

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

FURR'S SUPERMARKETS, INC.,

Case No. 11-01-10779 SA
Chapter 11

Debtor.

**ORDER APPROVING SALE OF LIQUOR LICENSES AND
EQUIPMENT FREE AND CLEAR OF LIENS, AND
ESTABLISHING PROCEDURES FOR THE SALE OF LIQUOR LICENSES
AND PAYMENT OF LIQUOR WHOLESALERS AND CERTAIN TAXES**

This matter came before the Court on the Debtor's Motion to Approve the Sale of Certain Liquor Licenses and Equipment Free and Clear of Liens, and for an Order Establishing Procedures for the Sale of Liquor Licenses and Payment of Liquor Wholesalers and Certain Taxes, filed September 27, 2001 (the "Motion"). The Court FINDS:

- A. On October 1, 2001, the Court entered an order shortening the period to object to the Motion to eight (8) days.
- B. On September 27, 2001, the Debtor gave notice (the "Notice") of the Motion to all persons on the limited mailing matrix maintained for this chapter 11 case, as shown by the Notice filed October 10, 2001, which contains a proof of service.
- C. The Notice specified a deadline of eight days, plus three days based on service of the Notice by mail, for a total of eleven days, in which to file objections to the Motion.
- D. The Notice was sufficient and appropriate in the particular circumstances.
- E. The objection deadline expired on October 9, 2001. The only objections to the Motion were filed by Desert Eagle Distributing Company of New Mexico L.L.C.,

Premier Distributing Company, Inc., National Distributing Company Inc., New Mexico Beverage Company, Inc., and Southern Wine & Spirits of New Mexico, Inc. This order resolves those objections.

F. No further notice of the Motion or of this order is necessary in the particular circumstances, prior to entry of this order;

G. The Court has jurisdiction with respect to this Motion and to grant the relief set forth below pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

H. The Debtor and Purchasers are not affiliates. The Debtor and Purchasers have conducted arms-length negotiations, in good faith and without collusion. Purchasers are entitled to the protection set forth in 11 U.S.C. § 363(m). The Purchase Prices represent fair and reasonable consideration for the Licenses to be purchased.

I. The Debtor has complied with the requirements of Bankruptcy Code § 363 with respect to the relief requested in the Motion.

J. Entry of this order is appropriate.

Counsel for the Debtor and counsel for the Lenders have advised counsel for the Wholesalers that the Debtor and Lenders contend that payments made to Wholesalers as provided in this Order are being made under compulsion and under protest. All parties contend that they have not waived and specifically reserve any rights, claims or defenses that may exist in connection with this matter. Without limitation, the Debtor and Lenders contend they have not waived rights to seek disgorgement in a separate proceeding or to contest the amount and/or priority or any other aspect to the Wholesalers' claims, and the Wholesalers contend that they have not waived the right to contend that by accepting the

benefits of the transfers of the License, the Lenders and Debtor have in fact waived such rights, are estopped by doctrines such as *res judicata*, or have rendered their claims moot. This order will not be construed to affect any of the parties contentions in this regard.

IT IS HEREBY ORDERED:

1. As used in this Order:

“AGD” means the New Mexico Alcohol and Gaming Division.

“Escrow Account” means an escrow account established by the person serving as escrow agent with respect to the sale of a License.

“Escrow Agent” means the person serving as escrow agent with respect to the sale of a License pursuant to the terms of the agreement for purchase and sale of the License.

“Lenders” means Heller Financial, Inc., as agent for Fleet Capital Corporation, Bank of America N.A., Heller Financial, Inc. and Metropolitan Life Insurance Company; and Metropolitan Life Insurance Company acting for its own account.

“License” when used in reference to one of the Licenses, means the License to which reference is made:

“Licenses” means the following New Mexico Liquor Licenses:

Retailer Licenses

<u>Store</u>	<u>License #</u>	<u>Location</u>
883	4023	Albuquerque
862	4029	Los Lunas
812	4042	Rio Rancho
811	4047	Farmington
866	4051	Albuquerque
860	4069	Farmington

Dispenser Licenses

<u>Store</u>	<u>License #</u>	<u>Location</u>
871	187	Albuquerque

877	231	Albuquerque
868	617	Albuquerque
873	768	Albuquerque
880	818	Albuquerque
898	405	Belen
949	581	Carlsbad
903	996	Clovis
893	939	Espanola
801	254	Las Cruces
894	461	Las Vegas
909	364	Roswell
911	131	Roswell
908	33	Roswell
905	882	Ruidoso

“Purchasers” is defined in paragraph 2.

“Purchase Prices” is defined in paragraph 2.

“Tax Clearance” means the notification from TRD specified in § 7-1-82(A), NMSA 1978, required for the transfer of a License.

“Wholesalers” means Desert Eagle Distributing Company of New Mexico L.L.C., Joe G. Maloof & Co., National Distributing Company Inc., New Mexico Beverage Company, Inc. Southern Wine & Spirits of New Mexico, Inc., RRAM, and Premier Distributing Company, Inc.

“Wholesaler Clearance” means a wholesaler clearance, in the form specified by AGD, or otherwise acceptable to AGD, relating to the Licenses.

2. The Court hereby approves the sale of the following Licenses to the following purchasers (the “Purchasers”) for the following amounts (the “Purchase Prices”):

License No.	City	Buyer	Purchase Price
581	Carlsbad	Allsup	\$ 180,000
996	Clovis	Town & Country	\$ 206,000
4047	Farmington	Pik Quick	\$ 290,000
4051	Albuquerque	Pik Quick	\$ 290,000
4069	Farmington	Town & Country	\$ 290,000
254	Las Cruces	TD Industries, Inc.	\$ 275,000
461	Las Vegas	TLH Supermarkets	\$ 185,000
364	Roswell	Town & Country	\$ 180,000
131	Roswell	Allsup	\$ 180,000
33	Roswell	MAL Enterprises, Inc.	\$ 190,000 (subject to adjustment)
882	Ruidoso	Brewer Oil Co	\$ 206,000

3. The Court authorizes the Debtor to sell the Licenses described in paragraph 2 (other than License No. 33) to the Purchasers for the Purchaser Prices and on terms and conditions substantially similar to the terms and conditions set forth in the form of contract attached to this Order as Exhibit A (the “Specimen Contract”), or on such other terms and conditions as the Debtor may determine in the exercise of its business judgment which, unless approved by the Wholesalers and TRD, do not modify, alter, or impair any escrow or other terms or conditions providing for payment to Wholesalers and/or TRD or that otherwise protect the Wholesalers and/or TRD. The Court authorizes the Debtor to lease and sell License No. 33 to MAL Enterprises, Inc. (“MAL”) for the Purchase Price for that License and on terms and conditions substantially similar to the form of contract attached to this Order as Exhibit B. The Court authorizes the Debtor to lease and sell License No. 461 TLH Supermarkets, Inc. and/or Southwest Group LLC, for the Purchase Price for that License and on terms and conditions substantially similar to the form of contract attached to this Order as Exhibit C.

4 The Debtor is authorized to transfer to TLH Supermarkets, Inc. or its designee, all of the Debtor’s right title and interest in the equipment described in Exhibit D hereto, which is located at Store 894 in Las Vegas, New Mexico, in addition to Liquor License 461, in exchange for the Purchase Price for such License.

5. All sales of Licenses and equipment, as authorized by this Order, will be made free and clear of any lien, claim, interest or encumbrance (collectively, “Interests”) of any entity in the Licenses and such equipment. Any party asserting an Interest in the Licenses and/or such equipment will be protected by having its Interest attach to the net proceeds of the sale(s), to the same extent and validity, and in the same priority, as such

Interests attached to the property that was sold, subject to any claims and defenses the Debtor may possess with respect thereto. Notwithstanding the above, the provisions of paragraphs 10 and 11 (instead of this paragraph 6) shall apply to Interests of Wholesalers.

6. The Debtor is authorized to sell Licenses, other than the sale to the Purchasers for the Purchase Prices, in accordance with the following procedures:

(a) As soon as practicable after the Debtor's negotiation of an agreement for a sale of a License (or lease-purchase of a License), the Debtor will submit to the Lenders, the Unsecured Creditors Committee (the "Committee") and the United States Trustee ("UST"), through their respective counsel, a copy of the proposed contract for the purchase and sale of the License in question (the "Proposed Contract"). The Lenders, Committee and UST will be permitted five (5) business days from receipt of the Proposed Contract to review it. If the Lenders, Committee and UST (x) affirmatively assent to the sale of the License pursuant to the terms and conditions of the Proposed Contract (the "Proposed Sale") or (y) fail to notify the Debtor in writing of any objection to the Proposed Sale or (z) timely object(s) to the Proposed Sale but withdraws for any reason its or their objection to such sale, the Debtor would be authorized to consummate the Proposed Sale without notice and a hearing or entry of a further order of the Court. All of the terms and set forth in this Order would then apply to the sale of License pursuant to the Proposed Contract. However, Debtor shall have the right to submit an order confirming its authority to consummate the Proposed Sale, if the order is approved by the Debtor, Committee, Lenders, Wholesalers, TRD and the UST, without notice to any other party in interest.

