

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

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U.S. BANKRUPTCY COURT  
DISTRICT OF NEW MEXICO

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In re: : CASE No. 01-11-10779-SA  
: :  
FURR'S SUPERMARKETS, INC. : JUDGE JAMES S. STARZYNSKI  
: :  
Debtor. : Chapter 11  
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**OBJECTION OF GENERAL ELECTRIC COMPANY, GE LIGHTING TO  
DEBTOR'S MOTION FOR ORDER APPROVING SALE OF SOME OR ALL OF  
DEBTOR'S OPERATING ASSETS AND GRANTING RELATED RELIEF**

General Electric Company, GE Lighting ("GE"), a secured creditor of Furr's Supermarkets, Inc., debtor and debtor in possession ("Debtor"), for its objection (the "Objection") to Debtor's Motion for Order Approving Sale of Some or All of Debtor's Operating Assets and Granting Related Relief (the "Sale Motion") respectfully states as follows:

1. On February 8, 2001 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of Title 11 (the "Bankruptcy Code") of the United States Code.
2. Prior to the Petition Date, the Debtor entered into a retailer agreement and certain attachments thereto including, without limitation, a consignment agreement with GE (the "Agreement"). Pursuant to the Agreement, the Debtor agreed to obtain from GE, and GE agreed to supply to the Debtor, on both a sale and consignment basis, certain lamps and lightbulbs and other merchandise (the "GE Merchandise"). GE holds a valid, perfected, first-in-time purchase money security interest in GE Merchandise, accounts receivables, and proceeds thereof ("GE Collateral") by operation of filed financing statements and continuation statements in New Mexico and Texas and a "notice of purchase money security interest and consignment interest" dated April 18, 2000.

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Copies of GE's perfection documents are attached to GE's objection to the Debtor's motion for interim and final order, *et seq* (the "GE Cash Collateral Objection"), previously filed with this Court.

3. On March 19, 2001, Judge Bruce D. Black of the District Court of New Mexico approved an agreed order (the "Agreed Order") between the Debtor, Heller Financial Inc. and GE, resolving the GE Cash Collateral Objection. A copy of the Agreed Order is attached hereto as Exhibit "A".

4. On or about June 6, 2001, the Debtor filed with this Court the Sale Motion, seeking an order approving, *inter alia*, the sale of all or part of the Debtor's operating assets and ordering that the sale will be free and clear of all interests in the assets to be sold. Exhibit 1, as attached to the Motion, lists GE's financing statements and continuation statements filed in Texas and New Mexico and a reference to "Consignment Lighting".

5. By and through this Motion, GE objects to the Debtor's proposed sale of certain of its operating assets free and clear of GE's security interest consignment interest in GE Collateral, because certain elements of the Agreed Order remain unresolved, specifically:

- The transfer of the value of GE Merchandise on hand as of the Petition Date, to the extent that it exceeds \$224,149.32. See Exhibit "B", a document provided by the Debtor in alleged compliance with clause D(vi) of the Agreed Order.
- The transfer of (i) the proceeds received post-petition, specifically the profit, i.e., the "mark-up", realized by the Debtor with respect to the sales of GE Merchandise, (ii) monies received post-petition on collection of pre-petition accounts receivables, and (iii) remaining outstanding accounts receivables.
- The transfer of GE Collateral received by the Debtor, either directly or through its lock-box, within 10 days prior to the Petition Date.

6. Accordingly, GE objects to the approval of any sale of the Debtor's operating assets free and clear of GE's security interest and consignment interest absent the resolution of the Agreed Order.



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CERTIFICATE OF MAILING

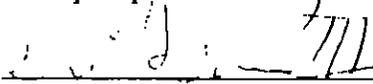
I HEREBY CERTIFY that a true copy of the foregoing was on the 6 day of June, 2001 to the following counsel of record.

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