

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 RELATING TO LETTER OF CREDIT**

This matter came before the Court on the request of the Debtor in Possession Furr's Supermarkets, Inc. ("Debtor"), with the approval of the Office of the United States Trustee ("UST") and the Official Committee of Unsecured Creditors of Furr's Supermarkets, Inc. (the "Committee").

The Debtor represents as follows: (a) on or about December 29, 2000, in connection with the Debtor's status as a certified self-insurer pursuant to Section 52-1-4A NMSA and the Self-Insurers' Guarantee Fund Act, §52-8-1 *et seq.* NMSA 1978, the Debtor obtained a letter of credit in the amount of \$1,996,330, identified as L/C No. P-209084 (the "Letter of Credit"), under which the Debtor is the applicant, The Chase Manhattan Bank ("Chase") is the issuer, and the New Mexico Self-Insurers' Guarantee Fund Commission (the "Commission") is the beneficiary; (b) the Commission has advised the Debtor that conditions that permit the Commission to draw under the Letter of Credit have occurred; (c) it would not be in the economic interest of the estate if the Commission were to draw on the Letter of Credit and revoke Debtor's certification as a self-insurer; and (d) although Debtor maintains that it is authorized to amend the Letter of Credit in the manner set forth below, without an order of the Court, the Commission has requested entry of this order to give it comfort to forbear from the presentation of

drafts and other documents required to draw under the Letter of Credit (although entry of this order will not obligate the Commission to forbear).

The Court having reviewed the above, noting that the UST and Committee have approved this order, and being sufficiently advised, has determined that no further notice is necessary in the particular circumstances prior to entry of this order and that entry of this order is appropriate. It is hereby

ORDERED that Debtor has the authority to amend the Letter of Credit to add the following language (or other non-waiver language):

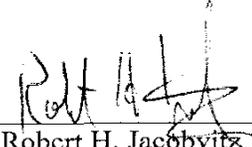
Beneficiary shall not waive any rights, nor shall it give rise to any legal or equitable defenses, if Beneficiary forbears from or otherwise delays the presentation of drafts and other documents required to draw under this letter of credit, regardless of the period of the forbearance or other delay or Beneficiary's knowledge of grounds to make such presentation, so long as the presentation of the drafts and other documents is made prior to the expiration of this letter of credit or any extension of the expiration date pursuant to the terms of this letter of credit.

  
THE HONORABLE JAMES S. STARZYNSKI  
UNITED STATES BANKRUPTCY JUDGE

Submitted by:

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APPROVED:

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BRENDA MOODY WHINERY  
United States Trustee

By: Ronald E. Andazola Approved by Telephone

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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:

MAY 02 2001

Mary B. Anderson