

EXHIBIT A

ASSIGNMENT AND ASSUMPTION OF LEASE

KNOW THAT THE GRAND UNION COMPANY, a Delaware corporation having an office at 100 Broadway, Borough of Elmwood Park, County of Bergen and State of New Jersey, as ASSIGNOR, in consideration of TEN (\$10.00) DOLLARS and other good and valuable consideration mutually exchanged between the parties hereto, hereby assigns unto the ASSIGNEE, MALONE & HYDE, INC., a Tennessee corporation, having an office at 1991 Corporate Avenue, Memphis, Tennessee, all of the Assignor's right, title and interest in and to a certain lease as previously modified, between G. R. Warehouse Company, Ltd. as Landlord, and The Grand Union Company, as Tenant, dated July 19, 1973, covering premises situate, lying and being on the southeasterly corner of the intersection of N.W. 35th Terrace and N.W. 77th Avenue, Dade County, Florida, and more particularly bounded and described on Schedule "A" annexed hereto. Copy of said lease is attached hereto as Schedule "B".

TOGETHER with the premises therein described and the buildings and improvements thereon with appurtenances thereto, upon the following terms and conditions:

1. The Assignee has inspected the premises which are the subject hereof and accepts the same "as is". It is understood that the Assignor makes no representation or warranty as to the condition thereof.

This assignment is to take effect as of November 20, 1978.

Notwithstanding the foregoing, the Assignor will continue to pay rent, taxes and common area maintenance for each month through November 1978.

2. Any and all payments which by the terms and covenants of the aforesaid lease, which payments were or are from time to time, or at any time during the term of the Assignee's occupancy of the premises therein demised, payable by or through the Assignee, shall be pro rated as of the effective date hereof.

In the case of proration where the amounts in question are not known for the fiscal period effective at the time of such proration, the calculation shall be based upon the last fiscal period for which the amount was known and any readjustment necessary upon determination of such amounts for the current fiscal period shall be made immediately upon such determination.

3. So long as Assignor remains in any way liable to any third party for the performance of the obligations of Tenant under the lease hereby assigned, Assignee shall not modify any provisions of said lease without the prior written consent of Assignor which shall not be unreasonably withheld.

4. In the event of any default by Assignee under the lease hereby assigned, Assignor shall have the right, but not the obligation to require reassignment of this lease which right shall be exercised by written notice to Assignee. Said reassignment shall be automatic upon notice from the Assignor and shall be effective at the expiration of thirty (30) days from said notice.

TO HAVE AND TO HOLD the same unto the Assignee,

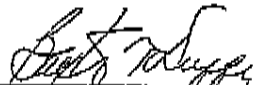
its successors and assigns from the effective date hereof for all of the rest of the original term mentioned in said lease and of any renewals thereof subject to the covenants, conditions, exceptions and reservations therein also mentioned.

The Assignee does hereby covenant and agree to assume and perform the obligations of Assignor under the aforesaid lease from and after the effective date hereof, and agrees to indemnify and hold harmless the Assignor from and against any and all claims of any party whatsoever in connection with arising out of, on account of, or in any way connected with said Lease or the premises from and after the effective date hereof.

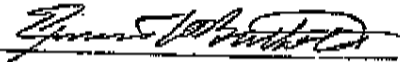
IN WITNESS WHEREOF, the Assignor and Assignee have duly executed this instrument and caused their respective seals to be hereunto affixed this 20th day of November, 1978.

ATTEST:

THE GRAND UNION COMPANY


Baxter T. Barry
Assistant Secretary

(Assignor)



ATTEST:

MALONE & HYDE, INC.


J. L. Crain
Vice President

(Assignee)


John E. Mall
Vice President

SCHEDULE A

Portion of Tract "A" of Commerce Park Subdivision in Section 26, Township 53 South, Range 40 East, according to the plat on file in the office of the Clerk of the Circuit Court in and for Dade County, Florida, as recorded in Plat Book 89, Page 25; said portion of Tract "A" being more particularly described as follows:

Commence at the point of intersection of the West and South boundaries extended of said Tract A; thence run North $01^{\circ}14'45''$ West along the Southerly extension of the West boundary and along the West boundary of said Tract A a distance of 372.17 feet to the Point Of Beginning of the parcel of land hereinafter to be described; thence continue on the last described course a distance of 279.63 feet to a point; thence run North $01^{\circ}24'25''$ West a distance of 774.45 feet to a point; thence run North $08^{\circ}53'52''$ East a distance of 261.77 feet to a point; thence run North $38^{\circ}32'46''$ East a distance of 131.31 feet to a point; thence run North $89^{\circ}39'39''$ East a distance of 248.18 feet to a point; thence run South $01^{\circ}20'18''$ East a distance of 1408.12 feet to the point of intersection with a line that is parallel to and 372.17 feet North of, as measured at right angles to, the South boundary of said Tract A; thence run South $88^{\circ}39'42''$ West along the last described line a distance of 378.39 feet to the Point Of Beginning, containing an area of 519,112 square feet, more or less, or 11.917 Acres, more or less.

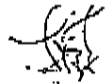
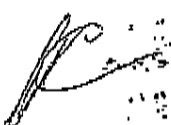
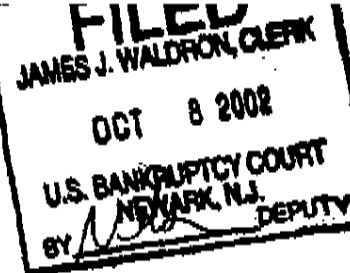


EXHIBIT B

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY



-----X

In re : Chapter 11 Cases No.
00-39613 through 00-39616 (NLW)

THE GRAND UNION COMPANY et al. :
Debtors. : Jointly Administered

-----X

**ORDER CONFIRMING THE DEBTORS' FIRST AMENDED
PLAN OF LIQUIDATION OF THE GRAND UNION
COMPANY UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The Debtors' First Amended Plan of Liquidation of The Grand Union Company Under Chapter 11 of the Bankruptcy Code¹ having been proposed and filed with the Court by The Grand Union Company (the "Company"), Grand Union Stores, Inc. of Vermont, Grand Union Stores of New Hampshire, Inc., and Specialty Merchandising Services, Inc., debtors and debtors-in-possession (collectively, the "Debtors"); and the Court having entered, after due notice and a hearing, an order dated August 21, 2002 pursuant to sections 105, 1125, 1126, and 1128 of title 11 of the United States Code (the "Bankruptcy Code") and Fed. R. Bankr. P. 3017, 3018, and 3020 (the "Disclosure Statement Order") (i) approving the Modified Disclosure Statement for the First Amended Plan of Liquidation of The Grand Union Company, dated August 20, 2002 (the "Disclosure Statement") and the Short Form Disclosure Statement, dated August 20, 2002 (the "Short Form Disclosure Statement"); (ii) approving the forms of ballot and establishing procedures for voting on the plan; (iii) establishing notice and objection

¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

procedures for confirmation of the plan; and (iv) approving solicitation packages and procedures for distribution; and the Disclosure Statement and Short Form Disclosure Statement having been filed with the Court; and sufficient and proper notice of the Confirmation Hearing having been given to all holders of Claims against, and Equity Interests in, the Debtor and to other parties in interest, all in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Disclosure Statement Order, and it appearing that no other or further notice need be given; and the Confirmation Hearing having been held by the Court on October 8, 2002; and the Certification of Glenn J. Smith in Support of the First Amended Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated October 7, 2002, having been filed with the Court (the "Smith Certification"); and the appearances of all interested parties having been noted in the record of the Confirmation Hearing; and the Certification of Morris S. Bauer With Respect to the Tabulation of Votes on the First Amended Plan of Liquidation of The Grand Union Company Under Chapter 11 of the Bankruptcy Code, sworn to on October 7, 2002 (the "Vote Certification"), having been filed with the Court; and the Court having considered the Limited Objection of the United States to Confirmation of the Grand Union Company's First Amended Plan of Liquidation, the Limited Objection of St. Paul Fire and Marine Insurance Company to Confirmation of First Amended Plan of Liquidation of the Grand Union Company, the Objection of BCC Equipment Leasing Corporation, f/k/a MDFC Leasing Corporation, to Confirmation of the Debtors' Plan of Liquidation, the Objection of Keyspan Energy Services, Inc. to Confirmation of the Plan of Liquidation of the Grand Union Company, the Objection of Regal Industrial Services, Inc. to Disclosure Statement, the Objection of Henry Addison Jr. to Modified Disclosure

Statement for the First Amended Plan of Liquidation and the Objection of Susan E. Bangs to Confirmation of the Plan (collectively, the "Objections"); and upon the record of the Confirmation Hearing and all proceedings had before the Court, the Plan, the Vote Certification, the Smith Certification and all the other papers filed in support of the Plan; and after due deliberation and sufficient cause therefor, it is hereby DETERMINED, FOUND, ADJUDGED, DECREED, AND ORDERED:

Findings and Conclusions

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052, made applicable to this proceeding pursuant to Fed. R. Bankr. P. 9014.

B. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

Jurisdiction and Venue

C. The Court has jurisdiction over the Debtors' chapter 11 cases and to confirm the Plan pursuant to 28 U.S.C. § 1334.

D. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b) and this Court has jurisdiction to enter a final order with respect thereto.

