

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 11-01-10779-SA
Chapter 11

Debtor.

MOTION TO REJECT VEHICLE LEASE AGREEMENT

Furr's Supermarkets, Inc. (the "Debtor") moves for an order under 11 U.S.C. § 365(a) approving its rejection of a certain vehicle lease agreement, and states:

1. On February 8, 2001 (the "Petition Date"), the Debtor filed a voluntary petition in this Court under chapter 11 of title 11 of the United States Bankruptcy Code. The Debtor continues to operate its business and manage its properties as debtor-in-possession under Bankruptcy Code §§ 1107(a) and 1108.

2. The Debtor requests approval under 11 U.S.C. § 365(a) of its rejection of a vehicle lease agreement, a copy of which is attached as Exhibit A hereto (together with a sample of one of the 48 individual schedules for each leased vehicle) (the "Vehicle Lease"). The Debtor requests that the rejection be effective as of August 1, 2001.

3. The Vehicle Lease is costly to maintain, unnecessary, burdensome to the Debtor's ongoing operations and business, and constitutes an unnecessary drain on the Debtor's cash.

4. The Debtor's obligation under the Vehicle Lease is approximately \$29,808.90 per month. In addition, the Vehicle Lease obligates the Debtor to incur other related charges associated with the leased cars. The Debtor has determined in its reasonable business judgment that these costs constitute a substantial and unnecessary drain on the Debtor's cash resources. By

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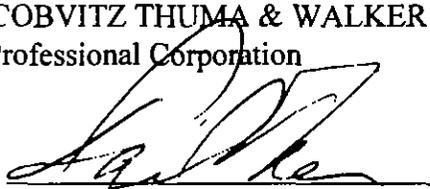
rejecting the Vehicle Lease now, the Debtor will avoid unnecessary administrative charges that provide no benefit to the estate, creditors, or interest holders.

5. For these reasons, the rejection of the Vehicle Lease is in the best interests of the Debtor's estate, creditors, and interest holders.

6. Under Bankruptcy Code § 365(a), a debtor "subject to the court's approval, may assume or reject an executory contract or an unexpired lease." Most courts hold that a debtor's decision whether to assume or reject a lease is subject to review under the business judgment standard. The debtor satisfies this standard if it shows in its reasonable business judgment that rejection will benefit the estate. See In re Mile Hi Metal Systems, Inc., 899 F.2d 887, 896 n. 13 (10th Cir. 1990) (Seymour, J. concurring) (so-called "business judgment" test applies to ordinary executory contracts); In re Federated Dept. Stores, Inc., 131 B.R. 808, 811 (S.D. Ohio 1991) ("Courts traditionally have applied the business judgment standard in determining whether to authorize the rejection of executory contracts and unexpired leases"); Commercial Fin., Ltd. v. Hawaii Dimensions, Inc. (In re Hawaii Dimensions, Inc.), 47 B.R. 425, 427 (D. Haw. 1985) ("Under the business judgment test, a court should approve a debtor's proposed rejection if such rejection will benefit the estate.") (citation omitted). If a debtor has exercised its business judgment reasonably, the Court should approve the proposed assumption or rejection. Sharon Steel Corp. v. National Fuel Gas Distribution, 872 F.2d 36, 39-40 (3d Cir. 1989).

WHEREFORE, the Debtor respectfully requests that the Court enter an order approving the Debtor's rejection of the Vehicle Lease as of August 1, 2001, and granting all other just and proper relief.