(b) If the either of the Lenders, Committee or UST timely objects to the Proposed Sale and does not withdraw its or their objection, the Debtor would have the

option of (i) foregoing consummation of the Proposed Sale that is the subject of such objection, (ii) modifying the terms of the Proposed Sale in a way that results in Lenders, Committee and UST withdrawing its or their objection, or (iii) seeking an order of the Court authorizing the Debtor to consummate the Proposed Sale over such objection, with notice of the hearing limited to the Lenders, Committee and UST.

(c) Notwithstanding subparagraphs (a) and (b) of this paragraph 6, if a Proposed Contract does not contain the same escrow and other terms and conditions protecting Wholesalers and TRD as are included in the Specimen Contract attached hereto as Exhibit A, or if the Debtor requests that any provisions in this order not apply to the Proposed Contract, then the Debtor shall give notice of the Proposed Contract to the Wholesalers and TRD together with notice of any requested modifications to this order as it relates thereto, and the references in subparagraphs (a) and (b) to the Lenders, Committee and UST also shall be deemed to refer to the Wholesalers and TRD.

7. Within ten (10) days after consummation of each sale, Debtor will file a report of sale pursuant to Bankruptcy Rule 6004(f), and transmit a copy of the report to the UST.

8. The Debtor is authorized under 11 U.S.C. § 363(b) to execute all agreements for the purchase and sale of Licenses approved by this order; and to consummate all transactions contemplated by any agreements relating to such sales; and to take any action and execute and deliver any additional instrument or documents that may be reasonably necessary, desirable, or appropriate to implement such transactions, to effect the sales of the Licenses, to cause the closings of such sales to occur, and to perform the Debtor's obligations under the agreements.

9. Upon request by the Escrow Agent, the Wholesalers will deposit with Escrow Agent a separate Wholesaler Clearance for each of the Licenses. The Wholesaler Clearance will provide that it is valid only if AGD approves the transfer of the License in question to the purchaser within eight (8) business days after the issuance date specified on the Clearance. The Wholesaler Clearances provided to the Escrow Agent will not specify the issuance dates. The Escrow Agent will be instructed to deliver a Wholesaler Clearance to a purchaser only after the purchaser has deposited the entire purchase price with the Escrow Agent, and to specify an issuance date on the Wholesaler Clearance that is the date the Escrow Agent delivers the Wholesaler Clearance to the purchaser. The Escrow Agent is directed to transfer from the purchase price held in escrow to each Wholesaler the amount specified on Exhibit E hereto with respect to the License being transferred within three (3) business days after the Escrow Agent is advised that such License transfer has occurred, plus the additional amount of attorneys fees and interest accrual to the date of payment owed by the Debtor to each Wholesaler as specified by each Wholesaler or its counsel to the Escrow Agent in writing. Escrow Agent may conclusively rely upon the amounts specified by each Wholesaler or its counsel to the Escrow Agent in writing amounts as the amounts of such attorney's fees and interest accrual to be disbursed. The transfer of funds by the Escrow Agent to the Wholesalers will be made by wire transfer to any Wholesaler who requests the same and provides wiring instructions.

10. The Lenders and Debtor have agreed, and are directed by the Court, to take no action whatsoever to impede or prevent the Escrow Agent from making such transfers of funds to the Wholesalers, including but not limited to seeking an injunction or similar relief, seeking or asserting a setoff or recoupment, or otherwise attempting in any way to delay or

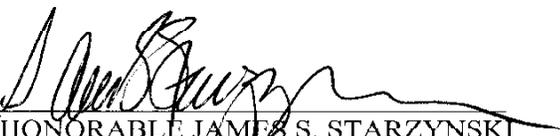
limit such transfers of funds. The Wholesalers shall have the right to the immediate entry of an injunction by this Court, without commencing an adversary proceeding or posting any bond, if necessary to enforce the provisions of this paragraph. The Court retains jurisdiction to grant such relief. The Lenders shall cooperate fully and completely with the Escrow Agent in every respect to enable payment to the Wholesalers in the amount shown on Exhibit E (plus per diem interest accrual through the date of payment) from the proceeds for each transaction and to ensure complete compliance with paragraph 18 in each purchase agreement as the transaction proceeds.

11. As of the date of entry of this order, the Debtor owes TRD a total of \$323,860.31 (the "Pre-Closing Taxes") for gross receipts taxes arising from the sale of alcoholic beverages under liquor licenses the Debtor transferred on or about August 31, 2001 to Fleming Companies, Inc. or to third party purchasers designated by Fleming Companies, Inc. TRD will issue the Tax Clearances to TRD for the Licenses upon entry of this Order. The Escrow Agent is directed to transfer to TRD from the purchase price held in escrow, within three (3) business days after the Escrow Agent is advised that such License transfer has occurred, the sum of (i) the relevant amount specified on Exhibit E thereto with respect to the License being transferred (which represents all unpaid gross receipts tax arising from the sale of alcoholic beverages under each such License) and (ii) the unpaid balance (if any) of the Pre-Closing Taxes to the extent funds remain available from the purchase price for the License that is leased or transferred after payment to Wholesalers and payment of any fees to the Escrow Agent. If a Purchase Agreement is terminated, such that the License subject to such Agreement will not be transferred to the purchaser, then TRD may reimpose a hold on such License so that a new Tax Clearance is required for the

transfer of the License. If Debtor is authorized to consummate the sale of a liquor license under a Proposed Contact, pursuant to the terms of this Order, this same procedure shall apply with respect to TRD issuing a Tax Clearance, except the Tax Clearance will be issued when TRD is provided a copy of the executed contract.

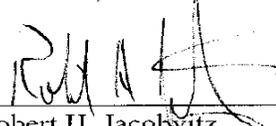
12. The Debtor is authorized to pay the Wholesalers the amounts specified on Exhibit E hereto with respect to each License being transferred, plus per diem interest accrual through the date of payment, plus the amount of attorneys fee then claimed by the Wholesaler with respect to matters relating to its claims against the Debtor. The Debtor is authorized to pay to TRD the amounts specified in paragraph 11 above, in addition to the amounts specified on Exhibit D hereto with respect to each License being transferred.

13. The terms of this Order and any agreements to which the Debtor is or becomes a party that are authorized by this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtor, its estate and creditors, and any trustee, responsible person, estate administrator, or similar person appointed for or in the Debtor's chapter 11 case, or in any chapter to which this case may be converted, or in any subsequent case under the Bankruptcy Code in which the Debtor is the debtor. No plan of reorganization confirmed in the Debtor's chapter 11 case may contain provisions inconsistent with this Order or such agreements.


THE HONORABLE JAMES S. STARZYNSKI
UNITED STATES BANKRUPTCY JUDGE

Submitted and approved by:

JACOBVITZ, THUMA & WALKER, P.C.

By:  _____

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Attorneys for the Official Committee of
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I hereby certify that a true and correct copy
of the foregoing was either electronically
transmitted, faxed, delivered or mailed to
the listed counsel and parties on:

NOV 07 2001

Mary B. Anderson

AGREEMENT FOR PURCHASE AND SALE OF LIQUOR LICENSE

Agreement made as of the ___ day of October, 2001, by and between Furr's Supermarkets, Inc., a Delaware corporation ("Seller"), and _____ ("Buyer").

For valuable consideration, Seller and Buyer agree as follows:

1. Definitions.

"AGD" means New Mexico Alcohol and Gaming Division of the Regulation and Licensing Department of the State of New Mexico.

"Bankruptcy Case" means a bankruptcy case pending before the United States Bankruptcy Court for the District of New Mexico, assigned case no. 11-01-10779 SA in which Seller is the Debtor.

"Bankruptcy Court" means the court presiding over the Bankruptcy Case.

"Bankruptcy Court Approval" is defined in paragraph 19.

"Buyer" means _____.

"Closing" is defined in paragraph 13.

"Closing Date" is defined in paragraph 13.

"Earnest Money" is defined in paragraph 3(b).

"Escrow Agent" means Jacobvitz, Thuma & Walker, P.C., or any successor escrow agent approved by Seller and Purchaser, or designated by the Bankruptcy Court.

"Extension Period" is defined in paragraph 4(b).

