

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 Miracle Candle Company (the "Defendant"), on the other, is intended to extinguish the claims and obligations set forth below.

RECITALS

WHEREAS, on or about January 29, 2003, the Trustee filed her Complaint to Avoid Preferential Transfers against Defendant in the adversary proceeding captioned *Yvette J. Gonzales, Trustee v. Miracle Candle Company* in the United States Bankruptcy Court for the District of New Mexico (the "Bankruptcy Court"), Adv. Pro. No. 03-1031 S (the "Preference Action");

WHEREAS, the Trustee 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 Trustee and the Defendant as follows:

AGREEMENT

1. The Defendant will pay the Furr's Estate \$15,000, without interest, in 12 equal monthly installments of \$1,250. The first installment shall be due April 1, 2004 and the remaining 11 installments shall be due on the first day of each month thereafter.

2. If the Defendant defaults in any required payment, and does not cure the default within 10 days after receiving written notice of the default at the address listed below, then the amount of \$25,000, less any amounts already paid pursuant to paragraph 1 above (the "Judgment

Amount”) shall become immediately due and payable. Upon the Trustee filing an affidavit of default with the Bankruptcy Court, the Bankruptcy Court shall enter a final judgment for the Judgment Amount in the Preference Action, and the Trustee may take any lawful action to enforce and collect the Judgment Amount.

3. Upon the completion of all payments required in paragraph 1 above, the Preference Action shall be dismissed with prejudice and all claims the Trustee asserted against the Defendant in the Preference Action shall be settled, released, and forever barred.

4. The Trustee and the Defendant shall each bear their respective costs and attorneys’ fees incurred in the Preference Action and in connection with settlement of the Lawsuits.

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

6. The Trustee 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.

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

8. The Trustee and the Defendant understand and agree this settlement is the compromise of doubtful and 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.

9. This Agreement constitutes the entire understanding between the Trustee and the Defendant and may not be changed, modified or altered, nor any of its provisions waived, except by an agreement in writing signed on behalf of the Trustee and The Defendant.

10. This Agreement may be executed in counterparts, and a facsimile signature shall be acceptable as an original for all purposes.

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

The Plaintiff

The Defendant

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

MIRACLE CANDLE COMPANY

By: _____
Address: _____