E. The Debtors are eligible to proceed with their chapter 11 cases under section 109 of the Bankruptcy Code.

F. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Solicitation and Notice

G. The Plan, Disclosure Statement, Short Form Disclosure Statement, Ballots, Disclosure Statement Order, and notice of the Confirmation Hearing were transmitted and served in compliance with the Federal Rules of Bankruptcy Procedure and the Disclosure Statement Order. The transmittal and service of such materials was adequate and sufficient. As described in the Plan, the Disclosure Statement or the Short Form Disclosure Statement (as the case may be), the Disclosure Statement Order and notice of the Confirmation Hearing were transmitted to all or substantially all creditors and Equity Interest holders of each Class.

H. All parties required to be given notice of the Confirmation Hearing (including notice of the deadline for filing and serving objections to confirmation of the Plan) have been given due, proper, timely, and adequate notice in accordance with the Federal Rules of Bankruptcy Procedure and the Disclosure Statement Order, and have had an opportunity to appear and be heard with respect thereto. No other or further notice is required.

Voting

I. Votes to accept or reject the Plan have been solicited and tabulated in good faith and in a manner consistent with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Disclosure Statement Order.

The Plan Satisfies the Requirements of the Bankruptcy Code

J. The Plan complies with all applicable provisions of the Bankruptcy Code.

K. The Plan is dated and identifies the Debtors as its proponent.

L. Article III of the Plan designates and classifies Claims and Equity Interests. The Classification of Claims and Equity Interests under the Plan complies with section 1122 of the Bankruptcy Code. Each Claim and Equity Interest placed in a particular Class pursuant to the Plan is substantially similar to the other Claims or Equity Interests, as the case may be, in such Class. A reasonable basis exists for the Classification of Claims and Equity Interests under the Plan.

M. Article IV of the Plan correctly specifies each Class of Claims or Equity Interests that is not impaired under the Plan.

N. Article IV of the Plan, in compliance with section 1123 of the Bankruptcy Code, specifies the treatment of each Class of Claims or Equity Interests that is impaired under the Plan.

O. The Plan provides the same treatment for each Claim or Equity Interest of a particular Class, unless the holder of a particular Claim or Equity Interest has agreed to a less favorable treatment of such particular Claim or Equity Interest.

P. The Plan provides adequate means for its implementation.

Q. Article VII of the Plan provides for the dissolution of each Debtor within thirty (30) days after its completion of the acts required by the Plan and, thus, no new equity securities, including nonvoting equity securities, will be issued under the Plan.

R. The Plan contains only provisions consistent with the interests of creditors and Equity Interest holders and with public policy with respect to the manner of selection of officers and directors under the Plan and any successors to such officers and directors.

S. The Debtors have complied with all applicable provisions of the Bankruptcy Code.

T. The Debtors proposed the Plan in good faith and not by any means forbidden by law. The Debtors and their respective officers and directors, and their respective representatives and advisors have acted in good faith in the negotiation and formulation of the Plan.

U. Any payment made or to be made by the Debtors for services or for costs and expenses in or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Court as reasonable.

V. With respect to each impaired Class of Claims or Equity Interests, each holder of a Claim or Equity Interest has accepted the Plan or, as demonstrated in the Debtors' liquidation analysis annexed to the Disclosure Statement as Exhibit B (the "Liquidation Analysis"), will receive or retain under the Plan on account of such Claim or Equity Interest property of a value that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

W. Section 2.1 of the Plan provides that, on the Effective Date or as soon thereafter as is reasonably practical, each Allowed Administrative Expense Claim under section 503(b) and 507(a)(1) of the Bankruptcy Code shall be paid an amount in cash equal to the Allowed amount of such Claim.

X. Section 2.2 of the Plan provides that, on the Effective Date or as soon thereafter as is reasonably practical, each Allowed Priority Tax Claim under section

502(i) and 507(a)(8) of the Bankruptcy Code shall be paid an amount in cash equal to the Allowed amount of such Claim.

Y. Section 4.1 of the Plan provides that, on the Effective Date, each holder of an Allowed Priority Non-Tax Claim shall be paid an amount in cash equal to the Allowed amount of such Claim.

Z. Section 8.4 of the Plan provides that if, on or after the Effective Date, any Disputed Claim in a Class that is entitled to receive a distribution under the Plan becomes an Allowed Claim, the LLC Agent shall, no later than the fifteenth Business Day of the first month following the month in which the Claim becomes an Allowed Claim, distribute from the Liquidating LLC to the holder of such Allowed Claim cash in an aggregate amount sufficient to pay to such holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

AA. Section 14.6 of the Plan provides that all fees payable pursuant to section 1930 of title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date.

BB. Class 1 and Class 3 are unimpaired by the Plan and are conclusively presumed to have accepted the Plan. The holders of Claims in Class 4 and Equity Interests in Class 5 will not receive or retain any property under the Plan on account of such Claims and Equity Interests and are deemed to have rejected the Plan.

CC. Class 2 is impaired by the Plan. The Vote Certification demonstrates that Class 2 has voted unanimously in favor of the Plan and therefore has accepted the Plan as required by section 1126(c) of the Bankruptcy Code.

DD. Based upon the statements made in the Smith Certification, the Debtors believe they will be able to satisfy the conditions precedent to the Effective Date and that they have sufficient funds to meet their post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Case.

EE. By order dated February 7, 2002, the Bankruptcy Court approved the Debtors' settlements (the "Union Settlements") with its labor unions (the "UFCW Unions"), on behalf of themselves and the union employees. Under the terms of the Union Settlement, each UFCW Union, on behalf of itself and the union employees, expressly waived and released any and all claims against the Company, including claims for contributions due to employee retirement plans. In addition, on February 26, 2002, the Bankruptcy Court entered a consent order fixing the claims of the UFCW-Industry Pension Fund in accordance with an agreement (the "Pension Agreement") between the Debtors and that pension fund. Apart from the benefit programs covered by the Union Settlement and the Pension Agreement, the Debtors have never established nor maintained any retiree benefit plans, funds or programs, as defined in section 1114 of the Bankruptcy Code. Accordingly, no such payments will be required to be made.

FF. All applicable requirements of section 1129(a) of the Bankruptcy Code, other than the requirement in subsection 1129(a)(8) that all impaired Classes accept or be unimpaired under the Plan, have been met. The Debtors have requested the Bankruptcy Court confirm the Plan under section 1129(a) and 1129(b) of the Bankruptcy Code.

GG. The Plan does not discriminate unfairly against holders of Claims in Class 4 or Equity Interests in Class 5 because each such class is different in legal nature and of a different priority than other Claims.

HH. The Plan is fair and equitable with respect to the holders of Claims in Class 4 and Equity Interests in Class 5 that are deemed to have rejected the Plan. No holder of any Claim or Equity Interest that is junior to another Claim or Equity Interest will receive or retain any property under the Plan on account of such junior interest until the senior Claim or Equity Interest is satisfied in full.

II. All applicable requirements of section 1129(b) of the Bankruptcy Code have been met.

Confirmation of the Plan

1. The Plan, a copy of which is attached as Exhibit A to this Order, is hereby confirmed.

2. Any and all Objections to confirmation of the Plan that have not been withdrawn prior to the entry of this Order are overruled in all respects for the reasons set forth by the Court in the record of the Confirmation Hearing. All withdrawn Objections, if any, are deemed withdrawn with prejudice.

3. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any property under the Plan (including, without limitation, the liquidation of assets after the Effective Date), or the making or delivery of an instrument of transfer under the Plan, shall not be taxed under any law imposing a stamp or similar tax.

Injunctions

4. Except as otherwise provided herein or in the Plan, on the Effective

Date:

- a. The provisions of the Plan bind the Debtors, any entity and any creditor or Equity Interest holder of the Debtors, whether or not the Claim or Equity Interest of such creditor or Equity Interest holder is impaired under the Plan and whether or not such creditor or Equity Interest holder has accepted the Plan;
- b. On the Effective Date, the Debtors and their assets shall be released from the jurisdiction of the Bankruptcy Court except as provided in Article XIII of the Plan, and thereafter the LLC Agent shall perform and wind up the affairs of the Liquidating LLC as provided in the Plan;
- c. Unless otherwise expressly provided in the Plan, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 and 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the dissolution of the Debtors; and
- d. All persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting any (i) claim, debt, right or cause of action of the Debtors for which the Liquidating LLC retains sole and exclusive authority to pursue in accordance with the Plan or (ii) Avoiding Power Causes of Action.

5. Notwithstanding anything in the Plan to the contrary, confirmation of the Plan shall not and shall not be deemed to eliminate, enjoin or impair in any way the exercise of the valid, enforceable subrogation, set-off and recoupment rights, if any, of St. Paul Fire and Marine Insurance Company ("St. Paul") pursuant to applicable non-

bankruptcy law, including, but not limited to, rights, if any, against the State of New York and/or the Second Injury Fund, and rights, if any, against insurers under Excess Worker's Compensation Insurance policies. The terms and provisions of the Order dated March 11, 2002 approving compromise of the claim of St. Paul and any rights of the parties that may derive therefrom shall remain in full force and effect.

Retention of Jurisdiction

6. The Court shall retain subject matter jurisdiction where it exists prior to the Effective Date in accordance with Article XIII of the Plan and to the fullest extent permitted under the Bankruptcy Code.

Executory Contracts and Unexpired Leases

7. Pursuant to sections 365(a) and 1123 of the Bankruptcy Code, the rejection on the Effective Date of all executory contracts and unexpired leases, other than any executory contract or unexpired lease (i) which has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, or (ii) as to which a motion for approval of the assumption or rejection of such contract or lease has been filed and served prior to the Confirmation Date is hereby approved in all respects.

8. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be classified as Class 4 – General Unsecured Claims – and no distributions shall be paid on account of such Claims.

Claims

9. The Debtors, and following the Effective Date, the LLC Agent, shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the

Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than sixty (60) days after the Confirmation Date. The Debtors, and following the Effective Date, the LLC Agent, shall have the authority to settle, compromise or otherwise resolve any Disputed Claim or objections to Claims without approval of the Bankruptcy Court.

Releases

10. The Plan releases the Debtors, the LLC Agent, the Committee, the Institutional Lenders, the Credit Agreement Agent and their respective members, officers, directors, employees, attorneys, advisors or agents who were members, officers, directors, employees, attorneys, advisors or agents, as the case may be, for claims arising in connection with, or out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtors, the LLC Agent and the Committee, and each of their respective members, officers, directors, employees, advisors and agents shall be entitled to rely upon advice of counsel with respect to their duties and responsibilities under the Plan. The releases are hereby approved.

11. On the Effective Date, the Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of the Committee's attorneys, accountants and other agents shall terminate, provided, however, the Committee shall continue to exist after such date solely with respect to (i) all applications filed pursuant to

sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional, and (ii) any motions or other actions seeking the enforcement or implementation of the provisions of the Plan or the Confirmation Order.

Implementation

12. The Debtors are hereby authorized to take all actions necessary or appropriate to consummate the transactions contemplated by the Plan.

13. The Debtors are hereby authorized and empowered to issue, execute, deliver, file, or record any document or instrument, including, without limitation, any agreements, bylaws, or charters, whether or not specifically referred to in the Plan, and to take any action necessary or appropriate to implement, effectuate, and consummate the Plan in accordance with its terms, all without further application to, or order of, this Court.

14. As of the Effective Date, the property of the Estates shall vest in the Debtors and, in accordance with Article VII of the Plan and subject to the exceptions contained therein, shall be transferred to the Liquidating LLC.

15. In the event there exists any Disputed Claims on the Effective Date, the Liquidating LLC shall at all times hold and maintain sufficient cash in an amount no less than that which would be required to distribute to the holders of Disputed Claims if all such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Plan.

16. The Debtors, and following the Effective Date, the LLC Agent, may, without further approval of the Court, use, sell, assign, transfer, abandon or otherwise dispose of at a public or private sale any assets of the Debtors for the purpose of

liquidating and converting such assets to cash, making distributions and fully consummating the Plan.

17. Each federal, state, and local governmental agency or department is hereby authorized and directed to accept any and all documents and instruments necessary and appropriate to consummate the Plan and the transactions contemplated thereby.

Compensation and Reimbursement

18. Following the occurrence of the Effective Date, the Debtor shall file a notice of occurrence of the Effective Date with the Court, identifying the date on which the Effective Date occurred.

19. Each professional and other entity requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 503(b), and 1103 of the Bankruptcy Code for services rendered up to the Confirmation Date (including compensation requested pursuant to subsection 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code by any professional or other entity for making a substantial contribution in the Debtor's chapter 11 case) shall file an application on or before November 15, 2002 for final allowance of compensation and reimbursement of expenses with the Court (a "Final Fee Application"), together with proof of service thereof, and shall serve such application on:

THE LLC AGENT
P.O. Box 1228
Sparta, New Jersey 07871
Attn: Mark Motsenbocker

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Attn: Jeffrey L. Tanenbaum, Esq.
Co-Attorneys for Debtors

RAVIN GREENBERG PC
101 Eisenhower Parkway
Roseland, New Jersey 07068
Attn: Morris S. Bauer, Esq.
Co-Attorneys for Debtors

SIMPSON THACHER & BARTLETT
425 Lexington Avenue
New York, New York 10017
Attn: Kenneth S. Ziman, Esq.
Attorneys for the Credit Agreement Agent

OTTERBOURG, STEINDLER, HOUSTON & ROSEN P.C.
230 Park Avenue
New York, New York 10169
Attn: Glenn B. Rice, Esq.
Attorneys for the Committee

OFFICE OF THE UNITED STATES TRUSTEE
United States Department of Justice
One Newark Center
Suite 2100
Newark, New Jersey 07102
Attn: Mitchell B. Hausman, Esq.

A hearing on the Final Fee Applications shall be held on December 20, 2002 at

2.00 p.m. EST (the "Final Fee Hearing").

20. Objections, if any, to any Final Fee Applications shall be filed with the Court, together with proof of service thereof, and served upon the applicant, the LLC Agent, counsel for the Debtors, the United States Trustee, counsel for the Credit Agreement Agent and counsel for the Committee, so as to be received not later than 4:00 p.m. EST on the date that is five business days prior to the Final Fee Hearing.

21. (i) Prior to the Effective Date, the Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Confirmation Date, of the professional persons employed by the Debtors and the Committee in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged. (ii) After the Effective Date, the LLC Agent shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Confirmation Date, of the professional persons employed by the Debtors and the Committee in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged. The fees and expenses of such professionals shall be paid within ten (10) Business Days after submission of a detailed invoice therefor. If the LLC Agent or the Debtors dispute the reasonableness of any such invoice, the LLC Agent or the Debtors, as the case may be, shall timely pay the undisputed portion of such invoice, and the LLC Agent or the Debtors, as the case may be, or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such invoice.

22. Section 14.6 of the Plan provides for the payment of all fees payable under section 1930 of title 28, United States Code, as determined by this Court at the Confirmation Hearing, on or before the Effective Date.

Notice of Entry

23. On or before the Effective Date, the Debtors shall (a) serve by hand delivery, first Class mail, or reputable overnight delivery service, a notice of the entry of

this Order (the "Confirmation Notice") to each of the following: (i) Office of the United States Trustee; (ii) attorneys for the Credit Agreement Agent; (iii) attorneys for the Committee; (iv) all parties who have filed notices of appearance in these chapter 11 cases pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure ; (v) the Securities and Exchange Commission; (vi) the Internal Revenue Service; (vii) state and local taxing authorities having jurisdiction over the Debtors; and (viii) all other known record holders of Claims against, and Equity Interests in, the Debtors. Such service shall constitute good and sufficient notice pursuant to Fed. R. Bankr. P. 2002(f)(7) and 2002(i)-(l) of the confirmation of the Plan and the entry of this Order, and no other or further notice need be given.

Efficacy of Plan

24. The failure to specifically include any particular provision of the Plan in this Order shall not diminish or impair the efficacy of such provision, it being understood the intent of this Court that the Plan be confirmed and approved in its entirety.

Dated: Newark, New Jersey
October 8, 2002


UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

[Copy of the Plan]

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

	X	
In re	:	
	:	Chapter 11 Case No. 00-39613
	:	through 00-39616 (NLW)
THE GRAND UNION COMPANY, <i>et al.</i> ,	:	
	:	Jointly Administered
Debtors.	:	
	:	
	:	
	X	

**FIRST AMENDED PLAN OF LIQUIDATION OF THE GRAND UNION
COMPANY UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

RAVIN GREENBERG PC
101 Eisenhower Parkway
Roseland, New Jersey 07068
(973) 226-1500

-and-

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

Co-Attorneys for Debtors and
Debtors in Possession

Dated: Newark, New Jersey
August 20, 2002

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

	-----X	
	:	
In re	:	CASE NO. 00-39613
	:	through 00-39616 (NLW)
THE GRAND UNION COMPANY <u>et al.</u> ,	:	Jointly Administered
	:	CHAPTER 11
Debtors.	:	
	:	
	-----X	

**FIRST AMENDED PLAN OF LIQUIDATION OF THE GRAND UNION
COMPANY UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The Grand Union Company, Grand Union Stores Inc. of Vermont, Grand Union Stores of New Hampshire, Inc. and Specialty Merchandising Services, Inc., debtors and debtors in possession in the above-captioned chapter 11 cases, jointly propose the following Chapter 11 First Amended Plan of Liquidation pursuant to section 1121(a) of title 11, United States Code:

**ARTICLE I
DEFINITIONS AND INTERPRETATION**

DEFINITIONS. As used in the Plan, the following terms shall have the respective meanings specified below, unless the context otherwise requires:

1.1 **Administrative Expense Claim** means any Claim under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the assets of the Debtors, any actual and necessary expenses of operating the business of the Debtors, all compensation and reimbursement of expenses allowed by the Bankruptcy Court under sections 330 or 503 of the Bankruptcy Code, and any fees and charges assessed against the Debtors under section 1930 of chapter 123 of title 28 of the United States Code.

1.2 **Affiliate Debtors** means Grand Union Stores Inc. of Vermont; Grand Union Stores of New Hampshire, Inc.; and Specialty Merchandising Services, Inc.

1.3 Allowed means, with respect to an Administrative Expense Claim or other Claim, as the case may be, other than a Disputed Claim, any Claim, (a) proof of which was timely and properly filed, or if no proof of claim was timely and properly filed, which is listed by any of the Debtors on its respective Schedules as liquidated in amount and not disputed or contingent, and in either case, (i) as to which no objection to the allowance thereof or request for estimation has been interposed on or before the ninetieth (90th) day after the Effective Date or the expiration of such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules or order of the Bankruptcy Court or (ii) to the extent any objection to the allowance thereof or request for estimation interposed in accordance with clause (i) has been determined by a Final Order in favor of the holder of such Claim or (b) to the extent allowed by a Final Order or the provisions of the Plan. Unless otherwise specified in the Plan or by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" and "Allowed Claim" shall not, for purposes of computing distributions under the Plan, include interest on such Claim from and after the Commencement Date, except as provided in section 506(b) of the Bankruptcy Code.