"License" means New Mexico Liquor License No. _____ presently located in the City of _____, New Mexico.

"Purchase Price" is defined in paragraph 3(a).

"Seller" means Furr's Supermarkets, Inc., a Delaware corporation.

EXHIBIT

A

“*Tax Clearance*” means a tax clearance in a form sufficient to satisfy AGD that the requirement of a tax clearance for transfer of ownership and location the License has been satisfied.

“*Wholesaler Clearance*” means a wholesaler clearance in a form sufficient to satisfy AGD that the requirement of a wholesaler clearance for transfer of ownership and location the License has been satisfied. The Wholesaler Clearance will provide that it is valid only if AGD approves the transfer of the License to Buyer within eight (8) business days after the issuance date specified on the clearance. The issuance date will be the date Escrow Agent delivers the Wholesaler Clearance to Buyer.

2. Sale of Liquor License. Seller owns the License. Seller agrees to sell the License to Buyer. Seller and Buyer acknowledge that the License will permit Buyer to sell alcoholic beverages for consumption off of the licensed premises.

3. Purchase Price and Terms.

(a) The purchase price for the License (“Purchase Price”), is _____ and 00/100 Dollars (\$_____.00).

(b) Upon execution of this Agreement, Buyer shall deposit **[insert 10% of purchase price]** (\$_____.00) as earnest money (the “Earnest Money”) into a trust account maintained by Escrow Agent. The Earnest Money shall be disbursed by Escrow Agent as provided in this Agreement.

(c) When Buyer wishes to close, Buyer will deposit the balance of the Purchase Price in cash or a cash equivalent or by wire transfer with Escrow Agent in exchange for the delivery by Escrow Agent to Buyer of the Wholesaler Clearances. Escrow Agent is instructed to disburse the Purchase Price to Seller (or its designees) after AGD’s issuance of the License to Buyer.

4. Transfer of Ownership and Location.

(a) Within twenty (20) days after the date of this Agreement, Buyer will file with AGD an application for transfer to Buyer of ownership and location of the License pursuant to the terms of this Agreement. Buyer will use all reasonable efforts to pursue all required approvals of the transfer of ownership and location of the License in a diligent and timely manner. Buyer will comply with all requirements of law applicable to Buyer relating to the transfer of ownership and location of the License, and will comply with all reasonable requirements of hearing officers. Seller will provide the Wholesaler Clearances, and will cause TRD to issue to AGD the Tax Clearance, that is needed to obtain the transfer of ownership and location of the License by the AGD.

(b) If Buyer has not obtained final approval of the transfer of ownership and location by AGD (and by the City of _____, to the extent required) on or before one hundred twenty (120) days after filing the transfer of ownership and location application, either party may terminate this Agreement by written notice if the party terminating has diligently pursued its obligations under this Agreement. The Earnest Money and accrued interest will be refunded to Buyer if this Agreement is terminated because Buyer is unable, despite its reasonable efforts, to obtain final approval of the transfer of ownership and location by AGD (and by the City of _____, to the extent required) on or before one hundred twenty (120) days after filing of the transfer of ownership and location application. If through no fault of Buyer, the AGD has not within such 120-day period granted final approval of the application for transfer of ownership and location of the License, Buyer has the option of extending such 120-day period for an additional 60 days (the "Extension Period") by depositing an additional 5% of the Purchase Price with the Escrow Agent, as additional Earnest Money, prior to the expiration of such 120-day period.

5. Seller's Warranties, Covenants and Representations. Seller warrants, covenants and represents to Buyer that:

(a) Seller owns the License and, subject to paragraph 19 below: (i) has the right to convey the License, and (ii) will deliver the License to Buyer at Closing free and clear of all claimed liens.

(b) The License is valid and will remain valid until Closing. Seller will not do any act that would affect the validity of the License or cause its cancellation or revocation.

(c) Seller has not performed any act or omission relating to the License that violates any applicable statutes, ordinances or regulations. Seller will not perform any such act or make any such omissions during the term of this Agreement.

(d) Seller has not retained a broker in connection with this transaction.

(e) Seller will fully cooperate with Buyer or its Agent with respect to Buyer seeking approvals required for the transfer of the License.

(f) A Tax Clearance with respect to the License will be issued by TRD to AGD reasonably promptly after Bankruptcy Court Approval.

6. Seller's Use of License. If, any time before Closing, Seller is charged with any violation of the New Mexico Liquor Control Act or AGD Regulations with respect to the ownership or use of the License, Seller will immediately notify Buyer of the existence of such charges and will immediately take all steps necessary to rectify, at its sole cost and expense, any such violation.

7. Buyer's Warranties, Covenants and Representations. Buyer warrants, covenants and represents to Seller that:

(a) Buyer is qualified to do business in the State of New Mexico.

(b) Buyer will pay the balance of the Purchase Price upon satisfaction of all Buyer's conditions precedent to Closing.

8. Buyer's Conditions Precedent to Closing. The obligations of Buyer to close this transaction, unless waived by Buyer, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and location of the License by the AGD (and City of _____, to the extent required).

(b) The representations and warranties of Seller as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Seller has provided a Tax Clearance to the Buyer certifying that no taxes related to the License are due or owing, or TRD has provided a Tax Clearance to AGD, in a form sufficient to obtain final approval by AGD of the transfer of ownership and location of the License to Buyer.

(d) Seller has provided Buyer, or to AGD with a copy to Buyer, with certifications by the liquor wholesalers or other evidence indicating that no amounts are due on account of the License sufficient to satisfy AGD.

(e) Seller has obtained Bankruptcy Court Approval.

9. Seller's Conditions Precedent to Closing. The obligations of Seller to close this transaction, unless waived by Seller, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and location of the License by the AGD (and City of _____, to the extent required).

(b) The representations and warranties of Buyer as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Buyer has paid the Earnest Money in accordance with this Agreement.

(d) Buyer has paid the balance of the Purchase Price to Escrow Agent in accordance with this Agreement.

(e) Seller has obtained Bankruptcy Court Approval.

10. Seller's Default/Return of Earnest Money. If Seller breaches any of the terms of this Agreement, Buyer may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive a refund of the Earnest Money, and can sue for damages (not to exceed the amount of the Earnest Money). If Buyer fails to give timely notice of termination, the breach shall be deemed waived. In addition, if a condition precedent to Seller's or Buyer's obligations to close fails to occur and is not waived by the party entitled to waive it, and Buyer is not then in breach of any of the terms of this Agreement, then either party may terminate this Agreement and shall receive a refund of the Earnest Money, including all accrued interest thereon.

11. Buyer's Default. If Buyer breaches any of the terms of this Agreement, Seller may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive the Earnest Money as liquidated damages as its sole and exclusive remedy, in which event neither party will have any further obligations or liability to the other. If Seller fails to give timely notice of termination, the breach shall be deemed waived (except no such waiver will relieve Buyer of its obligation to pay the Purchase Price).

12. Closing. Closing of the sale of the License (“Closing”) will occur on the date of final approval and issuance of the License; provided however that the License will not be issued to Buyer prior to deposit of the balance of the purchase Price with Escrow Agent.

13. Notices. All notices, requests, demands and other communications given as provided in this Agreement will be in writing and will be deemed duly given, if delivered, or if mailed, by prepaid certified or registered mail, to:

(a) Seller c/o Robert Jacobvitz, Esq., Jacobvitz, Thuma, & Walker, P.C. 500 Marquette NW, Suite 650, Albuquerque, New Mexico 87102.

(b) Buyer at _____;
or to such other person and/or address as specified in a written notice given by one party to the other.

14. Commissions, Fees and Expenses. Buyer agrees to pay any and all application or transfer fees and expenses required by the State of New Mexico and City of _____ to effect this transaction. Each party agrees to pay its own attorney fees. Seller has not utilized the services of broker(s). Buyer will pay its broker, if any, in connection with this Agreement.

15. Amendments/Governing Law. This Agreement may be amended only by a written document signed by Seller and Buyer, and approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller. This Agreement is governed by the laws of New Mexico, constitutes the entire agreement of Seller and Buyer, and binds and benefits Seller and Buyer, their heirs, personal representatives, successors and assigns. Notwithstanding the above, the instructions to the Escrow Agent set forth in paragraph 18(e)(ii) and (iii) may be amended only (x) by order of the Bankruptcy Court, after notice to Seller, Buyer, the Wholesalers and TRD, or (y) upon the written consent of Seller and Buyer, and also by each Wholesaler to be paid from the Purchase Price and TRD, if the amendment in any way affects payment to a Wholesaler or TRD or

otherwise affects any of the protections afforded to the Wholesalers or TRD contained within the instructions. The Wholesalers and TRD are intended third party beneficiaries entitled to enforce the provision in the preceding sentence restricting amendment of the escrow instructions. In addition, any amendment of this Agreement must be approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller.

