

EXHIBIT “C”



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May 2, 2003

Via Facsimile and Federal Express 312-861-2200

Robert Buday, Esq.
Kirkland & Ellis
Aon Center
200 East Randolph Drive
Chicago, IL 60601-6636

Re: **Nonresidential Real Property located at 92nd and Shea Boulevard,
Scottsdale, AZ; Fleming Customer No. 146350**

Dear Robert:

Enclosed is a completed Assumption and Assignment Agreement, derived from the form you sent via e-mail yesterday. We have prepared it in what we consider to be final form and our client has signed it. Also enclosed is a marked-up copy, showing the changes to the form that we made. The substantive changes are slight, and I think I have discussed most of them with you already.

Now that we know Fleming's position on the payment of the rents, all amounts due, including the rent payment from yesterday, will be immediately made to Fleming as per the instructions we have existing before the bankruptcy filing. Our client will also package up the requested financial information to accompany the Assumption and Assignment Agreement and that will be forwarded to you directly on Monday.

Sprouts believes that the Assumption and Assignment in this circumstance provides a good result for Fleming. A rejection of the Master Lease would generate a breach of the sublease claim that substantially exceeds \$4 Million. Assumption and assignment results in no expense to the debtor and no claim from the landlord or the subtenant.

As we have discussed, Sprouts may well be interested in an assignment of other leases in the Phoenix area. I have provided a copy of the rejection list to our client and he is going to review possible sites over the weekend. If we have interest in another site, we will try to let you know as soon as possible next week. We understand that the Bell Street site that they were interested in is not going to be available. As I also mentioned, our client is also interested in the equipment at 83rd and Thunderbird, in the event that it should become available.

EXHIBIT C



SULLIVAN HILL
LEWIN REZ & ENGEL
A PROFESSIONAL LAW CORPORATION

Robert Buday, Esq.
May 2, 2003
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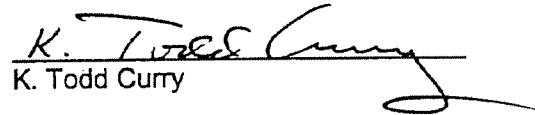
Please advise as to timing. We are awaiting verification that the subject property here has been removed from the rejection list and will not be subject to automatic rejection at the end of the 60-day period.

Please give me a call at your earliest convenience.

Sincerely,

SULLIVAN, HILL, LEWIN, REZ & ENGEL
A Professional Law Corporation

By:


K. Todd Curry

JLM/jll
Enclosures

cc: Shon Boney

ASSIGNMENT, ASSUMPTION AND RELEASE AGREEMENT

Lease Code _____

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT ("Agreement") is made as of this ____ day of May, 2003, by and among Fleming Companies, Inc., an Oklahoma corporation, as debtor and debtor-in-possession operating under chapter 11 of the Bankruptcy Code (as hereinafter defined) ("**Assignor**"), and Sprouts Farmers Markets, LLC, an Arizona limited liability company ("**Assignee**").

RECITALS

A. Assignor is currently the tenant under that certain lease dated as of June 19, 1997 (such lease, as amended, modified, supplemented or restated is hereinafter referred to as the "**Lease**") for the premises located at 92nd and Shea Avenue, Scottsdale, Arizona and more specifically described in the Lease (the "**Premises**"). A copy of the Lease is attached hereto as Exhibit A. The Landlord under the Lease is Westwood Financial Group (the "Landlord");

B. Assignor is currently the sublandlord and Assignee is currently the subtenant under that certain sublease of the Premises dated as of September 17, 2002 (such sublease, as amended, modified, supplemented or restated is hereinafter referred to as the "**Sublease**"). A copy of the Sublease is attached hereto as Exhibit B;

C. On April 1, 2003, Assignor and various of its affiliates filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C §§ 101 et. seq. (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). Assignor continues to operate its business and manage its properties as a debtor-in-possession; and

D. Assignor desires to assign (i) all of Assignor's right, title and interest as tenant under the Lease and (ii) all of Assignor's right, title and interest as sublandlord under the Sublease to Assignee; and Assignee is desirous of assuming, pursuant to Section 365(f) of the Bankruptcy Code and on the terms and conditions set forth herein, all of Assignor's obligations under the Lease and Sublease.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Assignment and Assumption.