1.4 Avoiding Power Causes of Action means any actions commenced, or that may be commenced before or after the Effective Date, pursuant to section 544, 545, 547, 548, 549, 550 or 551 of the Bankruptcy Code, but excluding the MDFC Causes of Action.

1.5 Bankruptcy Code means Title 11 of the United States Code, as amended from time to time.

1.6 Bankruptcy Court means the United States District Court for the District of New Jersey, having jurisdiction over the Chapter 11 Cases, and, to the extent of the reference of the Chapter 11 Cases pursuant to 28 U.S.C. § 157(a), the United States Bankruptcy Court for the District of New Jersey.

1.7 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, including the local rules of the Bankruptcy Court.

1.8 Business Day means any day other than a Saturday, a Sunday, any other day on which commercial banks in New York City, New York are required or authorized to close by law or executive order.

1.9 Causes of Action means any and all claims, causes of action and rights of the Debtors, including rights, claims, causes of action, suits and proceedings relating to the collection of the Debtors unpaid receivables but not including Avoiding Power Causes of Action.

1.10 Chapter 11 Cases means all of the cases under chapter 11 of the Bankruptcy Code, commenced by the Debtors, styled "In re The Grand Union Company,

et al." and being jointly administered in the Bankruptcy Court under case numbers 00-39613 (NLW) through 00-39616 (NLW).

1.11 Claim shall have the meaning assigned to such term in section 101(5) of the Bankruptcy Code, including, without limitation, any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, known or unknown.

1.12 Class means any group of substantially similar Claims or Equity Interests classified by the Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

1.13 Collateral means any property or interest in property of the Estates of the Debtors subject to a lien to secure the payment or performance of a Claim, which lien is valid, perfected and enforceable under applicable law, and is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.14 Commencement Date means October 3, 2000, the date on which the Debtors commenced the Chapter 11 Cases.

1.15 Committee means the statutory committee of general unsecured creditors appointed by the Office of the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

1.16 Company means The Grand Union Company.

1.17 Confirmation Date means the date upon which the Bankruptcy Court enters an order confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.18 Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.19 Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.20 Credit Agreement means the Revolving Credit Agreement dated as of August 17, 1998, as amended, supplemented or otherwise modified prior to the Commencement Date, among the Company, as borrower, the other Debtors as guarantors, the lenders from time to time parties thereto, SBC Warburg Dillon Read Inc., as co-advisor and co-arranger, UBS AG, Stamford Branch, as syndication agent, Lehman Brothers Inc., as co-advisor and co-arranger, and Lehman Commercial Paper Inc., as

administrative agent and collateral agent, and all ancillary documents and agreements referred to therein or executed in connection therewith.

1.21 Credit Agreement Agent Lehman Commercial Paper Inc., or its successor, as administrative agent and collateral agent, under the Credit Agreement.

1.22 Debtors means The Grand Union Company; Grand Union Stores Inc. of Vermont; Grand Union Stores of New Hampshire, Inc.; and Specialty Merchandising Services, Inc.

1.23 Debtors in Possession means the Debtors, as debtors in possession pursuant to section 1107 of the Bankruptcy Code.

1.24 Disclosure Statement means the disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.25 Disputed means, with respect to a Claim, any such Claim, proof of which was timely and properly filed, and (a) which has been or hereafter is listed on the Schedules as unliquidated, disputed or contingent, and which has not been resolved by written agreement of the parties or by an order of the Bankruptcy Court or (b) as to which the Debtor(s) or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order. Prior to (i) the filing of an objection to a Claim or (ii) the expiration of the time within which to object to such Claim set forth in the Plan or otherwise established by order of the Bankruptcy Court, for purposes of the Plan, a Claim shall be considered a Disputed Claim if (i) the amount of the Claim specified in the proof of Claim exceeds the amount of the Claim scheduled by the Debtors as other than disputed, contingent or unliquidated or (ii) the Claim is not listed on the Schedules. Because the holders of Allowed General Unsecured Claims and Allowed Equity Interests will not receive any distributions on account of such General Unsecured Claims or Equity Interests, no General Unsecured Claim or Equity Interest, or any portion thereof, shall be considered a Disputed Claim.

1.26 Effective Date means the date on which the Plan shall become effective, which date shall be as soon as reasonably practicable after the date on which the conditions specified in section 11.2 of the Plan have been satisfied or waived.

1.27 Equity Interest means the interest of any holder of equity securities of any of the Debtors represented by the issued and outstanding shares of common or preferred stock of any of the Debtors, including any existing options, warrants or rights, contractual or otherwise, to acquire such equity securities.

1.28 Estates means the estates created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

1.29 Final Order means an order of the Bankruptcy Court as to which the time to appeal, petition for *certiorari* or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari* or motion for reargument or rehearing is then pending or as to which any right to appeal, petition for *certiorari* or move to reargue or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, in the event that an appeal, writ of *certiorari* or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been upheld by the highest court to which such order was appealed, or from which *certiorari*, reargument or rehearing was sought and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired.

1.30 General Unsecured Claim means any Claim that is not a Secured Claim, Administrative Expense Claim or Priority Claim.

1.31 Institutional Lenders means, collectively, each "Lender", "Agent" and "Issuing Bank" party to the Credit Agreement, and any of their respective successors in interest or assignees under the Credit Agreement.

1.32 Institutional Lender Secured Claim means any Secured Claim of an Institutional Lender arising pursuant to the Credit Agreement.

1.33 IRC means the Internal Revenue Code of 1986, as amended, and any applicable rulings, Treasury Regulations (including temporary and proposed regulations) promulgated thereunder, judicial decisions, notices, announcements, and other releases of the United States Treasury Department or the IRS.

1.34 IRS means the United States Internal Revenue Service.

1.35 Liquidating LLC means the liquidating limited liability company described in Article VII of the Plan and governed by the Liquidating LLC Agreement.

1.36 Liquidating LLC Agreement means that certain agreement, dated as of the Confirmation Date, establishing the Liquidating LLC, a copy of which is included in the Plan Supplement.

1.37 LLC Agent means the managing agent of the Liquidating LLC pursuant to the terms and conditions of the Liquidating LLC Agreement, initially to be the entity or person jointly selected by the Debtors and the Credit Agreement Agent and named in the Confirmation Order and/or the Liquidating LLC Agreement.

1.38 LLC Interest means a non-transferable membership interest in the Liquidating LLC.

1.39 MDFC Causes of Action means any actions commenced, or that may be commenced before or after the Effective Date, against MDFC Leasing Corp., pursuant to section 549, 550 or 551 of the Bankruptcy Code.

1.40 Other Secured Claim means any Secured Claim other than an Institutional Lender Secured Claim.

1.41 Plan means this chapter 11 plan, including all exhibits and schedules annexed hereto, either in its present form or as it may be altered, amended or modified from time to time.

1.42 Plan Supplement means the forms of documents, including the LLC Agreement, effectuating the transactions contemplated by this Plan, which documents shall be filed with the Clerk of the Bankruptcy Court no later than ten days prior to the Confirmation Hearing. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected at the Office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims and Equity Interests may obtain a copy of the Plan Supplement upon written request to the undersigned counsel.

1.43 Priority Claim means a Priority Tax Claim or Priority Non-Tax Claim.

1.44 Priority Non-Tax Claim means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.45 Priority Tax Claim means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.46 Pro Rata means the proportion that the amount of any Claim in a particular class bears to the aggregate amount of all Claims in such Class, including Disputed Claims.

1.47 Schedules means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors as required by section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any supplements or amendments thereto through the Confirmation Date.

1.48 Secured Claim means a Claim held by any entity against the Debtors secured by Collateral, but only to the extent of the value, as set forth in the Plan, as agreed to by the holder of such Claim and the Debtors, or as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) of the Bankruptcy Code, of such entity's interest in the Estates' interest in such Collateral; provided, however, that a Secured Claim shall not include any portion of the Claim to the extent that the value of such entity's interest is less than the amount of such Claim.

1.49 Tax Matters Member shall have the meaning ascribed to such term in section 7.2(b) of the Plan.

1.50 **Treasury Regulations** means final, temporary and proposed regulations promulgated by the U.S. Treasury Department in respect of the IRC.

OTHER TERMS.

A term used in the Plan that is not defined shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

CONSTRUCTION OF CERTAIN TERMS.

The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.

ARTICLE II.

**TREATMENT OF ADMINISTRATIVE
EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

2.1 **Administrative Expense Claims.** On the Effective Date, or as soon thereafter as is reasonably practical, the Debtors shall pay to each holder of an Allowed Administrative Expense Claim an amount in cash equal to the Allowed amount of such Claim.

2.2 **Priority Tax Claims.** On the Effective Date, or as soon thereafter as is reasonably practical, the Debtors shall pay to each holder of an Allowed Priority Tax Claim an amount in cash equal to the Allowed amount of such claim.

ARTICLE III.

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims, other than Administrative Expense Claims, Priority Tax Claims and Equity Interests are classified for all purposes, including voting (unless otherwise specified), confirmation and distribution pursuant to the Plan, as follows:

<u>CLASS</u>	<u>STATUS</u>
Class 1 – Priority Non-Tax Claims.....	Not Impaired
Class 2 – Institutional Lender Secured Claims.....	Impaired
Class 3 – Other Secured Claims	Not

<u>CLASS</u>	<u>STATUS</u>
	Impaired
Class 4 – General Unsecured Claims.....	Impaired
Class 5 – Equity Interests	Impaired

ARTICLE IV.
TREATMENT OF CLAIMS AND EQUITY INTERESTS

4.1 Class 1 - Priority Non-Tax Claims.

(a) **Impairment and Voting.** Class 1 is not impaired by the Plan. Each holder of an Allowed Claim in Class 1 is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan.

