Docket #2021 Date Filed: 12/18/2009

UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:	§	Case No. 09-02140 (HB)
	§	
BI-LO, LLC *et al.*,	§	Chapter 11
	§	
Debtors.[1]	§	(Joint Administration)
	§	

DEBTORS' FIRST AMENDED PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: [•], 2009

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[1] The Debtors and the last four digits of their respective tax identification numbers are: BI-LO, LLC (0130); BI-LO Holding, LLC (5011); BG Cards, LLC (4159); ARP Ballentine LLC (6936); ARP James Island LLC (9163); ARP Moonville LLC (0930); ARP Chickamauga LLC (9515); ARP Morganton LLC (4010); ARP Hartsville LLC (7906); and ARP Winston Salem LLC (2540).

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FIRST AMENDED PLAN OF REORGANIZATION FOR BI-LO, LLC AND AFFILIATED DEBTORS

INTRODUCTION

BI-LO, LLC and the other debtors in the above-captioned chapter 11 cases (collectively, the "Debtors") propose the following first amended plan of reorganization (the "Plan") for the resolution of outstanding creditor claims against, and equity interests in, the Debtors pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101—1532 (the "Bankruptcy Code"). Capitalized terms used in the Plan shall have the meanings ascribed to such terms in Article I. The Debtors are the proponents of the Plan within the meaning of § 1129 of the Bankruptcy Code.

Under § 1125(b) of the Bankruptcy Code, a vote to accept or reject the Plan cannot be solicited from a holder of a Claim or Equity Interest until the Disclosure Statement has been approved by the Bankruptcy Court and distributed to holders of Claims and Equity Interests. The Disclosure Statement relating to the Plan was approved by the Bankruptcy Court on [•], 2009, and has been distributed simultaneously with the Plan to all parties whose votes are being solicited. The Disclosure Statement contains, among other things, a discussion of the Debtors' history, businesses, properties and operations, as well as a summary and description of the Plan, risk factors associated with the Debtors and the Plan, and certain related matters. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE PLAN PROVIDES FOR SUBSTANTIVE CONSOLIDATION OF THE ESTATES FOR ALL PURPOSES ASSOCIATED WITH CONFIRMATION AND CONSUMMATION.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION AND RELATED MATTERS

1.1 Definitions; Interpretation.

(a) Definitions. As used in the Plan, the capitalized terms below have the following meanings, except as expressly provided or unless the context otherwise requires. Any term used but not defined in the Plan, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

(1) "ABL Agent" means GE Business Services, Inc. (f/k/a Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services, Inc.), as administrative and collateral agent under the ABL Credit Agreement.

(2) "ABL Credit Agreement" means that certain *Credit Agreement* dated March 26, 2007, by and among the ABL Agent, BI-LO Holding, BI-LO, and the ABL Lenders providing revolving credit and letter of credit facilities with up to $100 million of commitments, as the same may have been amended, modified or supplemented from time to time through the Petition Date.

(3) "ABL Lenders" means those entities party to the ABL Credit Agreement in their capacities as lenders thereunder.

(4) "Adequate Protection Consent Order" means that *Consent Order Approving Adequate Protection Cash Payments and Related Matters* entered by the Bankruptcy Court in the Chapter 11 Cases on May 1, 2009.

(5) "Administrative Claim" means a Claim against any Debtor or its Estate (a) arising on or after the Petition Date and prior to the Effective Date for a cost or expense of administration of the Chapter 11 Cases, that is entitled to priority or superpriority pursuant to §§ 364(c)(1), 503(b), 503(c) or 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code, including DIP Facility Claims, Professional Claims and actual and necessary costs and expenses incurred on or after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises) or (b) entitled to priority under § 503(b)(9) of the Bankruptcy Code.

(6) "Allowed" means with reference to a Claim, any Claim, to the extent it has not been withdrawn, paid, deemed satisfied or otherwise extinguished, (a) that has been listed by the Debtors in their Schedules as liquidated in amount and not disputed or contingent, for which no contrary Proof of Claim has been filed and for which no objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, (b) for which a Proof of Claim (or, with respect to an Administrative Claim, a request for payment) has been filed on or before the Bar Date, and for which no objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, (c) that is allowed pursuant to the Plan or procedures set forth in the Plan, (d) that the Reorganized Debtors determine should be allowed, (e) that is compromised, settled or otherwise resolved pursuant to a Final Order or the authority granted to the Reorganized Debtors under the Plan or (f) for which an objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, but for which a Final Order has been entered allowing such Claim; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Except as otherwise provided in the Plan or a Final Order, the amount of an Allowed Claim (including a Disputed Claim that subsequently becomes an Allowed Claim) shall not include (1) any interest, penalty or late charge arising or accruing after the Petition Date, or (2) any award or reimbursement of attorneys' fees or related expenses or disbursements.

(7) "Ballot" means the form distributed to each holder of an impaired Claim entitled to vote on the Plan, on which such holder is to indicate acceptance or rejection of the Plan, and in addition, with respect to each holder of General Unsecured Claim in excess of $5,000, to make an irrevocable election to be treated as a holder of a Convenience Claim by reducing its Claim to $5,000 and accepting treatment in Class 5.

(8) "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

(9) "Bankruptcy Court" means the United States District Court for the District of South Carolina having jurisdiction over the Chapter 11 Cases and, to the extent any reference is made pursuant to § 157 of title 28 of the United States Code, the Bankruptcy Court unit of such District Court, or any court having competent jurisdiction to hear

appeals or certiorari petitions therefrom, or any successor thereto that may be established by an act of Congress or otherwise, and that has competent jurisdiction over the Chapter 11 Cases.

(10) "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under § 2075 of title 28 of the United States Code, as applicable to the Chapter 11 Cases, and the Local Bankruptcy Rules.

(11) "Bar Date" means (a) the date set by the Local Bankruptcy Rules or any other date set by an order of the Bankruptcy Court as the applicable deadline for the filing of Proofs of Claim, or requests for payment of Administrative Claims, or (b) with reference to the assumption of an executory contract or unexpired lease by the Debtors, the date set by an order of the Bankruptcy Court as the applicable deadline for objecting to such assumption or Cure Amount proposed by the Debtors.

(12) "BI-LO" means BI-LO, LLC, as debtor and debtor in possession.

(13) "BI-LO Holding" means BI-LO Holding, LLC, as debtor and debtor in possession.

(14) "Business Day" means any day except Saturday, Sunday or a "legal holiday" as such term is defined in Bankruptcy Rule 9006(a).

(15) "C&S" means C&S Wholesale Grocers, Inc.

(16) "C&S Agreement" means that certain Amended and Restated BI-LO, LLC Supply Agreement, dated as of March 23, 2007, between C&S and BI-LO, as the same has been amended, modified, or supplemented from time to time through the Effective Date.

(17) "Cash" means legal tender of the United States of America and equivalents thereof.

(18) "Causes of Action" means all rights, claims (as defined in § 101(5) of the Bankruptcy Code), actions, proceedings, causes of action, suits, defenses, debts, demands, damages, obligations and liabilities of any kind or nature whether under contract or tort, at law or in equity or otherwise, known or unknown, contingent or matured, liquidated or unliquidated and all rights and remedies with respect thereto, including (a) causes of action arising under Chapter 5 of the Bankruptcy Code or similar state statutes and (b) causes of action for recharacterization under § 506(b) of the Bankruptcy Code or otherwise in connection with any adequate protection or other payments made to or for the benefit of the Term Lenders; provided, however, that Causes of Action shall not include the Trust Causes of Action.

(19) "Chapter 11 Cases" means the cases under chapter 11 of the Bankruptcy Code voluntarily commenced by the Debtors, being jointly administered under Case No. 09-02140 (hb).

(20) "Claim" means a claim (as defined in § 101(5) of the Bankruptcy Code) against a Debtor.

(21) "Claims and Solicitation Agent" means Kurtzman Carson Consultants LLC.

(22) "Claims Register" means the official register of Claims and Equity Interests maintained by the Claims and Solicitation Agent.

(23) "Claims Objection Deadline" means the last day for filing objections to Claims, which (with respect to any Claim) shall be the latest of: (a) 180 days after the Effective Date; (b) 90 days after the filing of a Proof of Claim, amended Proof of Claim or request for payment of an Administrative Claim; or (c) such other date as may be approved by order of the Bankruptcy Court.

(24) "Class" means a category of holders of Claims or Equity Interests as set forth in the classifications under the Plan.

(25) "Class 5 Convenience Claim" means a General Unsecured Claim (A) (i) in an amount not greater than $5,000, and (ii) for which the holder thereof has not made an election on such holder's Ballot to have such claim treated as a General Unsecured Claim in Class 4 or (B) in an amount greater than $5,000, but which has been voluntarily reduced to $5,000 by the holder thereof pursuant to an election made on such holder's Ballot, in each case, that is liquidated in amount and is not contingent as to liability as of the Record Date.

(26) "Collateral" means any property or interest in property of the Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is valid, perfected and enforceable under non-bankruptcy law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law.

(27) "Confirmation" means the entry of the Confirmation Order, after all conditions specified in Article IV have been satisfied or waived.

(28) "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

(29) "Confirmation Hearing" means the hearing before the Bankruptcy Court to consider Confirmation, as such hearing may be adjourned or continued from time to time.

(30) "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan under § 1129 of the Bankruptcy Code.

(31) "Consummation" means the occurrence of the Effective Date.

(32) "Contract Assumption Schedule" means ***Exhibit A*** hereof listing the executory contracts and unexpired leases to be assumed under the Plan, as may be amended or supplemented by the Debtors.

(33) "Convenience Claim" means a Class 5 Convenience Claim.

(34) "Creditors' Committee" means the official committee of unsecured creditors, appointed pursuant to § 1102(a) of the Bankruptcy Code in the Chapter 11 Cases on March 30, 2009, as reconstituted from time to time.

(35) "Creditors' Trust" means a trust established as of the Effective Date to which all of the Trust Assets shall be contributed, in accordance with the terms of the Plan, for distribution to holders of Claims in Class 4 and Class 5.

(36) "Cure Amount" means the dollar amount required to be paid under § 365 of the Bankruptcy Code at the time an executory contract or unexpired lease is assumed by that Debtor to cure a Debtor's defaults under such contract or lease and to compensate the non-debtor party or parties to such contract or lease for any actual pecuniary loss to such party resulting from such default.

(37) "Cure Bar Date" means 10 days prior to the Confirmation Hearing.

(38) "Debtors" means, in their capacity as debtors and debtor in possession: BI-LO, LLC; BI-LO Holding, LLC; BG Cards, LLC; ARP Ballentine, LLC; ARP Chickamauga LLC; ARP Hartsville LLC; ARP James Island, LLC; ARP Moonville LLC, ARP Morganton LLC; and ARP Winston Salem LLC.

(39) "DIP Agent" means General Electric Capital Corporation, as administrative agent and collateral agent for the DIP Lenders pursuant to the DIP Credit Agreement.

(40) "DIP Credit Agreement" means the $125 million *Senior Secured Superpriority Debtor in Possession Credit Agreement,* dated as of April 16, 2009, among BI-LO Holding, BI-LO, as borrower, the DIP Lenders, the DIP Agent, Wachovia Bank, National Association, as issuing lender, and GE Capital Markets, Inc. as sole lead arranger and sole bookrunner, as amended, supplemented, modified or restated from time to time.

(41) "DIP Facility Claim" means a Claim against the Debtors or their Estates arising under the DIP Financing Order or the DIP Credit Agreement, including all "Obligations," as such term is defined in the DIP Credit Agreement.

(42) "DIP Financing Order" means the *Final Order (A) Approving Senior Secured Superpriority Postpetition Financing, (B) Authorizing Use of Cash Collateral, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection and (E) Modifying Automatic Stay*, entered by the Bankruptcy Court on April 16, 2009.

(43) "DIP Lenders" means, collectively: (a) those entities identified as "Lenders" in the DIP Credit Agreement and their respective permitted successors and assigns (solely in their capacity as "Lenders" under the DIP Credit Agreement); and (b) any agent bank named therein (solely in its capacity as agent bank under the DIP Credit Agreement).

(44) "Disbursing Agents" means (a) for Claims and Equity Interests other than General Unsecured Claims and Convenience Claims, the Reorganized Debtors or their designee, acting in the capacity of disbursing agent; or (b) the Trustee or its designee, for General Unsecured Claims and Convenience Claims.

(45) "Disclosure Statement" means the written disclosure statement with respect to the Plan, together with all exhibits and annexes thereto and any amendments, modifications or supplements thereof, as approved by the Bankruptcy Court as containing adequate information in accordance with § 1125 of the Bankruptcy Code.

(46) "Disputed" means, with respect to a Claim, any Claim to the extent it has not been withdrawn, paid in full, deemed satisfied in full or otherwise extinguished that, either in whole or in part, has not become an Allowed Claim.

(47) "Distribution Date" means: (a) with reference to a particular Claim or Administrative Claim Allowed as of the Effective Date, the Effective Date; and (b) with reference to a particular Claim or Administrative Claim Disputed as of the Effective Date, but thereafter Allowed, the Quarterly Distribution Date following the calendar month in which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order or in which, by agreement, any Disputed Claim becomes an Allowed Claim.

(48) "Effective Date" means a day, as determined by the Debtors, that is a Business Day no earlier than the date on which all conditions set forth in Article IX have been either satisfied or waived.

(49) "Equipment Proceeds" means the net sale proceeds paid to the Term Lender Agent resulting from the sale of certain equipment assets by Grafe Auction Company, which sale was approved by the Bankruptcy Court by order entered on May 1, 2009.

(50) "Equity Interest" means, when used with reference to a particular Debtor, the membership interests, common stock, partnership interests, capital stock or other ownership interest in such Debtor, and any options, warrants or other rights with respect to any of the foregoing.

(51) "Equity Investment" means $150 million in Cash.

(52) "Equity Purchase Agreement" means that certain *Equity Purchase Agreement* dated as of [•], 2010 by and among the Debtors, the Investor and the Investor Affiliate to be filed as a Plan Document. The Equity Purchase Agreement shall be substantially similar to the form attached hereto as ***Exhibit B***, subject to final agreement among the parties and the satisfactory completion and delivery of the ancillary documents and schedules referred to therein.

(53) "Estate" means, as to a particular Debtor, the estate created for such Debtor pursuant to § 541 of the Bankruptcy Code.

(54) "Excluded Parties" means (A) Lone Star Fund V (U.S.), L.P.; (B) LSF5 BI-LO Investments, LLC; (C) LSF V International Finance, L.P.; (D) LSF5 BI-LO Holding, LLC; (E) Lone Star U.S. Acquisitions, LLC; (F) Hudson Advisors; (G) any entity with membership interests in LSF5 BI-LO Holding, LLC; (H) any affiliates, officers, employees or directors of any of the foregoing; and (I) any entity controlling, controlled by, under common control with or an affiliate of any of the foregoing or by the principals of any of the foregoing; provided that Excluded Parties shall not include any officers, directors or employees of the Debtors as of the Effective Date.

(55) "Final Order" means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has not been reversed, stayed, modified or amended, and: (a) as to which the time to seek an appeal, petition for certiorari or other proceedings for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending; or (b) as to which any right to appeal, petition for certiorari, reargument or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors or, on and after the Effective Date, the Reorganized Debtors; or (c) in the event that an appeal, certiorari, reargument or rehearing has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been affirmed by the highest court to which such order was appealed or from which reargument or rehearing was sought or certiorari has been denied, and the time to take any further appeal, petition for certiorari or other proceedings for reargument or rehearing shall have expired; provided, however, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, Rule 9024 of the Bankruptcy Rules or any analogous procedural rules under applicable state law can be filed with respect to such order.

(56) "General Unsecured Claim" means any Claim other than a Secured Claim, Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Term Lender Claim, Intercompany Claim or any Claim for a Cure Amount.

(57) "Governmental Unit" has the meaning ascribed to it in § 101(27) of the Bankruptcy Code.

(58) "Indemnification Obligation" means a Debtor's obligation under an executory contract, organizational document or otherwise to indemnify directors, officers or employees of the Debtors who served in such capacity at any time, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the maximum extent provided by the Debtors' respective articles of incorporation, certificates of formation, bylaws, similar corporate documents and applicable law, as in effect as of the Effective Date.

(59) "Insider" has the meaning ascribed to it in § 101(31) of the Bankruptcy Code.

(60) "Interim Compensation Order" means the corrected order establishing procedures for the interim compensation and reimbursement of expenses for retained professionals in the Chapter 11 Cases entered by the Bankruptcy Court on March 27, 2009.

(61) "Investor" means LSF5 BI-LO Investments, LLC.

(62) "Investor Affiliate" means Lone Star Fund V (U.S.) L.P.

(63) "Intercompany Claim" means any Claim by any Debtor against another Debtor.

(64) "Lien" has the meaning ascribed to it in § 101(37) of the Bankruptcy Code.

(65) "Litigation Claim" means: (a) any Claim sounding in tort or otherwise relating to personal injury, property damage, products liability, unlawful discrimination, or employment practices; or (b) any other Claim that is the subject of pending litigation.

