

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT  
ALBUQUERQUE, N.M.

In re Case No. 11-01-10779-SA  
FURR'S SUPERMARKETS, INC., Chapter 11  
Debtor.

NOTICE OF APPEAL

United Food and Commercial Workers Union Local 540 and United Food and Commercial Workers Union Local 1564 hereby appeal in part from the Order Determining Whether and to What Extent Severance and Vacation Pay Claims Should be Allowed as Administrative Expenses entered on December 7, 2001 (attached hereto as Exhibit A), to the extent that it denies their motion for immediate payment of employees' administrative claims.

The names of all parties to the order appealed from and the names, addresses, and telephone numbers of their respective attorneys are as follows:

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DATED: December 10, 2001

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By   
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 Attorneys for United Food and Commercial  
 Workers Union Local 540

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 11-01-10779 SA  
Chapter 11

Debtor.

**ORDER DETERMINING WHETHER AND TO WHAT  
EXTENT SEVERANCE AND VACATION PAY CLAIMS  
SHOULD BE ALLOWED AS ADMINISTRATIVE EXPENSES**

This matter came before the Court on the Motion of United Food and Commercial Workers Union Locals 540 and 1564 for Order Allowing and Requiring Immediate Payment of Administrative Expenses (the "Motion") (Docket No. 1088), which together with a Memorandum of Points and Authorities, was filed September 21, 2001. Pursuant to an Order Resulting From Preliminary Hearing On Motion Of United Food And Commercial Workers Union Locals 540 And 1564 For Order Allowing And Requiring Immediate Payment Of Administrative Expenses, filed October 29, 2001 (the "Order Resulting From Preliminary Hearing") (Docket No. 1256), the Court, with the consent of the parties, determined that, as a threshold matter, it would decide legal issues regarding whether and to what extent severance and vacation pay claims asserted by United Food and Commercial Workers Union Locals 540 and 1564 (the "Union") should be allowed as administrative expenses pursuant to Bankruptcy Code §503(b) assuming (without deciding) that all allegations in the Motion and attachments thereto are true.

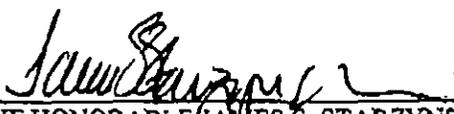
The Order Resulting From Preliminary Hearing fixed a schedule for submission of briefs on the issue before the Court. The Union, Debtor in Possession, and Metropolitan Life Insurance Company submitted briefs as directed by the Court.

EXHIBIT A

The Court, having reviewed and considered the Motion and attachments thereto, the briefs submitted by the parties, and other legal authority, made oral findings of fact and conclusions of law on the record, on November 21, 2001, as permitted by Bankruptcy Rule 7052, made applicable to this contested matter by Bankruptcy Rule 9014. Such oral findings of fact and conclusions of law are incorporated herein. It is therefore

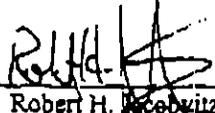
ORDERED ADJUDGED AND DECREED, as follows:

The severance and vacation pay claims asserted by the Union in the Motion for its members are allowed as administrative expenses only to the extent attributable to post-petition service to the estate. Severance and vacation pay claims accrue and are earned on a daily basis. The severance and vacation pay claims are allowed as administrative expenses only to the extent the calculation of the amount owed is based on service rendered between February 8, 2001 and the date of termination of employment. The Court will not order immediate payment of severance and vacation pay claims. The Court is not determining, and has not determined, the actual amounts of any severance or vacation pay claims asserted by the Union or individual employees and thus no allowance of any specific amounts claimed by the Union or employees is ordered at this time.

  
THE HONORABLE JAMES S. STARZYNSKI  
UNITED STATES BANKRUPTCY JUDGE

Submitted and approved by:

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I hereby certify that a true and correct copy  
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DEC 07 2001

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