(b) **Distributions.** On the Effective Date, each holder of an Allowed Priority Non-Tax Claim shall be paid an amount in cash equal to the Allowed amount of such Priority Non-Tax Claim.

4.2 Class 2 – Institutional Lender Secured Claims.

(a) **Impairment and Voting.** Class 2 is impaired by the Plan. Each holder of an Allowed Claim in Class 2 is entitled to vote to accept or reject the Plan.

(b) **Distributions.** On the Effective Date, or as soon thereafter as is reasonably practical, each holder of an Allowed Institutional Lender Secured Claim shall receive such holder's Pro Rata share of the beneficial interests in the Liquidating LLC (representing in the aggregate, immediately after the Effective Date, at least 99.99% of the outstanding beneficial interests).

4.3 Class 3 – Other Secured Claims.

(a) **Impairment and Voting.** Class 3 is not impaired by the Plan. Each holder of an Allowed Claim in Class 3 is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan.

(b) **Distributions.** To the extent not previously received, each holder of an Allowed Other Secured Claim shall receive on the Effective Date, or as soon thereafter as is reasonably practicable, the Collateral securing such Allowed Claim or an amount in cash equal to the Allowed amount of such Other Secured Claim.

4.4 Class 4 - General Unsecured Claims.

(a) **Impairment and Voting.** Class 4 is impaired by the Plan. For purposes of the Plan, each holder of an Allowed Claim in Class 4 is conclusively

presumed to have rejected the Plan as a holder of Class 4 Claims and is not entitled to vote to accept or reject the Plan.

(b) **Distributions.** The holders of General Unsecured Claims in Class 4 will not receive any distributions on account of such Claims.

4.5 Class 5 - Equity Interests.

(a) **Impairment and Voting.** Class 5 is impaired by the Plan. For purposes of the Plan, each holder of an Allowed Equity Interest in Class 5 is conclusively presumed to have rejected the Plan as a holder of Class 5 Interests and is not entitled to vote to accept or reject the Plan.

(b) **Distributions.** On the Confirmation Date, the common stock and other instruments evidencing Equity Interests in the Debtors shall be cancelled without further action under any applicable agreement, law, regulation, order or rule, and the Equity Interests in the Debtors evidenced thereby shall be extinguished. On or promptly after the Confirmation Date, the Company will file with the Securities and Exchange Commission a Form 15 for the purpose of terminating the registration of any of its publicly traded securities.

ARTICLE V.

ACCEPTANCE OR REJECTION OF THE PLAN

5.1 Voting of Claims. Each Institutional Lender (i.e. holder of an Allowed Claim in Class 2) shall be entitled to vote to accept or reject the Plan.

5.2 Acceptance by Impaired Class. Consistent with section 1126(c) of the Bankruptcy Code and except as provided for in section 1126(e) of the Bankruptcy Code, a Class of creditors shall have accepted the Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

5.3 Presumed Acceptance of Plan. Classes 1 and 3 are unimpaired under the Plan and, therefore, are conclusively presumed to have accepted the Plan.

5.4 Presumed Rejections of Plan. Classes 4 and 5 shall receive no distributions under the Plan and, therefore, are conclusively presumed to have rejected the Plan.

5.5 Cram Down. The Debtors request that, in the event Class 2 accepts the Plan, the Bankruptcy Court confirm the Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan over the presumed rejections of Class 4 and Class 5.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Method of Distributions Under the Plan

(a) **Effective Date Payments and Transfers.** On the Effective Date, or as soon thereafter as is reasonably practical, the Affiliate Debtors shall assign and transfer to the Company all of their right, title and interest in and to all of their assets (including, without limitation, Causes of Action and their books and records). As soon thereafter as is reasonably practical, the Company shall (i) remit to holders of Allowed Other Secured Claims, Allowed Administrative Expense Claims and Allowed Priority Claims an amount in cash equal to the Allowed amount of such Claims and (ii) assign and transfer to the Liquidating LLC all of its right, title and interest in and to all of its assets, including, without limitation, the assets transferred to it by the Affiliate Debtors pursuant to this section of the Plan and Causes of Action (including, without limitation, the MDPC Causes of Action), other than (x) any Avoiding Power Causes of Action and (y) an amount in cash equal to the aggregate amount of Allowed Other Secured Claims, Allowed Administrative Expense Claims and Allowed Priority Claims for which distribution shall be made on the Effective Date pursuant to part (i) of this paragraph.

(b) **Subsequent Distributions.** Unless otherwise provided in the Plan, to the extent cash is available subsequent to the Effective Date from undeliverable, time-barred or unclaimed distributions to holders of Allowed Claims, the Debtors shall remit such cash to the Liquidating LLC.

(c) **Distributions of Cash.** Any payment of cash made by the Debtors pursuant to the Plan may be made at the option of the Debtors either by check drawn on a domestic bank or by wire transfer from a domestic bank.

6.2 Delivery of Distributions and Undeliverable Distributions. Distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim or (b) in another writing notifying the Debtors and the LLC Agent (at the addresses set forth in the Plan) of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the LLC Agent is notified of such holder's then-current address, at which time all missed distributions shall be made to such holder, without interest. All demands for undeliverable distributions shall be made on or before ninety (90) days after the date such undeliverable distribution was initially made. Thereafter, the amount represented by such undeliverable distribution shall irrevocably revert to the Liquidating LLC, and any Claim in respect of such undeliverable distribution shall be discharged and forever barred from assertion against the Liquidating LLC, the Debtors and their property.

6.3 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the Debtors

and the LLC Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

6.4 Time Bar to Cash Payments. Checks issued by the Debtors or the Liquidating LLC in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the LLC Agent by the holder of the Allowed Claim to whom such check originally was issued. Any claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the Liquidating LLC, and any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Liquidating LLC, the Debtors and their property.

6.5 Setoffs. The Debtors may, in accordance with section 553 of the Bankruptcy Code and applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), any Causes of Action that the Debtors (or the Liquidating LLC, as successor to the Debtors) may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Debtors in Possession (or the Liquidating LLC, as successor to the Debtors) of any such Causes of Action that the Debtors or the Debtors in Possession (or the Liquidating LLC, as successor to the Debtors) may possess against such holder. To the extent the Debtors fail to set off against a creditor and seek to collect a Cause of Action from such creditor after a distribution to such creditor pursuant to the Plan, the Debtors, to the extent successful in asserting such Cause of Action, shall be entitled to full recovery against such creditor.

6.6 Professional Fees and Expenses. Each professional person or firm retained with approval by order of the Bankruptcy Court or requesting compensation in the Chapter 11 Cases pursuant to sections 330 or 503(b) of the Bankruptcy Code shall be required to file an application for an allowance of final compensation and reimbursement of expenses in the Chapter 11 Cases incurred through the Confirmation Date on or before a date to be set by the Bankruptcy Court in the Confirmation Order. Objections to any such application shall be filed on or before a date to be set by the Bankruptcy Court in the Confirmation Order.

6.7 Transactions on Business Days. If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

6.8 Allocation of Distributions. Distributions to any holder of an Allowed Claim shall be allocated first to the principal portion of any such Allowed Claim, and,

only after the principal portion of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising prepetition interest (but solely to the extent that interest is an allowable portion of such Allowed Claim).

ARTICLE VII.

MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

7.1 Substantive Consolidation. The Plan is premised upon the substantive consolidation of the Debtors. Accordingly, on the Effective Date, Grand Union Stores Inc. of Vermont, Grand Union Stores of New Hampshire, Inc. and Specialty Merchandising Services, Inc. and their estates shall be deemed merged with and into the Company, and (i) all assets and all liabilities of the Debtors shall be deemed merged into the Company, (ii) all guaranties of any Debtor of the payment, performance or collection of obligations of another Debtor shall be eliminated and canceled, (iii) any obligation of any Debtor and all guaranties thereof executed by one or more of the other Debtors shall be treated as a single obligation and such guaranties shall be deemed a single Claim against the consolidated Debtors, (iv) all joint obligations of two or more Debtors and all multiple Claims against such entities on account of such joint obligations, shall be treated and allowed only as a single Claim against the consolidated Debtors, (v) all Claims between or among the Debtors shall be cancelled and (vi) each Claim filed in the Chapter 11 Case of any Debtor shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the Effective Date.

7.2 The Liquidating LLC.

(a) Establishment of the Liquidating LLC. On or before the Effective Date, the LLC Agent and the Company shall execute the Liquidating LLC Agreement, which shall name the LLC Agent (designated by the Debtors and the Credit Agreement Agent) as the manager of the Liquidating LLC. The LLC Agent shall thereupon be authorized to take all other steps necessary to complete the formation of the Liquidating LLC.