(a) Pursuant to the terms and conditions set forth in this Agreement, Assignor hereby grants, assigns, sets over and conveys to Assignee all of Assignor's right, title, and interest in the Premises, the Lease, Sublease and any security deposit under the Lease as of the date hereof; provided, however, Assignee shall pay to Assignor upon execution of this Agreement an amount equal to such security deposit currently held by Landlord to the extent the same has not been applied against obligations of Assignor. Assignee hereby accepts the foregoing assignment, without any merger of title relative to such interest with any other interest of Assignee in the Lease or the Sublease,

whether as landlord, sublandlord or otherwise, and assumes and agrees to perform and fulfill all of Assignor's duties, responsibilities and obligations under the Lease and the Sublease arising or occurring from and after the date hereof.

(b) Further, pursuant to Section 365(f) of the Bankruptcy Code, on and after the Closing, Assignor and its estate shall be relieved from any liability for any breach of the Lease and Sublease occurring after the Closing, and Assignee agrees to defend and indemnify Assignor against, and hold Assignor harmless from, any and all claims, actions, proceedings, suits, costs, liabilities, losses, damages or expenses, arising or occurring after the Closing in connection with the performance or observance or the failure or refusal to perform or observe (i) any agreement or obligation of the tenant under the Lease or any term or provision thereof required to be performed by the tenant under the Lease after the date of this Agreement; or (ii) any agreement or obligation of the sublandlord under the Sublease or any term or provision thereof required to be performed by sublandlord under the Sublease after the date of this Agreement.

(c) Upon entry of the order of the Bankruptcy Court approving the assignment and assumption of the Lease and Sublease on the terms and conditions set forth herein (the "**Order**"), the parties shall attach a copy of the Order to this Agreement as Exhibit C, and the Closing shall occur in the manner provided herein.

2. Release. Assignee acknowledges and agrees that all obligations of Assignor, as sublandlord under the Sublease, have been satisfied through the date hereof or hereby waived and released, with the result that Assignor shall not have any obligation whatsoever under the Sublease (or with respect to the Premises) arising from and after the date hereof. Assignee, for itself, its successors and assigns, does hereby release, acquit, satisfy and forever discharge Assignor, Assignor's affiliates, owners, parent companies and subsidiaries, and their respective past, present and future shareholders, officers, directors, employees, agents, attorneys, representatives, guarantors and predecessors (the "**Released Parties**") from, and do hereby covenant and agree never to institute or cause to be instituted any suit or other form of action or proceeding of any kind or nature whatsoever, including, but not limited to those for rejection damages under Section 365 of the Bankruptcy Code, against the Released Parties based upon any claims, demands, indebtedness, agreements, promises, causes of action, obligations, damages or liabilities of any kind or nature whatsoever, in law or equity, whether or not known, suspected or claimed, that Assignee has ever had, claimed to have, now has or may hereafter have or claim to have, if any, against the Released Parties by reason of the matter, cause, thing, document, agreement, instrument, act or omission of the Released Parties, arising out of the Lease, the Sublease or the occupancy of the Premises.

3. Closing. The consummation of the assignment and assumption of the Lease pursuant to this Agreement (the "**Closing**") shall take place not later than two (2) business days after the date of entry by the Bankruptcy Court of the Order, and shall be held at the offices of Assignor's counsel or at such other location as Assignor shall reasonably designate.

4. Court Approval. Promptly following mutual execution and delivery of this Agreement, Assignor shall, at Assignor's sole cost and expense, file a motion with the Court seeking the Order and shall use its reasonable efforts to obtain the Order, including taking appropriate action to remove the Lease from the list of leases that Assignor seeks to reject and seeking an order extending the time for Assignor to assume or reject the Lease. Once accepted by Assignor, this Agreement, however, shall constitute an irrevocable offer by Assignee to consummate the transactions described herein on the terms hereof.

5. Remedies. If the Bankruptcy Court does not approve the assignment and assumption of the Lease and Sublease pursuant hereto for any reason other than a material breach of this Agreement by Assignee, then this Agreement shall terminate and Assignee shall have no further claims against Assignor arising out of this Agreement.

