

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.

**SUPPLEMENTAL ORDER ON 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 objections thereto and the Court, being duly advised in the premises and noting that the Chapter 7 Trustee and the objectors have consented to entry of this Order, 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. On December 19, 2001, the case was converted from a Chapter 11 case to a Chapter 7 case, and Yvette J. Gonzales was appointed as the Chapter 7 Trustee (the "Trustee").

D. The Debtor owns most of the personal property in former store #880, located at Central and Juan Tabo in Albuquerque, New Mexico, such as shelves, refrigeration units, bakery equipment and fixtures, deli equipment, and/or meat department equipment, etc. (together, the "Store 880 Equipment"). The Store 880

Equipment does not include any personal property that is leased to the Debtor by third parties, although such leased property may be located at the former store.

E. W&W Properties, the landlord, has offered to purchase the Store 880 Equipment for \$20,000 in cash, and to waive all claims for pre- or post-petition rent, storage charges, or other claims of any kind whatsoever.

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

G. The Debtor owns most of the personal property in former store #927, located at 9348 Dyer in El Paso, Texas, such as shelves, refrigeration units, bakery equipment and fixtures, deli equipment, and/or meat department equipment, etc. (together, the "Store 927 Equipment"). The Store 927 Equipment does not include any personal property that is leased to the Debtor by third parties, although such leased property may be located at the former store.

H. The Debtor and the owner of the real property where the Store 927 Equipment is located have agreed to have the Store 927 Equipment remain on site, in accordance with the terms and conditions set forth below.

I. The Debtor owns most of the personal property in former store #949, located in Carlsbad, New Mexico, such as shelves, refrigeration units, bakery equipment and fixtures, deli equipment, and/or meat department equipment, etc., more particularly described in Exhibit A hereto (together, the "Store 949 Equipment"). The Store 949 Equipment does not include any personal property that is leased to the Debtor by third parties, although such leased property may be located at the former store.

J. The Debtor and the owner of the real property where the Store 949 Equipment is located have agreed to have the Store 949 Equipment remain on site, in accordance with the terms and conditions set forth below.

K. It is in the best interests of the Debtor and its creditors to approve the sale or other treatment of personal property described above in accordance with the terms and conditions set forth herein.

L. The only parties that claim a lien or other interest in the personal property are the Debtor's pre- and post-petition secured lenders, none of whom objected to the Motion.

It is hereby ORDERED:

1. Store 880 Equipment. The Debtor has the authority to sell the Store 880 Equipment to W&W Properties for \$20,000 in cash. The Store 880 Equipment will be sold "as is, where is" subject only to the representation that the Debtor owns the Store 880 Equipment. The Store 880 Equipment 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 Store 880 Equipment. All proceeds will be subject to all existing financing orders.

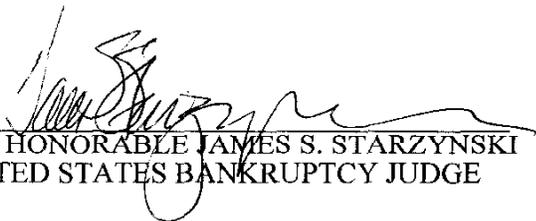
2. Store 927 Equipment. Except as set forth below, the Trustee shall leave the Store 927 Equipment in place until August 31, 2002, during which time LaSalle Bank, N.A. ("LaSalle"), the property owner, shall attempt to sell or lease the subject real property. If LaSalle finds an interested buyer or tenant for former store #927 that also is interested in purchasing the Store 927 Equipment, LaSalle shall put the interested party in touch with the Trustee, who will negotiate directly with such party about the sale of the Store 927 Equipment. Until August 31, 2002, LaSalle shall not charge the estate any storage, rent, or other charges for leaving the Store 927 Equipment on site. If LaSalle determines at any time prior to August 31, 2002 that it will not be able to find a buyer or tenant for the property to operate the property as a grocery store, then LaSalle may give notice to the Trustee to remove the Store 927 Equipment, and shall thereafter give the Trustee a reasonable amount of time, not to exceed 40 days from the date of notice, to

complete the removal. LaSalle will reasonably cooperate with the Trustee during the removal process, which may include an on-site auction of the Store 927 Equipment, provided that reasonable safeguards are in place to protect the former store building and the landlord's interests. After August 31, 2002, the Trustee and LaSalle are free to enter into additional agreements (subject to any necessary Court approvals), seek further relief from this Court, or otherwise protect their respective legal interests. The Trustee acknowledges that the former store #927 is vacant, that LaSalle is not insuring the Store 927 Equipment, and that LaSalle is not responsible and shall not be liable for any damage to or diminution in value of the Store 927 Equipment while it remains in the former store #927 location.

3. Store 949 Equipment. Except as set forth below, the Trustee shall leave the Store 949 Equipment in place until August 31, 2002, during which time LaSalle, the property owner, shall attempt to sell or lease the subject real property. If LaSalle finds an interested buyer or tenant for former store #949 that also is interested in purchasing the Store 949 Equipment, LaSalle shall put the interested party in touch with the Trustee, who will negotiate directly with such party about the sale of the Store 949 Equipment. Until August 31, 2002, LaSalle shall not charge the estate any storage, rent, or other charges for leaving the Store 949 Equipment on site. If LaSalle determines at any time prior to August 31, 2002 that it will not be able to find a buyer or tenant for the property to operate the property as a grocery store, then LaSalle may give notice to the Trustee to remove the Store 949 Equipment, and shall thereafter give the Trustee a reasonable amount of time, not to exceed 40 days from the date of notice, to complete the removal. LaSalle will reasonably cooperate with the Trustee during the removal process, which may include an on-site auction of the Store 949 Equipment, provided that reasonable safeguards are in place to protect the former store building and the landlord's interests. After August 31, 2002, the Trustee and LaSalle are free to enter into additional agreements (subject to any necessary Court approvals), seek further relief from this

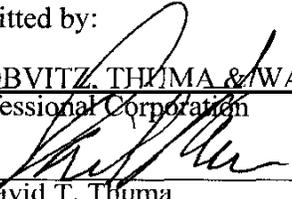
Court, or otherwise protect their respective legal interests. The Trustee acknowledges that the former store #949 is vacant, that LaSalle is not insuring the Store 949 Equipment, and that LaSalle is not responsible and shall not be liable for any damage to or diminution in value of the Store 949 Equipment while it remains in the former store #949 location.

4. 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:

MAY 08 2002

Mary B. Anderson