(66) "Local Bankruptcy Rules" means the Local Rules for the United States Bankruptcy Court for the District of South Carolina and any standing orders of the Bankruptcy Court.

(67) "Management Agreements" means those certain *Management Incentive Compensation Agreements* by and between the Debtors and certain of their officers, approved in the Chapter 11 Cases by entry of an order by the Bankruptcy Court dated as of November 6, 2009.

(68) "Management Incentive Plan" means the management equity incentive plan for key managers of the Reorganized Debtors, substantially in the form filed as a Plan Document, for which New Common Units representing [•]% of the total outstanding New Common Units, on a fully diluted basis immediately following the Effective Date, shall be reserved.

(69) "Maximum Allowable Amount" means, with respect to Claims in Classes 4 and 5: (a) with respect to any Disputed Claim having a liquidated amount, the lesser of (1) the amount set forth in the Proof(s) of Claim or requests for payment filed by the holder thereof, (2) the amount determined by the Bankruptcy Court or any other court of competent jurisdiction as the maximum fixed amount of such Claim or as the estimated amount for such Claim for allowance, distribution and reserve purposes or (3) the amount agreed upon, in writing, by the holder and the Debtors prior to the Effective Date or the Reorganized Debtors or the Creditors' Trust, as applicable, after the Effective Date; and (b) with respect to a Disputed Claim filed in an unliquidated, undetermined or contingent amount, the lesser of (1) the estimated amount of such Claim as determined by the Bankruptcy Court, or (2) the amount agreed upon, in writing, by the holder and the Debtors prior to the Effective Date or the Reorganized Debtors after the Effective Date

(70) "New ABL Agent" means GE Business Services, Inc., as administrative and collateral agent under the New ABL Credit Agreement.

(71) "New ABL Credit Agreement" means that certain *Credit Agreement* dated [•], 2010 by and among the New ABL Agent, the Reorganized Debtors and the New ABL Lenders providing revolving credit and letter of credit facilities with up to $[150] million of commitments, as the same may have been amended, modified or supplemented from time to time through the Petition Date.

(72) "New ABL Credit Facility" means the financing contemplated under the New ABL Credit Agreement.

(73) "New ABL Lenders" means those entities party to the New ABL Credit Agreement in their capacities as lenders thereunder.

(74) "New C&S Agreement" means the C&S Agreement, as the same may be modified, amended, or restated in accordance with the term sheet attached hereto as ***Exhibit E***, subject to final agreement among the parties. The side letter referred to in the term sheet is subject to confidentiality and the Debtors' intention is to file the side letter under seal.

(75) "New Common Units" means the common units of Reorganized BI-LO Holding to be authorized under the Reorganized BI-LO Holding LLC Agreement.

(76) "New Term Notes" means the secured promissory notes to be issued on the Effective Date in the aggregate principal amount of $200 million evidencing term loan obligations of the Reorganized Debtors pursuant to the New Term Credit Agreement, the terms and conditions of which shall be as set forth in a Plan Document, and otherwise acceptable to the Investor.

(77) "New Term Credit Agent" means [•].

(78) "New Term Credit Agreement" means the [•] dated as of [•], 2010, among the parties thereto (and all collateral security and loan documents related thereto).

(79) "New Term Credit Facility" means the financing contemplated under the New Term Credit Agreement.

(80) "Old Equity Interests" means (a) any Equity Interest in a Debtor and (b) any dividend with respect to any of the foregoing, in each case, other than a Subsidiary Equity Interest.

(81) "Pending Payments" means identified amounts of Cash and Pro Rata Shares of other Trust Assets (excluding undeliverable Cash) held by the Creditors' Trust for distribution or collection and distribution to holders of Allowed Claims in specific amounts as of the date the Creditors' Trust receives the applicable Trust Assets.

(82) "Person" has the meaning ascribed to it in § 101(41) of the Bankruptcy Code.

(83) "Petition Date" means March 23, 2009, the date on which each of the Debtors commenced its Chapter 11 Case.

(84) "Plan" means, collectively, this *Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* of the Debtors and all exhibits, supplements, appendices and schedules thereto, as the same may be altered, amended or modified from time to time by the Debtors.

(85) "Plan Documents" means all of the agreements and other documents that aid in effectuating the Plan listed on ***Exhibit C***, all of which shall be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing.

(86) "Prepetition Agents" means the ABL Agent and the Term Loan Agent.

(87) "Prepetition Lenders" means the ABL Lenders and the Term Loan Lenders.

(88) "Priority Non-Tax Claim" means a claim against a Debtor or its Estate accorded priority in right of payment pursuant to § 507(a) of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

(89) "Priority Tax Claim" means a claim of a Governmental Unit against a Debtor or its Estate accorded priority in right of payment pursuant to § 507(a)(8) of the Bankruptcy Code.

(90) "Professional" means a professional employed under §§ 327, 328 or 330 of the Bankruptcy Code.

(91) "Professional Claim" means a Claim under §§ 330(a), 331, 503 or 1103 of the Bankruptcy Code for compensation for services rendered or expenses incurred on or after the Petition Date in connection with the Chapter 11 Cases.

(92) "Proof of Claim" means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

(93) "Pro Rata Share" means as of any date of determination, a proportionate share, so that the ratio of (a) (1) the consideration distributed on account of an Allowed Claim in a Class to (2) the amount of such Allowed Claim, is the same as the ratio of (b) (1) the amount of the consideration distributed on account of all Allowed Claims in such Class to (2) the aggregate amount of all Allowed Claims in such Class; provided, however, that for the purpose of calculating a Pro Rata Share, a Disputed Claim shall be treated as an Allowed Claim in the Maximum Allowable Amount.

(94) "Quarterly Distribution Date" means the last Business Day of each of April, July, October and January; provided that the first Quarterly Distribution Date after the Effective Date shall be at least 45 days after the Effective Date.

(95) "Quarterly Test Date" means, with respect to any Quarterly Distribution Date, the date that is the last day of the month preceding such Quarterly Distribution Date.

(96) "Record Date" has the meaning set forth in Article II.

(97) "Released Parties" means the DIP Agent, the DIP Lenders, the Creditors' Committee, the New ABL Agent, the New ABL Lenders, the New Term Credit Agent and each of their respective officers, managers, directors, principals, members, partners, stockholders, employees, agents, advisors and attorneys, acting in such capacities and all of the successors and assigns of the foregoing and each of the Debtors' Effective Date

officers, managers, directors, principals, members, partners, employees, agents, advisors and attorneys, acting in such capacities, and all of the successors and assigns of the foregoing; provided, however, that the Released Parties shall not include the Excluded Parties nor any of their respective agents, advisors and attorneys, acting in such capacity.

(98) "Reorganized BI-LO" means BI-LO on and after the Effective Date.

(99) "Reorganized BI-LO Holding" means BI-LO Holding on and after the Effective Date, as constituted under the laws of the State of Delaware as a limited liability company which shall elect to be treated as of the Effective Date as a corporation for all federal income Tax purposes, unless the Investor determines that such limited liability company should be treated as a pass-thru entity for Tax purposes.

(100) "Reorganized BI-LO Holding LLC Agreement" means the Reorganized Debtor LLC Agreement for BI-LO Holding, substantially in the form filed as a Plan Document.

(101) "Reorganized Debtor Certificate of Formation" means, with respect to a particular Reorganized Debtor, the certificates of formation of such Reorganized Debtor.

(102) "Reorganized Debtor LLC Agreement" means, with respect to a particular Reorganized Debtor, the limited liability company agreement for such Reorganized Debtors, including, with respect to Reorganized BI-LO Holding, the Reorganized BI-LO Holding LLC Agreement.

(103) "Reorganized Debtors" means Reorganized BI-LO Holding and each of the Reorganized Subsidiaries.

(104) "Reorganized Subsidiaries" means the Subsidiaries on and after the Effective Date.

(105) "Restructuring Transactions" means such actions that the Debtors determine to be necessary or appropriate to merge, dissolve or otherwise alter or terminate the existence or form of a Debtor as of the Effective Date, including:

(A) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, restructuring, disposition, liquidation or dissolution, containing (i) terms that are consistent with the terms of the Plan and the requirements of applicable law and (ii) such other terms as the applicable entities may agree;

(B) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation, containing (i) terms consistent with the terms of the Plan and the requirements of applicable law and (ii) such other terms as the applicable entities may agree;

(C) the filing of appropriate certificates or articles of merger, consolidation, continuance or dissolution or similar instruments, with the applicable governmental authorities pursuant to applicable law; and

(D) the taking of all other actions that the applicable entities determine to be necessary or appropriate, including the making of filings, recordings or payments to any governmental authority that may be required by applicable law in connection with the foregoing.

(106) "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors on May 1, 2009, pursuant to § 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such may be amended or supplemented from time to time.

(107) "Secured Claim" means any Claim (other than a DIP Facility Claim and a Term Lender Claim) that is: (a) secured by a Lien on Collateral, but only to the extent of the value of such Collateral as determined in accordance with § 506(a) of the Bankruptcy Code; or (b) subject to a permissible setoff under § 553 of the Bankruptcy Code, but only to the extent of such permissible setoff.

(108) "Solicitation Procedures Order" means the order of the Bankruptcy Court approving the Disclosure Statement as containing adequate information and approving procedures with respect to the solicitation of votes on this Plan.

(109) "Subsidiaries" means any or all of the Debtors other than BI-LO Holding.

(110) "Subsidiary Equity Interest" means any Equity Interest in a Subsidiary owned by a Debtor and to be owned immediately after the Effective Date by a Reorganized Debtor.

(111) "Tax" means (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment, or charge of any kind whatsoever (together, in each instance, with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority directly onto the Debtors; or (b) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

(112) "Term Lender Claim" means a Claim against any of the Debtors under or pursuant to (a) the Term Loan Agreement or any agreements entered into in connection therewith or (b) the DIP Financing Order in connection with claims arising under the Term Loan Agreement (including adequate protection claims).

(113) "Term Lenders" means the entities party to the Term Loan Agreement in their capacities as lenders thereunder.

(114) "Term Loan Agent" means Bank of New York Mellon, as successor to the Term Loan Predecessor Agent in its capacities as administrative and collateral agent under the Term Loan Agreement.

(115) "Term Loan Agreement" means that certain *Credit Agreement* dated March 26, 2007 among BI-LO Holding, BI-LO, the Term Loan Predecessor Agent (and the Term Loan Agent, as successor), and the Term Lenders providing $260 million in term loans, as the same may have been amended, modified or supplemented from time to time through the Petition Date.

(116) "Term Loan Predecessor Agent" means Merrill Lynch Capital Corporation, in its capacity as administrative and collateral agent under the Term Loan Agreement.

(117) "Trust Advisory Board" means the board to be created pursuant to Article V of the Plan for the purpose of advising the Trustee with respect to decisions of the Creditors' Trust.

(118) "Trust Agreement" means the agreement establishing the Creditors' Trust, substantially in the form filed as a Plan Document.

(119) "Trust Assets" means (a) the Unsecured Creditors' Fund, and (b) the Trust Causes of Action.

(120) "Trust Causes of Action" means estate claims, including any and all purported claims and causes of action against the Excluded Parties of any kind whatsoever, but excluding commercial contract or tort claims and defenses, Intercompany Claims by and between the Debtors, and avoidance actions against the Debtors' employees, vendors and service providers.

(121) "Trust Recoveries" means the Trust Assets but only to the extent of Cash proceeds, net of (a) Taxes, (b) fees, costs and expenses of the Creditors' Trust and (c) the amount necessary to provide for the recoveries to holders of Allowed Convenience Claims (including the Maximum Allowable Amount of Disputed Convenience Claims as of the applicable Distribution Date).

(122) "Trustee" means the trustee appointed in accordance with Article V and as contemplated by the Trust Agreement.

(123) "Trustee Professionals" has the meaning set forth in Article V.

(124) "Unsecured Creditors' Fund" means the fund created on the Effective Date that will hold Cash in the amount of $30 million, subject to reduction for amounts paid to satisfy Convenience Claims.

1.2 Interpretation. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) unless otherwise specified, any reference in the Plan to a contract, instrument, release,

indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) unless otherwise specified, any reference in the Plan to an existing document, schedule or exhibit, whether or not filed, shall mean such document, schedule or exhibit, as it may have been or may be amended, modified or supplemented; (d) any reference to an entity as a holder of a Claim or Equity Interest includes that entity's successors and assigns; (e) unless otherwise specified, all references in the Plan to Articles are references to Articles of the Plan or to the Plan; (f) unless otherwise specified, all references in the Plan to exhibits are references to Plan Documents; (g) the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (h) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (j) unless otherwise set forth in the Plan, the rules of construction set forth in § 102 of the Bankruptcy Code shall apply; (k) any term used in capitalized form in the Plan that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (l) all references to docket numbers of documents filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (m) all references to statutes, regulations, orders, rules of courts and the like shall mean, as amended from time to time, as applicable to the Chapter 11 Cases, unless otherwise stated; and (n) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further Bankruptcy Court order.

1.3 Computation of Time. In computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

1.4 Reference to Monetary Figures. All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

1.5 Reference to the Debtors or Reorganized Debtors. Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to the Reorganized Debtors shall mean the Debtors and Reorganized Debtors, as applicable, to the extent the context requires.

1.6 Disclosure Statement and Plan Documents. All Plan Documents are incorporated into the Plan by this reference as if set forth in full herein. In the event of a conflict between the Plan (including a Plan Document) and the Disclosure Statement, the Plan shall control. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control. The Debtors shall file the Plan Documents no later than the date of the Confirmation Hearing.

ARTICLE II

CLASSIFICATION, TREATMENT AND VOTING RIGHTS OF CLAIMS AND EQUITY INTERESTS

2.1 Substantive Consolidation. The Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order substantively consolidating all of the Estates into a single consolidated Estate for all purposes associated with Confirmation and Consummation. Entry of the Confirmation Order shall constitute the approval, pursuant to § 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Chapter 11 Cases solely for the purposes of voting on, Confirmation of and distributions under the Plan and for no other purpose. In furtherance thereof, on and after the Effective Date: (a) all guarantees of the Debtors of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; and (b) each and every Claim (other than an Intercompany Claim) in the Chapter 11 Case of any of the Debtors shall be deemed one Claim against and obligation of the consolidated Debtors. The Plan does not contemplate the merger or dissolution of any of the Debtors (other than pursuant to a Restructuring Transaction) or the transfer or commingling of any assets of any of the Debtors, except to accomplish the distributions under the Plan. Substantive consolidation shall not affect the legal and organizational structure of the Reorganized Debtors or their separate corporate existences or any prepetition or postpetition guarantees, Liens or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, or, in connection with contracts or leases that were assumed or entered into during the Chapter 11 Cases. Any alleged defaults under any applicable agreement with the Debtors or the Reorganized Debtors arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

Notwithstanding the deemed substantive consolidation of the Chapter 11 Cases for purposes indicated above, each Reorganized Debtor shall pay all United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717, on all disbursements, including plan payments and disbursements in and outside of the ordinary course of business, until the entry of a final decree closing the Chapter 11 Cases as contemplated by Bankruptcy Rule 3022, dismissal of the Chapter 11 Cases or conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

2.2 Administrative ClaimsGeneral. Except to the extent that a holder has been paid by the Debtors, in whole or in part, prior to the Effective Date or agrees to a less favorable treatment, or unless an order of the Bankruptcy Court provides otherwise, each holder of an Allowed Administrative Claim shall, in full and complete settlement, satisfaction and discharge of such Claim, receive Cash in an amount equal to such Allowed Administrative Claim on the latest to occur of (1) the Effective Date; (2) the date such Administrative Claim become Allowed; and (3) the date on which such Administrative Claim becomes due in accordance with its terms; provided, however, that (1) an Administrative Claim representing a liability incurred in the ordinary course of business of a Debtor shall be paid in full in the ordinary course of business by the Debtors or the Reorganized Debtors, in accordance with the terms and subject to the conditions of any agreements governing such ordinary course liability, and (2) an Administrative Claim representing a liability incurred outside of the ordinary course of business of a Debtor, and pursuant to an agreement, shall be paid in full by the Debtors or the Reorganized Debtors, in accordance with the terms and subject to the conditions of such agreement. The Reorganized Debtors shall have the sole right to reconcile and object to the Administrative Claims.

(b) Bar Date for Administrative Claims. Except as otherwise provided herein related to a liability incurred in the ordinary course of the Debtors' business, requests for payment of Administrative Claims must be filed and served on the Reorganized Debtors and the Claims and Solicitation Agent and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court no later than the earlier of (1) the Bar Date for such Administrative Claims, and (2) if no Bar Date has been set for such Administrative Claims, 60 days after the Effective Date. Any holder of an Administrative Claim that was required to, but did not, file a Proof of Claim or request for payment of Administrative Claims on or before any previously applicable Bar Date, and any other holder of an Administrative Claim that is required to, but does not, file and serve a request for payment of such Administrative Claim in accordance with this Article II shall be forever barred from asserting such Administrative Claim against the Debtors, the Reorganized Debtors, their respective property or any assets of the Debtors' Estates, and such Administrative Claims shall be deemed waived and released as of the Effective Date. The Reorganized Debtors may settle and pay any Administrative Claim in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Objections to any Administrative Claim must be filed by the Reorganized Debtors by the Claims Objection Deadline. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim previously Allowed by Final Order.