JACOBVITZ THUMA & WALKER
A Professional Corporation

By: 

Robert H. Jacobvitz
David T. Thuma
500 Marquette N.W., Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272
(505) 766-9287 (fax)

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000

Attorneys for the Debtor-in-Possession

This certifies that on July 23, 2001,
a copy of this Motion was mailed by
First Class United States mail to:

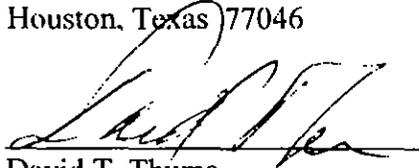
United States Trustee
P.O. Box 608
Albuquerque, NM 87103

William F. Davis
P.O. Box 6
Albuquerque, NM 87103

Paul M. Fish

P.O. Box 2168
Albuquerque, NM 87103

Edward L. Rothberg
Weycer, Kaplan, Pulaski & Zuber, P.C.
Eleven Greenway Plaza, Suite 1400
Houston, Texas 77046



David T. Thuma



LEASING ASSOCIATES/ALLSTATE
VEHICLE LEASE AGREEMENT

This Vehicle Lease Agreement is between the undersigned corporation, (the "Lessor") and the undersigned Lessee (the "Lessee"):

1. **LEASE.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicle(s) as described in each Lease Supplement hereto, new or hereafter executed by Lessee with reference to this Agreement and each Lease Supplement is incorporated herein and made a part hereof for all purposes. From time to time and without impacting this Agreement, Lease Supplements may be added to or deleted from this Agreement.

2. **LEASE TERM.** Each vehicle shall be leased for the term specified in the applicable Lease Supplement. The lease term shall commence upon the date (Delivery Date) such vehicle is delivered to Lessee or its employees or agents or within 48 hours after notice to the Lessee that the vehicle is available for delivery to the Lessee. Delivery Date set forth in the Lease Supplement shall be conclusive as to the date upon which the lease term shall commence. So long as no event of default has occurred under the Agreement and upon 30 days notice to Lessor, but not earlier than twelve (12) months after the respective Delivery Date, the Lessee may return such vehicle to Lessor and thereupon terminate the lease upon a Final Adjustment of Rents to be made pursuant to Section 4 hereof.

3. **RENT PAYMENT.** For each month during the applicable lease term or until there occurs a Final Adjustment of Rents as provided in Section 4, Lessee agrees to pay Lessor the applicable Monthly Rent set forth in or calculated in accordance with the Lease Supplement applicable to such vehicle (including Lease Supplements for additional services provided Lessor). The Monthly Rent may from time to time be adjusted based on the increase or decrease in services provided by Lessor under the Lease Supplement. The monthly rental shall be payable in advance on or before the 1st day of each calendar month, without deduction, abatement or offset of any kind. Lessor shall render to Lessee a monthly statement showing the aggregate rent payable with respect to the vehicles leased hereunder and Lessee shall pay to Lessor at its office in Harris County, Texas (or such other place as Lessor may designate in writing) the full amount set forth therein. Lessor shall apply the amount received on the obligations of Lessee to Lessor or its affiliates in any order Lessor may designate. If a lease term does not commence on the 1st day of the calendar month, the monthly rental for the 1st and final fractional months shall be prorated on the basis of a 30-day month. If a monthly rental is not paid when due, Lessee shall pay a late charge equal to One and one-half percent (1 1/2%) of the delinquent payment per month or fractional month to the extent permitted by law.

Should a Lease Supplement provide for the calculation of the Monthly Rental based upon a Rent Adjustment Factor, the Rent Adjustment Factor shall increase or decrease as provided for in the Lease Supplement, effective as of the date of each change, as the financing charge to Lessor by its financing source increases or decreases, the adjusted Rent Adjustment Factor shall be used to establish the Monthly Rent for each vehicle delivered to Lessee during the period such adjusted Rent Adjustment Factor is applicable.

4. **FINAL ADJUSTMENT OF RENTS.** The factors to determine the Monthly Rent hereunder are based upon the anticipated use by and maintenance and care of the vehicles by the Lessee during the anticipated term of the lease. At the end of the lease term for each vehicle (whether as permitted under Section 2 or Section 1) hereof, the aggregate Monthly Rent payable with respect to such vehicle shall be adjusted (the "Final Adjustment of Rents") as follows:

- a. Upon the re-delivery of a vehicle, Lessor shall determine the wholesale value of such vehicle by either (i) making a bona fide cash sale of such vehicle to a wholesale dealer or (ii) obtaining three wholesale appraisals from wholesale dealers selected by Lessor. For the purposes of this Section 4, the wholesale value of such vehicle shall be either the sales proceeds less all expenses of such sale, including a reasonable fee payable to Lessor or amount of the highest appraisal.
- b. If such return is after the Earliest Termination Date specified in the Termination Section of the applicable Lease Supplement and the wholesale value of the vehicle as determined pursuant to Section 4 (a) above, is less than the amount specified in section B of such Termination Section less the sum of the Monthly Adjustment Factors specified in section C of such Termination Section for the months and portions of months the vehicle shall have been leased after such Earliest Termination Date to the date the vehicle is returned, the rentals to be paid by Lessee shall be increased to the extent of such difference and Lessee shall pay additional rental on the vehicle in an amount equal to such difference. If such wholesale value exceeds such amount, Lessor shall return to Lessee an amount equal to such excess.
- c. If such return is prior to the Earliest Termination Date specified in the Termination Section of the applicable Lease Supplement, and the wholesale value of the vehicle as determined under Section 4 (a) above is less than the amount specified in Section D of such Termination Section plus the sum of the Monthly Adjustment Factors specified in section E of such Termination Section for the months and portions of months remaining from the date the vehicle is returned to such Earliest Termination Date, the rentals to be paid by Lessee shall be increased to the extent of such difference and Lessee shall pay additional rental on the vehicle in an amount equal to such difference. If such wholesale value exceeds such amount, Lessor shall return to Lessee an amount equal to such excess.
- d. All payments required by a Final Adjustment of Rents shall be due as soon as the amount payable is determined by Lessor.
- e. Nothing in this Section 4 shall be construed to permit the term of this Agreement to be less than twelve (12) months except in the event of the less, shall destruction or damage beyond repair of any vehicle as provided in Section 11 hereof.

5. **ADDITIONAL RENTS.** Should Lessee fail to pay, when due, any cost, expense, tax, fee, fine, penalty or other charges imposed upon the Lessee hereunder, Lessor may pay such item and Lessee agrees to reimburse Lessor upon demand, as Additional Rent, the full amount of all costs, expenses, taxes, fees or other charges paid by Lessor which, under the terms of this lease, constitute an obligation of Lessee.

6. **TAXES AND LICENSING.** Lessee agrees to pay all costs, expenses and fees with respect to the titling, licensing and registering of each vehicle as may from time to time be incurred. Lessee agrees to pay all sales, use, personal property, license fees, fines and penalties levied by any governmental agency and ad valorem tax, all taxes or assessments on the rental, payable hereunder (excluding Lessor's income tax) to all other governmental assessments or charges, whatever and by whomsoever payable with respect to a vehicle, its use, misuse, possession, rental, delivery or operation.

7. **REPAIR AND MAINTENANCE.** Lessor shall not be obligated to make any repairs, replacements, additions or to perform any maintenance with respect to any vehicle. Lessee shall maintain service and repair each vehicle and each and every part thereof in good condition and repair and free of damage or defects and in safe operating condition and shall pay all costs incurred in connection with the storage, use and operation of the vehicle prior to the re-delivery thereof. Lessee agrees to cause each vehicle to be serviced, maintained, repaired by a skilled craftsman, and to repair or replace any part of such vehicle with new parts in compliance with the manufacturer's specifications and to take all action necessary to keep each warranty with respect to such vehicle in full force during the maximum warranty period. Should Lessee return the vehicle in less than the condition required hereunder, Lessee shall pay to Lessor as additional rentals all costs and expenses incurred by Lessor in connection with the repair, restoration and maintenance of the vehicle as required hereunder.

8. **USE OF VEHICLE, COMPLIANCE WITH THE LAW, ASSIGNMENT AND SUB-LETTING.** Lessee agrees that it will use or permit the use of each vehicle only for the purposes for which such vehicles were designed and in the scope of the manufacturer's specifications for such vehicle, for lawful purposes only within the continental limits of the United States only and not for the transportation or hire for goods or passengers. Lessee agrees to comply with all applicable laws, ordinances and regulations relating in any way to the use, possession or operation of the applicable vehicle.

