

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

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

Case No. 11-01-10779 SA
Chapter 11

Debtor.

**ORDER APPROVING IN PART THIRD MOTION TO SELL PERSONAL
PROPERTY FREE AND CLEAR OF LIENS AND INTERESTS, AND FOR
ORDER GRANTING THE DEBTOR ACCESS TO CERTAIN FORMER
STORES**

This matter came before the Court on the Debtor in Possession Furr's Supermarkets, Inc.'s (the "Debtor's") Third Motion to Sell Personal Property Free and Clear of Liens and Interests, and for Order Granting the Debtor Access to Certain Former Stores, filed October 31, 2001 and docketed as #1268 (the "Motion") and the Court, being duly advised in the premises and noting that this Order only grants the relief requested for which no objections were filed, HEREBY FINDS:

A. On February 8, 2001, the Debtor commenced this bankruptcy case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Bankruptcy Code §§1107(a) and 1108, Debtor has retained possession of its assets as debtor-in-possession.

B. By August 31, 2001, the Debtor closed its grocery stores and ceased operating as a retail grocery business.

C. The Debtor owns most of the personal property in former store #911, located in Roswell, New Mexico, such as shelves, refrigeration units, bakery equipment and fixtures, deli equipment, meat department equipment, etc. (together, the "Store 911 Equipment"). The Store 911 Equipment does not include any personal property that is leased to the Debtor by third parties.

D. Equity Development Corporation, the landlord, has offered to purchase the Store 911 Equipment for \$10,000 in cash, and to waive all claims for pre- or post-petition rent, storage charges, or other claims of any kind whatsoever.

E. The Debtor wishes to accept the offer, and believes it is in the best interests of the estate.

F. The Debtor would like to conduct auction sales of its personal property located at its former store no. 883 at Central and Atrisco in Albuquerque, New Mexico, and store no. 966 in Midland, Texas (together, the "Auction Stores"). The Debtor owns most of the personal property in the Auction Stores, such as shelves, refrigeration units, bakery equipment and fixtures, deli equipment, meat department equipment, etc. (together, the "Auction Store Equipment"). The Auction Store Equipment does not include any personal property that is leased to the Debtor by third parties.

G. The Debtor has asked Walter Parker to conduct the auctions of the Auction Store Equipment. Mr. Parker has agreed to conduct the auctions on the same terms and conditions as the auctions he has already conducted for the Debtor, namely, payment of a 20% commission and reimbursement of certain out-of-pocket expenses.

H. To conduct the auctions, the Debtor needs a court order ordering the landlords to give the Debtor and/or Walter Parker sufficient access to the Auction Stores to do so. To date, the landlords have refused to give the Debtor the needed access.

I. The Debtor should not be required to pay rent or storage charges as a condition to conducting the auctions.

K. The Debtor owns a certain Onan 100 Kilowatt natural gas generator located at the corporate headquarters in Albuquerque, New Mexico (the "Generator").

L. The Debtor wishes to sell the Generator, either to the highest cash buyer offering more than \$10,000 or, if no such cash offers are made, then by conducting an internet auction of the Generator.

M. The Debtor has asked Walter Parker to conduct the internet auction of the Generator if the Debtor determines proceed on that basis. Mr. Parker has agreed to conduct the auction on the same terms and conditions as the auctions he has already conducted for the Debtor, namely, payment of a 20% commission and reimbursement of certain out-of-pocket expenses.

N. The Debtor owns certain furniture, equipment, computers, printers, and other personal property at its headquarters in Albuquerque, New Mexico (together, the "Remaining Headquarters Property").

O. The Debtor would like to conduct an auction sale of most of the Remaining Headquarters Property.

P. The Debtor has asked Walter Parker to conduct the auction of the Remaining Headquarters Property. Mr. Parker has agreed to conduct the auction on the same terms and conditions as the auctions he has already conducted for the Debtor, namely, payment of a 20% commission and reimbursement of certain out-of-pocket expenses.

Q. It is in the best interests of the Debtor and its creditors to approve the sales of personal property described above in accordance with the terms and conditions set forth herein.

R. The only parties that claim a lien or other interest in the personal property are the Debtor's pre- and post-petition secured lenders (the "Lenders").

S. It is in the best interests of the Debtor and its creditors to approve the sales set forth above in accordance with the terms and conditions set forth above.

It is hereby ORDERED:

1. The Debtor has the authority to sell the Store 911 Equipment to Equity Development Corporation for \$10,000 in cash.

2. The Debtor has the authority to conduct an auction sale of the Auction Store Equipment. The Debtor may use Walter Parker to conduct the auction, and may pay Mr. Parker a 20% commission, and reimbursement of certain out-of-pocket expenses. Mr. Parker's fee and expenses will be paid within 10 days of the completion of the auction and a proper accounting of the proceeds thereof.

3. The Debtor and/or Walter Parker is hereby granted access to the Auction Stores as is reasonably needed to conduct auctions of the Auction Store Equipment.

4. The Debtor has the authority to sell the Generator by internet auction. The Debtor may use Walter Parker to conduct the auction, and may pay Mr. Parker a 20% commission, and reimbursement of certain out-of-pocket expenses. Mr. Parker's fee and expenses will be paid within 10 days of the completion of the auction and a proper accounting of the proceeds thereof.

5. The Debtor has the authority to sell the Remaining Headquarters Property by internet auction. The Debtor may use Walter Parker to conduct the auction, and may pay Mr. Parker a 20% commission, and reimbursement of certain out-of-pocket expenses. Mr. Parker's fee and expenses will be paid within 10 days of the completion of the auction and a proper accounting of the proceeds thereof.

6. All property will be sold "as is, where is" subject only to the representation that the Debtor owns the property.

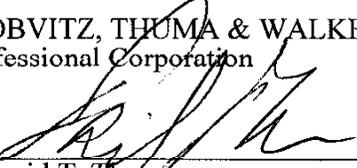
7. All property will be sold free and clear of any liens and encumbrances of any kind or nature whatsoever, with all of such liens and encumbrances to attach to the proceeds of the sale to the same extent, priority, and validity as on the property.

8. All proceeds will be subject to all existing financing orders.
9. The Debtor's proposed sale of the equipment in former store #949, located in Carlsbad, New Mexico to Fenn Foods, Inc., and the objection thereto filed by FLOHO Properties, will be dealt with by separate order of the Court.
10. The Debtor's proposed auction sale of the equipment in former store #927, located at 9348 Dyer in El Paso, Texas, and the objection thereto filed by FLOHO Properties, will be dealt with by separate order of the Court.
11. The Debtor's proposed auction sale of the equipment in former store #880, located at 108 Juan Tabo in Albuquerque, New Mexico, and the objection thereto filed by W&W Properties, will be dealt with by separate order of the Court.
12. This Order shall be effective immediately upon entry. No automatic stay under Fed. R. Civ. P. 62(a) or Bankruptcy Rule 6004(g) applies to this Order.


~~THE HONORABLE JAMES S. STARZYNSKI~~
UNITED STATES BANKRUPTCY JUDGE

Submitted by:

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I hereby certify that a true and correct copy of the foregoing was either electronically transmitted, faxed, delivered or mailed to the listed counsel and parties on:

NOV 27 2001

Mary B. Anderson

Approved as to form:

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