2.3 Professional ClaimsFinal Fee Applications. All final requests for payment of Professional Claims shall be filed no later than 45 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court.

(b) Payment of Interim Amounts. Except as otherwise provided in the Plan, Professionals shall be paid pursuant to the Interim Compensation Order for amounts incurred prior to the Effective Date.

(c) Post-Effective Date Fees and Expenses. Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation incurred by the Reorganized Debtors in connection with those matters for which it remains in existence after the Effective Date pursuant to the Plan. Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Creditors' Trust shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation incurred by the Creditors' Trust in connection with those matters for which it remains in existence after the Effective Date pursuant to the Plan. Upon the Effective Date, any requirement that Professionals comply with §§ 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors and the Creditors' Trust may employ and pay any Professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

(d) Substantial Contribution Compensation and Expenses. Except as otherwise specifically provided in the Plan, any entity who requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to §§ 503(b)(3), (4) and (5) of the Bankruptcy

Code must file an application and serve such application on counsel for the Debtors or Reorganized Debtors, as applicable, and as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before (1) the Bar Date for such Administrative Claims, and (2) if no Bar Date has been set for such Administrative Claims, 60 days after the Effective Date, or be forever barred from seeking such compensation or expense reimbursement.

2.4 DIP Facility Claims. On the Distribution Date, (a) the DIP Agent shall receive (for the benefit of and distribution to each of the DIP Lenders in accordance with the DIP Credit Agreement), in full and complete settlement, satisfaction and discharge of all DIP Facility Claims, Cash in the amount of the Allowed DIP Facility Claims and (b) all letters of credit issued and outstanding under the DIP Credit Agreement shall either be (1) returned to the issuer undrawn and marked cancelled or (2) collateralized either in Cash or a back-to-back letter of credit, in an amount equal to [105]% of the face amount. The Reorganized Debtors shall have the sole right to reconcile and object to the DIP Facility Claims.

2.5 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors, in whole or in part, prior to the Effective Date, or agrees to a less favorable treatment, each holder of an Allowed Priority Tax Claim shall, in full and final satisfaction, release and discharge of its Claim: (a) be paid by the Reorganized Debtor in full, in Cash, the full amount of its Allowed Priority Tax Claim on the Distribution Date, (b) receive such other terms determined by the Bankruptcy Court to provide the holder deferred cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim or (c) receive such other treatment as may be agreed upon in writing by such holder and the Debtors or Reorganized Debtors. The Reorganized Debtors shall have the sole right to reconcile and object to the Priority Tax Claims.

Notwithstanding the foregoing, the holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty shall be discharged under the Plan and the holder of an Allowed Priority Tax Claim shall be barred from collecting or attempting to collect such penalty from the Reorganized Debtors or their property.

2.6 Classification, Treatment and Voting Rights of Classified Claims and Equity InterestsClass 1 — Priority Non-Tax Claims.

(1) Classification. Class 1 consists of all Priority Non-Tax Claims against the Debtors.

(2) Treatment. On the Distribution Date, each holder of an Allowed Priority Non-Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of such Claim, either: (A) Cash in the amount of such holder's Allowed Priority Non-Tax Claim; or (B) such other treatment as may be agreed upon in writing by such holder and the Debtors or, after the Effective Date, the Reorganized Debtors.

(3) Impairment and Voting. Class 1 is unimpaired under the Plan. Each holder of an Allowed Priority Non-Tax Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

(b) Class 2 — Secured Claims.

(1) Classification. Class 2 consists of all Secured Claims against the Debtors.

(2) Treatment. On the Distribution Date, each holder of an Allowed Secured Claim, if any, shall, in full and complete settlement and satisfaction of such Claim, at the sole option of the Reorganized Debtors: (A) have such Claim reinstated and rendered unimpaired in accordance with § 1124 of the Bankruptcy Code; (B) receive Cash in an amount equal to such Allowed Secured Claim, including such interest as is required to be paid pursuant to § 506(b) of the Bankruptcy Code; (C) receive the Collateral securing such Allowed Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors; or (D) receive such other treatment as may be agreed upon in writing by such holder and the Debtors or, after the Effective Date, the Reorganized Debtors.

(3) Impairment and Voting. Class 2 is impaired under the Plan. Each holder of an Allowed Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

(c) Class 3 — Term Lender Claims.

(1) Classification. Class 3 consists of all Term Lender Claims against the Debtors.

(2) Allowance. Subject to the occurrence of the Effective Date, and solely for purposes of this Plan, the Term Lender Claims are Allowed.

(3) Treatment. On the Effective Date, each of the Term Lenders shall receive, in full and complete settlement, satisfaction and discharge of such Claim, a Pro Rata Share of: (A) Cash in the amount of $260.0 million; and (B) the retention of (i) all "adequate protection" payments made by the Debtors in accordance with the Adequate Protection Order with respect to the Term Notes prior to the Effective Date and (ii) the Equipment Proceeds. The Plan will serve as a motion seeking approval under Bankruptcy Rule 9019(a) of a compromise with respect to the priority, secured status and treatment of the Class 3 Term Lender Claims in accordance with the Plan.

(4) Impairment and Voting. Class 3 is impaired under the Plan. Each holder of an Allowed Term Lender Claim is entitled to vote to accept or reject the Plan.

(d) Class 4 — General Unsecured Claims (Other Than Convenience Claims).

(1) Classification. Class 4 consists of all General Unsecured Claims, other than Convenience Claims, against the Debtors.

(2) Treatment. On the Distribution Date, each holder of an Allowed General Unsecured Claim (other than a Convenience Claim) shall receive, in full and complete settlement, satisfaction and discharge of such Claim, its Pro Rata Share of the Trust Assets in accordance with the terms of the Plan.

(3) Impairment and Voting. Class 4 is impaired under the Plan. Each holder of an Allowed General Unsecured Claim (not otherwise treated as a Convenience Claim) is entitled to vote to accept or reject the Plan.

(e) Class 5 —Convenience Claims

(1) Classification. Class 5 consists of all Convenience Claims against the Debtors.

(2) Treatment. On the Effective Date, the Trust Assets shall be transferred to the Creditors' Trust. On the Distribution Date, each holder of an Allowed Convenience Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive (from the Creditors' Trust) Cash in an amount equal to the product of .60 multiplied by such holder's Allowed Convenience Claim (as reduced, if applicable, pursuant to an election made by the holder on its Ballot to reduce its Optional Convenience Claim to $5,000 and to accept treatment in Class 5). The Trustee shall make the initial distribution to holders of Allowed Convenience Claims as soon as practicable after the Effective Date as authorized by the Trust Advisory Board after a sufficient reserve has been established for Disputed Convenience Claims.

(3) Impairment and Voting. Class 5 is impaired under the Creditors' Plan. Each holder of an Allowed Optional Convenience Claim is entitled to vote to accept or reject the Creditors' Plan.

(4) Impairment and Voting. Class 5 is impaired under the Creditors' Plan. Each holder of an Allowed Optional Convenience Claim is entitled to vote to accept or reject the Creditors' Plan.

(f) Class 6 — Old Equity Interests.

(1) Classification. Class 6 consists of all Old Equity Interests in BI-LO Holding, LLC.

(2) Treatment. On the Effective Date, each and every Old Equity Interest shall be cancelled and discharged and the holder thereof shall receive or retain no property or distribution under the Plan on account of such interest.

(3) Impairment and Voting. Class 6 is impaired under the Plan. Each holder of an Old Equity Stock Interest is deemed to have rejected the Plan and is not entitled to vote on the Plan.

2.7 Classification Rules. The inclusion of an entity by name or status in any Class is for purposes of general description only and includes all entities claiming as beneficial interest holders, assignees, heirs, devisees, transferees or successors in interest of any kind of the entity so named or described. A Claim is in a particular Class only to the extent that the Claim qualifies within the description of Claims of that Class, and such Claim is in a different Class to the extent that the remainder of the Claim qualifies within the description of a different Class. The Plan shall give effect to subordination agreements which are enforceable under applicable non-bankruptcy law, pursuant to § 510(a) of the Bankruptcy Code, except to the extent the beneficiary or beneficiaries thereof agree to less

favorable treatment. Pursuant to § 1123(a)(4) of the Bankruptcy Code, all Allowed Claims of a particular Class shall receive the same treatment unless the holder of a particular Allowed Claim agrees to a less favorable treatment for such Allowed Claim.

2.8 Impairment Controversies. If a controversy arises as to whether any Class or any Claim or Equity Interest is impaired under the Plan, such matter shall be determined by the Bankruptcy Court.

2.9 Record Date. Unless otherwise ordered by the Bankruptcy Court, the record date for determining entitlement to distributions under the Plan shall be the Confirmation Date.

2.10 Confirmation Without Acceptance By All Impaired Classes. Notwithstanding the rejection (or deemed rejection) by one or more impaired Classes entitled to vote to accept or reject the Plan, the Debtors request Confirmation in accordance with § 1129(b) of the Bankruptcy Code.

ARTICLE III

PROVISIONS FOR IMPLEMENTATION OF THE PLAN

3.1 ExistenceOn and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor shall continue to exist as a separate legal entity, with all limited liability company powers in accordance with applicable laws, and shall exist and operate pursuant to the applicable law in the jurisdiction in which each applicable Reorganized Debtor is incorporated or formed and pursuant to the respective limited liability company agreement (or other formation documents) in effect prior to the Effective Date, except to the extent such limited liability company agreement (or other formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be pursuant to the Plan and require no further action or approval.

(b) On or after Confirmation, the Debtors may enter into the Restructuring Transactions, the effectiveness of which are subject to the occurrence of the Effective Date.

3.2 Compliance With § 1123(a)(6) of the Bankruptcy Code. The Reorganized Debtor Certificate of Formation and the Reorganized Debtor LLC Agreement of each of the Reorganized Debtors shall contain provisions necessary to prohibit the issuance of nonvoting equity securities as required by § 1123(a)(6) of the Bankruptcy Code, subject to subsequent amendment thereof as permitted by applicable law.

3.3 Sources of Consideration for the Plan. The Reorganized Debtors shall fund distributions under the Plan with Cash on hand, existing assets, the post-Confirmation borrowings described below and the Equity Investment.

(a) New Term Notes. On the Effective Date, the Reorganized Debtors shall issue the New Term Notes. Confirmation shall be deemed approval of the New Term Credit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities and expenses provided for therein) and authorization for the Reorganized Debtors to enter into and execute the New Term Credit Facility documents and such other documents as may be reasonably required to effectuate the transactions contemplated by the New Term Credit Facility, subject to such modifications as the Reorganized Debtors deem to be reasonably necessary to consummate such

New Term Credit Facility. The Reorganized Debtors may use the New Term Credit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan, such as the payment of Administrative Claims, and satisfaction of ongoing working capital needs.

(b) New ABL Facility. On the Effective Date, the Reorganized Debtors shall enter into the New ABL Facility. Confirmation shall be deemed approval of the New ABL Facility (including the transactions contemplated thereby, such as any supplementation or additional syndication of the New ABL Facility, and all actions to be taken, undertakings to be made and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities and expenses provided for therein) and authorization for the Reorganized Debtors to enter into and execute the New ABL Facility documents and such other documents as the New ABL Lenders may reasonably require to effectuate the treatment afforded to such lenders pursuant to the New ABL Facility, subject to such modifications as the Reorganized Debtors deem to be reasonably necessary to consummate such New ABL Facility. The Reorganized Debtors may use the New ABL Facility for any purpose permitted thereunder, including the funding of obligations under the Plan, such as the payment of Administrative Claims, and satisfaction of ongoing working capital needs.

(c) Investor Affiliate's Funding of the Equity Investment. Pursuant to and in accordance with the Equity Purchase Agreement, on the Effective Date, the Investor Affiliate shall pay to Reorganized BI-LO Holding an amount of Cash equal to the Equity Investment and, against payment thereof, Reorganized BI-LO Holding shall issue to the Investor or its designated affiliate assignees the appropriate number of New Common Units representing 100.0% of the New Common Units issued and outstanding immediately following the Effective Date.

3.4 Action To Facilitate Consummation of the Plan. The following events shall occur and be effective as of the Effective Date or such other date specified in the documents effectuating the same and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by holders of Claims or Equity Interests, directors of the Debtors, the Reorganized Debtors or any other entity:

(a) the Restructuring Transactions;

(b) execution, delivery, adoption and filing of the Reorganized Debtor LLC Agreements, including the Reorganized BI-LO Holding LLC Agreement and the Reorganized Debtor Certificates of Formation;

(c) execution, consummation and delivery of the New Term Credit Agreement governing the New Term Notes and issuance of the New Term Notes pursuant thereto as contemplated by the Plan;

(d) issuance of New Common Units as contemplated by the Plan and the Equity Purchase Agreement;

(e) execution, consummation and delivery of the New ABL Credit Agreement;

(f) election or appointment of the initial managers, directors and officers of the Reorganized Debtors, execution of any indemnification agreements and the procurement of manager, director or officer insurance coverage, in each case, in connection therewith;

(g) adoption of the Management Incentive Plan; and

(h) execution and delivery of the New C&S Agreement.

3.5 Effectuating Documents, Further Transactions. On and after the Effective Date, the Reorganized Debtors, and the officers and members of the board of managers thereof, are authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorizations or consents except for those expressly required pursuant to the Plan.

3.6 Corporate Governance and Management of the Reorganized Debtors. On the Effective Date, the management, control and operation of each of the Reorganized Debtors shall become the general responsibility of its board of managers.

(1) Board of Managers. On the Effective Date, the initial board of managers of Reorganized BI-LO Holding shall consist of [•]. Thereafter, the terms, classification, composition and manner of selection of managers of Reorganized BI-LO Holding shall be as provided in the Reorganized BI-LO Holding LLC Agreement, as the same may be amended from time to time, and applicable law. In accordance with § 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of any Person proposed to serve as an officer or director of Reorganized BI-LO Holding shall have been disclosed at or before the Confirmation Hearing. To the extent any Person proposed to serve as a board member or an officer of Reorganized BI-LO Holding is an Insider, the nature of any compensation for such Person shall have been disclosed at or before the Confirmation Hearing. Each director or officer of Reorganized BI-LO Holding shall serve from and after the Effective Date pursuant to the terms of the Reorganized BI-LO Holding LLC Agreement, as the same may be amended from time to time, and applicable law.

(2) Officers. Each individual serving as an officer of BI-LO Holding immediately prior to the Effective Date shall hold the same office of Reorganized BI-LO Holding on and after the Effective Date unless and until changed by the board of managers of Reorganized BI-LO Holding on or after the Effective Date.

3.7 Management Incentive Plan. The Reorganized Debtors shall implement the Management Incentive Plan, which shall be deemed effective as of the Effective Date. The terms of the Management Incentive Plan shall be set forth in a Plan Document and provide for aggregate grants to certain management, employees and officers of the Reorganized Debtors of New Common Units (inclusive of initial grants and reserves for future grants) to be issued under the Plan in the amounts set forth in the related Plan Document. The compensation committee of the board of directors of BI-LO, in consultation with the Investor, will determine in advance of the Effective Date the terms and conditions of the initial grants and the recipients thereof. The Debtors will disclose in a Plan Document terms and conditions of the Management Incentive Plan.

3.8 Securities Exemptions. Pursuant to § 1145 of the Bankruptcy Code, the offering, issuance and distribution of any securities contemplated by the Plan, including the New Common Units and the New Term Notes, and any and all settlement agreements incorporated herein, shall be exempt

from, among other things, the registration requirements of § 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution or sale of securities.

3.9 Issuance and Distribution of the New Common Units and the New Term Notes. The New Common Units and the New Term Notes, when issued or distributed as provided in the Plan, will be duly authorized, validly issued, and, if applicable, fully paid and nonassessable. Each distribution and issuance referred to in the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each entity receiving such distribution or issuance.

3.10 Preservation of Causes of Action by the Debtors, the Reorganized Debtors and the Trustee. In accordance with § 1123(b)(3) of the Bankruptcy Code, the Debtors and the Reorganized Debtors shall retain and may (but are not required to) enforce all Causes of Action other than (a) Causes of Action released pursuant to the Plan and (b) Trust Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Debtors and Reorganized Debtors shall have the sole right and authority to pursue, prosecute, litigate to judgment and settle the Causes of Action (other that those described in (a) and (b) of the preceding sentence), and the Creditors' Trust shall have the sole right and authority to pursue, prosecute, litigate to judgment and settle the Trust Causes of Action, subject to the provisions of Article VI hereof with respect to any Disputed Claims. **No entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors, Reorganized Debtors or the Trustee, as applicable, will not pursue any and all available Causes of Action against them. The Debtors, the Reorganized Debtors and the Trustee, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors and the Trustee expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after, or as a consequence of Confirmation or Consummation.

