

Exhibit C

ORIGINAL

IN THE UNITED STATES BANKRUPTCY COURT JUN 30 2000 EC
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION MICHAEL N. MILBY, CLERK OF COURT

IN RE: §
§
STAGE STORES, INC., § CASE NO. 0035078-H2-11
A Delaware Corporation, §
SPECIALTY RETAILERS, INC., § CASE NO. 0035079-H2-11
A Texas Corporation, and §
SPECIALTY RETAILERS, INC. (NV), § CASE NO. 0035080-H5-11
A Nevada Corporation, § Chapter 11
§
Debtors and Debtors in Possession. § (Jointly Administered Under
§ Case No. 0035078-H2-11)

**SUPPLEMENTAL AFFIDAVIT AND DISCLOSURE STATEMENT
OF PAUL TRAUB ON BEHALF OF TRAUB, BONACQUIST & FOX LLP
PURSUANT TO SECTIONS 327(e), 329 AND 504 OF THE BANKRUPTCY
CODE AND FEDERAL RULES OF BANKRUPTCY PROCEDURE
2014(a) AND 2016(b) IN SUPPORT OF APPLICATION OF DEBTORS
FOR ORDER PURSUANT TO 11 U.S.C. § 327(e) AUTHORIZING
EMPLOYMENT AND RETENTION OF
TRAUB, BONACQUIST & FOX LLP AS SPECIAL COUNSEL
FOR THE DEBTORS AND DEBTORS-IN-POSSESSION**

STATE OF NEW YORK §
§
COUNTY OF NEW YORK §

Paul Traub, being duly sworn, deposes and states:

1. I am a member of the firm of Traub, Bonacquist & Fox LLP ("TB&F"), which is located at 655 Third Avenue, New York, New York 10017. I am duly authorized to practice law in the State of New York and am admitted to the bar of the United States District Court for, inter alia, the Southern and Eastern Districts of New York and the United States Court of Appeals, Second Circuit. My partner Susan F. Balaschak is authorized to practice law in the State of New

SUPPLEMENTAL AFFIDAVIT AND DISCLOSURE STATEMENT OF PAUL TRAUB ON BEHALF OF TRAUB, BONACQUIST & FOX LLP PURSUANT TO SECTIONS 327(E), 329 AND 504 OF THE BANKRUPTCY CODE AND FEDERAL RULES OF BANKRUPTCY PROCEDURE 2014(A) AND 2016(B) IN SUPPORT OF APPLICATION OF DEBTORS FOR ORDER PURSUANT TO 11 U.S.C. § 327(A) AUTHORIZING EMPLOYMENT AND RETENTION OF TRAUB, BONACQUIST & FOX LLP, AS SPECIAL COUNSEL FOR THE DEBTORS AND DEBTORS-IN-POSSESSION - PAGE 1

York and the State of Texas, and is admitted the bar of the United States District Court; Southern and Eastern Districts of New York and the Northern District of Texas, and the United States Supreme Court. All other attorneys with TB&F are admitted to the bar of the United States District Court for, inter alia, the Southern and Eastern District of New York, among others.

2. Unless otherwise stated, this Supplemental Affidavit is based upon facts of which I have personal knowledge.

3. This Supplemental Affidavit is being submitted in response to the request made by the Court and one of the Debtors' creditors for additional disclosures by TB&F regarding certain matters pertaining to its proposed engagement as special counsel to the Debtors. As the Court is aware from the initial hearing on the Debtors' retention motion ("Motion") concerning TB&F's proposed engagement, the Official Committee of Unsecured Creditors (the "Committee") has supported TB&F's engagement by the Debtors, and the U.S. Trustee has asserted no objection with respect thereto.

4. As is set forth in the Motion, the Debtors desire to retain and engage TB&F as their special counsel to assist and advise them in the formulation and implementation of asset disposition strategies that are designed to maximize the recovery values to be realized upon the disposition of the affected assets, namely underperforming store locations and the associated merchandise inventory, furniture, fixtures and equipment, and leasehold assets and interests.

5. The Debtors selected TB&F to assist and advise them in these areas because the attorneys at TB&F are recognized experts in the formulation and implementation of such asset disposition strategies. In that connection, TB&F has previously been engaged by numerous other retailers -- including Upton's, Inc.; Pacific Linen, Inc.; Old America Stores, LP; and Sports &

Recreation, Inc., f/k/a JumboSports, Inc. -- to provide them with the types of strategic advice and guidance desired by the Debtors, and which are the subject of the Motion.

6. The first phase of TB&F's engagement herein involves providing assistance and advice to the Debtors in connection with their preparation of standardized bid solicitation materials for dissemination to potentially interested third parties. The second phase of the engagement contemplates assisting and advising the Debtors in their communications with each of the potentially interested parties, all with a view toward soliciting a "stalking horse" proposal from one or more of said parties. Phase 3 of the engagement contemplates assisting and advising the Debtors in their selection of the optimum "stalking horse" proposal from the various initial proposals received, while Phase 4 contemplates the formulation and implementation of a comprehensive auction process designed to solicit the highest and best proposal from the universe of interested third parties.

7. Each component phase of TB&F's engagement, including the formulation and implementation of the above-described two-tier auction process, is conducted in an open and notorious fashion, and in full consultation and cooperation with the Debtors' management and counsel to the Committee. Most importantly, the most fundamental aspect of this process is that the ultimate determination of which of the various interested parties will prove to be the successful bidder is determined by the Debtors -- not TB&F -- in each instance in consultation with the Committee. At no time will TB&F have the discretion to determine the successful bidder, or provide anything but advice and guidance to the Debtors and their other retained professionals, who in turn will make all final judgments and decisions.

