

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re

FURR'S SUPERMARKETS, INC.,

Case No. 11-01-10779-
SA
Chapter 11

Debtor.

ORDER EXTENDING TIME
WITHIN WHICH DEBTOR MAY ASSUME
OR REJECT UNEXPIRED LEASES
OF NONRESIDENTIAL REAL PROPERTY

On March 1, 2001, Furr's Supermarkets, Inc., debtor and debtor in possession (the "Debtor"), filed its motion (the "Motion") for an order under 11 U.S.C. § 365(d)(4) extending the time within which the Debtor must assume or reject unexpired leases of nonresidential real property under which the Debtor is the lessee (the "Unexpired Leases"). The following lessors filed objections to the Motion: LSF Bassett, LP; Millard Refrigerated Services, Inc.; La Feria Park & Shop, Inc.; Los Lunas Shopping Center-East; Cruz Alta Plaza Ltd.; International Food Service Holdings, LLC; Broadway Vista Partners; Tri-State Commercial; and Nydes Properties SMV Ltd. Co. The Court held a hearing on the Motion on April 3, 2001. William F. Davis appeared at the hearing on behalf of the Official Committee of Unsecured Creditors. Other appearances were as noted in the record. Having considered the Motion, the objections, and the evidence presented at the hearing and the arguments of counsel, the Court hereby FINDS:

A. Notice of the Motion, as described therein and in the Proof of Service on file with the Court, was good and sufficient under the circumstances and no further notice is or shall be required.

B. Good and sufficient cause exists to extend the time within which the Debtor must elect to assume or reject the Unexpired Leases, because, among other things:

- (1) The Debtor's Chapter 11 case is complex and involves more than 70 Unexpired Leases;
- (2) The Unexpired Leases constitute a major asset of the Debtor's estate and are critical to the Debtor's reorganization efforts;
- (3) The Debtor has announced that it has commenced efforts to sell its business. It would be premature to require the Debtor to decide whether to assume or reject the Unexpired Leases until its sale efforts have progressed further; and
- (4) The Debtor is current on all post-petition rent payments.

C. The relief granted in this Order will not unduly prejudice the lessors under the Unexpired Leases.

D. The relief requested in the Motion is in the best interests of the Debtor, its estate, its employees, the creditors as a whole, and other parties-in-interest.

E. In addition to the foregoing, at the conclusion of the hearing the Court made additional, oral findings of fact and conclusions of law on the record, in accordance with Fed. R. Bankr. P. 7052.

In view of the foregoing, the Court hereby ORDERS:

1. The period within which the Debtor must assume or reject the Unexpired Leases, or any of them, shall be, and it hereby is, extended through and including August 10, 2001. Any objections that have not been previously withdrawn or otherwise resolved are hereby overruled on the merits.

2. Pending the assumption or rejection of any Unexpired Lease, the Debtor is directed to perform timely all of its obligations thereunder arising after the commencement of this case, as required by Bankruptcy Code § 365(d)(3) (the "Post-Petition Obligations"). All Post-Petition Obligations shall constitute administrative expenses of the estate, entitled to priority under Bankruptcy Code §§ 503(b)(1) and 507(a)(1).

3. This Order's entry is without prejudice to (a) the right of any lessor or the Debtor to seek a determination as to whether an obligation under an Unexpired Lease is a Post-Petition Obligation subject to § 365(d)(3), (b) any lessor's right to move for an order directing the Debtor to decide whether to assume or reject its Unexpired Lease before August 10, 2001, and (c) the Debtor's right to oppose any such motion or to seek a further extension of its time to decide whether to assume or reject any Unexpired Lease.

5. If after the date hereof, a Lessor under an Unexpired Lease alleges that the Debtor has failed to perform a Post-Petition Obligation and moves for relief from the automatic stay to terminate its Lease because of that default, the Debtor shall be deemed to consent to this Court's holding a final hearing on the motion within 20 days of the filing thereof. Notwithstanding any other provision of this Order, if the Debtor contends

in good faith that the obligation as to which the default is alleged is not a Post-Petition Obligation, and the Court nonetheless determines that it is a Post-Petition Obligation, the Debtor shall have 15 days after the entry of the Court's order making that determination to cure the default.

6. Notwithstanding the foregoing, the time within which the Debtor must assume or reject the Unexpired Lease for its store in Fort Stockton, Texas, as to which Tri-State Commercial is the lessor, shall be extended to and including June 9, 2001, without prejudice to the Debtor's right to seek a further extension of time within which to assume or reject that lease.

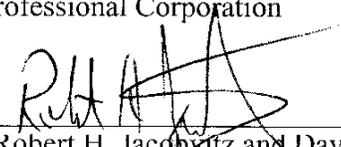
Dated: _____



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:

APR 06 2001

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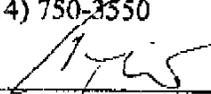
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