The Debtors, Reorganized Debtors and the Trustee reserve and shall retain the foregoing Causes of Action notwithstanding the rejection or repudiation of any executory contract or unexpired lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with § 1123(b)(3) of the Bankruptcy Code, any Causes of Action that the Debtors may hold against any entity shall vest in the Reorganized Debtors, or in the Creditors' Trust, as applicable. Each Reorganized Debtor, through its authorized agents or representatives, or the Trustee, as applicable, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors or the Trustee, as applicable, shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order or approval of the Bankruptcy Court.

3.11 Cancellation of Debt and Equity Securities and Related Obligations. On the Effective Date, except as otherwise specifically provided for in the Plan: (a) the Old Equity Interests and any other certificate, note, bond, indenture, purchase right, option, warrant or other instrument or document directly

or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest (except such certificates, notes, other instruments or documents evidencing indebtedness or obligations of the Debtors that are reinstated pursuant to the Plan, if any), shall be cancelled solely as to the Debtors, and the Reorganized Debtors shall not have any continuing obligations thereunder and (b) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws or certificate or articles of incorporation or similar documents governing the Old Equity Interests and any other certificates, notes, bonds, indentures, purchase rights, options, warrants or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors (except such agreements or certificates, notes or other instruments evidencing indebtedness or obligations of the Debtors that are specifically reinstated pursuant to the Plan) shall be released and discharged; provided, however, that notwithstanding Confirmation, any such indenture or agreement that governs the rights of the holder of a Claim or Equity Interest shall continue in effect solely for purposes of: (x) allowing holders to receive distributions under the Plan; and (y) governing the rights and obligations of non-Debtor parties to such agreements vis-à-vis each other, if applicable.

3.12 Post-Confirmation Property Sales. To the extent the Debtors or Reorganized Debtors, as applicable, sell any of their non-core assets prior to or including the date that is one year after Confirmation, the Debtors or Reorganized Debtors, as applicable, may elect to sell such non-core assets pursuant to §§ 363, 1123 and 1146(a) of the Bankruptcy Code.

3.13 Exemption from Certain Transfer Taxes and Recording Fees

Pursuant to § 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a Reorganized Debtor or to any entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors or the Reorganized Debtors; (b) the creation, modification, consolidation or recording of any mortgage, deed of trust or other security interest, or the securing of additional indebtedness by such or other means; (c) the making, assignment or recording of any lease or sublease; or (d) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with, the Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by or in any way related to the Plan, shall not be subject to any document recording Tax, stamp Tax, conveyance fee, intangibles or similar Tax, mortgage Tax, real estate transfer Tax, mortgage recording Tax, Uniform Commercial Code filing or recording fee or other similar Tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such Tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such Tax or governmental assessment.

3.14 C&S Settlement

On the Effective Date, pursuant to the Debtors' Plan, a settlement with C&S shall be implemented. Under the settlement, the Reorganized Debtors will assume the New C&S Agreement and make a cash payment of $15 million to C&S, and the Debtors shall grant C&S a full release of any and all claims they may have against C&S. C&S, on the other hand, will agree to the assumption of the New C&S Agreement by the Reorganized Debtors and will relinquish any and all Claims of C&S against the Debtors, the Debtors' related parties, and the Debtors' Estates and C&S shall have no further Claims and Causes of Action against the Debtors, the Debtors' related parties or the Debtors' Estates (or, as of the

Effective Date, the Reorganized Debtors), except as provided for in the New C&S Agreement. The various forms of value and consideration being provided by C&S, the Reorganized Debtors and the Debtors in connection with the settlement are mutually dependent upon one another and therefore are not severable from one another. Absent any portion of the consideration described herein, one or more of the parties to the settlement would not have consented to the settlement.

ARTICLE IV

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

4.1 Assumption of Executory Contracts and Unexpired LeasesContracts and Leases to Be Assumed. Upon the occurrence of the Effective Date, each and every executory contract and unexpired lease to which a Debtor is a party that is listed on the Contract Assumption Schedule shall be assumed pursuant to § 365 of the Bankruptcy Code. Each contract and lease shall be assumed only to the extent that any such contract or lease constitutes an executory contract or unexpired lease. The Confirmation Order shall, subject to the occurrence of the Effective Date, constitute the Bankruptcy Court's approval of such assumptions pursuant to §§ 365 and 1123 of the Bankruptcy Code and findings by the Bankruptcy Court that the requirements of § 365 of the Bankruptcy Code have been satisfied with respect to each assumed executory contract or unexpired lease.

Unless otherwise indicated, all assumptions or rejections of such executory contracts and unexpired leases in the Plan are effective as of the Effective Date. Each such executory contract and unexpired lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party prior to the Effective Date shall revest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in the Plan, the Debtors or Reorganized Debtors, as applicable, reserve the right to alter, amend, modify or supplement the schedules of executory contracts or unexpired leases identified on the Contract Assumption Schedule at any time through and including the later of 15 days after the Effective Date. Any non-Debtor party may object to being removed from the Contract Assumption Schedule by filing an objection with the Bankruptcy Court and serving such objection on the Debtors, and, after the Effective Date, the Reorganized Debtors and the Creditors' Trust, 10 days after service of notice of removal from the Contract Assumption Schedule.

(b) Cure of Defaults for Assumed Executory Contracts and Unexpired Leases. With respect to each of the Debtors' executory contracts or unexpired leases to be assumed in accordance with the Plan, the Debtors shall have designated a proposed Cure Amount in the Contract Assumption Schedule, and the assumption of such executory contract or unexpired lease may be conditioned upon the disposition of all issues with respect to the Cure Amount. Any provisions or terms of the Debtors' executory contracts or unexpired leases to be assumed pursuant to the Plan that are, or may be, alleged to be in default, shall be satisfied solely by the Cure Amount, or by an agreed-upon waiver of the Cure Amount. Except with respect to executory contracts and unexpired leases for which the Debtors and the applicable counterparties have stipulated in writing to payment of the Cure Amount, all requests for payment of Cure Amounts that differ from the amounts proposed by the Debtors must be filed with the Claims and Solicitation Agent on or before the Cure Bar Date. Any request for payment of a Cure Amount that is not

timely filed shall be disallowed automatically and forever barred from assertion and shall not be enforceable against any Reorganized Debtor, without the need for any objection by the Reorganized Debtors or further notice to or action, order or approval of the Bankruptcy Court, and any Claim for a Cure Amount shall be deemed fully satisfied, released and discharged upon payment by the Debtors of the amounts listed on the Contract Assumption Schedule, notwithstanding anything included in the Schedules or in any Proof of Claim to the contrary; provided, however, that nothing shall prevent the Reorganized Debtors from paying any Cure Amount despite the failure of the relevant counterparty to file such request for payment of such Cure Amount. The Reorganized Debtors also may settle any Cure Amount without further notice to or action, order or approval of the Bankruptcy Court. If the Debtors or Reorganized Debtors, as applicable, object to any Cure Amount or any other matter related to assumption, the Bankruptcy Court shall determine the Allowed amount of such Cure Amount and any related issues. If there is a dispute regarding a Cure Amount, the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" within the meaning of § 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then the Cure Amount shall be paid as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors, in consultation with the Investor, or Reorganized Debtors, as applicable, and the counterparty to the executory contract or unexpired lease. Any counterparty to an executory contract and unexpired lease that fails to object timely to the proposed assumption of any executory contract or unexpired lease will be deemed to have consented to such assumption.

The Debtors or Reorganized Debtors, as applicable, reserve the right either to reject or nullify the assumption of any executory contract or unexpired lease no later than 30 days after a Final Order determining the Cure Amount or any request for adequate assurance of future performance required to assume such executory contract or unexpired lease. Assumption of any executory contract or unexpired lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption. Any Proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order or approval of the Bankruptcy Court.

(c) Assumption of Contracts if Modified. Unless otherwise provided in the Plan, each executory contract or unexpired lease listed or to be listed on the Contract Assumption Schedule shall include: (1) any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other documents that in any manner affects such contract or lease, irrespective of whether such agreement, instrument or other document is listed on the Contract Assumption Schedule; and (2) with respect to such executory contracts and unexpired leases that relate to the use or occupancy of real property, all executory contracts or unexpired leases appurtenant to the premises listed on the Contract Assumption Schedule, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel or bridge agreements or franchises and any other interests in real estate or rights in rem relating to such premises to the extent any of the foregoing are executory contracts or unexpired leases that have not been previously rejected by a Debtor. Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory

contract or unexpired lease or the validity, priority or amount of any Claims that may arise in connection therewith.

(d) Indemnification Obligations. Each Indemnification Obligation shall be assumed by the applicable Debtor effective as of the Effective Date, pursuant to §§ 365 and 1123 of the Bankruptcy Code, to the extent such Indemnification Obligation is executory, unless such Indemnification Obligation previously was rejected by the Debtors pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date. Notwithstanding the foregoing, an Indemnification Obligation to any Person who as of the Effective Date no longer was a director, officer or employee of a Debtor, shall terminate and be discharged pursuant to § 502(e) of the Bankruptcy Code or otherwise, on the Effective Date; provided, however, that notwithstanding the foregoing, the Reorganized Debtors reserve the right to honor or reaffirm any Indemnification Obligations, in their sole and absolute discretion, other than those terminated by a prior or subsequent order of the Bankruptcy Court, whether or not executory, in which case such honoring or reaffirmation shall be in complete satisfaction, discharge and release of any Claim on account of such Indemnification Obligation. Each Indemnification Obligation that is assumed, deemed assumed, honored or reaffirmed shall remain in full force and effect, shall not be modified, reduced, discharged, impaired or otherwise affected in any way, and shall survive unimpaired and unaffected, irrespective of when such obligation arose. Nothing contained herein, nor the occurrence of the Effective Date, is intended to have any effect or impact on the coverage provided or rights and claims of any applicable party under the terms of any of the Debtors' directors and officers' insurance policies.

4.2 Rejection of Executory Contracts and Unexpired LeasesRejection; Amendments. Upon the occurrence of the Effective Date, each and every executory contract and unexpired lease to which a Debtor is a party that is not listed on the Contract Assumption Schedule and that has not been previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be rejected pursuant to § 365 of the Bankruptcy Code. Each executory contract or unexpired lease that is rejected shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such executory contract or unexpired lease, and all executory contracts and unexpired leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan. Each unexpired lease that is rejected shall remain subject to that certain *Cost Sharing Agreement*, dated April 15, 2009, between Koninklijke Ahold N.V. and the Debtors, as modified by order of the Bankruptcy Court on April 16, 2009.

(b) Bar Date for Rejection Claims. If the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim against a Debtor or its Estate, then any Claim related to the foregoing shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors, their respective successors or their respective properties unless a Proof of Claim is filed pursuant to the procedures set forth in the Confirmation Order by no later than the latest of (a) 30 days after the Effective Date, (b) the date that is 30 days after service of a notice that an executory contract or unexpired lease has been removed from the Contract Assumption Schedule, (c) if any objection to removal of an executory contract or unexpired lease from the Contract Assumption Schedule is timely filed, the date that is 30 days after the withdrawal of, or overruling of, such objection, (d) such later date as may be agreed by the Debtors prior to the Effective Date or Reorganized Debtors after the Effective Date or (e) such other date as may be fixed by the Bankruptcy Court.

(c) Pre-existing Obligations to the Debtors Under Executory Contracts and Unexpired Leases. Rejection or repudiation of any executory contract or unexpired lease pursuant to the Plan or otherwise

shall not constitute a termination of pre-existing obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to rejected or repudiated executory contracts.

(d) Effect of Certain Provisions. To the extent that any rejected executory contract or unexpired lease by its terms provides any entity other than the Debtors or Reorganized Debtors with any options upon "termination," such options shall not be enforceable as a result of the rejection of such executory contract or unexpired lease. In addition, rejection of any executory contract or unexpired lease shall not affect any rights of the Debtors or Reorganized Debtors that arise upon termination pursuant to the terms of such executory contract or unexpired lease. Neither Consummation nor any such transaction contemplated hereby shall give rise to any rights of termination or result in a default under any such executory contract or unexpired lease.

4.3 Contracts and Leases Entered into or Assumed After the Petition Date. Contracts and leases entered into after the Petition Date by any Debtor, including, without limitation, the Management Agreements, and any executory contracts and unexpired leases assumed by any Debtor prior to Confirmation, shall be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business and shall survive and remain unaffected by entry of the Confirmation Order.

4.4 Modification of Executory Contracts and Unexpired Leases Containing Equity Ownership Restrictions. All executory contracts and unexpired leases to be assumed under the Plan pursuant to §§ 365 and 1123 of the Bankruptcy Code shall be deemed so assumed without giving effect to any provisions contained in such executory contracts or unexpired leases restricting the change in control or ownership interest composition of any or all of the Debtors, and upon the Effective Date (a) any such restrictions shall be deemed of no further force and effect and (b) any breaches that may arise thereunder as a result of Confirmation or Consummation shall be deemed waived by the applicable non-Debtor counterparty.

4.5 Reservation of Rights. Neither the exclusion nor inclusion of any contract or lease on the Contract Assumption Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an executory contract or unexpired lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

4.6 Nonoccurrence of Effective Date. In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting unexpired leases pursuant to § 365(d)(4) of the Bankruptcy Code.

4.7 Employment, Compensation and Benefit Matters. Except as otherwise provided herein, all prepetition compensation and benefit plans, policies and programs of the Debtors applicable to their employees, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, life, accidental death and dismemberment and workers'

compensation insurance plans and contracts which have not been previously rejected, terminated or modified shall be treated as executory contracts and assumed by the Debtors.

ARTICLE V

CREDITORS' TRUST

5.1 Appointment of Trustee. The Trustee for the Creditors' Trust shall be designated by the Debtors, in consultation with the Creditors' Committee, the twenty largest holders of General Unsecured Claims and the United States Trustee. The Debtors shall file a notice on a date that is not less than 10 days prior to the Confirmation Hearing designating the Person that they have selected as Trustee and seeking approval of such designation. The Person designated as Trustee shall file an affidavit demonstrating that such Person is disinterested as defined by § 101(14) of the Bankruptcy Code, and is able to investigate and prosecute all Trust Causes of Action, if necessary and appropriate. If approved by the Bankruptcy Court, the Person so designated shall become the Trustee on the Effective Date. The Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Trust Agreement.

5.2 Purpose; Transfer of Trust Assets to the Creditors' TrustOn or prior to the Effective Date, the Creditors' Trust shall be established pursuant to the Trust Agreement for the purpose of liquidating the Trust Assets, including the Trust Causes of Action, resolving all Disputed Claims in Classes 4 and 5 in accordance with Article VI hereof and making distributions on account of Claims in Classes 4 and 5 all in accordance with the terms of the Plan and the Trust Agreement.

(b) On the Effective Date, the Debtors' Estates shall transfer and shall be deemed to have irrevocably transferred to the Creditors' Trust, for and on behalf of the beneficiaries of the Trust, with no reversionary interest in the Debtors or the Reorganized Debtors, the Trust Assets; provided, however, that nothing herein is intended to transfer all or any portion of any Causes of Action other than Trust Causes of Action. In addition, the Debtors shall transfer to the Trustee for the Creditors' Trust, the Debtors' evidentiary privileges solely as they relate to Trust Causes of Action. The Trustee shall be deemed to have covenanted to limit any recovery from a Trust Cause of Action against any of the Debtors' former directors or officers other than such former directors and officers who are Excluded Parties to only the insurance policies of the Debtors and not from such director or officer's personal assets, and in the event the Trustee brings any such Trust Cause of Action against such a former director or officer, the Trustee's recovery shall be limited to such insurance policies and not such officer or director's personal assets; provided, further, that in the event the Trustee enters into any agreement or settlement with respect to such insurance policies, it must obtain from the insurer, and the insurer must provide, a release for such officer or director of any and all liability to the insurer, including any claims for indemnification, contribution or otherwise.

(c) Upon such transfer, the Debtors, the Debtors' Estates and the Reorganized Debtors shall have no other or further rights or obligations with respect thereto. Notwithstanding the foregoing, the Reorganized Debtors shall provide to the Trustee reasonable access during normal business hours, upon reasonable notice, to personnel and books and records of the Reorganized Debtors to enable the Trustee to perform the Trustee's tasks under the Trust Agreement and the Plan, and the Debtors and the Reorganized Debtors shall permit the Trustee and the Trust Advisory Board reasonable access to information related to the Trust Claims that is reasonably requested by the Trustee, as more specifically set forth in the Trust Agreement; provided, however, that the Reorganized Debtors shall not be required to make out-of-pocket

expenditures in response to such requests. The Reorganized Debtors shall not be entitled to compensation or reimbursement (including reimbursement for Professional Fees) with respect to fulfilling their obligations as set forth in this Article. The Bankruptcy Court shall retain jurisdiction to determine the reasonableness of a request for assistance. Any requests for assistance that interferes with the Reorganized Debtors' business operations shall be considered unreasonable.

5.3 Creditors' TrustWithout any further action by the Debtors, on the Effective Date, the Trust Agreement shall become effective. The Trustee shall accept the Creditors' Trust and sign the Trust Agreement on the Effective Date and the Creditors' Trust shall then be deemed created and effective.

