SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (the "Agreement"), is made this __ day of July 2004 by and between Yvette J. Gonzales (the "Trustee"), acting in her capacity as the duly appointed Chapter 7 Trustee of the bankruptcy estate of Furr's Supermarkets, Inc. (the "Furr's Estate") and Starline Printing, Inc. (the "Defendant").

WHEREAS, on February 8, 2001 (the "Petition Date"), Furr's Supermarkets, Inc. (the "Debtor") filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Mexico (the "Court"); on December 19, 2001, the Court entered an order converting the Chapter 11 case to a case under Chapter 7; and on December 19, 2001, the United States Trustee appointed Trustee as the Chapter 7 Trustee for the Furr's Estate, in which capacity she continues to serve;

WHEREAS on or about January 30, 2003 (the "Commencement Date") Trustee filed a Complaint initiating Adversary Proceeding 03-1067 S (the "Adversary Proceeding") against Defendant to avoid, under Section 547 of the Bankruptcy Code, alleged preferential payments made by the Debtor to the Defendant;

WHEREAS the Defendant denies that the amounts alleged by the Trustee are avoidable preferences pursuant to Section 547 of the Bankruptcy Code;

WHEREAS the Trustee and the Defendant desire to settle the Adversary Proceeding and have agreed to execute this Agreement for such purpose;

NOW THEREFORE, Trustee and the Defendant incorporate all the clauses in the preamble set forth above as though set forth below in their entirety, and further agree as follows:

1. Trustee will file a motion seeking approval of this Agreement and will give notice of the motion with an opportunity to object as required by the Court.

2. Settlement Payment.

A. Defendant will pay to Trustee $76,581.62, plus interest at the rate of five percent (5%) per annum from August 1, 2004 (the "Settlement Amount"), by paying installments of at least $3,359.74 per month (the "Monthly Payments") beginning September 1, 2004 and continuing on or before the first day of each month (the "Due Date") until the Settlement Amount is paid in full. Payment of the Settlement Amount in full, as agreed and without Default (as defined in paragraph 5 below), shall be in full satisfaction of any and all claims asserted by Plaintiff in the Adversary Proceeding.

B. Any payment received before approval of this Agreement by the Court will be held in trust by Trustee's counsel. In the event the Court does not approve this Agreement, payments received from Defendant will be returned to the Defendant pending further resolution of the Adversary Proceeding.

3. Payments to the Trustee will be sent to Yvette J. Gonzales, P.O. Box 1037, Placitas, New Mexico, 87043-1037 or to Thomas D. Walker, Trustee's counsel, at the address set forth in paragraph 4 below.

4. Notices required under this Agreement may be faxed, mailed or sent by overnight courier. Notice shall be deemed given on the day faxed if transmitted with confirmation before 4:00 p.m., recipient's local time. Notices sent by overnight courier (such as Federal Express) shall be deemed given on the date delivered. Notices sent by U.S. Mail will be deemed given on the third business day following the date deposited in the mail as shown by certificate of mailing

signed by the sender. The following addresses and fax numbers shall be used for giving notices under this Agreement unless changed by notice given in advance as provided in this paragraph:

To Plaintiff: Thomas D. Walker
500 Marquette N.W., Suite 650
Albuquerque, NM 87102
FAX: 505-766-9287

To Defendant: David A. Grammer III
1212 Pennsylvania NE
Albuquerque, New Mexico 87110
Facsimile 505-255-4029

5. Default and the Preference Judgment.

A. Default. Defendant will be in default under the terms of this Agreement if, any of the Monthly Payments is not received in full and in immediately available funds on or before the tenth (10th) day after the applicable Due Date ("Payment Default"). If the Defendant commits a Payment Default under the terms of this Agreement and fails to cure that Payment Default within ten (10) days after notice of Default, Plaintiff may submit to the Court the Stipulated Judgment in the form attached hereto (the "Preference Judgment"). Debtors shall have the right to cure a Payment Default two (2) times. If the Defendant commits a third Payment Default, Plaintiff may submit the Preference Judgment to the Court without further notice.