Upon the Effective Date or as soon thereafter as is reasonably practical, the Company shall assign and transfer absolutely and unconditionally to the Liquidating LLC all of its rights, title and interests in and to all of its assets (including, without limitation, the assets transferred to it by the Affiliate Debtors pursuant to section 6.1(a) of the Plan) other than (i) any Avoiding Power Causes of Action and (ii) an amount in cash equal to the aggregate amount of Allowed Administrative Expense Claims, Allowed Priority Claims and Allowed Other Secured Claims (such Allowed Claims to be paid as set forth in section 6.1(a) of the Plan). Such transfer shall be free and clear of any liens, claims and encumbrances, and no other entity, including the Debtors or Debtors in Possession, shall have any interest, legal, beneficial or otherwise, in the Liquidating LLC or the assets of the Liquidating LLC upon their assignment and transfer to the Liquidating LLC; provided, however, that all such assets will be transferred to the Liquidating LLC subject only to the obligation of the Liquidating LLC to pay (i) Administrative Expense Claims, Priority Claims, Other Secured Claims and professional fees and expenses that

(x) have not been paid as of the Effective Date or (y) have not been Allowed as of the Effective Date (but which are subsequently Allowed), (ii) any expenses incurred and unpaid, or to be incurred by the Debtors in respect of consummation of the Plan and winding up of the Estates, (iii) in the event there exists any Disputed Claims on the Effective Date, such Claims to the extent such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Plan and (iv) post-Effective Date obligations of the Debtors, if any. In addition, in the event there exists any Disputed Claims on the Effective Date, the Liquidating LLC shall at all times hold and maintain sufficient cash in an amount no less than that which would be required to distribute to the holders of Disputed Claims if all such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Plan.

On the Effective Date, the LLC Agent and each holder of an Allowed Institutional Lender Secured Claim shall, by operation of the Plan, (i) be admitted to the Liquidating LLC as a member of the Liquidating LLC, (ii) become bound by the Liquidating LLC Agreement and (iii) receive an LLC Interest.

(b) **LLC Agent.** The LLC Agent, together with its representatives and professionals, shall implement the LLC Agreement and administer the Liquidating LLC. The LLC Agent shall be entitled to reasonable compensation. The duties and powers of the LLC Agent shall include all powers necessary to implement the Plan and the Liquidating LLC Agreement and administrate and liquidate the assets of the Liquidating LLC, including, without limitation, to (i) retain professionals to assist it in performing its duties hereunder, (ii) object to or seek to subordinate claims against the Estate, (iii) serve as manager of the Liquidating LLC hereunder and (iv) maintain sufficient cash (and/or beneficial assets) to (x) meet the reasonably necessary administrative expenses and (y) fund the distribution to holders of Disputed Claims if all such Claims are subsequently Allowed.

The LLC Agent shall have no liability to the Debtors. Consistent with section 9.7 of the Credit Agreement, the holders of LLC Interests shall indemnify and hold harmless each of the Credit Agreement Agent and the LLC Agent for any losses incurred in its capacity as such, except to the extent such losses were the result of such person's gross negligence or willful misconduct.

The LLC Agent shall serve as the Liquidating LLC's "Tax Matters Partner" (the "Tax Matters Member"), as such term is defined in Section 6231(a)(7) of the IRC and shall be authorized by the Liquidating LLC Agreement to perform all duties and exercise all rights of the Tax Matters Partner.

If the LLC Agent does not hold a beneficial interest in the Liquidating LLC, (x) the Liquidating LLC shall issue to that person, in respect of such person's services to be rendered as a Tax Matters Member, a 0.01% beneficial interest in the Liquidating LLC (but in no event shall such person be entitled to such interest prior to the distributions of beneficial interests in the Liquidating LLC to the Institutional Lenders), (y) the recipient shall make an election under Section 83(b) of the Tax Code in respect of

such 0.01% beneficial interest and (z) the beneficial interest of each other holder of a beneficial interest shall be proportionally reduced. If a person receiving a beneficial interest pursuant to clause (x) of the preceding sentence dies, is terminated or resigns as Tax Matters Member, the beneficial interest so received shall be forfeited for no consideration.

The LLC Agent shall also have the powers of administration regarding all of the Debtors' tax obligations, including filing of returns. The LLC Agent shall (i) complete and file within ninety (90) days after the Effective Date (or such longer period as authorized by the Bankruptcy Court for cause) the Debtors' final federal, state and local tax returns, (ii) request an expedited determination of any unpaid tax liability of the Debtors or the Estates under Bankruptcy Code section 505(b) for all taxable periods of the Debtors ending after the Commencement Date through the liquidation of the Debtors as determined under applicable tax laws and (iii) represent the interest and account of the Debtors or the Estates before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit.

In the event the LLC Agent dies, is terminated or resigns for any reason, the Credit Agreement Agent shall designate a successor. The LLC Agent shall be required to disclose his or her connections, if any, with the Debtors, its creditors, any other party in interest and the United States Trustee.

(c) Distributions; Beneficial Interests. All distributions from the Liquidating LLC to holders of LLC Interests shall be made in accordance with such holders' relative beneficial ownership interests, at such times and in such amounts as shall be determined by the LLC Agent. The LLC Agent shall cause the Liquidating LLC to retain sufficient funds as reasonably necessary for the Liquidating LLC to (i) meet contingent liabilities and to maintain the value of its non-cash assets until such assets are liquidated, (ii) pay reasonable administrative expenses of the Estate that have not been paid (including the Debtors' professional fees and expenses), or have not been Allowed as of the Effective Date but which are subsequently Allowed (including, but not limited to, the expenses of the LLC Agent and the Debtors' professional fees and expenses), (iii) fund the distribution to holders of Disputed Claims if and to the extent such Claims are subsequently Allowed and (iv) satisfy other liabilities incurred by the Liquidating LLC in accordance with the Plan.

(d) Purpose of the Liquidating LLC. The Liquidating LLC shall be established for the sole purpose of liquidating its assets in furtherance of the Plan for the sole benefit of the holders of LLC Interests, with no objective to continue or engage in the conduct of a trade or business. The Liquidating LLC shall be deemed not to be the same legal entity as any of the Debtors, but only an assignee of such assets of the Debtors that are transferred to the Liquidating LLC within the meaning of section 1123(b)(3) of the Bankruptcy Code.

(e) Liquidation of Assets; Responsibilities of LLC Agent. The LLC Agent shall have the power to (i) prosecute, compromise and settle, abandon or dismiss

any or all Disputed Claims, (ii) liquidate the assets of the Liquidating LLC and (iii) otherwise perform the functions and take the actions provided for or permitted herein or in any other agreement executed by the LLC Agent pursuant to the Plan, in each case subject to the provisions of the Liquidating LLC Agreement.

The LLC Agent shall, in an expeditious but orderly manner and subject to the provisions of the Liquidating LLC Agreement, liquidate and convert to cash the assets of the Liquidating LLC, make timely distributions and not unduly prolong the duration of the Liquidating LLC. In so doing, the LLC Agent shall exercise its reasonable business judgment in liquidating the assets of the Liquidating LLC to maximize recoveries. The liquidation of such assets of the Liquidating LLC may be accomplished either through the sale of the assets of the Liquidating LLC (in whole or in combination, and including the sale of any Causes of Action) or through the prosecution, compromise and settlement, abandonment or dismissal of any or all claims or Causes of Action, or otherwise. The LLC Agent shall, subject to the provisions of the Liquidating LLC Agreement, have discretion to elect whether or not to pursue any and all Causes of Action as the LLC Agent may determine are in the best interests of the members of the Liquidating LLC, consistent with the purposes of the Liquidating LLC, and the LLC Agent shall have no liability to the Debtors, the Estates, the members of the Liquidating LLC, the Committee or any other party for the outcome of its decisions in this regard. The LLC Agent may incur any reasonable and necessary expenses in connection with the liquidation and conversion of the assets of the Liquidating LLC to cash.

The Debtors shall designate the LLC Agent with the powers of administration regarding all of the Debtors' tax obligations, including filing of returns. The LLC Agent shall have responsibility for the managing or winding up of the affairs of the Debtors, including, but not limited to, filing of tax returns, payment of any Disputed Claim to the extent such Claim is Allowed subsequent to the Effective Date, payment of Administrative Expense Claims, Priority Claims and the Debtors' professional fees and expenses (to the extent not paid on the Effective Date), and retaining the Debtors' books and records.

(f) **Investment Power.** The right and power of the LLC Agent to invest any cash transferred to the Liquidating LLC, the cash proceeds from the liquidation of any assets transferred to the Liquidating LLC and the realization or disposition of any Causes of Action, and any income earned by the Liquidating LLC shall be limited to the right and power to invest such cash in United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by section 345 of the Bankruptcy Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such cash without inordinate credit risk or interest rate risk; provided, however, that the LLC Agent may expend the cash of the Liquidating LLC (i) as reasonably necessary to meet contingent liabilities and to maintain the value of the assets of the Liquidating LLC during their liquidation, (ii) to pay reasonable administrative expenses which have been incurred (including, but not limited to, any taxes imposed on the Liquidating LLC or fees and expenses in connection with litigation), (iii) to fund the distribution to holders of Disputed Claims to the extent such

Claims are subsequently Allowed and (iv) to satisfy other liabilities incurred or assumed by the Liquidating LLC (or to which the assets of the Liquidating LLC are otherwise subject) in accordance with the Plan or the Liquidating LLC Agreement.

(g) **Reporting Duties.** The Liquidating LLC will be treated as a partnership for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The LLC Agent shall be responsible for filing informational returns on behalf of the Liquidating LLC and distributing information statements to holders of LLC Interests, setting forth each such holder's allocable share of the income, loss, deduction or credit of the Liquidating LLC.

For federal income tax purposes, the Liquidating LLC's taxable income (or loss) shall be allocated among the holders of LLC Interests in a manner consistent with applicable Treasury Regulations taking into account such holders' relative economic interests in the Liquidating LLC. Each holder of an LLC Interest will be required to take into account its allocable share of the income, loss, deduction or credit of the Liquidating LLC in determining its taxable income for federal income tax purposes.