16. Force Majeure. Neither Seller nor Buyer will be liable for any failure to perform any provision hereof because of fire or other casualty, riot, strike, natural disaster, governmental regulation or restriction.

17. No Merger. All representations and warranties contained in this Agreement shall survive the Closing.

18. Escrow.

(a) Seller and Buyer appoint Escrow Agent as escrow agent for the purposes and upon the terms and conditions set forth in this Agreement. Escrow Agent is authorized to close as soon after the final approval of the transfer of ownership and location of the License to Buyer as is reasonably possible. Closing is complete upon delivery of the Liquor License to Buyer; and distribution of the funds deposited with the Escrow Agent to Seller. Buyer shall be responsible for filing all necessary tax returns for any interest or income paid or attributed to it hereunder and shall pay any taxes thereon. All entities entitled to receive interest from the escrow account shall provide Escrow Agent with a W-9 or W-8 IRS tax form prior to disbursement of interest. Escrow Agent may resign from its duties hereunder at any time by giving written notice of such resignation to Seller and Buyer specifying a date, not less than sixty (60) days after giving of such notice, when such resignation shall take effect. If a successor agent has not been appointed within such 60-day period, the Escrow Agent may petition any court of competent jurisdiction or may interplead the parties in a

proceeding for the appointment of a successor Escrow Agent.

(b) Escrow Agent undertakes to perform only such duties as are specifically set forth in this Agreement. Escrow Agent acting in good faith shall not be liable for any mistake of fact or error in judgment by it or for any act or omission by it of any kind unless caused by willful misconduct or gross negligence, and shall be entitled to rely conclusively upon any written notice, instrument or signature believed by it to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so.

(c) If any controversy arises between Seller and Buyer with respect to the subject matter of this Agreement, Escrow Agent shall not be required to determine the same or take any action with respect thereto, but may await the final resolution of any such controversy, anything in the instructions delivered by the parties hereto to the contrary notwithstanding, and in such event Escrow Agent shall not be liable for interest or damage; provided that with respect to any controversy between Seller and Buyer, Escrow Agent shall, at all times, have full right and authority to pay over and disburse the escrowed funds in accordance with the joint written instructions signed by Seller and Buyer.

(d) Seller and Buyer may, by mutual written agreement at any time on at least sixty (60) days prior written notice to Escrow Agent, remove Escrow Agent as escrow agent under this Agreement, and substitute a successor escrow agent, in which event, upon receipt of such written notice thereof, Escrow Agent will deliver to such substituted escrow agent the Escrow Fund held by it, and Escrow Agent shall thereafter be discharged from any and all liability.

(e) Seller and Buyer instruct Escrow Agent as follows:

(i) Escrow Agent is instructed to deposit escrowed funds in a federally insured financial institution in an interest bearing account. If the Earnest Money is to be disbursed

to Seller, the income earned on the escrowed funds shall be paid to Seller. If the Earnest Money is to be applied to the Purchase Price upon closing, the income earned on the Earnest Money shall be credited against the Purchase Price.

(ii) A Wholesaler Clearance with respect to the License will be delivered to Escrow Agent. The Wholesaler Clearance will provide that it is valid only if AGD approves the transfer of the License in question to the Buyer within eight (8) business days after the issuance date specified on the Wholesaler Clearance. Such Wholesaler Clearance will not specify the issuance date. Escrow Agent is instructed to deliver the Wholesaler Clearance to Buyer immediately after Buyer has deposited the entire Purchase Price with the Escrow Agent, and to specify an issuance date on the Wholesaler Clearance that is the date the Escrow Agent delivers the Wholesaler Clearance to Buyer. The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to each Wholesaler, within three (3) business days after the Escrow agent is notified the transfer of the License has occurred, the amount specified on Exhibit A hereto for that Wholesaler with respect to the License being transferred, plus the amount of attorneys fees and additional interest accrual to the date of payment specified by each Wholesaler or its counsel to the Escrow Agent in writing, upon which the Escrow Agent may conclusively rely.

(iii) The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to TRD, within three (3) business days after the Escrow agent is notified the transfer of the License has occurred, the amount specified on Exhibit A hereto for TRD with respect to the License being transferred, plus an additional amount equal to the difference between \$323,860.31 and the aggregate of such additional amounts previously disbursed by Escrow Agent to TRD in connection with the transfer and/or lease of other liquor licenses.

19. Bankruptcy Court Approval. Buyer acknowledges that Seller has disclosed that it is a

Debtor in a bankruptcy case pending before the United States Bankruptcy Court for the district of New Mexico, assigned case no. 11-01-10779 SA (the "Bankruptcy Case"). Seller has filed a motion in the Bankruptcy Case seeking authority from the Bankruptcy Court to consummate the transaction set forth in the Agreement, on the terms and conditions specified herein ("Bankruptcy Court Approval"), and has served notice of the Motion on the parties to whom such notice is required. The enforceability of this Agreement is conditioned upon entry of an order in the Bankruptcy Case authorizing Seller to sell the License to Buyer pursuant to the terms of this Agreement, free and clear of liens.

SELLER:

BUYER:

FURR'S SUPERMARKETS, INC.
a Delaware corporation

a _____ corporation

By _____
Its _____
Date: _____

By _____
Its _____
Date: _____

ACCEPTANCE OF APPOINTMENT BY ESCROW AGENT

The undersigned accepts its the appointment as Escrow Agent, and agrees perform such duties as are specifically set forth in this Agreement.

JACOBVITZ, THUMA & WALKER, P.C

By _____
Robert H. Jacobvitz

LEASE PURCHASE AGREEMENT

Agreement made as of the ____ day of October, 2001, by and between Furr's Supermarkets, Inc., a Delaware corporation ("Seller"), and MAL Enterprises, Inc., a Texas corporation ("Buyer").

For valuable consideration, Seller and Buyer agree as follows:

1. Definitions.

"AGD" means New Mexico Alcohol and Gaming Division of the Regulation and Licensing Department of the State of New Mexico.

"*Bankruptcy Case*" means a bankruptcy case pending before the United States Bankruptcy Court for the District of New Mexico, assigned case no. 11-01-10779 SA in which Seller is the Debtor.

"*Bankruptcy Court*" means the court presiding over the Bankruptcy Case.

"*Bankruptcy Court Approval*" is defined in paragraph 19.

"*Buyer*" means MAL Enterprises, Inc., a Texas corporation.

"*Clearances*" is defined in paragraph 3(a).

"*Closing*" is defined in paragraph 13.

"*Closing Date*" is defined in paragraph 13.

"*Earnest Money*" is defined in paragraph 3(b).

"*Escrow Agent*" means Jacobvitz, Thuma & Walker, P.C., or any successor escrow agent approved by Seller and Purchaser, or designated by the Bankruptcy Court.

"*License*" means New Mexico Liquor License No. 33 presently located in the City of Roswell, New Mexico.

"*Purchase Price*" is defined in paragraph 3(a).

"*Seller*" means Furr's Supermarkets, Inc., a Delaware corporation.

EXHIBIT

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2. Sale and Lease of Liquor License. Seller owns the License. Seller agrees to lease the License to Buyer on an interim basis (pending approval, by all government units whose approval is required, of the transfer of ownership of the License to Buyer) and, agrees to sell the License to Buyer. Seller and Buyer acknowledge that the License will permit Buyer to sell alcoholic beverages for consumption off of the licensed premises. The term of the lease of the License will be from the date that AGD approves the lease until the date that AGD grants final approval of the transfer of ownership of the License to Buyer. There will be no lease payments for the lease of the License.

3. Purchase Price and Terms.

(a) The purchase price for the License ("Purchase Price"), is One Hundred Ninety Thousand and 00/100 Dollars (\$190,000.00) if Seller is able to obtain Bankruptcy Court Approval prior to November 1, 2001 and is able to obtain a tax clearance and a wholesaler clearance, both in a form sufficient to obtain approval of an interim lease of the License (the "Clearances"), prior to November 1, 2001. The Purchase Price will decrease by Ten Thousand Dollars (\$10,000.00) if the Bankruptcy Court Approval and the Clearances are obtained after November 1, 2001, and on or before November 15, 2001 and will decrease by an additional Ten Thousand Dollars (\$10,000.00) if the Bankruptcy Court Approval and the Clearances are obtained after November 15, 2001.