8. By my Affidavit sworn to on June 19, 2000 (“Initial Affidavit”), I affirmed that TB&F is “disinterested” as that term is defined in § 101(14) of the Bankruptcy Code.

9. As is also set forth in my Initial Affidavit, TB&F has in the past from time to time represented various of the national liquidation companies who may elect to participate in the above-described bid solicitation process, and who in turn may elect to submit one or more bids to liquidate assets at those retail store locations identified by the Debtors for closure. TB&F’s representations have included, either individually and/or as joint venturers, Gordon Brothers Retail Partners, LLC; The Ozer Group LLC; Hilco Trading Co., Inc. and Great American Group (formerly a joint venture known as Hilco/Great American Group); Schottenstein Bernstein Capital Group; and The Nassi Group, LLC (collectively, the “Liquidators”).

10. Based upon TB&F’s review of its existing client roster, TB&F does not now represent, nor has it in the past represented, any of the Liquidators in connection with any matter involving or affecting the Debtors or their estates. Moreover, in the Initial Affidavit TB&F represented that from and after the date of the Initial Affidavit, it shall not provide any legal services to any Liquidator in connection with any matter directly affecting the Debtors or their estates. Furthermore, and as noted above, TB&F shall not possess the discretion in this engagement to make any determination on behalf of the Debtors or their estates as to the identity of the ultimate successful bidder herein; rather, all such determinations shall be made by the Debtors, in the exercise of their business judgment, and in consultation with the Committee as and to the extent appropriate.

11. As of the date of the Initial Affidavit, TB&F was not actively engaged in any representative capacity by or on behalf of any of the Liquidators. As a consequence, TB&F does

not at present, or for the foreseeable future, consider its representation of any one or more of the Liquidators to be significant to the firm as a whole.

12. During calendar year 1998, TB&F derived approximately eight percent (8%) of its aggregate annual billings from its representation of Liquidators. During calendar year 1999, TB&F derived approximately ten percent (10%) of its aggregate annual billings from its representation of Liquidators. Based upon information presently available to me, for calendar year 2000, TB&F projects that aggregate billings derived from its representation of Liquidators shall be less than in either or 1998 or 1999.

13. Prior to TB&F's proposed engagement by the Debtors to provide the services described in the Debtor's application submitted in support of TB&F's engagement as special counsel herein, TB&F was involved in the following matters in which one or more officers and/or directors of the Debtors were involved:

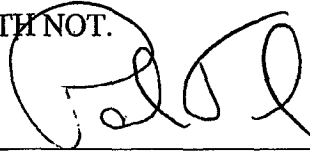
a. Witmark, Inc. In or about 1997, TB&F was engaged as counsel to an unofficial unsecured creditors' committee in an out-of-court workout of this Grand Rapids, MI concern. The company and the unofficial creditors' committee successfully consummated a composition agreement under which the company's secured creditor was paid in full, and unsecured creditors received a substantial dividend on their claims. Barry Gold, a restructuring officer of the Debtors, had been engaged by the company to guide it through its wind-down efforts and in its negotiations with the unofficial creditors' committee. At no time did Mr. Gold participate in any way in the selection or engagement of TB&F as unsecured creditors' counsel in this matter.

b. Sports & Recreation, Inc. (f/k/a JumboSports, Inc.) Beginning in October 1998 and continuing through April 1999, TB&F was engaged as special counsel by this national sporting goods retailer both prior to and during its chapter 11 proceedings to assist and advise the company in connection with certain asset disposition activities, in particular with regard to its efforts to exit certain retail store locations and liquidate the merchandise inventories and associated furniture, fixtures and equipment thereat. TB&F's engagement was approved by the U.S. Bankruptcy Court, Northern District of Florida in the company's chapter 11 proceedings. TB&F advised and guided the company through three (3) separate rounds of store closings. The services to be provided to the Debtors are substantially similar to those that were provided by the firm to JumboSports. Jack Bush, a director of the Debtors, was also a director of JumboSports at the time of TB&F's engagement by that company, and in that connection participated (together with other members of the company's senior management) in the process that lead to TB&F's selection and engagement as special counsel to the company. Subsequent to its chapter 11 filing, Barry Gold was engaged by the company to provide certain strategic restructuring services. Upon information and belief, Mr. Gold did not participate in the selection or engagement process involving TB&F. Additionally, Kronish, Lieb, Weiner & Hellman LLP, counsel to the creditors' committee herein, also serves as creditors' committee counsel in the JumboSports chapter 11 case.

c. Luria, Inc. In 1997, TB&F was engaged as court-approved counsel to the official committee of unsecured creditors in this company's chapter 11 proceedings in the U.S. Bankruptcy Court, Southern District of Florida. TB&F successfully negotiated and later obtained confirmation of a plan of reorganization for this debtor. Barry Gold, a restructuring


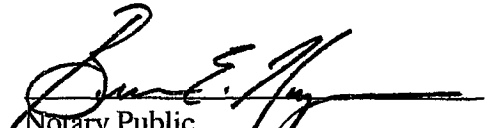
officer of the Debtors, was engaged by this debtor to provide certain strategic restructuring advice. Upon information and belief, Mr. Gold played no role in the creditors' committee's selection and engagement of TB&F as its counsel.

FURTHER AFFIANT SAYETH NOT.



Paul Traub

SWORN TO AND SUBSCRIBED BEFORE ME this 29th day of June, 2000, by Paul Traub who is personally known to me and who did take an oath.


Name (printed)
Notary Public
BRIAN E. KRIGER
Notary Public, State of New York
No. 31-4946407
Qualified in New York County
Commission Expires February 6, 1991