(b) Interests in the Creditors' Trust shall be uncertificated and shall be non-transferable except upon death of the interest holder or by operation of law. Holders of interests in the Creditors' Trust shall have no voting rights with respect to such interests. The Creditors' Trust shall have a term of [five] years from the Effective Date, subject to the rights of the Trust Advisory Board to extend such term with Bankruptcy Court approval in accordance with the provisions of the Trust Agreement.

(c) The Trustee shall have full authority to take any steps necessary to administer the Trust Agreement, including (1) to liquidate Trust Assets, (2) to make distributions therefrom in accordance with the provisions of this Plan, and (3) if authorized by majority vote of those members of the Trust Advisory Board authorized to vote and to the extent authorized herein, to pursue and settle any Trust Causes of Action. The Trustee, as successor to the Creditors' Committee, shall have the right to take any depositions that could be taken by the Creditors' Committee pursuant to any orders entered by the Bankruptcy Court pursuant to Bankruptcy Rule 2004.

(d) All costs and expenses associated with the administration of the Creditors' Trust (including costs and expenses associated with objecting to, settling, estimating or otherwise resolving General Unsecured Claims that are Disputed), and acting as the Disbursing Agent with respect to General Unsecured Claims shall be the responsibility of and paid by the Creditors' Trust. Neither the Debtors nor the Reorganized Debtors shall have any obligation to fund any costs or expenses of the Creditors' Trust.

(e) The Trustee may retain such law firms, accounting firms, experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as it may deem necessary (collectively, the "Trustee Professionals"), in its sole discretion, to aid in the performance of its responsibilities pursuant to the terms of this Plan, including the liquidation and distribution of Trust Assets. Compensation of the Trustee Professionals shall be payable by the Creditors' Trust on terms and conditions; provided, however, that the compensation of Trustee Professionals for the investigation and prosecution of Trust Causes of Action (but not the objection to claims or other reasonable and necessary duties of the Trustee) shall be limited to $1.0 million plus the proceeds of any Trust Causes of Action actually realized and recovered by the Trust.

(f) The Creditors' Trust generally is intended to be treated, for U.S. federal income tax purposes, in part as a liquidating trust within the meaning of Treasury Regulations § 301.7701-4(d), for the benefit of the holders of Allowed Claims entitled to distributions of Pending Payments, and otherwise as one or more disputed ownership funds within the meaning of Treasury Regulations § 1.468B-9(b)(1), as more specifically provided for under the Trust Agreement. Accordingly, for all federal income tax purposes the transfer of Trust Assets to the Creditors' Trust shall be treated as: (1) to the extent of Pending Payments, a transfer of the Pending Payments directly from the Debtors to the holders of such Allowed Claims followed by the transfer of such Pending Payments by the holders of Allowed Claims to

the Creditors' Trust in exchange for rights to pro rata distributions from the Creditors' Trust; and (2) to the extent of amounts that are not Pending Payments, as a transfer to one or more disputed ownership funds. The holders of Allowed Claims entitled to distributions of Pending Payments shall be treated for federal income tax purposes as the grantors and deemed owners of their respective shares of the Trust Assets in the amounts of the Pending Payments and any earnings thereon. The Trustee shall be required by the Trust Agreement to file federal tax returns for the Creditors' Trust as a grantor trust with respect to any Pending Payments and as one or more disputed ownership funds with respect to all other funds or other property held by the Creditors' Trust pursuant to applicable Treasury Regulations, and any income of the Creditors' Trust shall be treated as subject to tax on a current basis. The Trust Agreement shall provide that the Trustee shall pay such Taxes from the Trust Assets as required by law and in accordance with the Plan. In addition, the Trust Agreement shall require consistent valuation by the Trustee and the beneficiaries of the Creditors' Trust, for all federal income tax purposes, of any property held by the Creditors' Trust and such valuations shall be required to be used for all applicable reporting requirements. The Trust Agreement shall provide that termination of the trust shall occur no later than five years after the Effective Date, unless the Bankruptcy Court approves an extension based upon a finding that such an extension is necessary for the Creditors' Trust to complete its claims resolution and liquidating purpose. The Trust Agreement also shall limit the investment powers of the Trustee in accordance with IRS Rev. Proc. 94-45 and shall require the Creditors' Trust to distribute at least annually to the beneficiaries of the Creditors' Trust (as such may have been determined at such time) its net income (net of any payment of or provision for Taxes), except for amounts retained as reasonably necessary to maintain the value of the Trust Assets or to meet Claims and contingent liabilities (including Disputed Claims).

(g) The Trustee shall be responsible for filing all Tax returns and reports for the Creditors' Trust and paying Taxes or other obligations owed by the Creditors' Trust.

(h) The Trustee shall file periodic reports with the Bankruptcy Court in accordance with the Trust Agreement.

(i) The Trustee shall perform the duties and obligations imposed on the Trustee by the Trust Agreement with reasonable diligence and care under the circumstances. The Trustee shall not be personally liable to the Trust, to any beneficiary thereof, or any other Person (or any predecessor or successor thereto) for any reason whatsoever, except for such of its own acts as shall constitute willful misconduct, gross negligence, willful disregard of the Trustee's duties or material breach of the Trust Agreement.

5.4 Distributions of Trust Assets. Distributions of the Trust Recoveries shall be made in accordance with the provisions of the Plan and the Trust Agreement. The Trustee shall make initial distributions as promptly as practicable after the Effective Date, reserving a sufficient amount of funds for, among other things, the pursuit of Trust Causes of Action.

5.5 The Trust Advisory Board.

(a) The Trust Advisory Board shall be comprised of three voting members, chosen by the Debtors, in consultation with the Creditors' Committee, the twenty largest holders of General Unsecured Claims and the United States Trustee, with the intention that the members be parties holding significant General Unsecured Claims. After such choice, the Debtors shall file such notice with the Bankruptcy Court, on a date that is not less than 10 days prior to the Confirmation Hearing. The Trustee shall consult regularly with the Trust Advisory Board when carrying out the purpose and intent of the Creditors' Trust

and shall take direction from the Trust Advisory Board as set forth in the Trust Agreement. Members of the Trust Advisory Board shall be entitled to reimbursement of the reasonable and necessary expenses incurred by them in carrying out the purpose of the Trust Advisory Board in accordance with the Trust Agreement. Reimbursement of the reasonable and necessary expenses of the members of the Trust Advisory Board shall be payable by the Creditors' Trust.

(b) In the case of an inability or unwillingness of any voting member of the Trust Advisory Board to serve, such member shall be replaced by designation of the remaining members of the Trust Advisory Board. If any position on the Trust Advisory Board remains vacant for more than 30 days, such vacancy shall be filled within 15 days thereafter by the designation of the Trustee without the requirement of a vote by the other members of the Trust Advisory Board. The Trust Advisory Board shall continue to function until such vacancy is filled.

(c) Upon the certification by the Trustee that all Trust Assets have been distributed, abandoned, or otherwise disposed of, the members of the Trust Advisory Board shall resign their positions, whereupon they shall be discharged from further duties and responsibilities.

(d) The Trust Advisory Board shall, by majority vote, approve all settlements of Trust Causes of Action which the Trustee or any member of the Trust Advisory Board may propose; provided, however, that (1) no member of the Trust Advisory Board may cast a vote with respect to any Trust Claim to which it is a party; and (2) the Trustee may seek Bankruptcy Court approval of a settlement of a Trust Cause of Action if the Trust Advisory Board fails to act on a proposed settlement of such Trust Cause of Action within 30 days of receiving notice of such proposed settlement.

(e) The Trust Advisory Board may, by majority vote, authorize the Trustee to invest the corpus of the Trust in prudent investments other than those described in § 345 of the Bankruptcy Code.

(f) The Trust Advisory Board may remove the Trustee in its discretion for any reason. In addition, the Trustee may be removed by the Bankruptcy Court for cause shown. In the event of the resignation or removal of the Trustee, the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Trustee. The successor Trustee shall file an affidavit demonstrating that such Person is disinterested as defined by § 101(14) of the Bankruptcy Code.

(g) Notwithstanding any other provision of the Plan, neither the Trust Advisory Board nor any of its members, counsel, accountants, financial advisors, or other professionals, or any duly designated agent or representatives of any such party, shall be liable for anything other than such person's own gross negligence or willful misconduct. The Trust Advisory Board may, in connection with the performance of its duties, and in its sole and absolute discretion, consult with its counsel, accountants, financial advisors, or other professionals, and shall not be liable for anything done or omitted or suffered to be done in accordance with the advice or opinions obtained. If the Trust Advisory Board determines not to consult with its counsel, accountants, financial advisors, or other professionals, the failure to so consult shall not itself impose any liability on the Trust Advisory Board or any of its members.

(h) The Trust Advisory Board shall govern its proceedings through the adoption of by-laws, which the Trust Advisory Board may adopt by majority vote. No provision of such by-laws shall supersede any express provision of the Plan or the Trust Agreement.

ARTICLE VI

PROCEDURES FOR RESOLUTION OF DISPUTED CLAIMS

6.1 Objections to and Settlement of Claims.

(1) After the Effective Date, each Reorganized Debtor shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Equity Interest immediately prior to the Effective Date.

(2) On and after the Effective Date, the Reorganized Debtors shall have the exclusive right and authority (a) to file, withdraw or litigate to judgment, objections to Claims or Equity Interests other than General Unsecured Claims; (b) to settle, resolve or compromise any Disputed Claim (other than a Disputed General Unsecured Claim) without any further notice to or action, order or approval by the Bankruptcy Court; and (c) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Bankruptcy Court.

(3) On and after the Effective Date, the Creditors' Trust shall have the right and authority (a) to file, withdraw or litigate to judgment, objections to General Unsecured Claims; (b) to settle, resolve or compromise any Disputed General Unsecured Claim; and (c) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Bankruptcy Court; provided, however, that Bankruptcy Court approval, after notice and a hearing, shall be required before the Creditors' Trust may settle or compromise any Disputed General Unsecured Claim in excess of $250,000.

(4) Unless otherwise ordered by the Bankruptcy Court, all objections to Claims that are the subject of Proofs of Claim or requests for payment filed with the Bankruptcy Court (other than applications for allowance of Professional Claims) shall be filed and served upon the holder of the Claim as to which the objection is made on or prior to the applicable Claims Objection Deadline.

6.2 Estimation of Claims. Before or after the Effective Date, the Reorganized Debtors (and, with respect to General Unsecured Claims after the Effective Date, the Creditors' Trust) may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to § 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim at any time, including during the litigation of any objection to any Claim or during the pendency of any appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. All of the

aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

6.3 Adjustment to Claims Without Objection. Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court. Beginning on the end of the first full calendar quarter that is at least 90 days after the Effective Date and every calendar quarter thereafter, the Reorganized Debtors and the Creditor's Trust, as applicable, shall each publish a list of all Claims that have been paid, satisfied, amended or superseded during such prior calendar quarter and distribute it to the Court and U.S. Trustee and others requesting service.

6.4 Time to file Objections to Claims. Any objections to Claims shall be filed on or before the Claims Objection Deadline.

6.5 Litigation Claims. Any Litigation Claim that has been determined and liquidated shall be deemed an Allowed Claim only to the extent that the holder of such Claim can establish that such Claim is not recoverable from third parties through the Debtor's insurance coverage (exclusive of the Debtor's self-insurance).

6.6 Disallowance of Certain Employee Claims. All Claims filed on account of an Indemnification Obligation to a director, officer or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such Indemnification Obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order or approval of the Bankruptcy Court. All Claims filed on account of any employee benefit referenced in Article IV shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent the Reorganized Debtors elect to honor such employee benefit, without any further notice to or action, order or approval of the Bankruptcy Court.

EXCEPT AS PROVIDED HEREIN OR OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS ON OR BEFORE THE CONFIRMATION HEARING SUCH LATE CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

6.7 Offer of Judgment. The Reorganized Debtors are authorized to serve upon a holder of a Claim an offer to allow judgment to be taken on account of such Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the holder of a Claim must pay the costs incurred by the Reorganized Debtors after the making of such offer, the Reorganized Debtors are entitled to setoff such amounts against the amount of any distribution to be paid to such holder without any further notice to or action, order or approval of the Bankruptcy Court.

6.8 Amendments to Claims. Except as otherwise provided herein, on or after the Effective Date, a Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the

Reorganized Debtors, and any such new or amended Claim filed shall be deemed disallowed in full and expunged without any further action.

(a) Nonpayment of Claims of Parties Holding Recoverable Property; Setoff.

(1) Notwithstanding any other provision of the Plan, no payments or other distributions shall be made on account of any Claims of holders from which property is recoverable or alleged to be recoverable pursuant to §§ 542, 543, 550 or 553 of the Bankruptcy Code or that is or is alleged to be a transferee of a transfer avoidable under §§ 544, 545, 547, 548 or 549 of the Bankruptcy Code until (A) the holder has paid the amount, or turned over any such property, for which such entity or transferee is liable under §§ 542, 543, 550 or 553 of the Bankruptcy Code or (B) the Bankruptcy Court determines by Final Order that the holder need not pay such amount or turn over such property.

(2) Subject to the provisions of § 553 of the Bankruptcy Code, in the event that a Reorganized Debtor or the Creditors' Trust has a Cause of Action of any nature whatsoever against the holder of a Claim, (A) such Reorganized Debtor or the Creditors' Trust, as applicable, may, but is not required to, setoff against the Claim such Cause of Action against the holder and (B) the applicable Reorganized Debtor or Creditors' Trust, as applicable, may, but is not required to, setoff against any payments or other distributions to be made in respect of such Claim hereunder such Cause of Action against the holder. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by a Debtor or Reorganized Debtor or Creditors' Trust of any Cause of Action that it has against the holder of a Claim.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Disbursing Agents. The Disbursing Agents shall make all distributions required under this Plan. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless (a) such Disbursing Agent is not a Reorganized Debtor or the Creditors' Trust or (b) otherwise ordered by the Bankruptcy Court. In the event that a Disbursing Agent is required to give a bond or surety or other security for the performance of its duties, all costs and expenses of procuring any such bond or surety or other security shall be borne by the Reorganized Debtors or the Creditors' Trust with respect to distributions on account of Claims in Classes 4 and 5.

7.2 Distributions to Holders of Allowed ClaimsOn each Quarterly Distribution Date, the applicable Disbursing Agent shall make all distributions that become deliverable to holders of Allowed Claims during the preceding calendar quarter; provided, however, that if the Trustee determines, with the consent of the Trust Advisory Board, that the amount of any quarterly distribution otherwise to be made by the Creditors' Trust is too small to justify the administrative costs associated with such distribution, the Trustee may postpone such quarterly distribution until the next Quarterly Distribution Date.

(2) On each Quarterly Distribution Date, each holder of an Allowed General Unsecured Claim (other than a Convenience Claim) that has been Allowed as of the

applicable Quarterly Test Date shall receive, from the Creditors' Trust, its Pro Rata Share of the Trust Recoveries in the amount of the difference between (A) the amount such holder would have received on the Effective Date, if its Claim had been Allowed as of the Effective Date, if all other Claims that were Allowed or disallowed on or prior such to the Quarterly Test Date were Allowed or disallowed as of the Effective Date, and if the Trust Recoveries that are available for distribution or that were previously distributed had been available for distribution of the Effective Date, minus (B) the aggregate amount of Trust Recoveries previously distributed on account of the Claim.

(3) The Trust Agreement may include additional provisions to address Disputed General Unsecured Claims and any distributions made out of the Creditors' Trust shall be made net of any applicable Taxes.

7.3 Distributions for Claims Allowed as of the Effective Date. Except as otherwise provided, distributions to be made on the Effective Date to holders of Claims that are Allowed as of the Effective Date shall be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than (a) 30 days after the Effective Date or (b) such later date when the applicable conditions of this Article are satisfied. Distributions on account of Claims Allowed after the Effective Date shall be made pursuant to this Article; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors prior to the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business or industry practice.

7.4 Distributions on Account of Claims Allowed After the Effective DatePayments and Distributions on Disputed Claims. Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, and subject to the establishment of the Creditors' Trust, distributions under the Plan on account of Disputed Claims that become Allowed after the Effective Date shall be made on the Quarterly Distribution Date that is at least 30 days after the Disputed Claim becomes an Allowed Claim; provided, however, that (1) Disputed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors on or before the Effective Date that become Allowed after the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business or industry practice and (2) Disputed Priority Tax Claims that become Allowed Priority Tax Claims after the Effective Date, unless otherwise agreed, shall be paid in full in Cash on the Quarterly Distribution Date that is at least 30 days after the Disputed Claim becomes an Allowed Claim or over a five-year period as provided in § 1129(a)(9)(C) of the Bankruptcy Code with annual interest provided by applicable non-bankruptcy law.

(b) Special Rules for Distributions to Holders of Disputed Claims. Notwithstanding any other provision of the Plan and except as otherwise agreed by the relevant parties, the Reorganized Debtors (or, with respect to General Unsecured Claims, the Creditors' Trust) shall not be required to (1) make any partial payments or partial distributions to a Person, estate or trust with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order or (2) make any distributions on account of an Allowed Claim of any Person, estate or trust that holds both an Allowed Claim and a Disputed Claim, unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and both Claims have been Allowed. All distributions made pursuant to the Plan on account of an Allowed Claim shall be made together with

any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to holders of Allowed Claims included in the applicable Class.