(b) Buyer may terminate this Agreement, by giving notice of termination prior to Seller obtaining Bankruptcy Court Approval and the Clearances, if the Bankruptcy Court Approval and the Clearances are not obtained by November 1, 2001. If Buyer terminates this Agreement because the Bankruptcy Court Approvals and the Clearances are not obtained by November 1, 2001, the Earnest Money plus any accrued interest will be refunded to Buyer. Payments shall be made as follows:

(c) Within three business days after entry of an order granting Bankruptcy Court Approval, Buyer shall deposit Nineteen Thousand Dollars (\$19,000.00) as earnest money (the "Earnest Money") into a trust account maintained by Escrow Agent. The Earnest Money shall be disbursed by Escrow Agent as provided in this Agreement.

(d) Seller will deposit the balance of the Purchase Price in cash or a cash equivalent with Escrow Agent on the later of (i) the date Seller obtains Clearances and provides a copy to Seller, in a form acceptable to the AGD, or (ii) October 29, 2001. Escrow Agent is instructed to disburse the Purchase Price to Seller (or its designees) on the date AGD approves the lease of the License to Buyer or on the date AGD gives final approval of the transfer of ownership of the License to Buyer, whichever is earlier.

4. Transfer of Ownership and Lease.

(a) Within fifteen (15) days after the date of this Agreement, Buyer will file with AGD an application for transfer to Buyer of ownership of the License, and the lease of the License, all pursuant to the terms of this Agreement. Buyer will use all reasonable efforts to pursue all required approvals of the transfer of ownership, and lease of the License in a diligent and timely manner. Buyer will comply with all requirements of law applicable to Buyer relating to the transfer of ownership and the lease of the License, and will comply with all reasonable requirements of hearing officers. Seller will provide the Clearances that are needed to obtain approval of the lease of the License and the transfer of ownership of the License by the AGD.

(b) If Buyer has not obtained either approval of an interim lease of the License or final approval of the transfer of ownership by AGD (and by the City of Roswell, to the extent required) on or before one hundred eighty (180) days after filing the transfer of ownership and lease applications, either party may terminate this Agreement by written notice if the party terminating has

diligently pursued its obligations under this Agreement. The Earnest Money and accrued interest will be refunded to Buyer if this Agreement is terminated because Buyer is unable, despite its reasonable efforts, to obtain approval of an interim lease of the License or final approval of the transfer of ownership by AGD (and by the City of Roswell, to the extent required) on or before one hundred eighty (180) days after filing of the transfer of ownership and lease applications.

5. Seller's Warranties, Covenants and Representations. Seller warrants, covenants and represents to Buyer that:

(a) Seller owns the License and, subject to paragraph 19 below: (i) has the right to convey the License, and (ii) will deliver the License to Buyer at Closing free and clear of all claimed liens.

(b) The License is valid and will remain valid until Closing. Seller will not do any act that would affect the validity of the License or cause its cancellation or revocation.

(c) Seller has not performed any act or omission relating to the License that violates any applicable statutes, ordinances or regulations. Seller will not perform any such act or make any such omissions during the term of this Agreement.

(d) Seller has not retained a broker in connection with this transaction.

(e) Seller will fully cooperate with Buyer with respect to Buyer seeking approvals required for the lease and transfer of the License.

6. Seller's Use of License. If, any time before Closing, Seller is charged with any violation of the New Mexico Liquor Control Act or AGD Regulations with respect to the ownership or use of the License, Seller will immediately notify Buyer of the existence of such charges and will immediately take all steps necessary to rectify, at its sole cost and expense, any such violation.

7. Buyer's Warranties, Covenants and Representations. Buyer warrants, covenants and represents to Seller that:

(a) Buyer is qualified to do business in the State of New Mexico.

(b) Buyer will pay the balance of the Purchase Price upon satisfaction of all Buyer's conditions precedent to Closing.

8. Buyer's Conditions Precedent to Closing. The obligations of Buyer to close this transaction, unless waived by Buyer, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and operation of the License by the AGD (and City of Roswell, to the extent required) or has obtained approval of an interim lease of the License.

(b) The representations and warranties of Seller as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Seller has provided a tax clearance to the Buyer or AGD certifying that no taxes related to the License are due or owing in a form sufficient to obtain final approval by AGD of the transfer of ownership of the License to Buyer or to obtain approval of an interim lease of the License to Buyer.

(d) Seller has provided Buyer or AGD with certifications by the liquor wholesalers or other evidence indicating that no amounts are due on account of the License sufficient to satisfy AGD.

(e) Seller has obtained Bankruptcy Court Approval.

9. Seller's Conditions Precedent to Closing. The obligations of Seller to close this transaction, unless waived by Seller, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and operation of the License by the AGD (and City of Roswell, to the extent required) or has obtained approval of an interim lease of the License.

(b) The representations and warranties of Buyer as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Buyer has paid the Earnest Money in accordance with this Agreement.

(d) Buyer has paid the balance of the Purchase Price to Escrow Agent in accordance with this Agreement.

(e) Seller has obtained Bankruptcy Court Approval.

10. Seller's Default/Return of Earnest Money. If Seller breaches any of the terms of this Agreement, Buyer may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive a refund of the Earnest Money, and can sue for damages (not to exceed the amount of the Earnest Money). If Buyer fails to give timely notice of termination, the breach shall be deemed waived. In addition, if a condition precedent to Seller's or Buyer's obligations to close fails to occur and is not waived by the party entitled to waive it, and Buyer is not then in breach of any of the terms of this Agreement, then Buyer shall receive a refund of the Earnest Money.

11. Buyer's Default. If Buyer breaches any of the terms of this Agreement, Seller may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive the Earnest Money as liquidated damages as its sole and exclusive remedy, in which event neither party will have any further obligations or liability to the other. If Seller fails

to give timely notice of termination, the breach shall be deemed waived (except no such waiver will relieve Buyer of its obligation to pay the Purchase Price).

12. Closing. Closing of the sale of the License (“Closing”) will occur as soon after approval of the interim lease of the License to Buyer as is reasonably possible for Escrow Agent or as soon after final approval of the transfer of ownership of the License to Buyer by the AGD as is reasonably possible for the Escrow Agent, whichever approval is earlier.

13. Notices. All notices, requests, demands and other communications given as provided in this Agreement will be in writing and will be deemed duly given, if delivered, or if mailed, by prepaid certified or registered mail, to:

(a) Seller c/o Robert Jacobvitz, Esq., Jacobvitz, Thuma, & Walker, P.C. 500 Marquette NW, Suite 650, Albuquerque, New Mexico 87102.

(b) Buyer at 1219 East Broadway, Sweetwater, Texas 79556, with a copy to Paul L. Cannon, Esq., McMahon, Surovik, Suttle, Buhrmann, Hicks & Gill, P.C., 400 Pine Street, Suite 800, Abilene, Texas 79601;

or to such other person and/or address as specified in a written notice given by one party to the other.

14. Commissions, Fees and Expenses. Buyer agrees to pay any and all application or transfer fees and expenses required by the State of New Mexico and City of Roswell to effect this transaction. Each party agrees to pay its own attorney fees. There are no commissions and fees payable to any broker in connection with this Agreement.

15. Amendments/Governing Law. This Agreement may be amended only by a written document signed by Seller and Buyer, and approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller. This Agreement is governed by the laws of New Mexico, constitutes the entire agreement of Seller and Buyer, and binds and benefits Seller and

Buyer, their heirs, personal representatives, successors and assigns. Notwithstanding the above, the instructions to the Escrow Agent set forth in paragraph 18(e)(ii) and (iii) may be amended only (x) by order of the Bankruptcy Court, after notice to Seller, Buyer, the Wholesalers and TRD, or (y) upon the written consent of Seller and Buyer, and also by each Wholesaler to be paid from the Purchase Price and TRD, if the amendment in any way affects payment to a Wholesaler or TRD or otherwise affects any of the protections afforded to the Wholesalers or TRD contained within the instructions. The Wholesalers and TRD are intended third party beneficiaries entitled to enforce the provision in the preceding sentence restricting amendment of the escrow instructions. In addition, any amendment of this Agreement must be approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller.

16. Force Majeure. Neither Seller nor Buyer will be liable for any failure to perform any provision hereof because of fire or other casualty, riot, strike, natural disaster, governmental regulation or restriction.

17. No Merger. All representations and warranties contained in this Agreement shall survive the Closing.

18. Escrow.

(a) Seller and Buyer appoint Escrow Agent as escrow agent for the purposes and upon the terms and conditions set forth in this Agreement. Escrow Agent is authorized to close as soon after the final approval of an interim lease of the License to Buyer as is reasonably possible. Closing is complete upon delivery of the Liquor License to Buyer; and distribution of the funds deposited with the Escrow Agent to Seller. Buyer shall be responsible for filing all necessary tax returns for any interest or income paid or attributed to it hereunder and shall pay any taxes thereon. All entities entitled to receive interest from the escrow account shall provide Escrow Agent with a

W-9 or W-8 IRS tax form prior to disbursement of interest. Escrow Agent may resign from its duties hereunder at any time by giving written notice of such resignation to Seller and Buyer specifying a date, not less than sixty (60) days after giving of such notice, when such resignation shall take effect. If a successor agent has not been appointed within such 60-day period, the Escrow Agent may petition any court of competent jurisdiction or may interplead the parties in a proceeding for the appointment of a successor Escrow Agent.

