UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 7-01-10779-SA
Chapter 7

Debtor.

STIPULATED ORDER APPROVING TRANSFER AND ASSIGNMENT OF CERTAIN STORE ASSETS FREE AND CLEAR OF LIENS

This matter came before the Court on the chapter 7 trustee Yvette J. Gonzales' (the "Trustee's") Motion to Transfer and Assign Certain Personal Property in Former Store #926 Free and Clear of Liens and Interests (the "Motion"), pursuant to which the Trustee represents to the Court as follows:

a. By Court order entered September 6, 2001, the Debtor Furr's Supermarkets, Inc. (the "Debtor") rejected the lease of Furr's Store #956 located at 5111 Fairbanks, El Paso, Texas ("Store #956");

b. Store #956 contains certain in-store furnishings, fixtures, machinery, equipment and other personal property (collectively the "Original Store Equipment") subject to asserted liens, security interests and/or claims in favor of the Debtors pre- and post- petition lenders, Metropolitan Life Insurance Company and Heller Financial, Inc., as agent for Fleet Capital Corporation, Bank of America, N.A. and Heller Financial, Inc.(collectively the "Lenders");

c. Prior to Debtor's proposed removal of the Original Store Equipment from the Store #956 premises, Prentice M. Milam, Jr. & Dixie Ellen Milam Seaquist, Individually and Dixie Ellen Milam Seaquist, Trustee of the Aurie Williams Milam Trust No. 1 (collectively "Landlord") asked that Debtor post a bond or provide other adequate protection to Landlord for the anticipated cost of repair for damage which would be caused by such removal;

d. Landlord and Debtor subsequently reached an agreement whereby the Debtor removed certain specified pieces of equipment that were readily removable without damage to the premises and had the most value to Debtor, and in exchange, Landlord retained all of the remaining Original Store Equipment (the "Remaining Store Equipment") with the exception of certain incidental floor cleaning equipment, which is subject to claims of Heller Financial, Inc.;

e. The Debtor decided the cost of removal of the Remaining Store Equipment, together with the cost to repair damages expected to be caused by such removal and to restore the Store #956 premises after such removal, outweighed the expected benefits of removing and liquidating the Remaining Store Equipment. The Trustee agrees; and

f. To the best of the Trustee's knowledge, the only parties that claim a lien on the Store Equipment are the Lenders. The Lenders do not object to the transfer and assignment of the Remaining Store Equipment free and clear of the Lenders' liens, security interests, and claims. However, because the Lenders were not part of the discussions between the Landlord and the Debtor, the Lenders have asked that they not be required to sign the order granting the relief requested in this Motion.

The Court having reviewed the above representations and the Motion, and being sufficiently advised, FINDS that no further notice is necessary in the particular circumstances before entry of this Order, and that entry of this Order is appropriate. It is therefore ORDERED:

1. The Trustee is hereby authorized to transfer and assign all of the Remaining Store Equipment to Landlord free and clear of any and all liens, claims, and encumbrances of any kind or nature whatsoever.

2. The Remaining Store Equipment will be transferred and assigned to Landlord or its assignee free and clear of all liens, security interests and claims, by bill of sale executed by the Trustee "as is, where is, and with all faults," and with no representations or warranties made by the Trustee or the Lenders.

3. A copy of this Order may be filed of record to evidence the release of all such liens and/or security interests.

4. The Trustee, on behalf of the Debtor's estate, shall release Landlord and Landlord shall release the Trustee and the Debtor's estate from any and all claims relating to the Remaining Store Equipment and/or to Store #956; provided, however, that Landlord will not release Debtor's estate from any pre-petition or post-petition rent claim or administrative priority claims that accrued prior to August 31, 2001. The release described herein is effective upon (i) approval of this Order by the respective counsel for the Trustee and Landlord, (ii) entry of this Order by the Court, and (iii) completion of the transfer and assignment of the Remaining Store Equipment authorized herein, including delivery of the executed bill of sale. The release described herein is approved.

THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

Submitted and approved:

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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:

JUN 2 6 2002

Mary B. Anderson