(c) Limited Recourse for Disputed General Unsecured Claims. Each Disputed General Unsecured Claim that ultimately becomes an Allowed Claim shall have recourse only to the assets of the Creditors' Trust, and the holder may not otherwise look to the Debtors or Reorganized Debtors, their respective properties or any property previously distributed on account of any Allowed Claim.

7.5 Claim Amounts. Notwithstanding anything in the applicable holder's Proof of Claim or otherwise to the contrary, the holder of a Claim shall not be entitled to receive or recover a distribution under the Plan on account of a Claim in excess of the lesser of the amount: (a) stated in the holder's Proof of Claim, if any, as of the Distribution Record Date, plus interest thereon (if any) to the extent provided for by the Plan; (b) if the Claim is denominated as contingent or unliquidated as of the Distribution Record Date, the amount that the Debtors, in consultation with the Trustee, elect to withhold on account of such Claim in the Creditors' Trust, or such other amount as may be estimated by the Bankruptcy Court prior to the Confirmation Hearing; or (c) if a Claim has been estimated, the amount held back in the Creditors' Trust to satisfy such Claim after such estimation.

7.6 Disbursing Agent Exculpation. Subject to the provisions of this section, any Disbursing Agent, in its capacity as such, together with each of its officers, managers, directors, employees, agents and representatives (acting in such capacity), is exculpated by all holders of Claims and all other parties in interest from any and all Causes of Action, and other assertions of liability (including breach of fiduciary duty), arising out of the discharge of the powers and duties conferred upon such Disbursing Agent by the Plan, any Final Order entered pursuant to or in the furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of such Disbursing Agent's gross negligence or willful misconduct. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any Claim or Cause of Action (a) against any Disbursing Agent, in its capacity as such, or any of its officers, managers, directors, employees, agents or representatives (acting in such capacity) for making payments or other distributions in accordance with the Plan, or (b) against any holder of a Claim for receiving or retaining payments or other distributions provided for by the Plan. Nothing herein shall preclude or impair any holder of an Allowed Claim from bringing an action in the Bankruptcy Court against a Disbursing Agent to compel payments or other distributions contemplated by the Plan to be made on account of such Claim. The Debtors and the Reorganized Debtors, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan except for gross negligence or willful misconduct.

7.7 Surrender of Certificates, Etc. A Disbursing Agent may require, as a condition to making any payment or other distribution under the Plan, that each holder of an Allowed Claim (other than a Term Lender Claim) surrender the note, certificate or other document evidencing such Allowed Claim to the Reorganized Debtors or their designee or the Creditors' Trust with respect to distributions on account of Claims in Classes 4 and 5. In that event, any holder of an Allowed Claim that fails to surrender such note, certificate or other document (or, in lieu thereof if requested by the applicable Disbursing Agent, furnish an indemnity or bond in the form, substance and amount reasonably satisfactory to the applicable Disbursing Agent) before the first anniversary of the Effective Date shall be deemed to have forfeited all rights and may not participate in any distribution under the Plan.

7.8 Tax and Compliance Matters.

(1) In connection with the Plan, to the extent applicable, any Disbursing Agent shall comply with all applicable Tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to applicable withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, any Disbursing Agent shall be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including (A) requiring recipients to fund the payment of such withholding as a condition to delivery, (B) entering into arrangements for the sale of a portion of property otherwise to be distributed under the Plan in order to generate sufficient funds to pay applicable withholding Taxes or (C) establishing any other mechanism the Disbursing Agent believes are reasonable and appropriate (such as requiring Claim holders to submit appropriate Tax and withholding certifications).

(2) Notwithstanding any other provision of the Plan, each entity receiving a distribution of Cash or other consideration pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any Governmental Unit on account of the distribution, including income, withholding and other Tax obligations.

(3) The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and encumbrances.

7.9 Delivery of DistributionsSubject to Bankruptcy Rule 9010 and except as otherwise set forth in the Plan, all distributions under the Plan shall be made: (A) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (B) to the signatory set forth on any of the Proofs of Claim filed by such holder or other representative identified therein (or at the last known addresses of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address); (C) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtors, the Claims and Solicitation Agent or the Creditors' Trust after the date of any related Proof of Claim; (D) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Claims and Solicitation Agent has not received a written notice of a change of address; or (E) on any counsel that has appeared in the Chapter 11 Cases on the holder's behalf. All distributions to any holder of a Term Lender Claim or a DIP Facility Claim shall be made to or as directed by the Term Loan Agent or DIP Agent, respectively. Subject to the provisions herein specifically governing unclaimed distributions, in the event that any distribution to any holder is returned as undeliverable, the applicable Disbursing Agent shall use reasonable efforts to determine the current address of such holder, but no distribution to such holder shall be made unless and until such Disbursing Agent has determined the then current address of such holder, at which time such distribution shall be made to such holder without interest.

(2) Except as otherwise provided herein, distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

(3) As of the close of business on the Record Date for distributions under the Plan, the claims register shall be closed, and there shall be no further changes in the record holder of any Claim. No Disbursing Agent shall have any obligation to recognize any transfer of any Claim occurring after the Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Record Date.

(b) Distributions of Cash. Any distribution of Cash under the Plan shall, at the applicable Disbursing Agent's option, be made by check drawn on a domestic bank or wire transfer, except that (1) the payment of Cash to the holders of Allowed DIP Facility Claims shall be made by wire transfer of immediately available funds as directed by the DIP Agent and (2) the payment of Cash to Term Lenders shall be made by wire transfer of immediately available funds as directed by the Term Loan Agent. Checks issued by a Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within 120 days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the applicable Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued. Any Claim with respect to such a voided check shall be made on or before 182 `0 days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

(c) Timing of Distributions. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(d) Minimum Distributions. No payment of Cash less than $25 shall be made by the Disbursing Agent to any holder of a Claim unless: (i) a request therefor is made in writing to the Disbursing Agent no later than 30 days after the Effective Date; provided that the Creditors' Trust shall not be required to make any interim distributions to the holder of a Claim in an amount less than $25; provided, further, that any such payments shall be withheld until final distribution under the Plan, or (ii) such payment, is on account of an Allowed Convenience Claim.

(e) Undeliverable Distributions. If any distribution to a holder of an Allowed Claim is returned to a Disbursing Agent as undeliverable, no further distributions shall be made to such holder unless and until such Disbursing Agent is notified in writing of such holder's then-current address, at which time all currently due missed distributions shall be made to such holder on the next Quarterly Distribution Date. Undeliverable distributions shall remain in the possession of the Reorganized Debtors until such time as a distribution becomes deliverable, or such distribution reverts to the Reorganized Debtors pursuant to Article VII, and shall not be supplemented with any interest, dividends or other accruals of any kind.

(f) Unclaimed Distributions. All distributions under the Plan that are unclaimed for a period of six months after distribution thereof shall be deemed unclaimed property under § 347(b) of the Bankruptcy Code and shall revest in the Reorganized Debtors or the Creditors' Trust with respect to distributions on account of Claims in Classes 4 and 5, as applicable. Upon such revesting, the Claim of any holder or its successors with respect to such property shall be cancelled, discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary. The provisions of the Plan regarding undeliverable distributions and unclaimed distributions shall apply with equal force to distributions that are issued by the Debtors, or made pursuant to any indenture or certificate, notwithstanding any provision in such indenture or certificate to the contrary and notwithstanding any otherwise applicable federal or state escheat, abandoned or unclaimed property law.

(g) Fractional Distributions. Notwithstanding any other provision of the Plan to the contrary, where, pursuant to the Plan, any payment of Cash would otherwise be required in terms of a fraction of a dollar, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

(h) Allocation Between Principal and Accrued Interest. To the extent applicable, all distributions to a holder of an Allowed Claim shall apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim as of the Petition Date and thereafter, to the extent the Debtors' Estates are sufficient to satisfy such principal and interest accrued as of the Petition Date, to any interest accrued on such Claim from the Petition Date through the Effective Date, until paid in full.

(i) Cancellation of Existing Securities and Agreements. On the Effective Date, the promissory notes, membership interests and other agreements, instruments or documents evidencing any Claim or Old Equity Interest, other than an Allowed Secured Claim or an Allowed Subsidiary Equity Interest that is reinstated and rendered unimpaired pursuant to the Plan, shall be deemed cancelled without further act or action and the obligations of the Debtors under the credit agreements, limited liability company or operating agreements and other agreements, instruments or documents governing such Claims and Old Equity Interests, as the case may be, shall be discharged.

ARTICLE VIII

CONFIRMATION OF THE PLAN

8.1 Conditions Precedent to Confirmation and ConsummationThe following are conditions to Confirmation:

(1) The Bankruptcy Court shall have approved the Disclosure Statement, in a manner acceptable to the Debtors and the Investor, as containing adequate information with respect to the Plan within the meaning of § 1125 of the Bankruptcy Code.

(2) The proposed Confirmation Order shall be in form and substance acceptable to the Debtors and the Investor.

(3) All exhibits, schedules and other attachments to the Plan, and all Plan Documents, shall be in form and substance reasonably acceptable to the Debtors and the Investor.

(b) The following are conditions to the occurrence of Consummation:

(1) The Confirmation Order, in form and substance reasonably acceptable to the Debtors and the Investor, shall have been entered by the Bankruptcy Court, shall have become a Final Order and shall not have been modified or vacated on appeal or otherwise, and no stay of the Confirmation Order shall be in effect.

(2) The conditions to the Investors' funding of the Equity Investment as set forth in the Equity Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

(3) The conditions to the Debtors' closing under the Equity Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

(4) The Bankruptcy Court shall have authorized the assumption and rejection of executory contracts and unexpired leases by the Debtors as contemplated by Article IV.

(5) The New Term Credit Facility and the New ABL Facility each shall have been executed and delivered by all of the entities that are parties thereto, and all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof, and funding pursuant to the New Term Credit Facility and the New ABL Facility shall have occurred.

(6) All exhibits, documents and agreements to be executed in connection with the effectiveness of the Plan shall be in form and substance satisfactory to the Debtors, without prejudice to the Reorganized Debtors' rights under the Plan to alter, amend or modify the Plan Documents.

(7) All other actions, documents and agreements determined by the Debtors and the Investor to be necessary to effectuate the Plan shall have been effected or executed and all such documents and agreements shall be in form and substance acceptable to the Debtors and the Investor.

(8) All authorizations, consents, regulatory approvals, rulings, letters, no action letters, opinions and documents that are determined by the Debtors to be necessary to effectuate the Plan have been received.

(9) The Plan shall not have been materially amended, altered or modified from the Plan confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with the applicable provisions of the Plan.

(10) The Confirmation Date shall have occurred.

(c) Waiver of Conditions. The Debtors, with the consent of the Investor (which consent may not be unreasonably withheld), may waive one or more of the conditions to Confirmation and Consummation.

(d) Failure of Conditions. If each of the conditions to Consummation is not satisfied or duly waived by [•], 2010, then unless the Debtors agree otherwise and file notice with the Bankruptcy Court to such effect, the Confirmation Order shall automatically be vacated without further order of the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this Article VIII, then the Plan shall be null and void in all respects, and nothing in the Plan, the Disclosure Statement, any Plan Document or the Confirmation Order shall constitute or be deemed a waiver or release of any claims by or against any Debtor or any other entity, or to prejudice in any manner the rights of a Debtor or any other entity in any proceedings involving a Debtor.

ARTICLE IX

EFFECT OF CONFIRMATION OF THE PLAN

9.1 Discharge of Claims and Termination of Interests. Pursuant to § 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights and treatment that are provided in the Plan shall be in complete satisfaction, discharge and release, effective as of the Effective Date, of Claims, Old Equity Interests and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against and Equity Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment or a termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt, right or Equity Interest is filed or deemed filed pursuant to § 501 of the Bankruptcy Code; (b) a Claim or Equity Interest based upon such debt, right or Equity Interest is Allowed pursuant to § 502 of the Bankruptcy Code; or (c) the holder of such a Claim or Equity Interest has accepted the Plan.

The Confirmation Order, except as provided herein or therein, shall be, subject to the occurrence of the Effective Date, a judicial determination of discharge of all Claims and Causes of Action against a Debtor and the termination of all Old Equity Interests, such discharge shall void any judgment against a Debtor at any time obtained to the extent it relates to a discharged Claim or Cause of Action or the terminated Old Equity Interests, and all entities shall be precluded from asserting against a Debtor, a Reorganized Debtor or any of their respective property, any Claim or Cause of Action based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder filed a Proof of Claim. Any default by the Debtors or their Affiliates with respect to any Claim or Equity Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. As provided in § 524 of the Bankruptcy Code, entry of the Confirmation Order shall operate as an injunction against the prosecution of any action against a Debtor, a Reorganized Debtor or any of their property to the extent such prosecution relates to a discharged Claim or Cause of Action or the terminated Old Equity Interests. Notwithstanding the foregoing paragraph, nothing herein shall be deemed to prevent any party in interest from pursuing an action to enforce the terms of the Plan or the Confirmation Order. Nothing in this paragraph shall impair the police or regulatory powers of the United States of America or any Governmental Unit thereof. The actions of the Securities and Exchange Commission that: (a) are non-pecuniary, (b) do not relate to collection of a Claim or (c) do not pursue injunctions that could be reduced to a monetary Claim, are not discharged under Article IX.

9.2 Subordinated Claims. The allowance, classification and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, § 510 of the Bankruptcy Code or otherwise. Pursuant to

§ 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Equity Interest in accordance with any contractual, legal or equitable subordination relating thereto.

9.3 Compromise and Settlement of Claims and Controversies. Pursuant to § 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Equity Interest, or any distribution to be made on account of such an Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and holders of Claims and Equity Interests and is fair, equitable and reasonable. In accordance with and subject to the applicable provisions of the Plan, pursuant to § 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors and the Trustee, as applicable, may compromise and settle Claims against them and Causes of Action against other entities.

9.4 Debtors' Authority. On and after the Effective Date, each Reorganized Debtor shall be released from the custody and jurisdiction of the Bankruptcy Court and may operate its business and may use, acquire and dispose of property without supervision or approval by the Bankruptcy Court, except for those matters as to which the Bankruptcy Court specifically retains jurisdiction under the Plan or the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, each Debtor shall, as a Reorganized Debtor, continue to exist as a separate legal entity, with all the powers of a limited liability company under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law.

9.5 Continued Existence and Revesting of Assets and Causes of Action. On the Effective Date, except as otherwise provided for in this Plan or the Confirmation Order, (a) the property of each Debtor's Estate shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, encumbrances, interests, Old Equity Interests and Causes of Action against or in each Debtor or Reorganized Debtor or its property (except for Assumed Obligations and Liens, if any, granted to secure the New ABL Facility, the New Term Credit Facility and Claims pursuant to the DIP Facility that by their terms survive termination of the DIP Facility) and (b) any and all Trust Assets, including Trust Causes of Action, belonging to the Debtors or their Estates shall be preserved and shall vest in the Creditors' Trust.

9.6 Injunction. ***From and after the Effective Date, except as otherwise provided in the Plan or in the Confirmation Order, all Persons and other entities who have been, are, or may be holders of Claims against or Old Equity Interests in a Debtor shall be permanently enjoined from taking any of the following actions against or affecting a Debtor, a Reorganized Debtor or their property with respect to such Claims or Old Equity Interest (other than actions brought to enforce any rights or obligations under the Plan and appeals, if any, from the Confirmation Order):***

(1) ***commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against a Debtor, a Reorganized Debtor or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such successor (including all suits, actions and proceedings***

that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);

(2) ***enforcing, levying, attaching, collecting or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against a Debtor, a Reorganized Debtor or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such successor;***

(3) ***creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any Lien against a Debtor, a Reorganized Debtor or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such successor;***

(4) ***except as otherwise provided in the Plan, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due a Debtor, a Reorganized Debtor or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such successor unless such holder has filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a Proof of Claim or otherwise that such holder asserts, has or intends to preserve any right of setoff pursuant to § 553 of the Bankruptcy Code or otherwise;***

(5) ***commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released or settled pursuant to the Plan; and***

(6) ***proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.***

(b) Nothing in the Plan or Confirmation Order shall preclude any Person or other entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Debtors or Reorganized Debtors, as applicable, and any such entity agree in writing that such entity will: (a) waive all Claims against the Debtors, the Reorganized Debtors and the Estates related to such action and (b) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

9.7 Exculpation. From and after the Effective Date, none of the Debtors, the Reorganized Debtors, the Creditors' Committee, the DIP Lenders, the DIP Agent, the Investor, the Term Lenders, the Prepetition Lenders and the Prepetition Agents, and their respective members, officers, directors, employees, advisors, professionals, attorneys or agents, acting in such capacity, shall have or incur any liability to any entity for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, Confirmation or Consummation of the Plan, the property to be distributed under the Plan or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan; provided, however, that the foregoing provisions shall not affect the liability of any entity that results from any act or omission to the extent that such act or omission is determined by a Final Order to have constituted gross negligence or willful misconduct. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to

their duties and responsibilities under the Plan. The Debtors and the Reorganized Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys) have and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distribution of the securities pursuant to the Plan, and therefore are not, and on account of such distribution shall not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Nothing in this paragraph shall impair the police or regulatory powers of the United States of America or any Governmental Unit thereof. Nothing in this paragraph shall apply in any action brought by the Securities and Exchange Commission in exercise of its police and regulatory powers.