The LLC Agent shall file (or cause to be filed) any other statements, returns or disclosures relating to the Liquidating LLC that are required by any governmental unit or applicable law.

(h) **Implementation of Liquidating LLC.** On the Effective Date, the Liquidating LLC will become effective for the benefit of Allowed Institutional Lender Secured Claims subject to the obligations of the Liquidating LLC set forth in section 7.2(a) of the Plan. The Liquidating LLC Agreement shall be filed in the Plan Supplement and shall contain provisions customary for agreements of Delaware limited liability companies utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to ensure the continued treatment of the Liquidating LLC as a partnership for federal income tax purposes.

(i) **Income Tax and Related Information.** The LLC Agent shall be authorized to collect such tax and fiscal information from holders of LLC Interests (including, without limitation, social security numbers and/or other tax identification numbers) as it in its sole discretion deems necessary to effectuate the Plan, and the Confirmation Order shall expressly provide this authority. Failure by any holder of an LLC Interest to furnish this information in a timely fashion will cause a waiver of some or all of such holder's rights (if any) under the Plan and the Confirmation Order.

(j) **Non-transferable; Registry of Beneficial Interests.** Upon issuance thereof, beneficial interests in the Liquidating LLC shall be non-transferable, except with respect to a transfer by will or under the laws of descent and distribution. Any such transfer, however, shall not be effective until and unless the LLC Agent receives written notice of such transfer. The LLC Agent shall maintain a registry of the holders of LLC Interests.

(k) **Termination**. The Liquidating LLC will terminate after its liquidation, administration and distribution of the assets of the Liquidating LLC in accordance with the Plan and its material completion of all other duties and functions set forth herein or in the Liquidating LLC Agreement, but in no event later than three (3) years after the Effective Date, unless extended by the LLC Agent pursuant to the terms of the LLC Agreement.

7.3 **Securities Exempt**. The issuance of the LLC Interests satisfies the requirements of section 1145 of the Bankruptcy Code and, therefore, such issuance is exempt from registration under the Securities Act of 1933, as amended, and any state or local law requiring registration.

7.4 **Debtors' Post-Confirmation Role; Dissolution**. The Debtors shall perform each of the following acts as soon as practicable on or after the Effective Date:

(a) **Administration of Taxes**. The Debtors shall, in accordance with section 7.2 of the Plan, designate the LLC Agent with regard to all tax matters of the Debtors.

(b) **Transfers to the Liquidating LLC**. On the Effective Date, all of the Debtor Affiliates' right, title and interest in and to all of their assets (including their books and records) shall be transferred and assigned absolutely and unconditionally to the Company by operation of the Plan. Immediately thereafter, all of the Company's right, title and interest in and to all of its assets (including the assets transferred to it by the Debtor Affiliates) other than any Avoiding Power Causes of Action and an amount in cash equal to the aggregate amount of Allowed Administrative Expense Claims, Allowed Other Secured Claims and Allowed Priority Claims (such Allowed Claims to be paid as set forth in section 6.1(a) of the Plan), shall be transferred and assigned absolutely and unconditionally to the Liquidating LLC by operation of the Plan, provided, however, that all such assets will be transferred to the Liquidating LLC subject only to the obligations of the Liquidating LLC as set forth in section 7.2(a) of the Plan. Upon such assignment, the Debtors shall have no further responsibilities with respect to making distributions under the Plan.

(c) **Closing of the Chapter 11 Cases**. When all Disputed Claims filed against the Debtors have become Allowed Claims or have been disallowed by Final Order, and all remaining assets of the Debtors have been liquidated and converted into cash (other than those assets abandoned by the Debtors or the LLC Agent), and such cash has been distributed in accordance with the Plan, the LLC Agent shall seek authority from the Bankruptcy Court to close the Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

(d) **Dissolution**. Within thirty (30) days after its completion of the acts required by the Plan, or as soon thereafter as is practical, each Debtor shall file its certificate of dissolution or certificate of merger with another Debtor, together with all

other necessary corporate documentation, to effect its dissolution or merger under the applicable laws of the State of Delaware.

7.5 Books and Records. Upon the Effective Date, the Company shall transfer and assign to the Liquidating LLC full title to, and the Liquidating LLC shall be authorized to take possession of, all of the books and records of the Debtors and Debtors in Possession, including the books and records of the Affiliate Debtors transferred to the Company pursuant to section 6.1(a) of the Plan. The Liquidating LLC shall have the responsibility of storing and maintaining books and records transferred hereunder. The Debtors shall cooperate with the LLC Agent to facilitate the delivery and storage of their books and records in accordance herewith. The Debtors (or their successors as well as their current and former officers and directors) shall be entitled to reasonable access to any books and records transferred to the Liquidating LLC for all necessary corporate purposes, including, without limitation, defending or prosecuting litigation, determining insurance coverage, filing tax returns and addressing personnel matters. For the purpose of this section and section 6.1(a), books and records include computer generated or computer maintained books and records and computer data, as well as electronically generated or maintained books and records or data, along with books and records of the Debtors maintained by or in possession of third parties and all of the claims and rights of the Debtors and Debtors in Possession in and to their books and records, wherever located.

7.6 Avoiding Power Causes of Action. Upon the Effective Date, the Debtors shall release or be deemed to have released, waived and discharged any and all Avoiding Power Causes of Action.

7.7 Corporate Action. Upon the Effective Date, the Debtors shall perform each of the actions and effect each of the transfers required by the terms of the Plan, in the time period allocated therefor. Each of the Debtors shall be authorized and directed, following the completion of all disbursements, other transfers and other actions required by the Plan, to file its certificate of dissolution or certificate of merger. The filing of such certificates of dissolution or certificates of merger shall be authorized and approved in all respects without further action under applicable law, regulation, order or rule, including, without express or implied limitation, any action by the stockholders or the Board of Directors of the Debtors. On the Effective Date, the authority, power and incumbency of the persons then acting as directors and officers of the Debtors shall be terminated other than as may be required (i) by section 7.8 of the Plan and/or (ii) to effect the dissolution of the Debtors, including the filing of (x) certificates of dissolution and/or certificates of merger and (y) Form 15 pursuant to section 4.5(b) of the Plan.

7.8 Effectuating Documents and Further Transactions. Each of the officers of each of the Debtors is authorized and directed to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

ARTICLE VIII.
PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

8.1 No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no cash or other property shall be distributed under the Plan on account of any Disputed Claim, unless and until such Claim becomes an Allowed Claim.

8.2 Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors, and following the Effective Date, the LLC Agent, shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than 60 days after the Confirmation Date. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Debtors (or the LLC Agent) elects to withdraw any such objection or the Debtors (or the LLC Agent) and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

8.3 Estimation. The Debtors (or the LLC Agent) may request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors (or the LLC Agent) have previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount may constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors (or the LLC Agent) may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn or otherwise resolved subsequently, without further order of the Bankruptcy Court.

8.4 Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim in a Class that is entitled to receive a distribution under the Plan becomes an Allowed Claim, the LLC Agent shall, no later than the fifteenth Business Day of the first month following the month in which the Claim becomes an Allowed Claim, distribute from the Liquidating LLC to the holder of such Allowed Claim cash in an aggregate amount sufficient to pay to such holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

ARTICLE IX
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 Executory Contracts and Unexpired Leases. On the Confirmation Date, all executory contracts and unexpired leases that exist between the Debtors and any person shall be deemed rejected as of the Confirmation Date, except for any executory contract or unexpired lease (a) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date or (b) as to which a motion for approval of the assumption or rejection of such contract or lease has been filed and served prior to the Confirmation Date.

9.2 Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan.

9.3 Claims Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan shall be classified as Class 4 – General Unsecured Claims – and no distributions shall be paid on account of such Claims.

ARTICLE X
LIMITED RELEASES

10.1 Mutual Releases. On the Effective Date, for good and valuable consideration, each of (i) the Debtors, their officers and directors that served during the pendency of the Chapter 11 Cases, their stockholders, agents, attorneys, financial advisors, other representatives and their respective successors and assigns, (ii) the Committee, its current and former members, agents, attorneys, financial advisors, other representatives and their respective successors and assigns and (iii) the Institutional Lenders and any and all of their respective officers, directors, employees, stockholders, subsidiaries, affiliates, agents, attorneys, financial advisors, other representatives and their respective successors and assigns shall release or be deemed to have released, waived and discharged all claims, demands, debts, rights, liabilities, defenses and causes of action that each may have against the other in connection with or related to the Debtors, the Debtors' estates or the Chapter 11 Cases, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, that are based in whole or in part on any act, omission or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing in this section shall be deemed or construed to release any rights conferred on the Committee pursuant to this Plan or any rights of the Debtors to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder.

10.2 Binding Effect of Releases. On the Effective Date, the Debtors, the Institutional Lenders and the Committee shall be deemed to have agreed to the provisions of section 10.1 of the Plan and shall be bound thereby for all purposes whatsoever.

ARTICLE XI.
EFFECTIVENESS OF THE PLAN

11.1 Conditions Precedent to the Confirmation of the Plan. The following are conditions precedent to the confirmation of the Plan:

(a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance satisfactory to the Debtors, the Committee and the Credit Agreement Agent; and

(b) The Bankruptcy Court shall have entered an order approving the Disclosure Statement in form and substance satisfactory to the Debtors, the Committee and the Credit Agreement Agent.

