

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 7-01-10779-SA

Chapter 7

Debtor.

**ORDER AUTHORIZING AND APPROVING SETTLEMENT OF ADVERSARY  
PROCEEDINGS 02-01097 and 02-1193**

THIS MATTER came before the Court on the motion (the "Motion") of Yvette G. Gonzales, the Chapter 7 Trustee (the "Trustee") to approve settlement of Adversary Proceedings 02-01097 and 02-1193 and to authorize execution of a settlement and release agreement (the "Proposed Agreement"), filed on December 18, 2002 (doc. #1900). Having reviewed the Motion and the Proposed Agreement, and being otherwise advised in the matter, the Court FINDS:

A. On February 8, 2001 (the "Petition Date"), Furr's Supermarkets, Inc. (the "Debtor") filed a voluntary petition in this Court under Chapter 11 of the Bankruptcy Code (the case thereby commenced, the "Case"). On December 19, 2001, this Court entered an order converting the Case to a case under Chapter 7 of the Bankruptcy Code;

B. On December 19, 2001, the United States Trustee appointed the Trustee for the Debtor's bankruptcy estate, in which capacity she continues to serve;

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

D. On or about May 22, 2002, the Trustee filed her Complaint to Avoid Preferential Transfers against Johnson & Johnson (the “Defendant”) in the adversary proceeding captioned *Yvette J. Gonzales, Trustee v. Johnson & Johnson*, Adv. Pro. No. 02-01097 S (the “Preference Adversary Proceeding”) in this Court;

E. On or about September 12, 2002, the Trustee filed her First Amended Complaint to Recover Open Account Prepayments and Receivables against the Defendant in the adversary proceeding captioned *Yvette J. Gonzales, Trustee v. Johnson & Johnson*, Adv. Pro. No. 02-1193 S (the “Open Account Adversary Proceeding”) in this Court;

F. The Defendant asserted a counterclaim in the Open Account Adversary Proceeding (the “Counterclaim”);

G. In the Preference Adversary Proceeding, the Trustee sought to recover \$101,468.68 from the Defendant pursuant to § 547 of the Bankruptcy Code;

H. In the Open Account Adversary Proceeding, the Trustee sought to recover \$56,636.61 from the Defendant pursuant to, inter alia, §542 of the Bankruptcy Code;

I. Johnson & Johnson Sales and Logistics Company Division of Johnson & Johnson Consumer Companies, Inc. (“JJSLC”) has offered to pay the Trustee \$86,247.80 in full satisfaction of any and all claims asserted in the Preference Adversary Proceeding (the “Preference Settlement”). In consideration of the Preference Settlement, upon the entry of a final non-appealable order granting the Motion and approving the Preference Settlement, the Preference Adversary Proceeding will be dismissed with prejudice. The Preference Settlement is fair and equitable, and is in the best interests of and beneficial to the Debtor’s estate and its creditors;

J. JJS LC has offered to pay the Trustee \$46,102.39 in full satisfaction of any and all claims asserted in the Open Account Adversary Proceeding and to dismiss the Counterclaim (the "Open Account Settlement"). In consideration of the Open Account Settlement, upon the entry of a final non-appealable order granting the Motion and approving the Open Account Settlement, the Open Account Adversary Proceeding will be dismissed with prejudice. The Open Account Settlement is fair and equitable, and is in the best interests of and beneficial to the Debtor's estate and its creditors;

K. On December 18, 2002, notice of the Motion (doc. #1901) (the "Notice") was given by first class United States mail, postage prepaid, to all persons on the limited mailing matrix maintained in the Case. The certificate of service for the Notice was filed with the Court on December 19, 2002;

L. As set forth in the Notice, the deadline to object to the Motion was January 9, 2003, 23 days after the date of mailing of the Notice;

M. The Notice was sufficient and appropriate;

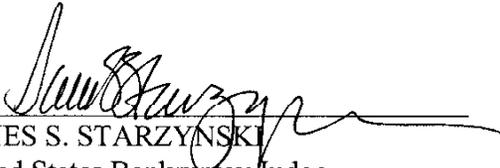
N. The deadline to object to the Motion has expired, and no objections to the Motion have been filed;

O. The requirements of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, including Rule 9019, have been satisfied with respect to the relief granted by this Order;

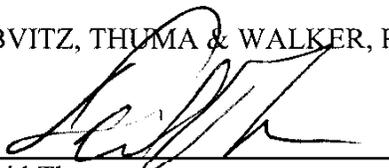
P. The Proposed Agreement is fair and equitable, and in the best interests of and beneficial to the Debtor's estate and its creditors; and

Q. Entry of this Order, without further notice or hearing, is appropriate.

THEREFORE, it is  
ORDERED, that the Motion is approved; and it is further  
ORDERED, that the Proposed Agreement is approved; and it is further  
ORDERED, that the Trustee, the Defendant and JJSLC take all actions necessary to comply  
with the Proposed Agreement; and it is further  
ORDERED, that the Trustee dismiss the Preference Adversary Proceeding and the Open  
Account Adversary Proceeding with prejudice in accordance with the terms of the Proposed  
Agreement.

  
JAMES S. STARZYNSKI  
United States Bankruptcy Judge

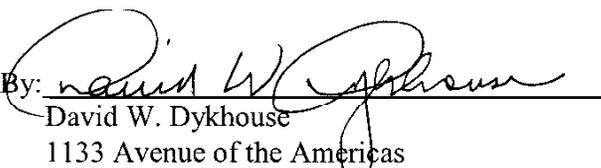
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I hereby certify that a true and correct copy  
of the foregoing was either electronically  
transmitted, faxed, delivered or mailed to  
the listed counsel and parties on:

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