

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 RESULTING FROM PRELIMINARY HEARINGS ON (a) MOTION
RELATING TO EMPLOYEE RETENTION, SEVERANCE AND SUCCESS
BONUS PLANS, TRANSITION AGREEMENT, AND CONSULTING
AGREEMENTS AND (b) SOLOMON RETENTION APPLICATION**

On Friday, April 20, 2001, at 10:00 a.m., a preliminary hearing was held on the Debtor's Motion for Order Authorizing Debtor to (a) Implement Employee Retention, Severance and Success Bonus Plans; (b) Enter Into Transition Agreement with Thomas Dahlen; and (c) Enter Into Consulting Agreements with George Golleher and Greg Mays, filed March 25, 2001 (the "Motion"), and on the objections to the Motion filed by the United States Trustee ("UST"), the Official Committee of Unsecured Creditors ("Committee"), Desert Feather, Inc. ("Desert Feather"), Edward W. Steck ("Steck"), and National Distributing, Co., Inc., New Mexico Beverage Company, Inc. and Southern Wine & Spirits of New Mexico, Inc. (together the "Liquor Vendors"). Each of the above parties appeared at the hearing as noted on the record. Also appearing at the hearing, as noted on the record, was Heller Financial, Inc. as agent for Fleet Capital Corporation, Bank of America N.A., Heller Financial, Inc. and Metropolitan Life Insurance Company (Heller Financial, Inc., acting in such agency capacity, is hereafter called "Heller Financial").

The UST, Committee, Desert Feather, and the Liquor Vendors, and Heller if it files a timely objection to the Motion, are referred to below collectively as the “Objectors” or individually as the “Objector.”

Also on Friday, April 20, 2001, at 10:00 a.m., a preliminary hearing was held on the Debtor’s Application for Order Authorizing Employment and Retention of Peter J. Solomon Company Limited as its Investment Bank, filed March 5, 2001 (the “Solomon Retention Application”), and the objections thereto filed by the UST and the Committee. The Debtor, UST, Committee and Peter J. Solomon Co. Ltd. (“Solomon”) appeared as noted on the record.

The Court, having reviewed the record and heard and considered argument of counsel, and being sufficiently advised, hereby

ORDERS:

1. Final Hearings. Final hearings on each of the Motion and the Solomon Retention Application are set for Tuesday, May 22, 2001 at 1:30 p.m.

2. Debtor’s and Solomon’s Evidence and Briefs.

(a) On or before Friday, May 4, 2001, the Debtor shall file, and serve on each of the Objectors: (i) copies of any evidence that the Debtor will or may present at the final hearing on the Motion, other than rebuttal evidence that cannot reasonably be anticipated; and (ii) a brief in support of the Motion.

(c) On or before Friday, May 4, 2001, the Debtor shall file, and serve on the UST and Committee: (i) copies of any evidence that the Debtor (or Solomon) will or may present at the final hearing on the Solomon Retention Application, other than rebuttal evidence that cannot reasonably be anticipated; and (ii) a brief in support of the Solomon

Retention Application. If Solomon will offer evidence or advance any legal argument at the final hearing on the Solomon Retention Application, then Solomon shall comply with the above deadlines with respect to evidence and/or briefs, as applicable.

3. Extension of Time For Heller to Object to the Motion. Except as set forth in the next sentence, if Heller objects to the Motion, or any part thereof, on or before Monday, May 14, 2001, Heller shall file an objection to the Motion, or any part thereof, and serve such objection on the Debtor and each of the other Objectors. Heller may not file an objection to the portion of the Motion seeking approval of consulting agreements between the Debtor, on the one hand, and Golleher or Mays, on the other, as Heller has stated it does not object to such portion of the Motion, and the time to object to such portion of the Motion has not been extended.

4. Objectors' Evidence and Briefs.

(a) On or before Monday, May 14, 2001, each Objector shall file, and serve on the Debtor and each of the other Objectors: (i) copies of any evidence that the Objector will or may present at the final hearing on the Motion (including evidence in response to the Debtor's evidence), other than rebuttal evidence that cannot reasonably be anticipated; and (ii) a brief in support of the Motion, if the Objector will advance any legal argument at the final hearing in support of its or his objections.

(b) On or before Monday, May 14, 2001, the UST and Committee shall file, and serve on the Debtor and on each other: (i) copies of any evidence that the UST and Committee will or may present at the final hearing on the Motion, other than rebuttal evidence that cannot reasonably be anticipated; and (ii) a brief in support of the Solomon Retention Application.

5. Debtor's and Solomon's Reply Briefs. On or before Friday, May 18, 2001, the Debtor may file, and serve on each Objecter, a brief in reply to the briefs filed by the Objectors in support of their respective objections to the Motion. On or before Friday, May 18, 2001, the Debtor and Solomon may file, and serve on the UST and Committee, a brief in reply to the briefs filed by the UST and Committee in support of their respective objections to the Solomon Retention Application.

6. Service of Papers. Papers to be served pursuant to this order may be served (a) by facsimile; or (b) by overnight mail or hand-delivery, so long as the papers are received by the party on whom they are served on or before the last day for serving the papers by facsimile (except papers to be served on parties who appeared at the preliminary hearing without counsel may be served by overnight mail, so long as the papers are received by the party on whom they are served on the next business day after the last day for serving the papers by facsimile). Service shall be made on counsel of record for any party who appeared at the preliminary hearing through counsel.

7. Direct Testimony is Limited to Declaration Testimony. Any party may present direct testimony only by declaration, but the declarant must be present at the final hearing and available for cross-examination. The declarations shall be served on the other parties as provided above for service of evidence prior to the final hearing.

8. Exhibits. Exhibits (other than rebuttal exhibits) shall be served on the other parties as provided above for service of evidence prior to the final hearing. Copies of any motions, applications, orders or other papers filed of record in any bankruptcy case filed before any United States District Court or United States Bankruptcy Court, that are not certified copies, shall be admissible to the same extent as certified copies of such papers, if

~~counsel~~ for the party seeking to put the papers in evidence states on the record at the final hearing that such counsel is reliably informed and believes that the papers are true copies of the papers filed with the clerk of the bankruptcy court in such bankruptcy case.

9. Discovery. If any discovery disputes arise, the parties are directed to confer in good faith to attempt to work out the dispute. If the Court's intervention should be necessary to resolve a discovery dispute, the Court will hold a hearing by telephone on short notice to resolve the dispute.

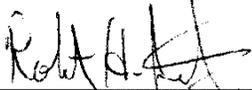

THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

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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

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