

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

The parties to this Settlement Agreement and Mutual Release (hereinafter, “Agreement”) are Yvette J. Gonzales, Chapter 7 Trustee in In re: Furr’s Supermarkets, Inc., No. 7-01-10779 SA, in the United States Bankruptcy Court for the District of New Mexico, for herself and on behalf of the Furr’s Supermarkets, Inc. bankruptcy estate, and its or each of their current or former general partners, limited partners, officers, directors, stockholders, employees, attorneys, agents, servants, successors and assigns, spouses, heirs, executors, administrators, attorneys, and any and all other related persons, entities, associations or corporations, whether or not herein named or referred to (collectively, hereinafter, “Trustee” or “Plaintiff”), and Advo, Inc., and its current or former general partners, limited partners, officers, directors, stockholders, employees, attorney, agents, servants, successors and assigns, spouses, heirs, executors, administrators, attorneys, and any and all other related persons, entities, associations or corporations, whether or not herein named or referred to (collectively, hereinafter, “Advo” or “Defendant”).

WHEREAS on or about February 4, 2003, the Plaintiff filed her Complaint to Avoid Preferential Transfers against the Defendant in the case captioned *Yvette J. Gonzales, Trustee v. Advo, Inc.*, in the United States Bankruptcy Court for the District of New Mexico, Adv. Pro. No. 03-1084 S (the “Avoidance Action”);

WHEREAS the Plaintiff and the Defendant desire to settle the Avoidance Action and have agreed to execute this Agreement for such purpose and to extinguish the claims and obligations set forth below;

NOW THEREFORE, it is agreed between the Plaintiff and the Defendant as follows:

1. Payment. Advo, Inc. agrees to pay Trustee the sum of \$70,000.00 in full and final

settlement of the Avoidance Action. Payments shall be due and payable eleven days following the date of entry of Order Approving Settlement.

2. No Admission. It is understood and agreed that the release of Claims in this Agreement is the compromise of doubtful and disputed Claims, and that the payment and consideration given for the release of Claims should not be construed as an admission of liability on the part of any party to this Agreement. Each party denies liability to the others and intends merely to avoid litigation by buying their peace.

3. Release of Claims. The Trustee does hereby release and forever discharge Advo, and Advo does hereby release and forever discharge the Trustee, from any and all rights, claims, demands, damages, actions, causes of action and suits, of any kind or nature whatsoever, whether known or unknown, contingent or certain, developed or undeveloped, liquidated or unliquidated, now existing or hereafter arising (collectively, "Claims"), that each, individually or collectively, has now or might have in the future have against the other. The term "Claims" includes but is not limited to, those claims asserted or which could have been asserted by the Trustee or Advo in United States Bankruptcy Court for the District of New Mexico Adversary Proceeding No. 03-1084-S, entitled, Yvette Gonzales, Trustee, Plaintiff, vs. Advo, Inc., Defendant, provided, however, that nothing contained herein shall operate to waive or release any claims arising in connection with this Agreement and its enforcement, including without limitation the payments set out in Paragraph 1. above and provided further that Advo, Inc. does not release any claims [as defined in 11 U.S.C. Section 101(5)] it holds in the Furr's Supermarkets, Inc. bankruptcy case.

4. Trustee's Representations. The Trustee states that she is the proper party to assert the causes of action referred to above and all claims made in the Adversary Proceeding or otherwise released under this Settlement Agreement; that she has not assigned, pledged or

otherwise transferred or encumbered any unasserted or asserted right, claim or cause or right of action against Advo or any claim or cause of action that is released under this Settlement Agreement; that the person executing this Settlement Agreement for The trustee has the authority to act on her behalf for the purpose of which she purports to act and to bind her to the terms and conditions herein, and that she is the proper party to execute this Settlement Agreement.

5. Advo's Representations. Advo states that the person executing this Settlement Agreement for it has the authority to act on its behalf for the purpose for which he/she purports to act and to bind it to the terms and conditions herein; and that it is the proper party to execute this Settlement Agreement.

6. Choice of Law. This Agreement is entered into under the laws of the State of New Mexico. Any dispute concerning this Agreement shall be brought before the United States Bankruptcy Court for the District of New Mexico. If an action is filed to enforce this Agreement, the prevailing party shall be entitled to recover its reasonable costs and attorney fees.

7. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Agreement.

8. Parties Bound. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, executors, administrators, successors and assigns.

9. No Assignment. Each party to this Agreement acknowledges and represents that he, she, or it is the owner of the Claims released by this Agreement, and has not voluntarily or involuntarily assigned the Claims released by this Agreement to any other person or entity.

10. Time. Time is of the essence in the performance of the promises contained in this