Lessee shall attach to each vehicle a sign or other appropriate notice as may be required by law to protect or disclose the interest of Lessor in such vehicle. Each sign or notice shall be installed upon delivery of the vehicle and shall be removed upon the return of the vehicle to Lessor. Lessee shall permit Lessor and its agents to inspect any vehicle leased hereunder.

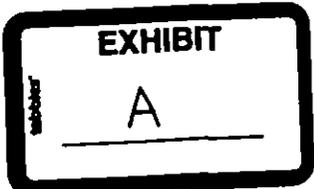
Lessee agrees that it will not assign, transfer, sublet, lease, mortgage or encumber to permit a lien or charge with respect to any vehicle or its rights hereunder or under any Lease Supplement.

9. **DELIVERY AND RETURN.** LESSEE AGREES TO INSPECT OR CAUSE TO BE INSPECTED EACH VEHICLE UPON DELIVERY TO LESSEE OR ITS EMPLOYEES OR AGENTS AND LESSEE SHALL GIVE WRITTEN NOTICE TO LESSOR OF ANY DEFECTS. IT SHALL BE CONCLUSIVELY PRESUMED THAT EACH VEHICLE SHALL HAVE BEEN IN GOOD CONDITION AND REPAIR, FREE OF DEFECTS, APPARENT OR NOT OF ANY TYPE WHATSOEVER. LESSOR SHALL NOT BE LIABLE FOR ANY FAILURE OR FOR ANY DELAY IN OBTAINING OR DELIVERING A VEHICLE. LESSEE SHALL GIVE LESSOR 30 DAYS NOTICE OF ITS INTENTION TO RETURN VEHICLE. EACH VEHICLE SHALL BE DELIVERED TO THE DELIVERY POINT SPECIFIED IN THE LEASE SUPPLEMENT. THE ADDITIONAL ATTACHMENTS, ACCESSORIES, REPLACEMENTS WITH RESPECT TO A VEHICLE SHALL, WITHOUT COST TO LESSOR, BE A PART OF SUCH VEHICLE.

10. **LIABILITIES AND WARRANTIES.** Lessor assumes and shall have no liability for any act or omission of Lessee, its servants or agents and shall not be liable to Lessee or any other person for any loss or damage of any kind, however caused, with respect to any vehicle or for the repair and maintenance of any vehicle or for any failure with respect to a vehicle or for any interruption of service, business loss or damage, whatever and however caused. WITH RESPECT TO EACH VEHICLE, LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WHETHER RELATING TO MERCHANTABILITY, FITNESS FOR USE, FREEDOM FROM DEFECT OR OTHERWISE, AND TO THE EXTENT PERMITTED BY LAW, LESSEE WAIVES ALL RIGHTS AND CLAIMS AGAINST LESSOR WITH RESPECT TO ANY SUCH WARRANTIES ARISING BY STATUTE OR OTHERWISE. Lessee accepts in lieu of warranties and representations of Lessor hereunder, the manufacturer's warranties issued with respect to each vehicle.

11. **RISK OF LOSS, THEFT, DAMAGE OR DESTRUCTION AND SETTLEMENT THEREFOR.** Lessee hereby assumes and agrees to bear any and all risk of damage, loss, theft or destruction, partial or complete, of each vehicle and agrees that any and all necessary replacements, repairs or substitutions of parts or equipment on such vehicle shall be made by Lessee at Lessee's sole cost. In the event of theft, destruction, or loss of any vehicle which is beyond repair, Lessee shall promptly give written notice to Lessor and shall have the vehicle delivered at such time and to the place specified by Lessor. Lessor as soon as practicable shall cause such vehicle to be sold in such manner and upon such terms and conditions as Lessor, in its sole discretion deems advisable. Upon such sale, a Final Adjustment of Rents shall be made in the manner provided in Section 4. For purposes of such Final Adjustment of Rents, the wholesale value of such vehicle shall be proceeds of the sale of such vehicle, less sales expenses, including a reasonable fee payable to Lessor, plus any insurance proceeds paid to Lessor in connection with such vehicle. In any circumstances where a vehicle is not available to Lessee for return to Lessor, a Final Adjustment of Rents shall be made as if no sale proceeds were realized.

