditors' committee, trustee or examiner has been appointed in the Debtor's Chapter 11 case.

3. The Debtor is a leading regional supermarket chain, with operations in New Mexico and Western Texas. The Debtor has a leading market share in this region. The Debtor employs some 4,900 individuals, and operates seventy-one stores.

4. The Debtor's stores offer a broad selection of grocery, meat, poultry, seafood, dairy, fresh fruits, vegetables and frozen food products. The stores also offer an extended line of non-food products, health and beauty care products, housewares, general merchandise and, in many instances, in-store pharmacies.

JURISDICTION AND VENUE

5. The Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334 and this matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

6. The Debtor desires to employ and retain PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") as Financial Consultants at PricewaterhouseCoopers' customary hourly rates under Bankruptcy Code section 327(a) and Bankruptcy Rule 2014.

PRICEWATERHOUSECOOPERS' SEVICES

7. Loretta Cross will be the PricewaterhouseCoopers partner principally responsible for this engagement. A copy of her biographical profile and the firm's resume is attached as Exhibit A to the Declaration of Loretta Cross ("Cross Declaration"), submitted herewith.

8. The Debtor respectfully submits that it will be necessary to employ and retain financial advisors under 11 U.S.C. § 327 to perform the following services, among others:

a. Assisting in negotiations and attending meetings with bank lenders and any creditors' committees or their related professionals;

b. Assisting in the preparation or review of business plans, liquidation analysis and other necessary and desirable special projects or reports;

c. Assisting in the development, negotiation, and promulgation of a plan of reorganization;

d. Assisting in the preparation of documents necessary for confirmation of the Debtor's plan, including financial information contained in the disclosure statement;

e. Providing litigation consulting services and expert witness testimony if requested by the Debtor; and

f. Performing other functions as requested by the Debtor and its counsel to aid the Debtor in its business reorganization, including, but not limited to, preparation of schedules of assets and liabilities, statements of financial affairs, analysis of preferences and fraudulent transfers, assistance in claims reconciliation and estimation, and assistance related to the Debtor's compliance with SOP 90-7 "Accounting for Companies in Reorganization."

9. The Debtor believes that PricewaterhouseCoopers' knowledge of the background of this case and extensive experience and knowledge in the field of financial consulting, particularly in the context of complex chapter 11 reorganizations, makes PricewaterhouseCoopers well qualified to provide financial consulting services in connection with this case.

10. Upon information and belief, the partners, managers, associates and analysts of PricewaterhouseCoopers do not have any connection with the Debtor, its creditors or any other party in interest, or its respective attorneys. However, PricewaterhouseCoopers is a very large accounting firm and may have represented certain of the Debtor's creditors or equity holders in matters unrelated to this case. The Debtor is satisfied that PricewaterhouseCoopers provides services to no adverse interest to the Debtor that would preclude it from acting as Financial Consultants to the Debtor in matters for which it is engaged, and that PricewaterhouseCoopers' employment will be in the best interest of the estate.

CONNECTIONS WITH PARTIES IN INTEREST ON NON-DEBTOR-RELATED MATTERS

11. The Cross Declaration contains information, to the extent available on the Petition Date, on PricewaterhouseCoopers' connection with other parties in interest. Based on a review of the preliminary information contained in the Cross Declaration, the Debtor submits that PricewaterhouseCoopers and its partners, managers, associates and analysts are "disinterested persons," as that term is defined at Bankruptcy Code § 101(14), and do not hold or represent any interest adverse to the Debtor's estate or the Debtor.

PROFESSIONAL COMPENSATION

12. PricewaterhouseCoopers intends to apply to the Court for compensation and reimbursement of expenses in accordance with section 330(a) of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and Orders of this Court. PricewaterhouseCoopers acknowledges that all compensation will be subject to this Court's review and approval, after notice and a hearing.

13. The current hourly time charges for PricewaterhouseCoopers professionals are set forth in the Cross Declaration. The Debtor believes that these rates and charges are reasonable and appropriate in this case.

14. The Debtor believes that PricewaterhouseCoopers' employment is in the best interest of the estate and necessary for the Debtor to function in this case and should therefore be approved.

DISPUTE RESOLUTION

15. As set forth in the Cross Declaration, PricewaterhouseCoopers and the Debtor have agreed to bring any controversy or claim with respect to PricewaterhouseCoopers' employment exclusively in this Bankruptcy Court (or in the District Court for the District of New Mexico if such District Court withdraws the reference) and that they will waive trial by jury. If the Bankruptcy Court (or the District Court if the reference is withdrawn) does not have or retain jurisdiction over the foregoing claims and controversies, the Debtor and PricewaterhouseCoopers have agreed to submit to non-binding mediation, and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in Exhibit C to the Cross Declaration.

NOTICE

16. Because no trustee, examiner, or official committee has been appointed in this case, notice of this Application has been given to the United States Trustee, to the Debtor's 20 largest unsecured creditors and to counsel to the Debtor's pre-and post-petition lenders. The Debtor submits that this notice is adequate and requests that the Court dispense with the requirements of any further notice.

WHEREFORE, the Debtor respectfully requests that the Court enter an order under Bankruptcy Code section 327 and Bankruptcy Rule 2014: (i) approving this Application in all respects: (ii) approving the Debtor's employment of PricewaterhouseCoopers as its financial advisors to perform the services set forth above: and (iii) granting such further relief as is just and proper.

Dated: Albuquerque, New Mexico
February 7, 2001

FURR'S SUPERMARKETS, INC.

By: Steven L. Mortensen

Senior Vice President & Chief Financial Officer

SUBMITTED BY:

JACOBVITZ THUMA & WALKER
A Professional Corporation

By: _____
Robert H. Jacobvitz
500 Marquette N.W., Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272
(505) 766-9287 (fax)

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Jay M. Goffman
Alan J. Carr
Four Times Square
New York, New York 10036-6522
(212) 735-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Richard Levin (CA State Bar No. 66578)
Jamie L. Edmonson (CA State Bar No. 185384)
Stephen J. Lubben (CA State Bar No. 190338)
Amy S. Park (CA State Bar No. 208204)
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000

Attorneys for the Debtor-in-Possession