

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

Furr's Supermarkets, Inc.

Case No: 11-01-10779 SA

Objection to Motion to Approve Settlement
Between the Lenders and the Trustee

FILED
12:00 MIDNIGHT
MAR 06 2002
DROP BOX
United States Bankruptcy Court
Albuquerque, New Mexico

Now Comes the New Mexico Taxation and Revenue Department ("Department").

by and through its undersigned counsel, states:

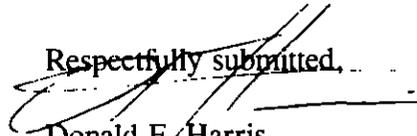
1. The Department holds approximately one third (in dollar amount) of the administrative claims in this case. The Trustee's counsel admits that the probable recovery for allowed administrative expense claims if the settlement is approved is in the thirty-something percent range.
2. The Trustee's motion is not in the best interests of creditors because she inaccurately perceived the risk of an adverse decision regarding whether she could bring a surcharge action with respect to Chapter 11 administrative expenses, and the interpretation of the Court's earlier orders. The Department's arguments in this regard are set out in greater detail in the Department Motion to Clarify or Modify the Financing Order.
3. The provision regarding professional fees, which allows professionals to include their entire claim as an administrative expense, notwithstanding a portion of it will

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be paid through a carve-out, is directly contrary to bankruptcy policies. Any payments, or guarantees of payments, should reduce any claimant's claim.

WHEREFORE, the Trustee's motion should be denied.

Respectfully submitted, ..



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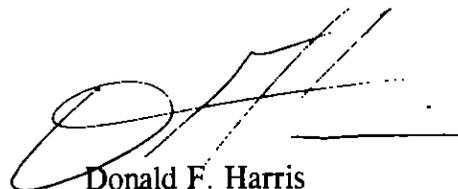
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