12. **INSURANCE.** Without limiting any other terms hereof, Lessee shall at its sole cost keep each vehicle insured against liability for bodily injury, death and property damage with initial minimum limits of Two Hundred Fifty Thousand (\$250,000.00) Dollars in respect to bodily injury or death to any one person, Five Hundred Thousand (\$500,000.00) Dollars in respect to any one accident, and One Hundred Thousand (\$100,000.00) Dollars in respect to damage to property (which limits may be increased by Lessor upon written notice), and maintain any other insurance on the vehicle and/or in respect of damages arising from the use or operation thereof, and to post such bonds, all as may be required by Lessor or by applicable law or regulations as a condition to the use or operation of any vehicle in the jurisdiction in which operated. Lessee also agrees at its sole cost and expense to carry comprehensive (including fire and theft) and collision insurance on each leased vehicle, the deductibles amount under such collision insurance to be not in excess of Five Hundred (\$500.00) Dollars. All insurance policies shall name Lessor as an additional insured and the first Loss Payer shall be with insurers acceptable to Lessor; shall cover the period from the Delivery Date of the vehicle to Lessee to the date of the Final Adjustment of Rents, shall provide for at least ten (10) days written notice to Lessor before cancellation or reduction of coverage; shall cover the interests of both Lessor and the Lessee in the vehicle, shall protect both Lessor and Lessee in respect of risks arising out of the condition, maintenance, use or operation of the vehicle and shall otherwise be acceptable to Lessor. Contemporaneously with the delivery of each vehicle to Lessee, Lessee shall furnish Lessor with a certificate or other evidence satisfactory to Lessor as to the insurance



The insurance proceeds received by Lessor as a result of any loss or casualty shall be released to the Lessee upon proof satisfactory to Lessor that such loss or casualty has been fully satisfied. Provided, however, that if an Event of Default has occurred, Lessor, at its option, may use and apply all or part of such insurance proceeds to cover the cost of such insurance and any amount remaining as security for the performance of Lessee's obligations hereunder.

Should Lessee fail to obtain or maintain any of the insurance coverage required by this provision, or if it be canceled, Lessor may (but shall not be obligated to) purchase all or any part of such required insurance coverage or such other insurance coverage as Lessor deems necessary to protect Lessor's interests only and upon demand Lessee agrees to reimburse Lessor for the cost thereof as additional rental hereunder.