6. Free and Clear of Liens, Claims and Encumbrances. At Closing, the assignment and assumption of the Lease and Sublease shall be made free and clear of any liens, claims and encumbrances against Assignor's interest in (i) the Lease (other than any liens, claims and encumbrances of Landlord's lender or mortgagee) and (ii) the Sublease (other than any liens, claims and encumbrances of Landlord's or Assignee's lender or mortgagee), to the extent permitted under the Bankruptcy Code.

7. Adequate Assurance Data. Prior to or with the execution of this Agreement by Assignee, Assignee shall supply Assignor with (i) the full name and identity of Assignee; (ii) a current financial statement or such other proof of financial condition of Assignee; (iii) a written statement of Assignee's expected use of the Premises; (iv) such other information relating to the proposed business to be conducted at the Premises and retail experience of Assignee; (v) a projection of gross sales, if the Lease contains a percentage rent provision; and (vi) such other documentation as may be reasonably requested by the Bankruptcy Court to demonstrate "adequate assurance of future performance" by Assignee.

8. Possession. Assignor agrees to provide Assignee with possession of the Premises at Closing.

9. Representations and Warranties.

(a) Assignor. Assignor hereby represents and warrants to Assignee the following:

(i) Subject to the entry and effectiveness of the Order, this Agreement has been duly and validly executed and delivered by Assignor and constitutes a valid and binding agreement of Assignor, enforceable against Assignor in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and to general equitable principles; and

(ii) The copy of the Lease attached hereto as Exhibit A is a true, accurate and complete copy of the Sublease (and all amendments thereto).

(iii) The copy of the Sublease attached hereto as Exhibit B is a true, accurate and complete copy of the Sublease (and all amendments thereto).

(b) Assignee. Assignee hereby represents and warrants to Assignor the following:

(i) This Agreement has been duly and validly executed and delivered by Assignee and constitutes a valid and binding agreement of Assignee, enforceable against Assignee in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditor's rights generally from time to time in effect and to general equitable principles; and

(ii) That Assignee will, at all times after the date of this Agreement, be able to demonstrate "adequate assurance of future performance" under the Lease as that term is defined in Section 365 of the Bankruptcy Code.

(iii) The copy of the Sublease attached hereto as Exhibit B is a true, accurate and complete copy of the Sublease (and all amendments thereto).

10. "As Is" Transaction. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ASSIGNEE HEREBY ACKNOWLEDGES AND AGREES THAT, THE ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE INTEREST (INCLUDING, WITHOUT LIMITATION, INCOME TO BE DERIVED FROM OR EXPENSES TO BE INCURRED IN CONNECTION WITH THE PREMISES; THE PHYSICAL CONDITION OF THE PREMISES OR THE IMPROVEMENTS; THE SQUARE FOOTAGE OF THE PREMISES OR THE IMPROVEMENTS; THE PRESENCE OR ABSENCE OF ANY "HAZARDOUS MATERIALS" IN, ON OR ABOUT THE PREMISES OR ANY OTHER MATTER RELATING TO THE ENVIRONMENTAL CONDITION OF THE PREMISES; THE ZONING OF THE PREMISES; THE POSSIBILITY OF DEVELOPING OR USING THE PREMISES IN THE MANNER CONTEMPLATED BY ASSIGNOR OR OBTAINING ANY CONSENTS, PERMITS, APPROVALS, AUTHORIZATIONS OR ENTITLEMENTS IN CONNECTION THEREWITH; THE VALUE OF THE INTEREST; THE FITNESS OF THE PREMISES FOR ANY PARTICULAR PURPOSE OR USE; THE ACCURACY, COMPLETENESS, OWNERSHIP OR TRANSFERABILITY OF ANY DOCUMENTS OR OTHER MATERIALS FURNISHED TO ASSIGNEE WITH RESPECT TO THE PREMISES (OR ANY PORTION THEREOF); THE TITLE OF THE PREMISES; OR ANY OTHER MATTER OR THING RELATING TO THE PREMISES OR THE INTEREST). ASSIGNEE ALSO ACKNOWLEDGES THAT ASSIGNEE HAS CONDUCTED OR WAIVED THE RIGHT TO AN INDEPENDENT INSPECTION AND INVESTIGATION OF THE PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PREMISES AND ALL SUCH OTHER MATTERS RELATING TO OR AFFECTING THE PREMISES AND/OR THE INTEREST AS ASSIGNEE DEEMED NECESSARY OR APPROPRIATE AND THAT ASSIGNEE IS ACQUIRING THE INTEREST HEREUNDER BASED SOLELY UPON SUCH INDEPENDENT INSPECTIONS AND INVESTIGATIONS OR ASSIGNEE'S INDEPENDENT JUDGMENT. ACCORDINGLY, ASSIGNEE HEREBY ACCEPTS THE PREMISES AND INTEREST "AS IS" AND "WITH ALL FAULTS."

