UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 7-01-10779 SA
Chapter 7

Debtor.

ORDER AUTHORIZING CHAPTER 7 TRUSTEE TO EXPEND FUNDS FOR WIND-UP MATTERS, AND DIRECTING TRANSFER OF RESERVE ACCOUNT

This matter came before the Court on the request of the Chapter 7 trustee, Yvette J. Gonzales (the "Trustee"), by her counsel, Jacobvitz, Thuma & Walker, P.C. The Trustee, through her counsel, represents to the Court:

(a) On December 18, 2001, the Debtor as debtor in possession ("DIP") converted its chapter 11 case to chapter 7.

(b) Under the post-closing financing orders entered in this case, the DIP's lenders advanced $290,000 to the DIP for use by the DIP or any chapter 7 trustee to pay third parties to perform services necessary to wind up the estate, including but not limited to issuing W-2s and 1099s, winding up the Debtor's pension and 401(k) plans, preparing and filing tax returns, and storing records (the "Wind Up Matters"). As of the date of conversion of the case to chapter 7, $221,984.09 of such funds (the "Funds") had not been expended. Such funds are being or have been transferred from a trust account maintained by Jacobvitz, Thuma & Walker P.C. to an account maintained by the Trustee.

(c) Further expenditures of the Funds are required to continue and complete

the Wind Up Matters.

(d) JTW also is holding certain reserve account funds in a Wells Fargo bank account styled Jacobvitz, Thuma & Walker, P.C. fbo Furr's Supermarkets, Inc. (the "Reserve Account"). When opened on or about October 10, 2001, the account balance was $7,082,396. Since then, $3,782,396 has been transferred from the account to third parties pursuant to Court order.

(e) The Trustee would like JTW to transfer the balance of the Reserve Account to her, to be deposited into a separate, interest-bearing account.

(f) Of the Reserve Account funds, $50,000 was designated by Court order for use by a Chapter 7 trustee. The Trustee should have the immediate use of this $50,000.

The Court, having determined that entry of this order is appropriate, without notice other than to the United States Trustee, it is

ORDERED that the Trustee is authorized to expend the Funds to continue and complete Wind Up Matters; provided that payments to any professional persons employed by the Trustee UNDER bankruptcy Code §327 shall be permitted only as authorized by separate order of the Court.

IT IS FURTHER ORDERED, that JTW shall transfer the balance in the Reserve Account to the Trustee immediately. The Trustee shall deposit the Reserve Account funds in an interest-bearing account with a bank, and in accordance with terms, acceptable to the United States Trustee's office.

IT IS FURTHER ORDERED, that the Trustee may withdraw $50,000 from the Reserve Account funds immediately for use in administering the chapter 7 estate.

THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

Submitted by:

JACOBVITZ THUMA & WALKER
a Professional Corporation

By _____
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APPROVED:

BRENDA MOODY WHINERY
United States Trustee

By: Telephonically approved 12/21/01
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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:

DEC 2 1 2001

Mary B. Anderson