B. The Preference Judgment. Defendant and the Trustee hereby approve the Preference Judgment, which provides in part for a money judgment in Trustee's favor and against Defendant in the amount of $76,581.62, plus interest at the rate of five percent (5%) per annum from the Commencement Date, less the principal amount of any payments received by the Trustee pursuant to this Agreement prior to submission of the Preference Judgment to the Court. Interest shall continue to accrue on the Preference Judgment amount at the rate of five

percent (5%) per annum until paid in full. Following Default, the parties agree that the Court will enter the Preference Judgment in the Adversary Proceeding upon submission to the Court with an affidavit setting forth the Default and the amount of the Preference Judgment calculated as described herein. The supporting affidavit will be filed with the Court Clerk, and on the same day Plaintiff will serve on Defendant's counsel a copy of the Preference Judgment as submitted to the Court along with a copy of the supporting affidavit. Upon entry of the Preference Judgment, the Trustee may take any lawful enforcement and collection action.

6. The order approving this Agreement shall provide that the Court retains jurisdiction to enforce this Agreement and enter the Preference Judgment upon filing of the supporting affidavit. The parties hereby stipulate to reopening the Adversary Proceeding if necessary so that the supporting affidavit may be filed and the Preference Judgment may be entered, and the order approving this Agreement shall so provide.

8. If a Due Date or the day by which a Payment Default must be cured is a Saturday, Sunday or legal holiday, as described in Rule 6 of the Federal Rules of Civil Procedure, the applicable payment must be received by the first subsequent day that is not a Saturday, Sunday or legal holiday.

9. The Trustee and the Defendant each shall bear its respective costs and attorneys' fees incurred in the Adversary Proceeding, and in connection with settlement of the Adversary Proceeding.

10. The Trustee, on behalf of the Furr's Estate, for good and adequate consideration, hereby voluntarily and knowingly releases and forever discharges the Defendant, and all of the Defendant's agents, officers, directors, employees, attorneys, successors and assigns, from any and all claims, demands, actions, costs, expenses, and attorney fees that were made or raised or

could have been raised in the Adversary Proceeding; provided, however, that this release does not waive or release any claims arising in connection with this Agreement or the Preference Judgment.

11. The Defendant, on its behalf and on behalf of its affiliates, subsidiaries, and divisions, voluntarily and knowingly releases and forever discharges the Trustee, the Furr's Estate, and all of the Trustee's and/or the Furr's Estate's agents, officers, directors, employees, attorneys, successors and assigns, from any and all claims, demands, actions, costs, expenses, and attorney fees assertable in this case or allowable under 11 U.S.C. §503(b); provided, however, that this Agreement does not waive or release any claims arising in connection with this Agreement, nor does the Defendant waive or release its administrative expense judgment rendered in Adversary Proceeding No. 01-1035 S on February 11, 2002 against the Furr's Estate, nor does the Defendant release any pre-petition claim asserted in any proof of claim filed in the Debtor's bankruptcy case (the "Preserved Claim").

12. Defendant shall be allowed to amend the Preserved Claim to increase its general unsecured claim by the total of the amounts actually paid to the Trustee, not including interest, pursuant to this Agreement or the Preference Judgment. The Trustee agrees that she shall not object to such amendment to the Preserved Claim on any basis other than the accuracy of the claim amount.

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

14. 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.

15. Trustee and the Defendant warrant that each is the sole and current owner of the claims released by this Agreement and that each is respectively authorized to enter into this Agreement. Each individual signing this Agreement on behalf of any party represents and warrants that he/she has full authority to do so.

16. This Agreement is entered into under the laws of the State of New Mexico and is subject to approval of the Court, after appropriate notice and an opportunity to object. The Court shall have exclusive jurisdiction to hear and determine any matter arising from this Agreement. If an action is filed to enforce this Agreement or the Preference Judgment, the prevailing party shall be entitled to recover its reasonable costs and attorney fees.

17. If any part of this Agreement is held invalid, void or voidable against public policy or otherwise, the invalidity thereof shall not affect any other provisions, or parts hereof, which shall be given effect without the invalid provision or part.

18. No provision of this Agreement may be changed except by a written instrument executed by the Trustee and Defendant.

19. All of the terms and provisions of this Agreement shall be binding in all respects upon and inure to the benefit of the parties to the Agreement and their respective successors and assigns.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which when taken together shall constitute one and the same agreement. Signatures may be exchanged by telecopy. Each party agrees that it will be bound by its electronically transmitted signature and that it accepts such signature of the other party.

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

AGREED:

The Trustee

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

The Defendant

Starline Printing, Inc.

By: _____
William P. Lang
Its President