(b) Escrow Agent undertakes to perform only such duties as are specifically set forth in this Agreement. Escrow Agent acting in good faith shall not be liable for any mistake of fact or error in judgment by it or for any act or omission by it of any kind unless caused by willful misconduct or gross negligence, and shall be entitled to rely conclusively upon any written notice, instrument or signature believed by it to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so.

(c) If any controversy arises between Seller and Buyer with respect to the subject matter of this Agreement, Escrow Agent shall not be required to determine the same or take any action with respect thereto, but may await the final resolution of any such controversy, anything in the instructions delivered by the parties hereto to the contrary notwithstanding, and in such event Escrow Agent shall not be liable for interest or damage; provided that with respect to any controversy between Seller and Buyer, Escrow Agent shall, at all times, have full right and authority to pay over and disburse the escrowed funds in accordance with the joint written instructions signed by Seller and Buyer.

(d) Seller and Buyer may, by mutual written agreement at any time on at least sixty (60) days prior written notice to Escrow Agent, remove Escrow Agent as escrow agent under this Agreement, and substitute a successor escrow agent, in which event, upon receipt of such

written notice thereof, Escrow Agent will deliver to such substituted escrow agent the Escrow Fund held by it, and Escrow Agent shall thereafter be discharged from any and all liability.

(e) Seller and Buyer instruct Escrow Agent as follows:

(i) Escrow Agent is instructed to deposit escrowed funds in a federally insured financial institution in an interest bearing account. If the Earnest Money is to be disbursed to Seller, the income earned on the escrowed funds shall be paid to Seller. If the Earnest Money is to be applied to the Purchase Price upon closing, the income earned on the Earnest Money shall be credited against the Purchase Price.

(ii) A Wholesaler Clearance with respect to the License will be delivered to Escrow Agent. The Wholesaler Clearance will provide that it is valid only if AGD approves the interim lease of the License in question to the Buyer within eight (8) business days after the issuance date specified on the Wholesaler Clearance. Such Wholesaler Clearance will not specify the issuance date. Escrow Agent is instructed to deliver the Wholesaler Clearance to Buyer immediately after Buyer has deposited the entire Purchase Price with the Escrow Agent, and to specify an issuance date on the Wholesaler Clearance that is the date the Escrow Agent delivers the Wholesaler Clearance to Buyer. The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to each Wholesaler, within three (3) business days after the Escrow Agent is notified that AGD has approved the interim lease of the License, the amount specified on Exhibit A hereto for that Wholesaler with respect to the License being leased and transferred, plus the amount of attorneys fees and additional interest accrual to the date of payment specified by each Wholesaler or its counsel to the Escrow Agent in writing, upon which the Escrow Agent may conclusively rely.

(iii) The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to TRD, within three (3) business days after the Escrow Agent is notified that AGD has

approved the interim lease of the License, the amount specified on Exhibit A hereto for TRD with respect to the License being leased and transferred, plus an additional amount equal to the difference between \$323,860.31 and the aggregate of such additional amounts previously disbursed by Escrow Agent to TRD in connection with the transfer and/or lease of other liquor licenses.

19. Bankruptcy Court Approval. Buyer acknowledges that Seller has disclosed that it is a Debtor in a bankruptcy case pending before the United States Bankruptcy Court for the district of New Mexico, assigned case no. 11-01-10779 SA (the "Bankruptcy Case"). Seller has filed a motion in the Bankruptcy Case seeking authority from the Bankruptcy Court to consummate the transaction set forth in the Agreement, on the terms and conditions specified herein ("Bankruptcy Court Approval"), and has served notice of the Motion on the parties to whom such notice is required. The enforceability of this Agreement is conditioned upon entry of an order in the Bankruptcy Case authorizing Seller to sell the License to Buyer pursuant to the terms of this Agreement, free and clear of liens.

SELLER:

BUYER:

FURR'S SUPERMARKETS, INC.
a Delaware corporation

MAL ENTERPRISES, INC.,
a Texas corporation

By _____
Its _____
Date: _____

By _____
Its _____
Date: _____

LEASE PURCHASE AGREEMENT

Agreement made as of the ____ day of October, 2001, by and among Furr's Supermarkets, Inc., a Delaware corporation ("Seller"), Southwest Group LLC, a _____ limited liability company ("Buyer") and TLH Supermarkets, Inc., a _____ corporation ("Lessee").

For valuable consideration, Seller and Buyer agree as follows:

1. Definitions.

"*AGD*" means New Mexico Alcohol and Gaming Division of the Regulation and Licensing Department of the State of New Mexico.

"*Bankruptcy Case*" means a bankruptcy case pending before the United States Bankruptcy Court for the District of New Mexico, assigned case no. 11-01-10779 SA in which Seller is the Debtor.

"*Bankruptcy Court*" means the court presiding over the Bankruptcy Case.

"*Bankruptcy Court Approval*" is defined in paragraph 19.

"*Bills of Sale*" means two bills of sale in the forms attached hereto as Exhibit "A."

"*Buyer*" means Southwest Group LLC, a _____ limited liability company.

"*Clearances*" is defined in paragraph 3(a).

"*Closing*" is defined in paragraph 12.

"*Closing Date*" is the date Closing occurs.

"*Earnest Money*" is defined in paragraph 3(b).

"*Equipment*" means the equipment described on Exhibit B hereto.

"*Escrow Agent*" means Jacobvitz, Thuma & Walker, P.C., or any successor escrow agent approved by Seller and Purchaser, or designated by the Bankruptcy Court.

"*Lessee*" means TLH Supermarkets, Inc., a _____ corporation.

EXHIBIT

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“*License*” means New Mexico Liquor License No. No. 461 presently located in the City of Las Vegas, New Mexico.

“*Purchase Price*” is defined in paragraph 3(a).

“*Seller*” means Furr’s Supermarkets, Inc., a Delaware corporation.

2. Sale and Lease of Liquor License and Sale of Equipment. Seller owns the License. Seller agrees to lease the License to Lessee on an interim basis (pending approval, by all government units whose approval is required, of the transfer of ownership of the License to Buyer) and, agrees to sell the License to Buyer. Seller, Buyer and Lessee acknowledge that the License will permit Lessee and Buyer to sell alcoholic beverages for consumption off of the licensed premises. The term of the lease of the License will be from the date that AGD approves the lease from Seller to Lessee until the date that AGD grants final approval of the transfer of ownership of the License to Buyer. There will be no lease payments for the lease of the License. Seller further agree to convey the Equipment to Buyer at Closing, by delivering an executed Bill of Sale.

3. Purchase Price and Terms.

(a) The purchase price for the License and Equipment (“Purchase Price”) is One Hundred Eighty Five Thousand and 00/100 Dollars (\$185,000.00).

(b) Payment of the Purchase Price shall be made as follows:

(1) Within three business days after entry of an order granting Bankruptcy Court Approval, Buyer shall deposit Eighteen Thousand Five Hundred Dollars (\$18,500.00) as earnest money (the “Earnest Money”) into a trust account maintained by Escrow Agent. The Earnest Money shall be disbursed by Escrow Agent as provided in this Agreement.

(2) When Buyer wishes to close, Buyer will deposit the balance of the Purchase Price in cash or a cash equivalent or by wire transfer with Escrow Agent in exchange for the delivery by Escrow Agent to Buyer or Lessee of the Wholesaler Clearances.

4. Transfer of Ownership and Lease.

(a) Within fifteen (15) days after the date of this Agreement, Buyer and Lessee will file with AGD an application for transfer to Buyer of ownership of the License, and the lease of the License, respectively, all pursuant to the terms of this Agreement. Buyer and Lessee will use all reasonable efforts to pursue all required approvals of the transfer of ownership, and lease of the License, respectively, in a diligent and timely manner. Buyer and Lessee will comply with all requirements of law applicable to Buyer and Lessee, respectively, relating to the transfer of ownership and the lease of the License, and will comply with all reasonable requirements of hearing officers. Seller will provide the Clearances that are needed to obtain approval of the lease of the License and the transfer of ownership of the License by the AGD.