11.2 Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date of the Plan:

(a) No stay of the Confirmation Order shall then be in effect;

(b) The LLC Agent and the Company have executed the Liquidating LLC Agreement;

(c) The Debtors shall have sufficient cash to pay the sum of (i) Allowed Administrative Expense Claims, Allowed Other Secured Claims, Allowed Priority Claims and the Debtors' professional fees that have not been paid and (ii) an amount that would be required to distribute to the holders of Disputed Claims if all such Claims are subsequently Allowed, as set forth more fully in Article VIII of the Plan; and

(d) There shall be a resolution of tax matters to the satisfaction of the Credit Agreement Agent.

11.3 Waiver of Conditions. Notwithstanding the foregoing, the Debtors reserve their right, with the approval of the Credit Agreement Agent, to waive the occurrence of the condition precedent set forth in section 11.2(a) of the Plan. Any such waiver of section 11.2(a) may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtors decide, after consultation with the Credit Agreement Agent, that one of the conditions precedent set forth in section 11.2 above cannot be satisfied and the occurrence of such

condition is not waived or cannot be waived, then the Debtors shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

11.4 Effect of Nonoccurrence of the Conditions to Consummation. If each of the conditions to consummation and the occurrence of the Effective Date has not been satisfied or duly waived on or before the first Business Day that is 30 days after the Confirmation Date, or such later date as shall be agreed by the Debtors and the Credit Agreement Agent, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this section, the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims against any of the Debtors.

ARTICLE XII.

EFFECTS OF CONFIRMATION

12.1 Vesting of Assets in Liquidating LLC.

(a) As of the Effective Date, the property of the Estates shall vest in the Debtors and, in accordance with Article VII of the Plan and subject to the exceptions contained therein, shall be transferred to the Liquidating LLC.

(b) From and after the Effective Date, the LLC Agent may dispose of the assets of the Liquidating LLC free of any restrictions of the Bankruptcy Code, but in accordance with the provisions of the Plan.

(c) As of the Effective Date, all assets of the Liquidating LLC shall be free and clear of all Claims, except as provided in the Plan or the Confirmation Order.

12.2 Release of Assets. Until the Effective Date, the Bankruptcy Court shall retain jurisdiction of the Debtors, their assets and properties. Thereafter, jurisdiction of the Bankruptcy Court shall be limited to the subject matter set forth in Article XIII of the Plan, and the LLC Agent shall perform and wind up the affairs of the Liquidating LLC as provided in the Plan.

12.3 Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and their respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

12.4 Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Cases.

12.5 Causes of Action. Except as otherwise provided in the Plan, on and after the Effective Date, the LLC Agent will have the exclusive right to enforce any and all Causes of Action against any person. The LLC Agent may pursue, abandon, settle or release any or all Causes of Action, as it deems appropriate, without the need to obtain approval or any other or further relief from the Bankruptcy Court. The LLC Agent may, in its sole discretion, offset any such claim held against a person against any payment due such person under the Plan; provided, however, that any claims of the Debtors arising before the Commencement Date shall first be offset against Claims against the Debtors arising before the Commencement Date.

12.6 Injunction. On and after the Confirmation Date, all persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivative ly or otherwise) on account of or respecting any (i) claim, debt, right or cause of action of the Debtors for which the Liquidating LLC retains sole and exclusive authority to pursue in accordance with the Plan or (ii) Avoiding Power Causes of Action.

ARTICLE XIII **RETENTION OF JURISDICTION**

13.1 Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases and the allowance of any Claims resulting therefrom;
- (b) To determine any and all pending adversary proceedings, applications and contested matters relating to the Chapter 11 Cases;
- (c) To hear and determine any objection to any Claims;
- (d) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
- (e) To issue such orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
- (f) To consider any modifications of the Plan, to cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(g) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(h) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(i) To recover all assets of the Debtors, property of the Estates and the assets of the Liquidating LLC, wherever located;

(j) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Liquidating LLC;

(k) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Commencement Date through the closing of the Chapter 11 Cases);

(l) To hear any other matter consistent with the provisions of the Bankruptcy Code; and

(m) To enter a final decree closing the Chapter 11 Cases.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

14.1 Dissolution of the Committee. On the Effective Date, the Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Cases, and the retention or employment of the Committee's attorneys, accountants and other agents shall terminate, provided, however, the Committee shall continue to exist after such date solely with respect to (i) all applications filed pursuant to sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional, and (ii) any motions or other actions seeking the enforcement or implementation of the provisions of the Plan or the Confirmation Order.

14.2 Effectuating Documents and Further Transactions. Glenn J. Smith, the President and CEO of the Debtors, is authorized and directed to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be reasonably necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

14.3 Exemption from Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan (including transfers of assets held by the Liquidating LLC) shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax.

14.4 Exculpation Neither the Debtors, the LLC Agent, the Committee, the Institutional Lenders, the Credit Agreement Agent nor any of their respective members, officers, directors, employees, attorneys, advisors or agents who were members, officers, directors, employees, attorneys, advisors or agents, as the case may be, during the Chapter 11 Cases shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtors, the LLC Agent and the Committee, and each of their respective members, officers, directors, employees, advisors and agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

14.5 Post-Confirmation Date Fees and Expenses.

(a) **Fees and Expenses of Professionals.** (i) Prior to the Effective Date, the Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Confirmation Date, of the professional persons employed by the Debtors and the Committee in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged. (ii) After the Effective Date, the LLC Agent shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Confirmation Date, of the professional persons employed by the Debtors and the Committee in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged. The fees and expenses of such professionals shall be paid within ten (10) Business Days after submission of a detailed invoice therefor. If the LLC Agent or the Debtors dispute the reasonableness of any such invoice, the LLC Agent or the Debtors, as the case may be, shall timely pay the undisputed portion of such invoice, and the LLC Agent or the Debtors, as the case may be, or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such invoice.

(b) **Fees and Expenses of LLC Agent.** The fees and expenses of the LLC Agent shall be paid in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pursuant to the terms of the Plan and the Liquidating LLC Agreement.

14.6 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date.

14.7 Modification of Plan The Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Debtors may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code and with the consent of the Credit Agreement Agent, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A holder of an Allowed Claim that is deemed to have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such holder.

14.8 Withdrawal or Revocation The Debtors may withdraw or revoke the Plan at any time prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

14.9 Courts of Competent Jurisdiction If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

14.10 Notices. Any notices to or requests of the Debtors by parties in interest under or in connection with the Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

THE GRAND UNION COMPANY, *et al.*
c/o Ravin Greenberg PC
101 Eisenhower Parkway
Roseland, New Jersey 07068
(973) 226-1500
Attn: Morris S. Bauer, Esq.

with copies to:

WEIL, GOTSHAL & MANGES LLP
Co-Attorneys for the Debtor
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
Attn: Jeffrey L. Tanenbaum, Esq.

RAVIN GREENBERG PC.
Co-Attorneys for the Debtor
101 Eisenhower Parkway
Roseland, New Jersey 07068
(973) 226-1500
Attn: Morris S. Bauer, Esq.

SIMPSON THACHER & BARTLETT
Attorneys for the Credit Agreement Agent
425 Lexington Avenue
New York, New York 10017
(212) 455-2000
Attn: Kenneth S. Ziman, Esq.

14.11 Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of the Plan is invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Debtors, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.12 Governing Law Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

14.13 Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

14.14 Exhibits. All Exhibits and Schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

14.15 Successors and Assigns. All the rights, benefits and obligations of any person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such person.

Dated: Newark, New Jersey
August 20, 2002

**THE GRAND UNION COMPANY
GRAND UNION STORES INC. OF VERMONT,
GRAND UNION STORES OF NEW HAMPSHIRE, INC.
SPECIALTY MERCHANDISING SERVICES, INC.**

By: /s/Glenn J. Smith
Glenn J. Smith
President and Chief Executive Officer

EXHIBIT C

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Case No.: 03-10945 (MFW)
Fleming Companies, Inc., et al.,)	
)	
Debtors.)	

AFFIDAVIT OF BARBARA DUNNE

STATE OF NEW YORK)
)
COUNTY OF QUEENS:)

I, Barbara Dunne, hereby declare:

1. I am employee of Princeton Management, and have been employed by Princeton Management for the past four years.
2. Princeton Management is responsible for managing certain properties in which David Minkin had interests, including a certain refrigerated warehouse located at 3555 NW 77th Avenue, Miami, Florida (the "Refrigerated Warehouse"). I work out of the office maintained by David Minkin at the same address, 9525 Queens Boulevard, Suite 724, Rego Park, New York 11374. My responsibilities include the oversight and maintenance of the file for the Refrigerated Warehouse.
3. It is the ordinary and regular course of business for Princeton Management to preserve any correspondence or notices received by Princeton Management or David Minkin related to the Refrigerated Warehouse. Any notices or correspondence concerning the

Refrigerated Warehouse are directed to my attention, and then are reviewed by either an attorney or accountant within Princeton Management.

4. I do not recall ever receiving or reviewing anything from The Grand Union Company ("Grand Union") concerning its bankruptcy. I have reviewed the file maintained for the Refrigerated Warehouse. The records of Princeton Management and David Minkin reflect that they received no notice from Grand Union concerning its bankruptcy.

5. Based on the foregoing, I have no reason to believe that Grand Union attempted to assume the lease of the Refrigerated Warehouse during its bankruptcy case.

This _____ day of October, 2003, I declare the foregoing facts to be true and correct.

/s/ Barbara Dunne
BARBARA DUNNE

SWORN TO AND SUBSCRIBED before me, a Notary Public,

this ____ day of _____, 2003

NOTARY PUBLIC