13. DEFAULTS. In the event Lessee defaults in the payment of any monthly rental payment for any leased vehicle or any other sums payable hereunder or defaults in the performance of any other term or covenant herein, or if Lessee shall default in any other agreement with Lessor (or any affiliate of Lessor) or if a proceeding in bankruptcy, receivership arrangement or insolvency is instituted by or against Lessee, or if in the exclusive judgment of Lessor its rights under this Agreement are prejudiced or rendered insecure, or if after the execution of this agreement, the net worth of Lessee declines by more than 25% then upon the happening of any such event (herein referred to as an "Event of Default"), Lessor, at its option may, by written notice to Lessee, declare this Agreement in default and terminated as to the Lessee's right to possession of any or all of the leased vehicles. In such event Lessee agrees, at Lessee's expense, to return all vehicles included in such written notice to Lessor at such time and place as Lessor may specify and further agrees that Lessor, by its agents or employees, may take possession of all such vehicles and for that purpose may enter upon any premises of Lessee. In the event Lessee's rights in such vehicles shall be terminated, Lessor, in its exclusive discretion may hold, use, lease, sell or otherwise dispose of any or all of such vehicles without notice to, or obligation to account to, Lessee. Should Lessor elect to be required by applicable law to give notice of such sale, reletting or other disposition, Lessee agrees that written notice mailed as provided herein at least five (5) days prior thereto which Lessee agrees to be commercially reasonable notice to Lessee of such action, Lessee agrees that any sale, reletting or other disposition of a vehicle for purposes of this section shall be conducted in such manner on such terms and for such amounts as Lessor in its exclusive judgment shall deem advisable. Lessor's acceptance, repossession or subsequent use or disposition of such vehicles shall not constitute a release or waiver of any rights of Lessor. Lessor shall retain all monthly rental payments, additional rental and other sums paid by Lessee hereunder with respect to such vehicles, all refunds or other sums, if any, in Lessor's possession, and all proceeds from any sale, lease or other disposition of such vehicles. In addition, without offset or credit of any kind, Lessor shall be entitled to recover from Lessee as liquidated damages and not as a penalty, (a) an amount equal to all unpaid monthly rental payments, additional rent and other sums which would have been due for the balance of the entire term of this Agreement for all vehicles included in the written notice of default and termination referred to above, (b) all monthly expenses, including court costs and attorney's fees, incurred by Lessor in the enforcement of its rights hereunder, less the net proceeds of the sale, reletting or other disposition of such vehicles. The remedies provided for Lessor herein shall not be deemed to be exclusive but shall be in addition to all other remedies in its favor existing or to exist in law or in equity. This Agreement shall continue in full force and effect as to all vehicles leased hereunder, if any, which are not included in the written notice of default and termination referred to above.

14. GENERAL PROVISIONS. No sale of any vehicle leased hereunder shall be made to or for the Lessee directly or indirectly. Each vehicle shall be owned by and all titles thereto shall be in the name of Lessor. This Agreement is an agreement of lease only and is not to be construed as conveying to Lessee any rights, title or interest in or to the vehicles leased hereunder except the right to use the same as provided herein. Lessee's rights and interests under this Agreement are subject and subordinate to any security interests in or other liens on any of the vehicles leased hereunder created in favor of the holder of and pursuant to a contract of conditional sale, chattel mortgage or other security agreement executed heretofore or hereafter covering such vehicle or vehicles, provided, however, that in the event of default by Lessor in the payment of any sum to be paid or in the performance of any covenant, obligation or condition pursuant to such contract of conditional sale, chattel mortgage or security agreement, Lessee, upon notice of such default and notice of assignment of rents hereunder given by the holder of said security interest, may remain in possession of such vehicles until the expiration of this Agreement provided that Lessee shall make due and timely payment to said holder of all rent then and thereafter due hereunder and such payment shall have the same effect as if made to Lessor, and provided further, that in the event of any such default by Lessor under such security agreement and also any default by the Lessee in payment to such holder of rent due or in the performance of any other covenant or obligation hereunder, the Lessee's rights hereunder shall terminate and such holder shall have the right to take immediate possession of all vehicles leased hereunder and dispose of the same in the manner provided in such security agreement or other lien instrument.

No covenant or condition of this Agreement may be waived except by the written consent of Lessor and forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Lessee to which the same may apply, and until complete performance by Lessee of said covenant or condition, Lessor shall be entitled to invoke any remedy available to Lessor under this Agreement or by law, despite such forbearance or indulgence.

This Agreement, together with any and all rights and benefits of Lessor hereunder, may be assigned by Lessor to any party for any reason without notice to or consent of Lessee.

This Agreement constitutes the entire agreement between the parties and may not be changed except by an instrument in writing signed by the party to be bound and this Agreement (and amendments properly made hereto) shall be binding upon and shall inure to the benefit of Lessor, its successors and assigns, and shall be binding upon its heirs, executors, administrators and successors.

This Agreement is intended for general use in the United States. Should any of the terms or provisions hereof be in violation of or prohibited by any statute, ordinance or other law or regulation of any City or State where it is used, such terms and/or provisions shall be of no force and effect to the extent violative of or prohibited by such laws or regulations without invalidating or otherwise affecting any of the other terms or provisions hereof. Should any of the terms or provisions hereof be otherwise unenforceable where used, such unenforceability shall not invalidate or otherwise affect the remaining terms and provisions hereof.

