

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (the “Agreement”), made this __ day of March, 2004 by and between Yvette J. Gonzales (the “Plaintiff”), acting in her capacity as the duly appointed Chapter 7 Trustee of the Furr’s Supermarkets, Inc. bankruptcy estate (the “Furr’s Estate”), on the one hand, and General Mills, Inc. (the “Defendant”), on the other, is intended to extinguish the claims and obligations set forth below.

WHEREAS on or about January 29, 2003 the Plaintiff filed her Complaint to Avoid Preferential Transfers against the Defendant in the case captioned *Yvette J. Gonzales, Trustee v. General Mills, Inc.*, in the United States Bankruptcy Court for the District of New Mexico, Adv. Pro. No. 03-1024 S (the “Preference Action”);

WHEREAS Defendant filed an Answer in the Preference Action asserting certain defenses and contends that it is not liable therefore; and

WHEREAS the Plaintiff and the Defendant desire to settle the Preference 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. The Plaintiff will dismiss the Preference Action with prejudice.
2. The Defendant will pay the Plaintiff \$14,500 within 15 days after entry of a Final Order approving the settlement. For the purposes of this Agreement, “Final Order” means an order of the Bankruptcy Court (i) that has not been reversed, vacated, modified, or stayed, and from which the time to file an appeal or motion to reconsider has expired and not been extended, or (ii) with respect to any appeal that has been finally decided, no further appeal or petition for certiorari can be taken or granted.

3. The Plaintiff and the Defendant shall each bear their respective costs and attorneys' fees incurred in the Preference Action, and in connection with settlement of the Preference Action.

4. The Plaintiff, on her behalf and on behalf of the Furr's Estate on the one hand, and Defendant on the other hand, each hereby voluntarily and knowingly release and forever discharge each other and their respective officers, directors, employees, attorneys, successors, and assigns from any and all claims, demands or causes of action of any kind, known or unknown, except that the obligations arising out of this Agreement are not released. Plaintiff and Defendant represent and warrant to each other that they have not assigned or otherwise transferred any interest in whole or in part in any claim that each had, has or may have had against the other, and agree to indemnify and hold the other harmless from any claim (including costs, expenses and attorneys fees incurred) asserted by any party under any purported assignment or transfer.

5. In the event that a Final Order approving this Agreement is not entered within 60 days of the date hereof, this Agreement shall be deemed null and void.

6. In the event that this Agreement shall become null and void pursuant to paragraph 5 above, neither the terms or statements contained in the Agreement, any motion or motions filed seeking an order from the court approving the Agreement, nor correspondence related to the negotiation, drafting or approval of the Agreement, shall be argued to be nor deemed an admission against either party's interest in any pending litigation by and between the parties.

7. The Plaintiff and the Defendant each acknowledge having had full opportunity to consult with counsel of their choice before executing this Agreement.

8. The Plaintiff and the Defendant warrant and represent to the other that no promise, inducement, or agreement not expressed herein has been offered, made, or relied on, and that this Agreement contains the entire agreement between the parties.

9. 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.

10. The parties understand and agree this settlement is the compromise of disputed claims, and the agreements and payments set forth herein are not to be construed as admissions of liability by any party, which liability is expressly denied.

IN WITNESS WHEREOF, the Plaintiff and the Defendant have executed this Agreement as of the date first written above.

The Plaintiff

The Defendant

General Mills, Inc.

By: _____

Yvette J. Gonzales, in her capacity as
the Chapter 7 Trustee of the Furr's
Supermarkets, Inc. bankruptcy estate