(b) If Buyer has not obtained either approval of an interim lease of the License or final approval of the transfer of ownership by AGD (and by the City of Las Vegas, to the extent required) on or before one hundred eighty (180) days after filing the transfer of ownership and lease applications, either party may terminate this Agreement by written notice if the party terminating has diligently pursued its obligations under this Agreement. The Earnest Money and accrued interest will be refunded to Buyer if this Agreement is terminated because Buyer is unable, despite its reasonable efforts, to obtain approval of an interim lease of the License or final approval of the transfer of ownership by AGD (and by the City of Las Vegas, to the extent required) on or before one hundred eighty (180) days after filing of the transfer of ownership and lease applications.

5. Seller's Warranties, Covenants and Representations. Seller warrants, covenants and represents to Buyer that:

(a) Seller owns the License and, subject to paragraph 19 below: (i) has the right to convey the License, and (ii) will deliver the License to Buyer at Closing free and clear of all claimed liens.

(b) The License is valid and will remain valid until Closing. Seller will not do any act that would affect the validity of the License or cause its cancellation or revocation.

(c) Seller has not performed any act or omission relating to the License that violates any applicable statutes, ordinances or regulations. Seller will not perform any such act or make any such omissions during the term of this Agreement.

(d) Seller has not retained a broker in connection with this transaction.

(e) Seller will fully cooperate with Buyer with respect to Buyer seeking approvals required for the lease and transfer of the License.

6. Seller's Use of License. If, any time before Closing, Seller is charged with any violation of the New Mexico Liquor Control Act or AGD Regulations with respect to the ownership or use of the License, Seller will immediately notify Buyer of the existence of such charges and will immediately take all steps necessary to rectify, at its sole cost and expense, any such violation.

7. Buyer's Warranties, Covenants and Representations. Buyer warrants, covenants and represents to Seller that:

(a) Buyer is qualified to do business in the State of New Mexico.

(b) Buyer will pay the balance of the Purchase Price upon satisfaction of all Buyer's conditions precedent to Closing.

8. Buyer's Conditions Precedent to Closing. The obligations of Buyer to close this transaction, unless waived by Buyer, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and operation of the License by the AGD (and City of Las Vegas, to the extent required) or has obtained approval of an interim lease of the License.

(b) The representations and warranties of Seller as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Seller has provided a tax clearance to the Buyer or AGD certifying that no taxes related to the License are due or owing in a form sufficient to obtain final approval by AGD of the transfer of ownership of the License to Buyer or to obtain approval of an interim lease of the License to Buyer.

(d) Seller has provided Buyer or AGD with certifications by the liquor wholesalers or other evidence indicating that no amounts are due on account of the License sufficient to satisfy AGD.

(e) Seller has obtained Bankruptcy Court Approval.

9. Seller's Conditions Precedent to Closing. The obligations of Seller to close this transaction, unless waived by Seller, are subject to the following conditions:

(a) By the Closing Date, Buyer has obtained all necessary approvals of the transfer of ownership and operation of the License by the AGD (and City of Las Vegas, to the extent required) or has obtained approval of an interim lease of the License.

(b) The representations and warranties of Buyer as provided in this Agreement are true and correct as of the time of execution of this Agreement and are still true at the time of Closing.

(c) Buyer has paid the Earnest Money in accordance with this Agreement.

(d) Buyer has paid the balance of the Purchase Price to Escrow Agent in accordance with this Agreement.

(e) Seller has obtained Bankruptcy Court Approval.

10. Seller's Default/Return of Earnest Money. If Seller breaches any of the terms of this Agreement, Buyer may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive a refund of the Earnest Money, and can sue for damages (not to exceed the amount of the Earnest Money). If Buyer fails to give timely notice of termination, the breach shall be deemed waived. In addition, if a condition precedent to Seller's or Buyer's obligations to close fails to occur and is not waived by the party entitled to waive it, and Buyer is not then in breach of any of the terms of this Agreement, then Buyer shall receive a refund of the Earnest Money.

11. Buyer's Default. If Buyer breaches any of the terms of this Agreement, Seller may terminate this Agreement by giving notice of termination within fifteen (15) days after it learns of the breach, and receive the Earnest Money as liquidated damages as its sole and exclusive remedy, in which event neither party will have any further obligations or liability to the other. If Seller fails to give timely notice of termination, the breach shall be deemed waived (except no such waiver will relieve Buyer of its obligation to pay the Purchase Price).

12. Closing. Closing of the sale of the License ("Closing") will occur as soon after approval of the interim lease of the License to Buyer as is reasonably possible for Escrow Agent or

as soon after final approval of the transfer of ownership of the License to Buyer by the AGD as is reasonably possible for the Escrow Agent, whichever approval is earlier. Seller will deposit executed Bills of Sale with Escrow Agent within three (3) business days after execution of this Agreement. The Bills of Sale shall be delivered to Purchaser as specified in paragraph 18(e)(ii) below.

13. Notices. All notices, requests, demands and other communications given as provided in this Agreement will be in writing and will be deemed duly given, if delivered, or if mailed, by prepaid certified or registered mail, to:

(a) Seller c/o Robert Jacobvitz, Esq., Jacobvitz, Thuma, & Walker, P.C. 500 Marquette NW, Suite 650, Albuquerque, New Mexico 87102.

(b) Buyer _____ at

_____;

or to such other person and/or address as specified in a written notice given by one party to the other.

14. Commissions, Fees and Expenses. Buyer agrees to pay any and all application or transfer fees and expenses required by the State of New Mexico and City of Las Vegas to effect this transaction. Each party agrees to pay its own attorney fees. In addition to payment of the Purchase Price, Buyer agrees to pay any commissions payable to Buyer's broker in connection with this Agreement. Seller has not engaged a broker in connection with this Agreement.

15. Amendments/Governing Law. This Agreement may be amended only by a written document signed by Seller and Buyer, and approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller. This Agreement is governed by the laws of New Mexico, constitutes the entire agreement of Seller and Buyer, and binds and benefits Seller and

Buyer, their heirs, personal representatives, successors and assigns. Notwithstanding the above, the instructions to the Escrow Agent set forth in paragraph 18(e)(ii) and (iii) may be amended only (x) by order of the Bankruptcy Court, after notice to Seller, Buyer, the Wholesalers and TRD, or (y) upon the written consent of Seller and Buyer, and also by each Wholesaler to be paid from the Purchase Price and TRD, if the amendment in any way affects payment to a Wholesaler or TRD or otherwise affects any of the protections afforded to the Wholesalers or TRD contained within the instructions. The Wholesalers and TRD are intended third party beneficiaries entitled to enforce the provision in the preceding sentence restricting amendment of the escrow instructions. In addition, any amendment of this Agreement must be approved by the Bankruptcy Court if such approval is required for the amendment to bind the Seller.

16. Force Majeure. Neither Seller nor Buyer will be liable for any failure to perform any provision hereof because of fire or other casualty, riot, strike, natural disaster, governmental regulation or restriction.

17. No Merger. All representations and warranties contained in this Agreement shall survive the Closing.

18. Escrow.

(a) Seller and Buyer appoint Escrow Agent as escrow agent for the purposes and upon the terms and conditions set forth in this Agreement. Escrow Agent is authorized to close as soon after the final approval of an interim lease of the License to Buyer as is reasonably possible. Closing is complete upon delivery of the Liquor License to Buyer; and distribution of the funds deposited with the Escrow Agent to Seller. Buyer shall be responsible for filing all necessary tax returns for any interest or income paid or attributed to it hereunder and shall pay any taxes thereon. All entities entitled to receive interest from the escrow account shall provide Escrow Agent with a

W-9 or W-8 IRS tax form prior to disbursement of interest. Escrow Agent may resign from its duties hereunder at any time by giving written notice of such resignation to Seller and Buyer specifying a date, not less than sixty (60) days after giving of such notice, when such resignation shall take effect. If a successor agent has not been appointed within such 60-day period, the Escrow Agent may petition any court of competent jurisdiction or may interplead the parties in a proceeding for the appointment of a successor Escrow Agent.

(b) Escrow Agent undertakes to perform only such duties as are specifically set forth in this Agreement. Escrow Agent acting in good faith shall not be liable for any mistake of fact or error in judgment by it or for any act or omission by it of any kind unless caused by willful misconduct or gross negligence, and shall be entitled to rely conclusively upon any written notice, instrument or signature believed by it to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so.

(c) If any controversy arises between Seller and Buyer with respect to the subject matter of this Agreement, Escrow Agent shall not be required to determine the same or take any action with respect thereto, but may await the final resolution of any such controversy, anything in the instructions delivered by the parties hereto to the contrary notwithstanding, and in such event Escrow Agent shall not be liable for interest or damage; provided that with respect to any controversy between Seller and Buyer, Escrow Agent shall, at all times, have full right and authority to pay over and disburse the escrowed funds in accordance with the joint written instructions signed by Seller and Buyer.