This Agreement and the rights and obligations of the parties hereunder shall be construed, interpreted and determined by the laws of the State of Texas.

Lessor and Lessee shall execute this Agreement in as many counterparts as may be necessary for recording or filing in any governmental office. Lessee shall pay the fees and Lessor a out-of-pocket expenses for any such recording or filing required by law and shall pay any stamp or documentary taxes assessed upon this Agreement.

All notices required or provided for herein shall be made in writing, mail postage prepaid by certified mail, return receipt requested, and if to Lessor, addressed to Lessor, at P.O. Box 243, Houston, Texas, 77001, and if to Lessee, effective when mailed addressed to Lessee at its address shown below, or at such other address as Lessor or Lessee shall hereafter designate in writing.

15. MASTER AND INDIVIDUAL LEASE. This Agreement, together with each supplemental lease document listed herein, is the entire agreement between Lessee and Lessor. This Agreement is a master lease and each Lease Supplement is incorporated herein and this lease and all supplemental agreements that constitute one single document and this Agreement, together with the supplemental documents applicable to a vehicle, shall be a lease.

The supplemental documents attached hereto are the following:

EXECUTED this 15th day of August, 1991

LEASING ASSOCIATES/STATE, INC. - M1

BY R. V. Brindley
Title _____

LESSOR

LESSEE FURR'S SUPERMARKETS, INC.

Delaware Corporation
INDICATE IF CORPORATION, PARTNERSHIP OR SOLE PROPRIETORSHIP

BY [Signature]
Title SLUP

1730 Montano Road NW
Address

Albuquerque, Bernalillo
City/County

New Mexico 87184
State Zip

LEASE NO. 50-29729-01

Attest For Lessor

Secretary



LEASING ASSOCIATES

LEASE SUPPLEMENT - SCHEDULE "A"

TO VEHICLE LEASE AGREEMENT NO. 50-29729-01 DATED AUGUST 15, 1991
BETWEEN THE UNDERSIGNED LESSOR AND THE UNDERSIGNED LESSEE.

Year	Make	Series	Body Style	Exterior Color	Interior
1997	FORD	TAURUS	GL SEDAN	TOREADOR RED	SADDLE

In addition to all standard and/or original equipment, the following is furnished:

GL OPTION PACKAGE	3.0 LITER V-6 ENGINE
4 SPEED AUTO TRANSMISSION	P205/65R-15 BW TIRES
CLOTH BUCKET SEATS	

LEASE TERM:	MONTHLY RENTAL	ADJUSTMENT FACTORS
48 Months		
1st through 12th Month	\$428.96	\$428.96
13th through 24th Month	\$428.96	\$306.62
25th through 36th Month	\$428.96	\$351.00
37th through 48th Month	\$428.96	\$401.80
Each month thereafter	\$107.24	None

VEHICLE IDENTIFICATION NUMBER:	1FALP52U3VG263013	
FIRST RENTAL DATE:	07/15/97	
DELIVERY DATE:	07/15/97	Driver:
PRINCIPAL LOCATION:	Albuquerque, NM	Sam A-Fattan
UNIT NUMBER:	50-29729-01-222	1730 Montano Rd. NW
EARLIEST TERMINATION DATE	07/15/98	
"B" VALUE:	\$12,713.16	Albuquerque, NM 87107
"D" VALUE:	\$12,713.16	

It is agreed and accepted by Lessee, that all of the rights, obligations, terms, conditions and covenants of the above described Lease Agreement are incorporated herein by reference and made a part hereof for all purposes.

Lessee hereby covenants and represents to Lessor that the property is being leased primarily for Lessee's business use and not for personal, family or household purposes.

AGREED AND ACCEPTED:

AGREED AND ACCEPTED:

LESSOR: LAI TRUST

LESSEE: FURR'S SUPERMARKETS, INC.

By: John M. Auth

By: Sally B. Furr

Date: 7/8/97

Date: 7/15/97