

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

FILED

at _____ o'clock ____ M

FEB 12 2001

In re

FURR'S SUPERMARKETS, INC.,
a Delaware corporation.

United States Bankruptcy Court
Albuquerque, New Mexico

Debtor.

No. 11-01-10799 SA

**JOINT MOTION FOR ORDER GRANTING REPLACEMENT LIEN
TO MILLARD REFRIGERATED SERVICES, INC.**

THE DEBTOR-IN-POSSESSION ("Furr's") AND MILLARD REFRIGERATED SERVICES, INC., ("Millard") by their undersigned counsel, jointly move this Court for entry of an Order Granting Replacement Lien to Millard Refrigerated Services, Inc. and as grounds therefor would show the Court the following:

1. Furr's filed its voluntary petition under Chapter 11 of the Bankruptcy Code herein on February 8, 2001. No trustee has been appointed.
2. On or about July 7, 1999, Furr's and Millard entered into a Lease and Handling Agreement whereby Furr's leases from Millard certain cold storage warehouse space located at 10500 Railroad Dr., El Paso, Texas. Also, pursuant to said Lease and Handling Agreement, Millard stores and ships perishable items for ultimate delivery to Furr's retail stores.
3. Millard claims a prepetition warehousing lien pursuant to the aforesaid Agreement. As adequate protection for Millard's warehousing lien, Furr's has agreed to the grant to Millard of a replacement warehousing lien ("Replacement Lien"), effective as of 8:00 am MST February 13, 2001, (the "Effective Time") on all of Furr's goods shipped after the Effective Time to Millard's warehouse; that said Replacement Lien shall have the same extent, validity, and priority as Millard's prepetition warehousing lien and shall secure any amounts owed by Furr's to

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Millard as of the date of the filing of the petition herein; that the Replacement Lien shall be subject to the same defenses and avoiding powers (if any) as existed on the date of the filing of the petition herein and shall be limited to the value of Furr's goods that were subject to Millard's claimed lien as of the Effective Time; that the Replacement Lien shall have the same priority as Millard's pre-petition lien; and that the Replacement Lien shall only secure Furr's prepetition obligations to Millard and shall not secure Furr's prepetition obligations to any other affiliate of Millard.

4. The grant of said Replacement Lien is necessary to provide to Millard adequate protection of its prepetition warehousing lien so as to enable Furr's to continue to ship and deliver perishable goods to and from Millard's warehouse.

5. In the event Millard wishes to seek any further or other relief with respect to the aforementioned Lease and Handling Agreement, it must file a motion with the Court requesting the relief sought; further, Millard may not unilaterally refuse to perform its postpetition obligations under said Lease and Handling Agreement without a court order.

6. Good cause exists for the entry of an order granting the Replacement Lien so as to avoid immediate and irreparable harm to Furr's and the bankruptcy estate and to Furr's creditors.

7. The Office of the US Trustee and Heller as agent for certain of Furr's secured lenders has consented to the relief granted herein.

WHEREFORE, the Debtor-in-Possession and Millard Refrigerated Services Inc. for an Order granting a Replacement Lien as more fully set forth hereinabove, and for such other relief as is just.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLC
300 South Grand Ave.
Los Angeles CA 90071-3144

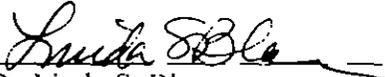
(213) 687-5000

-and-

JACOBVITZ, THUMA & WALKER P.C.

By David Thuma
500 Marquette NW Suite 650
Albuquerque NM 87102
(505) 766-9272
Attorneys for Debtor-in-Possession

LINDA S. BLOOM P. A.



By Linda S. Bloom
Attorney for Millard Refrigerated Services Inc.
PO Box 218
Albuquerque NM 87103
(505) 764-9600

I hereby certify that a true and correct copy of the foregoing was mailed this 12th day of February 2001 to the following:

Office of US Trustee
PO Box 608
Albuquerque NM 87103

Latham & Watkins
David Heller
Sears Tower Suite 5800
Chicago IL 60606

