

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEW MEXICO

FILED
12:00 MIDNIGHT

In re:

FURR'S SUPERMARKETS, INC., JUL 31 2001

DROP BOX Case No. 11-01-10779 SA
United States Bankruptcy Court Chapter 11
Albuquerque, New Mexico

Debtor.

**NOTICE RELATING TO THE §365(f)(2) ADEQUATE ASSURANCE
REQUIREMENT FOR ASSIGNMENT OF EQUIPMENT LEASES, LEASE
ESTOPPEL, AND OF FINAL HEARING**

PLEASE TAKE NOTICE that each equipment lessor set forth on the attached Schedule A (individually, a "Lessor") shall have five (5) days after receipt of this Notice (the "5-Day Period") to file and serve on counsel for the Debtor:

(i) any objection to the assignment by Debtor to the proposed assignee set forth in Exhibit A to the enclosed Third Party Purchaser Notice (the "Assignee" or "Third Party Purchaser") of each unexpired lease to which the Lessor is a party, as such lease relates to the Debtor's stores identified in Exhibit A to the enclosed Third Party Purchaser Notice next to the name of the Third Party Purchaser (individually, a "Lease") on the ground that adequate assurance of future performance by the Assignee is not provided, as required by Bankruptcy Code §365(f)(2)(B) (copy(ies) of each such Lease, to the extent available, are enclosed); and

(ii) any objection that each enclosed Lease is not a true and complete copy of the Lease, including all amendments, modifications, and supplements thereto, or that the Debtor is not the current tenant under the Lease.

Any objection to the proposed assignment on any ground other than the grounds set forth in paragraphs (i) and (ii) above need not be made in response to this Notice. This Notice is without prejudice to the Debtor's right to assert that any equipment leases are not true leases or should be treated as secured transactions.

Weekends and legal holidays shall be excluded from the computation of the 5-Day Period. Service of any objection shall be made on counsel for the Debtor, by email (to rjacobvitz@jtwlawfirm.com, with a copy to slubben@skadden.com) or by facsimile (to Robert H. Jacobvitz, 505-766-9287(fax), with a copy to Stephen J. Lubben, (213) 687-5600 (fax)), in addition to service by mail to Jacobvitz, Thuma & Walker P.C. 500 Marquette, NW, Suite 650, Albuquerque, New Mexico 87102. Such objections also must be filed within the 5-Day Period with the Clerk of the Bankruptcy Court, Federal Building and United States Courthouse, 421 Gold SW, Third Floor, Albuquerque, NM 87102 (or P.O. Box 546, Albuquerque, NM 87103).

If any objections are timely filed and served, the Court will hold a final hearing on Tuesday, August 7, 2001 at 1:30 p.m. before the Honorable James S. Starzynski on the Second Floor, Federal Building and United States Courthouse, 421 Gold Avenue SW, Albuquerque, New Mexico 87102.

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If a Lessor does not timely file and serve an objection, it shall be deemed to have waived any objection with respect to each Lease that (i) adequate assurance of future performance by the Assignee is not provided, as required by Bankruptcy Code §365(f)(2)(B); and (ii) that the copy of the Lease enclosed herewith is not a true and complete copy of the Lease, including waiver of any objection that there are amendments or modifications to the Lease or that the Debtor is not the current lessee under the Lease.

Enclosed with this Notice are copies of:

- (i) Order Relating to the §365(f)(2) Adequate Assurance Requirement for Assignment of Leases, entered July 23, 2001; and
- (ii) Confidentiality Protective Order, entered July 23, 2001; and
- (iii) Third Party Purchaser Notice (i.e. notice from Fleming Companies, Inc. to the Debtor designating an Assignee as the party to whom each Lease is to be assigned and transferred).

Enclosed only to the Lessor who is a party to the Lease in question are copies of:

- (iv) Documents comprising the Lease(s) to which the Lessor in question and Debtor are parties (the pages of which have been stamped in numerical order with the numbers summarized on Schedule A), which Lease the Debtor is requesting Court approval to assign and transfer to the Assignee; and
- (v) Documentation, to the extent available, consisting of (a) the Assignee's two most recent year end financial statements, (b) the Assignee's unaudited interim financial statements issued in the year 2001, and (c) if the enclosed two most recent year end financial statements are unaudited, the Assignee's two most recent year end federal income tax returns; as well as (d) information generally describing the Assignee's management and experience in the grocery industry.

For further information regarding the proposed assignment of the Lease(s) to the Assignee(s), or to discuss the proposed assignment, the Lessor may contact the following:

Contact persons with Fleming Companies, Inc.:

Carroll McLarty
Division President
408 E. 50th Street
Lubbock, Texas 79408
806-747-3674

Matthew H. Hildreth
Senior V.P. of Finance, and Treasurer
1945 Lakepoint Dr., Lewisville, Texas 75057
972-906-8126

Contact person with the Third Party Purchaser:

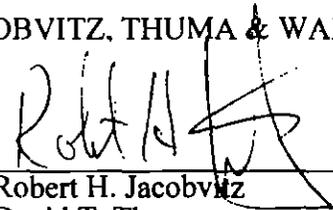
See Exhibit A to the enclosed Third Party Purchaser Notice

Contact person with Furr's Supermarkets, Inc.:

Steve Mortensen
Furr's Supermarkets, Inc.
4411 The 25 Way NE, Suite 100
Albuquerque, New Mexico 87109
505-761-0802

If the Lessor wishes for its counsel to participate in any such discussions, the Lessor's counsel should contact David T. Thuma or Thomas D. Walker, of Jacobvitz, Thuma & Walker P.C. (505) 766-9272, to make advance arrangements.

JACOBVITZ, THUMA & WALKER, P.C.

By: 

Robert H. Jacobvitz
David T. Thuma
500 Marquette, NW
Suite 650
Albuquerque, NM 87102
(505) 766-9272
(505) 766-9287 (fax)

-and-

Skadden, Arps, Slate, Meagher & Flom, LLP
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300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000

Attorneys for the Debtor