(d) Seller and Buyer may, by mutual written agreement at any time on at least sixty (60) days prior written notice to Escrow Agent, remove Escrow Agent as escrow agent under this Agreement, and substitute a successor escrow agent, in which event, upon receipt of such

written notice thereof, Escrow Agent will deliver to such substituted escrow agent the Escrow Fund held by it, and Escrow Agent shall thereafter be discharged from any and all liability.

(e) Seller and Buyer instruct Escrow Agent as follows:

(i) Escrow Agent is instructed to deposit escrowed funds in a federally insured financial institution in an interest bearing account. If the Earnest Money is to be disbursed to Seller, the income earned on the escrowed funds shall be paid to Seller. If the Earnest Money is to be applied to the Purchase Price upon closing, the income earned on the Earnest Money shall be credited against the Purchase Price.

(ii) A Wholesaler Clearance with respect to the License will be delivered to Escrow Agent. The Wholesaler Clearance will provide that it is valid only if AGD approves the interim lease of the License in question to the Buyer within eight (8) business days after the issuance date specified on the Wholesaler Clearance. Such Wholesaler Clearance will not specify the issuance date. Escrow Agent is instructed to deliver the Wholesaler Clearance to Buyer immediately after Buyer has deposited the entire Purchase Price with the Escrow Agent, and to specify an issuance date on the Wholesaler Clearance that is the date the Escrow Agent delivers the Wholesaler Clearance to Buyer. The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to each Wholesaler, within three (3) business days after the Escrow Agent is notified that AGD has approved the interim lease of the License Escrow Agent to Lessee or within three (3) business days after AGD gives final approval of the transfer of ownership of the License to Buyer, whichever is earlier, the amount specified on Exhibit "C" hereto for each Wholesaler with respect to the License being leased and transferred, plus the amount of attorneys fees and additional interest accrual to the date of payment specified by each Wholesaler or its counsel to the Escrow Agent in writing, upon which the Escrow Agent may conclusively rely. Escrow Agent is instructed to deliver

the Bills of Sale to Buyer, within the 3-business day period specified above, but prior to disbursing any of the Purchase Price to Seller, any Wholesalers or TRD.

(iii) The Escrow Agent is instructed to transfer from the Purchase Price held in escrow to TRD, within three (3) business days after the Escrow Agent is notified that AGD has approved the interim lease of the License, or within three (3) business days after AGD gives final approval of the transfer of ownership of the License to Buyer, whichever is earlier, the amount specified on Exhibit "C" hereto for TRD with respect to the License being leased and transferred, plus an additional amount equal to the difference between \$323,860.31 and the aggregate of such additional amounts previously disbursed by Escrow Agent to TRD in connection with the transfer and/or lease of other liquor licenses.

19. Bankruptcy Court Approval. Buyer acknowledges that Seller has disclosed that it is a Debtor in a bankruptcy case pending before the United States Bankruptcy Court for the district of New Mexico, assigned case no. 11-01-10779 SA (the "Bankruptcy Case"). Seller has filed a motion in the Bankruptcy Case seeking authority from the Bankruptcy Court to consummate the transaction set forth in the Agreement, on the terms and conditions specified herein ("Bankruptcy Court Approval"), and has served notice of the Motion on the parties to whom such notice is required. The enforceability of this Agreement is conditioned upon entry of an order in the Bankruptcy Case authorizing Seller to sell the License to Buyer pursuant to the terms of this Agreement, free and clear of liens.

SELLER:

BUYER:

FURR'S SUPERMARKETS, INC.
a Delaware corporation

SOUTHWEST GROUP LLC
a Texas corporation

By _____
Its _____
Date: _____

By _____
Its _____
Date: _____

LESSEE

TLH SUPERMARKETS, INC.

By _____
Its _____
Date: _____

01-SL72887-00 POS

MAGELLAN SCANNER SCALES
NORAND EQUIPMENT
CASH REGISTER TERMINALS
UNINTERRUPTED POWER SUPPLIES
CABLES & MISC CONNECTING EQUIP
INSTALLATION

01-SL72887-01 POS

IBM CASH REGISTERS/CASH DRAWERS

01-SL72887-02 POS

IBM CASH REGISTER TERMINALS
IBM CASH DRAWERS
MAGELLAN SCANNER SCALES

01-SL87885-00 PHARMACY

COMPAQ PROLIANT COMPUTERS
COMPAQ MONITORS
LEXMARK PRINTERS
IBM SERVERS
SIMM CARDS

EXHIBIT

D

LIQUOR WHOLESALE AND TAXATION AND REVENUE PAYOFF AMOUNTS

A. Definitions

“DEDC” means Desert Eagle Distributing Company of New Mexico L.L.C.

“JGM&C” means Joe G. Maloof & Company

“License” refers to a New Mexico Dispenser’s License or New Mexico Retailer’s License

“NDCI” means National Distributing Company Inc.

“NMBCI” means New Mexico Beverage Company, Inc.

“PDCI” means Premier Distributing Company, Inc.

“SW&B” means Southern Wine & Spirits of New Mexico, Inc.

“TRD” means Taxation and Revenue Department of the State of New Mexico

“Wholesalers” means DECD, JGM&C, NDCI, NMBCI, PDCI, RRAM, and SW&B

B. Payoff amounts

The following charts set forth the total amounts each of the Wholesaler’s claim is owed them (except for attorneys fees) with respect to each of referenced Licenses, including principal, interest and penalties (if any), with interest and penalties (if any) accrued through the following dates: DEDC-10-15-01; JGM&C-10-31-01; NDCI-10-10-01; NMBCI-10-10-01; PDCI-9-25-01; RRAM-10-10-01; and SW&B-10-10-01.

<u>License</u>	<u>NMBCI</u>	<u>SW&S</u>	<u>NDCI</u>	<u>PDCI</u>	<u>JGM&C</u>	<u>TRD</u>
33	11,836.28	18,118.30	20,065.30	0	22,561.01	9,192.67
131	7,300.81	7,753.19	10,022.29	0	12,558.75	4,441.69
187	17,206.09	40,471.23	TBD	2,211.78	7,761.21	3,049.58
231	19,088.44	22,152.16	0	10,878.42	9,992.65	9,129.04
254	16,064.18	9,090.06	8,130.47	35,999.37	10,235.22	8,045.54
364	9,284.26	23,638.88	28,209.10	0	15,931.54	7,410.69
405	13,225.46	12,179.37	TBD	16,962.30	11,582.67	6,533.73
461	11,609.84	24,190.80	20,915.88	17,812.28	18,425.74	6,615.02
581	5,789.93	7,295.08	7,949.77	0	6,753.57	3,420.49
617	10,241.60	4,003.96	TBD	11,293.15	1,172.11	2,632.40
768	0	0	0	0	0	0
818	17663.00	19,247.90	TBD	26,170.76	11,300.33	7,124.65
882	9,092.16	35,345.30	28,216.02	0	11,983.07	9,592.45
939	9,924.75	12,605.16	TBD	14,765.82	5,170.46	6,463.79
996	5,024.36	8,415.49	8,316.49	10,374.69	7,959.19	2,162.54
4023	26,562.88	20,880.51	TBD	18,452.65	8,040.03	8,712.16
4029	12,388.30	20,441.23	TBD	28,884.61	12,595.41	9,074.64
4042	26,631.21	66,774.17	TBD	25,981.36	0	16,127.68
4047	11,606.15	26,050.88	19,022.67	15,157.55	12,671.78	7,170.57
4051	15,803.75	4,268.11	8,219.89	25,894.84	6,640.17	5,707.88
4069	7,479.75	9,160.02	9,021.72	6,970.10	4,713.19	4,278.74

EXHIBIT

E

<u>License</u>	RRAM	DEDC
33	0	30,468.33
131	0	21,151.95
187	0	0
231	0	0
254	0	0
364	0	11,742.29
405	0	0
461	0	0
581	0	13,716.01
617	0	0
768	0	0
818	0	0
882	75.77	9,183.48
939	0	0
996	104.77	0
4023	0	0
4029	0	0
4042	0	0
4047	0	0
4051	0	0
4069	0	0

C. Attorneys fees

The following sets forth the total amount of attorneys' fees each of the Wholesalers claim is owed to them as a condition to the transfer of the Licenses through September 30, 2001 (except the amount of attorneys fees set forth below claimed by DEDC are through 10-15-01):

DEDC	\$3,320.39
JGM&C	\$3,875.00
NDCI	\$2,910.16.
NMBCI	\$2,874.50
PDCI	\$3,469.00
RRAM	\$ 33.75
SW&B	\$2,961.26