9.8 Releases by the Debtors. Pursuant to § 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or a Plan Document, for good and valuable consideration, including services provided to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or other entity, based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale or rescission of any security of the Debtors, the subject matter of or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan and Disclosure Statement or related agreements, instruments or other documents, upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Released Party reasonably believed to be in the best interests of the Debtors (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to perform constitutes willful misconduct or gross negligence; provided, however, that such release shall not apply to any obligations of the Released Parties under the Plan, any Plan Document or any commercial agreement assumed by the Debtors or the Reorganized Debtors. Such release shall be effective notwithstanding that the Debtors, the Reorganized Debtors, the Estates or their Affiliates or other entity may thereafter discover facts in addition to, or different from, those which that entity previously knew or believed to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and the Debtors, the Reorganized Debtors, the Estates or their Affiliates and any successors or assigns are hereby expressly deemed to have waived any and all rights that they may have under any statute or common law principle which would limit the effect of the foregoing release, waiver and discharge to those claims actually known or suspected to exist on the Effective Date.

9.9 Protection Against Discriminatory Treatment. Consistent with § 525 of the Bankruptcy Code and the Supremacy Clause of the United States Constitution, all entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors or another entity with whom such Reorganized

Debtors have been associated, solely because one of the Debtors has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Cases.

9.10 Setoffs. Except as otherwise expressly provided for in the Plan, each Reorganized Debtor and the Trustee, as applicable, pursuant to the Bankruptcy Code (including § 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights and Causes of Action of any nature that such Debtor, Reorganized Debtor or Trustee, as applicable, may hold against the holder of such Allowed Claim, to the extent such Claims, rights or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Reorganized Debtor or the Trustee of any such Claims, rights and Causes of Action that such Reorganized Debtor may possess against such holder. In no event shall any holder of Claims be entitled to setoff any Claim against any other Claim, right or Cause of Action of the Debtor or Reorganized Debtor, as applicable, unless such holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has or intends to preserve any right of setoff pursuant to § 553 or otherwise.

9.11 Recoupment. In no event shall any holder of Claims be entitled to recoup any Claim against any other Claim, right or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before Confirmation, notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has or intends to preserve any right of recoupment.

9.12 Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article VII and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released, and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the applicable Reorganized Debtor and its successors and assigns.

9.13 Document Retention. On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their current document retention policy, as may be altered, amended, modified or supplemented by the Reorganized Debtors in the ordinary course of business.

9.14 Reimbursement or Contribution. If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an entity pursuant to § 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed notwithstanding § 502(j) of the Bankruptcy Code, unless prior to the Effective Date: (a) such Claim has been adjudicated as noncontingent or (b) the relevant holder of a Claim has filed a

noncontingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

ARTICLE X

MODIFICATION, REVOCATION or WITHDRAWAL OF THE PLAN

10.1 Modification and Amendments. Except as otherwise specifically provided in the Plan and subject to the rights of the Investor under the Equity Purchase Agreement with respect to material terms, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code. Subject to certain restrictions and requirements set forth in § 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, each of the Debtors expressly reserves its respective rights to revoke or withdraw or, subject to the rights of the Investor under the Equity Purchase Agreement with respect to material terms, to alter, amend or modify materially the Plan or any Plan Document with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend or modify the Plan or any Plan Document, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, any Plan Document, the Disclosure Statement or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X. Upon their filing, the Plan Documents may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours, and at the Debtors' private website at http://www.kccllc.net/bi-lo. The Plan Documents are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

10.2 Effect of Confirmation on Modifications. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to § 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

10.3 Revocation or Withdrawal of Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or unexpired leases effected by the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan shall: (1) constitute a waiver or release of any Claims or Equity Interests; (2) prejudice in any manner the rights of such Debtor or any other entity; or (3) constitute an admission, acknowledgement, offer or undertaking of any sort by such Debtor or any other entity.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 Scope of Jurisdiction. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over all matters arising out of or related to, the Chapter 11 Cases and the Plan pursuant to §§ 105(a) and 1142 of the

Bankruptcy Code (except in the case of the New ABL Facility, the New Term Notes and the Reorganized BI-LO Holding LLC Agreement, which shall be subject, in each case, to the jurisdiction set forth in the definitive documentation thereof) to the fullest extent legally permissible, including but not limited to jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured or unsecured status or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim;

(b) Decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for payment of Professional Claims authorized pursuant to the Bankruptcy Code or the Plan;

(c) Determine requests for the payment of Claims and Equity Interests entitled to priority pursuant to § 507 of the Bankruptcy Code;

(d) Resolve any matters related to: (1) the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable, and to hear, determine and, if necessary, liquidate, any Cure Amount or Claims arising therefrom, including Cure Amounts or Claims pursuant to § 365 of the Bankruptcy Code; (2) any potential contractual obligation under any executory contract or unexpired lease that is assumed; (3) the Reorganized Debtors amending, modifying or supplementing, after the Effective Date, the Contract Assumption Schedule; and (4) any dispute regarding whether a contract or lease is or was executory or expired;

(e) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(f) Adjudicate any and all disputes arising from or relating to distributions under the Plan;

(g) Adjudicate, decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving a Debtor whether pending on the Confirmation Date or commenced thereafter;

(h) Adjudicate, decide or resolve any and all matters relating to Causes of Action by or on behalf of the Debtors, the Reorganized Debtors or the Creditors' Trust;

(i) Adjudicate, decide or resolve any and all matters related to § 1141 of the Bankruptcy Code;

(j) Enter and enforce any order for the sale of property pursuant to §§ 363, 1123 or 1146(a) of the Bankruptcy Code;

(k) Resolve any cases, controversies, suits, disputes or Causes of Action that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any entity's obligations incurred in connection with the Plan;

(l) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with Consummation or enforcement of the Plan;

(m) Resolve any cases, controversies, suits, disputes or Causes of Action with respect to the releases, injunctions and other provisions contained in Article IX and enter such orders as may be necessary or appropriate to implement such releases, injunctions and other provisions;

(n) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(o) Consider any modifications of the Plan, to cure any defect or omission or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

(p) Hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan (or any contract, instrument, release or other agreement or document that is entered into or delivered pursuant to the Plan, including the Trust Agreement) and Confirmation Order, including any and all disputes arising in connection with the interpretation, implementation or enforcement of the discharge, release and injunction provisions contained in the Plan, and issue such orders as are necessary to aid in the implementation of the Plan;

(q) Hear and determine matters concerning state, local and federal Taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code;

(r) Hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

(s) Enforce all orders previously entered by the Bankruptcy Court;

(t) Recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

(u) Hear and determine any matters that may be pending in the Bankruptcy Court on the Effective Date;

(v) Hear any other matter not inconsistent with the Bankruptcy Court's jurisdiction; and

(w) Enter a final decree closing the Chapter 11 Cases as contemplated by Bankruptcy Rule 3022.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Immediate Binding Effect. Notwithstanding Bankruptcy Rules 3020(e), 6004(g) or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Documents shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, the Reorganized Debtors and any and all holders of Claims or Equity Interests (irrespective of

whether such Claims or Equity Interests are deemed to have accepted the Plan), all entities that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in the Plan or herein, each entity acquiring property under the Plan and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtors.

12.2 Payment of Statutory Fees. All fees payable pursuant to § 1930(a) of title 28 of the United States Code, as determined by the Bankruptcy Court at a hearing pursuant to § 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter11 Cases are converted, dismissed or closed, whichever occurs first.

12.3 Exemption from Transfer Taxes. Pursuant to § 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of New Term Notes or New Common Units under the Plan, the creation of any mortgage, deed of trust, Lien or other security interest, the making or assignment of any lease or sublease, the execution and delivery of the New ABL Facility, any Restructuring Transaction, the creation of the Creditors' Trust and the transfer of any Trust Assets to or from the Creditors' Trust or the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements or agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any of the forgoing or pursuant to the Plan, shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax or other similar Tax.

12.4 Dissolution of Creditors' Committee. On the Effective Date, the Creditors' Committee shall be dissolved and its members shall be released of all of their duties, responsibilities and obligations in connection with the Chapter 11 Cases; provided, however, that the Creditors' Committee shall exist and its Professionals shall be retained and their fees and expenses paid by the [Reorganized Debtors] upon submission of monthly statements to the [Reorganized Debtors] after such date with respect to (a) the preparation of their applications for Professional Claims, including responding to any objections to such applications, whether formal or informal, and attendance at any hearings with respect to such applications; and (b) any challenge by third parties to the provisions of the Plan or the Confirmation Order, including appeals.

12.5 Nonseverability of Plan Provisions. If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall 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, (a) the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation and (b) no re-solicitation of any acceptance or rejection of the Plan shall be required. 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: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

12.6 Reservation of Rights. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan or the taking of any action by any Debtor with

respect to the Plan, the Disclosure Statement or the Plan Documents shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Equity Interests prior to the Effective Date.

12.7 Successors and Assigns. The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries or guardian, if any, of each entity.

12.8 Notices. To be effective, all notices, requests and demands to or upon the following parties shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To the Debtors:

BI-LO, LLC
208 BI-LO Blvd.
Greenville, South Carolina 29607
Attn: Brian P. Carney

To counsel for the Debtors:

VINSON & ELKINS L.L.P.
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
Facsimile: (214) 220-7718
Attn: Josiah M. Daniel, III

-and-

NELSON MULLINS RILEY & SCARBOROUGH, L.L.P.
1320 Main Street, 17th Floor
Post Office Box 11070 (29211)
Columbia, SC 29201
Facsimile: (803) 256-7500
Attn: George B. Cauthen

12.9 Waiver or Estoppel. Each holder of a Claim or an Equity Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Equity Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, the Creditors' Committee or its counsel or any other entity, if such agreement was not disclosed in the Plan, the Disclosure Statement or papers filed with the Bankruptcy Court prior to Confirmation.

12.10 Conflicts. Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Documents or any other order (other than the Confirmation Order)

referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

12.11 Exhibits. All exhibits and Plan Documents are incorporated into and are a part of the Plan as if set forth in full in the Plan. Except as otherwise provided in the Plan, such exhibits and Plan Documents shall be filed with the Bankruptcy Court on or before the date of the Confirmation Hearing. After the exhibits and Plan Documents are filed, copies of such exhibits and documents will be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and Plan Documents from the Debtors' private website at http://www.kccllc.net/bi-lo.

12.12 Terms of Injunctions or Stays. Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to §§ 105 or 362 of the Bankruptcy Code or any Final Order, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

12.13 Entire Agreement. Except as otherwise indicated, the Plan and the Plan Documents supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into the Plan.

12.14 Closing of Chapter 11 Cases. The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

12.15 Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, the rights and obligations arising under the Plan and any agreements, documents and instruments executed in connection with the Plan or the Chapter 11 Cases, including the Plan Documents, shall be governed by, and construed and enforced in accordance with, the laws of the State of South Carolina (without giving effect to the principles of conflicts of law of such jurisdiction), except as may be otherwise specifically provided in such agreements, documents and instruments.

Dated: December 18, 2009

Respectfully submitted,

By: */s/ Brian P. Carney*
Chief Financial Officer
BI-LO, LLC

EXHIBIT A

CONTRACT ASSUMPTION SCHEDULE

[TO COME]

EXHIBIT B

EQUITY PURCHASE AGREEMENT

EQUITY PURCHASE AGREEMENT

BY AND AMONG

BI-LO, LLC; BI-LO HOLDING, LLC; BG CARDS, LLC;

ARP BALLENTINE LLC; ARP CHICKAMAUGA LLC;

ARP HARTSVILLE LLC; ARP JAMES ISLAND LLC; ARP MOONVILLE LLC;

ARP MORGANTON LLC; AND ARP WINSTON SALEM LLC

AND

LSF5 BI-LO INVESTMENTS, LLC

December 17, 2009

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EQUITY PURCHASE AGREEMENT

THIS EQUITY PURCHASE AGREEMENT is made and entered into as of this 17th day of December, 2009, by and among BI-LO Holding, LLC, a Delaware limited liability company ("BI-LO Holding"), BI-LO, LLC, a Delaware limited liability company, ("BI-LO"), BG Cards, LLC, a South Carolina limited liability company, ARP Ballentine LLC, a Delaware limited liability company, ARP Chickamauga LLC, a Delaware limited liability company, ARP Hartsville LLC, a Delaware limited liability company, ARP James Island LLC, a Delaware limited liability company, ARP Moonville LLC, a Delaware limited liability company, ARP Morganton LLC, a Delaware limited liability company, and ARP Winston Salem LLC, a Delaware limited liability company, (each a "Debtor" and, collectively, "Debtors"), on the one hand, and LSF5 BI-LO Investments, LLC, a Delaware limited liability company (LSF5 BI-LO Investments, LLC and its permitted assignees or designees are referred to as "Purchaser"), on the other hand. Debtors and Purchaser are referred to collectively herein as the "Parties." Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in Section 1.1.

RECITALS

WHEREAS, Debtors are engaged in the retail grocery business (the "Business"), including the ownership and operation of two hundred fourteen (214) retail grocery stores located in South Carolina, North Carolina, Georgia and Tennessee;

WHEREAS, on March 23, 2009 (the "Petition Date"), Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court");

WHEREAS, Debtors' chapter 11 bankruptcy cases are being jointly administered under Case No. 09-02140 in the Bankruptcy Court (the "Bankruptcy Cases");

WHEREAS, the Parties agree that this Agreement shall be incorporated into and shall form the basis of, and fund distributions under, the Plan of Reorganization;

WHEREAS, on the Effective Date, the Debtors desire that BI-LO Holding issue and sell to Purchaser, and Purchaser desires to purchase from BI-LO Holding, equity interests in reorganized BI-LO Holding ("Reorganized BI-LO Holding"), representing one hundred percent (100%) of the issued and outstanding equity interests of Reorganized BI-LO Holding (the "Reorganized Interests");

WHEREAS, the Parties agree and acknowledge that, as of the Effective Date, Reorganized BI-LO Holding (or another Reorganized Debtor wholly owned by Reorganized BI-LO Holding) shall own equity interests in each reorganized Debtor Subsidiary (the "Reorganized Subsidiaries" and, together with Reorganized BI-LO Holding, the "Reorganized Debtors"), representing one hundred percent (100%) of the issued and outstanding equity interests of such Reorganized Subsidiary (collectively, the "Reorganized Subsidiary Interests");

WHEREAS, the Parties agree and acknowledge that, as of the Effective Date, the Reorganized Debtors shall have good, valid and marketable title to the Reorganized Assets (and only the Reorganized Assets), free and clear of any and all Liens, except for the Permitted Reorganized Asset Liens and Assumed Obligations; and

WHEREAS, the transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated pursuant to the Confirmation Order.

NOW, THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties and covenants herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth below:

"409A Penalties" has the meaning set forth in Section 4.12(g) hereof.

"Accounts Receivable" means all of the Debtors' accounts and notes receivable (whether current or non-current) in respect of goods shipped, products sold or services rendered prior to the Closing Date, including any vendor allowances owed to Debtors, and all other amounts due and owing to one or more of the Debtors from any Person.

"Acquired Books and Records" means all of the Debtors' Books and Records primarily relating to the Reorganized Assets.

"Acquired Owned Real Property" means all of the Owned Real Property of Debtors, and any part or parcel thereof, including the Owned Real Property set forth on Schedule 1.1(a).

"Acquired Permits" shall mean all Permits (a) that are required or necessary in connection with the operation of any Store or the conduct by Debtors of the Business, and (b) that are assumed or maintained by Reorganized BI-LO pursuant to the Confirmation Order.

"Administrative Expense Claims" means Claims against any Debtor or its estate arising on or after the Petition Date and prior to the Effective Date for a cost or expense of administration of the Bankruptcy Cases and that is entitled to priority or superpriority pursuant to §§ 364(c)(1), 503(b), 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether by contract, through the ownership of voting securities or otherwise.

"Affiliated Group" means an "affiliated group" as defined in Section 1504 of the Code (or any analogous combined, consolidated or unitary group defined under state or local income Tax Law) of which any Debtor is or has been a member.

"Agreement" means this Equity Purchase Agreement, including all the Exhibits and the Schedules hereto, as the same may be amended from time to time in accordance with its terms.

"Antitrust Division" has the meaning set forth in Section 6.1(b) hereof.

"Antitrust Filings" has the meaning set forth in Section 6.1(b) hereof.

"Assumed Capital Leases" means all Capital Leases of Debtors set forth on Schedule 1.1(b).

"Assumed Contracts" means all Contracts of Debtors set forth on Schedule 1.1(c). Notwithstanding any other provision of this Agreement, the Assumed Contracts shall include the C&S Supply Agreement.

"Assumed Employee Benefit Plans" means the Employee Benefit Plans of the Debtors identified on Schedule 1.1(d).

"Assumed Employees" has the meaning set forth in Section 9.1 hereof.