11. Commission. The parties hereto represent and warrant to the other that there is no commission or other fee payable by as a result of this Agreement or the transactions contemplated hereunder.

12. Miscellaneous.

(a) To the extent non-bankruptcy law applies, this Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. The parties agree that the Bankruptcy Court shall have exclusive jurisdiction over any disputes hereunder, and they each hereby consent to such jurisdiction.

(b) This Agreement sets forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersedes any prior instruments, arrangements and understandings relating to the subject matter hereof.

(c) Assignor may assign its rights and obligations hereunder to any trustee appointed by the Bankruptcy Court. Assignee may not assign its rights and obligations hereunder to any party without Assignor's written consent and, following Bankruptcy Court approval, any assignment of this Agreement by Assignee must also be permitted by the terms of the Lease or agreed to by the Landlord.

(d) This Agreement may be executed with counterpart signature pages or in more than one counterpart, all of which shall be deemed one and the same agreement.

(e) Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder ("**Notices**") shall be in writing and shall be given as follows: (i) by hand delivery; (ii) by Federal Express or other reputable express courier service; or (iii) by facsimile transmission (other than for notices of default):

If to Assignor:

Fleming Companies, Inc.

Attention: _____

Facsimile: _____

With a copy to:

Kirkland & Ellis
200 E. Randolph Drive
Chicago, IL 60601
Attention: Robert T. Buday, Esq.
Facsimile: (312) 861-2200

If to Assignee:

Sprouts Farmers Markets, LLC
1949 West Ray Road, Suite 15
Chandler, AZ 85224
Attention: Shon Boney
Facsimile: 480-814-8017

With a copy to:

Joseph L. Marshall, Esq.
Sullivan, Hill, Lewin, Rez & Engel
550 West C. Street, Ste. 1500
Facsimile: (619) 233-4100

or at such other address or to such other addressee or to such other facsimile number as the party to be served with Notice shall have furnished in writing to the party seeking or desiring to serve Notice as a place for the service of Notice. Notices shall be deemed to have been rendered or given on the date received or on the date they are deemed to be received as hereinafter set forth. The inability to deliver Notices because of changed address of which no notice was given, or rejection or refusal to accept any Notice offered for delivery shall be deemed to be receipt of the Notice as for the date of such inability to deliver or rejection or refusal to accept delivery.

(f) This Agreement can be amended only by a written instrument duly executed by each of the parties.

(g) The parties agree to execute such additional instruments as may be reasonably necessary to carry out the provisions of this Agreement.

(h) If any action is brought by either party against the other party, the prevailing party shall be entitled to recover court costs and reasonable attorneys' fees and costs actually incurred.

(i) This Agreement is deemed to have been drafted jointly by the parties, and any uncertainty or ambiguity shall not be construed for or against either party as an attribution of drafting to either party.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed this _____ day of _____, 2003.

ASSIGNOR:

_____, a(n) _____

By: _____

Name: _____

Title: _____

ASSIGNEE:

Sprouts Farmers Markets, LLC
an Arizona limited liability company

By: PREMIER GROCERY, INC, Manager

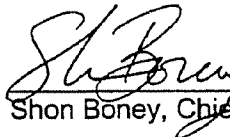
By:  _____
Shon Boney, Chief Financial Officer

EXHIBIT A

Lease

[See Attached]

EXHIBIT B

Sublease

[See Attached]

EXHIBIT C

Order

[See Attached]