

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,
Debtor.

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

**ORDER AUTHORIZING AND APPROVING SETTLEMENT OF ADVERSARY
PROCEEDING 02-01098**

THIS MATTER came before the Court on the Motion To Approve Settlement Of Adversary Proceeding 02-01098, filed on May 4, 2004 as doc. #2401 (the "Motion") by Yvette G. Gonzales, the Chapter 7 Trustee (the "Trustee"). Having reviewed the Motion and being otherwise duly 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"). 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 as the Chapter 7 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. In the Adversary Proceeding, the Trustee sought to recover approximately \$1,079,000.00 from the Pinnacle Logistics, Inc. and Countrywide Logistics, Inc. (the "Preference Defendants"), plus all other amounts, if any, recoverable pursuant to 11 U.S.C. § 547. If the Trustee had prevailed in its preference claim against the Preference Defendants, the Trustee sought to impose liability for the judgment on Tibbett & Britten Group North America, Inc. ("Tibbett & Britten"), the corporate parent of the Preference Defendants, under various theories. The Preference Defendants and Tibbett & Britten are hereby referred to as the "Defendants." The Defendants vigorously defended all claims.

E. The Defendants have offered to pay the Trustee \$450,000 in full satisfaction of any and all claims asserted in the Adversary Proceeding (the "Settlement Amount"). In consideration of the Settlement Amount, upon the entry of a final non-appealable order granting the Motion and approving the settlement, the Adversary Proceeding will be dismissed with prejudice. The settlement is fair and equitable, and is

in the best interests of and beneficial to the Debtor's estate and its creditors;

F. The parties have agreed to execute a settlement and release agreement in the form attached to the Motion as Exhibit A (the "Settlement Agreement");

G. On May 4, 2004, notice of the Motion (doc. #2402) (the "Notice") was given by first class United States mail, postage prepaid, to all persons on the limited mailing matrix maintained in the Case;

H. As set forth in the Notice, the deadline to object to the Motion was May 27, 2004, 23 days after the date of mailing of the Notice;

I. The Notice was sufficient and appropriate;

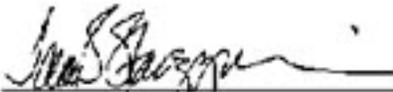
J. The deadline to object to the Motion has expired, and no objections to the Motion have been filed;

K. 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;

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

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

THE COURT THEREFORE ORDERS that the Motion is approved.
The Defendants shall pay the Trustee the Settlement Amount,
the parties shall execute the Settlement Agreement, and the
Preference Action shall be dismissed with prejudice.


1. JAMES S. STARZYNSKI
United States Bankruptcy Judge

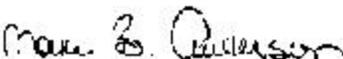
Submitted and Approved:
JACOBVITZ, THUMA & WALKER, P.C.

By: submitted by e-mail

David Thuma
500 Marquette N.W., Ste. 650
Albuquerque, N.M. 87102
Phone: (505) 766-9272
Fax: (505) 766-9287

Attorneys for the Plaintiff

I hereby certify that on June 21, 2004, a true and correct
copy of the foregoing was either electronically transmitted,
faxed, delivered, or mailed to the listed counsel and parties.


Mary B. Anderson