"Assumed Equipment Leases" means the equipment leases of Debtors set forth on Schedule 1.1(e).

"Assumed Executory Contracts" means the Assumed Contracts, the Assumed Facility Leases, the Assumed Equipment Leases and the Assumed Capital Leases.

"Assumed Facility Leases" means all Facility Leases of Debtors set forth on Schedule 1.1(f). Notwithstanding any other provision of this Agreement, the Assumed Facility Leases shall include that certain Facility Lease, dated January 29, 2005, between BI-LO and C&S Wholesale Services, Inc. for the Debtors' distribution center in Mauldin, South Carolina.

"Assumed Leased Facilities" means the Leased Facilities identified in the Assumed Facility Leases.

"Assumed Obligations" means only the following liabilities and obligations of Debtors: (a) all obligations under the Assumed Executory Contracts arising and accruing after the Closing Date and relating to the performance required under the Assumed Executory Contracts after the Closing Date; (b) all obligations of Debtors that constitute allowed Administrative Expense Claims (including all ordinary course obligations incurred by the Debtors after the Petition Date that are not paid as allowed Administrative Expense Claims on the Effective Date under the Plan of Reorganization), allowed priority unsecured Claims or allowed secured Tax Claims against the Debtors' bankruptcy estates; (c) all obligations and Liabilities arising under the Assumed Employee Benefit Plans after the Closing Date; (d) all

obligations to pay all Cure Amounts; (e) all ordinary course obligations under prepetition vendor and customer promotional programs; and (f) all prepetition customer refund obligations.

"Bankruptcy Cases" has the meaning set forth in the Recitals.

"Bankruptcy Code" has the meaning set forth in the Recitals.

"Bankruptcy Court" has the meaning set forth in the Recitals.

"BI-LO" has the meaning set forth in the preamble hereto.

"BI-LO Holding" has the meaning set forth in the preamble hereto.

"Books and Records" means all records and lists of the Business, including (i) all inventory and merchandise records, analysis reports, marketing reports, research and development materials and creative material, (ii) all records relating to customers, suppliers or personnel of Debtors (including customer lists, mailing lists, e-mail address lists, recipient lists, sales records, correspondence with customers, customer files and account histories, supply lists and records of purchases from and correspondence with suppliers), (iii) all records relating to all product, business and marketing plans of any Debtor, (iv) all advertising, marketing and promotional materials, and other written materials, of any Debtor, (v) all financial and accounting records, and (vi) all books, ledgers, files, reports, plans, drawings and operating records of every kind.

"Business" has the meaning set forth in the Recitals.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in Greenville, South Carolina shall be authorized or required by Law to close.

"C&S" means C&S Wholesale Grocers, Inc., a Vermont corporation.

"C&S Supply Agreement" means the Amended and Restated BI-LO LLC Supply Agreement between BI-LO and C&S, dated March 23, 2007, as thereafter amended.

"C&S Term Sheet" has the meaning set forth in Section 3.4(b) hereof.

"Capital Lease" means a Lease Agreement (as defined in S.C. CODE ANN. § 36-2A-103(1)(k)): (i) to which any Debtor is a party on the Closing Date; (ii) that is a Finance Lease (as defined in S.C. CODE ANN. § 36-2A-103(1)(g)); and (iii) under which such Debtor has a right to acquire title to and the Lessor's Residual Interest in the Goods (as defined in S.C. CODE ANN. § 36-2A-103(1)(h) and (q)), upon payment of the Present Value (as defined in S.C. CODE ANN. § 36-2A-103(1)(u)) of the remaining obligations to the lessor under the Lease Agreement, with such Present Value being stated as a sum certain.

"Cash" shall mean all cash and cash equivalents (including bonds, certificates of deposit, U.S. Treasury bills and similar investments that are marketable securities and short-term investments) of Debtors, including Restricted Cash.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), and any Laws promulgated thereunder.

"Certificates of Formation" has the meaning set forth in Section 4.1(b) hereof.

"Claim" has the meaning set forth in Section 101(5) of the Bankruptcy Code.

"Closing" has the meaning set forth in Section 3.1 hereof.

"Closing Date" has the meaning set forth in Section 3.1 hereof.

"COBRA" has the meaning set forth in Section 4.12(e) hereof.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreement" means any Contract or other binding agreement or arrangement (written or oral) with any labor union or organization, works council or other similar employee representative.

"Confidentiality Agreement" shall mean the Confidentiality Agreement, dated July 15, 2009, between Lone Star Fund V (U.S.), L.P. and BI-LO.

"Confirmation Order" has the meaning set forth in Section 6.5(a) hereof.

"Contingent Obligation" shall mean, as to any Person, any obligation, agreement, understanding or arrangement of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation, agreement, understanding or arrangement of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor; (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth, net equity, liquidity, level of income, cash flow or solvency of the primary obligor; (c) to purchase or lease property, securities or services primarily for the purpose of assuring the primary obligor of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; (d) with respect to bankers' acceptances, letters of credit and similar credit arrangements, until a reimbursement or equivalent obligation arises (which reimbursement obligation shall constitute a primary obligation); or (e) otherwise to assure or hold harmless the primary obligor of any such primary obligation against loss (in whole or in part) in respect thereof; provided, however, the term "Contingent Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or any product warranties given in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation, or portion thereof, in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable, whether singly or jointly, pursuant to the terms of the instrument, agreements or other documents or, if applicable, unwritten agreement, evidencing such

Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated Liability in respect thereof (assuming such Person is required to perform thereunder).

"Contract" means any agreement, license, contract, lease, commitment, Collective Bargaining Agreement or other binding arrangement or understanding, whether written or oral, and with respect to any contract or lease to which any Debtor is a party, such contract or lease which any Debtor is permitted under the Bankruptcy Code to assume and assign other than an Employee Benefit Plan.

"Creditors' Committee" means the official committee of unsecured creditors appointed by the United States trustee in the Bankruptcy Cases.

"Cure Amounts" means all amounts that must be paid and all obligations that otherwise must be satisfied, including pursuant to Sections 365(b)(1)(A) and (B) of the Bankruptcy Code, in connection with the assumption of the Assumed Executory Contracts by the Reorganized Debtors as provided herein.

"Debtor Intellectual Property" has the meaning set forth in Section 4.8(b) hereof.

"Debtors" has the meaning set forth in the preamble hereto.

"Debtor Subsidiaries" means any or all of the Debtors other than BI-LO Holding.

"DIP Agent" means General Electric Capital Corporation.

"DIP Facility" means the credit facility pursuant to the $125 million Senior Secured Superpriority Debtor in Possession Credit Agreement among BI-LO Holding and BI-LO, as borrowers, General Electric Capital Corporation, as administrative agent and collateral agent, and the other parties thereto, approved by the Bankruptcy Court by Order dated April 16, 2009, as such credit facility has been or may be amended, supplemented, modified or restated from time to time in accordance with its terms.

"DIP Facility Payoff Amount" shall mean an amount, in cash, equal to the outstanding balance of the DIP Facility on the Effective Date, to be paid by Reorganized Debtors to the DIP Agent on the Effective Date, in full and final satisfaction, release and discharge of all Claims held by any of the lenders under the DIP Facility against the Debtors and their estates in accordance with the Plan of Reorganization.

"Disclosure Statement" has the meaning set forth in Section 6.5(a) hereof.

"dollar" and the sign "$" mean the lawful money of the United States.

"Effective Date" means the date on which all conditions to effectiveness of the Plan of Reorganization have been satisfied or waived and the transactions contemplated by the Plan of Reorganization are consummated.

"Employee Benefit Plan" means any "employee benefit plan" (as defined in ERISA § 3(3)) and any other benefit or compensation plan, program, agreement or arrangement

maintained, sponsored, or contributed or required to be contributed to by any Debtor or any ERISA Affiliate or with respect to which any Debtor or any ERISA Affiliate has any Liability, including any executive employee compensation program.

"Environmental Laws" means, whenever in effect, all federal, state, and local statutes, Laws, ordinances, directives and other provisions having the force or effect of Law, all judicial and administrative Orders and determinations, all contractual obligations to Governmental Authorities, and all common Law, in each case concerning pollution, protection of the environment or protection of public health from pollution or environmental contamination, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, processing, discharge, Release, threatened Release, control, or cleanup of any Hazardous Substances or wastes (including CERCLA and analogous state Laws).

"Equity Documents" has the meaning set forth in Section 5.4(a) hereof.

"Equity Investor" has the meaning set forth in Section 5.5.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and all Laws issued thereunder.

"ERISA Affiliate" means any Person that, at any relevant time, is or was treated as a single employer with any Debtor for purposes of Code § 414.

"Escrow Agent" means U.S. Bank National Association, a national banking association.

"Escrow Agreement" means the escrow agreement in the form of Exhibit A attached. hereto, which shall be entered into by the Parties and the Escrow Agent immediately prior to the funding by Purchaser of the Escrow Deposit Amount.

"Escrow Deposit Amount" means cash in an amount equal to $10,000,000.

"Excluded Assets" means only the following assets of Debtors:

(i) any and all rights, demands, Claims, credits, allowances, rebates, causes of action, known or unknown, pending or threatened (1) under this Agreement, (2) relating to avoidance Claims or causes of action arising under the Bankruptcy Code or applicable state Law, including all avoidance Claims of Debtors arising under Chapter 5 of the Bankruptcy Code, but excluding all avoidance actions against any of Reorganized Debtors' employees, vendors or service providers, whether arising under Chapter 5 of the Bankruptcy Code or under any other applicable Law, or (3) arising out of or relating in any way to only the other Excluded Assets;

(ii) all Claims against the current equity holders of Debtors arising prior to the Petition Date;

(iii) all rights of Debtors under the Excluded Facility Leases;

(iv) all rights of Debtors under any of the equipment leases, Contracts or Capital Leases of Debtors set forth on Schedule 1.1(g).

(v) the Excluded Employee Benefit Plans;

(vi) any asset of Debtors that would constitute a Reorganized Asset (if owned by Debtors on the Closing Date) that is conveyed or otherwise disposed of or used during the period from the date hereof to the Closing in the Ordinary Course of Business or as otherwise permitted by the terms of this Agreement;

(vii) all insurance policies held by Debtors for the sole benefit of Debtors' officers and directors and all credits, refunds and proceeds thereunder;

(viii) any Pension Plan maintained or sponsored by any Debtor or any Affiliate or Subsidiary of any Debtor; and

(ix) all other assets listed on Schedule 1.1(h).

"Excluded Employee Benefit Plans" means all Employee Benefit Plans of Debtors (other than the Assumed Employee Benefit Plans), including the Employee Benefit Plans set forth on Schedule 1.1(i).

"Excluded Facility" means any Facility to which an Excluded Facility Lease pertains.

"Excluded Facility Leases" means the Facility Leases of Debtors set forth on Schedule 1.1(j).

"Excluded Liabilities" means any Liability, successor Liability, or obligation of any Debtor (including Liabilities relating to the pre-petition operations of the Business), whether relating to or arising out of the Business, the Excluded Assets or the Reorganized Assets or otherwise, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due, including any Indebtedness, Employee Benefit Plan, or other obligation of any Debtor or any predecessor, Affiliate or Subsidiary of any Debtor whatsoever or any ERISA Affiliate, in each case other than the Assumed Obligations; provided, however, that in furtherance and not in limitation of the foregoing, the following Liabilities, whether accrued or fixed, absolute or contingent, known or unknown, determined or determinable, and whenever or wherever arising shall be included within the definition of Excluded Liabilities unless otherwise specifically included in the Assumed Obligations: (i) all Liabilities pursuant to the WARN Act relating to any store closing, mass layoff, or other triggering personnel action taken by any Debtor that occurs, in its entirety, prior to the Closing, subject to Sections 9.1 and 9.3 of this Agreement; (ii) except for the Assumed Obligations, and subject to Sections 9.1 and 9.3 of this Agreement, all Liabilities (whether known or unknown) with respect to the employees or former employees, or both (or their representatives), of Debtors arising prior to the Closing Date, including payroll, wages, salaries, bonuses, commissions, benefits, retention or stay bonus arrangements, other compensation, sick leave, worker's compensation, unemployment benefits, pension benefits, employee equity option or profit sharing plans, health care plans or benefits, or

any other employee plans or benefits or other compensation of any kind to any employee or former employee, and obligations of any kind, including Liabilities arising under any employment, severance, retention or termination agreement with any employee, consultant or contractor (or their representatives) of Debtors; and (iii) all Liabilities arising out of or relating to any Pension Plan.

"Executive Officer" of a Person means its chairman, chief executive officer, manager, chief financial officer, president, any vice president, secretary, controller, treasurer or general counsel.

"Exhibits" means the exhibits hereto.

"Facility Leases" means all right, title and interest of any Debtor in all leases, subleases, licenses, concessions and other agreements (written or oral) and all amendments, modifications, extensions, renewals, guaranties and other agreements with respect thereto, including the right to all security deposits and other amounts and instruments deposited by or on behalf of Debtor thereunder, pursuant to which any Debtor holds a leasehold or subleasehold estate in, or is granted the right to use or occupy, a Facility.

"Facilities" means, collectively, any premises, whether leased or owned, at which any Debtor or Debtors operate or conduct the Business.

"Financial Statements" has the meaning set forth in Section 4.5(a) hereof.

"Financing" has the meaning set forth in Section 6.1(d) hereof.

"Financing Documents" has the meaning set forth in Section 5.4(b) hereof.

"FTC" has the meaning set forth in Section 6.1(b) hereof.

"GAAP" means, at a given time, United States generally accepted accounting principles, consistently applied.

"General Unsecured Claims Fund Amount" shall mean $30,000,000, in cash, to be paid by Reorganized Debtors to the Liquidating Trust on the Effective Date.

"Governmental Authority" means any federal, state, local, municipal, foreign, supranational or other governmental or quasi-governmental authority of any nature (including any governmental agency, branch, bureau, commission, department, official or entity and any court or other tribunal), or any administrative, executive, judicial, legislative, police, regulatory or taxing authority, or arbitral body.

"Hazardous Substances" means any pollutants, contaminants or chemicals, and any industrial, toxic or otherwise hazardous materials, substances or wastes and any other substance with respect to which Liability or standards of conduct may be imposed under any Environmental Laws, including petroleum and petroleum related substances, products, by products and wastes, asbestos, urea, formaldehyde and lead based paint.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and Laws thereunder.

"HSR Filing" has the meaning set forth in Section 6.1(b) hereof.

"Indebtedness" of any Person means, without duplication, (i) all obligations of such Person for borrowed money or advances; (ii) all obligations or liabilities of such Person evidenced by bonds, debentures, notes, loan agreements or similar instruments; (iii) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (even though the rights and remedies of the seller or lenders under such agreement in the event of default are limited to repossession or sale of such property); (iv) all obligations of such Person issued or assumed as part of the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business on normal trade terms and not overdue by more than 90 days); (v) all indebtedness secured by any Lien on property owned or acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not the obligations secured thereby have been assumed, but limited to the lower of (a) the fair market value of such property and (b) the amount of the Indebtedness secured; (vi) all Capital Lease obligations of such Person; (vii) any commitment by which such Person assures a creditor against loss (including all obligations of such Person for the reimbursement of any obligor in respect of letters of credit, letters of guaranty, bankers' acceptances and similar credit transactions) or other indebtedness guaranteed in any manner by such Person; (viii) all uncashed checks issued by such Person that are outstanding as of the Closing Date; and (ix) all Contingent Obligations of such Person in respect of Indebtedness or obligations of others of the kinds referred to in clauses (i) through (viii) above. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except (other than in the case of general partner Liability) to the extent that terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Insider" means any Executive Officer, director, governing body member, equityholder, partner or Affiliate, as applicable, of any Debtor or any predecessor, Affiliate or Subsidiary of any Debtor or any individual related to any such individual or any entity in which any such Person owns any beneficial interest.

"Intellectual Property" means all of the following in any jurisdiction throughout the world: (i) patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, divisionals, extensions and reexaminations thereof, (ii) trademarks, service marks, designs, trade dress, logos, slogans, trade names, internet domain names, URLs, corporate names, all applications, registrations and renewals in connection therewith, together with all goodwill associated with any of the foregoing, (iii) copyrights and copyrightable works, and all applications, registrations and renewals in connection therewith, (iv) trade secrets and confidential business information (including chemical formulations, ideas, research and development, know how, inventions, technology, formulas, compositions, manufacturing and production processes and techniques, technical data, customer and supplier lists, designs, drawings, plans and specifications, each deemed to be confidential and maintained

in confidence), (v) computer software (including source code, executable code, data, databases and related documentation), websites and telephone numbers, and (vi) copies and tangible embodiments of any of the foregoing in whatever form or medium.

"Inventory" means all inventory of goods, merchandise, supplies and other inventory owned by Debtors as of the Closing Date and held for resale in the Ordinary Course of Business of Debtors, including all Pharmacy Inventory. The term "Inventory" shall also include all inventory in transit to Debtors in the Ordinary Course of Business that has not been delivered as of the Closing Date.

"Investment Agreement" means the Investment Agreement, dated September 11, 2009, by and among WCM-BL Holding, LLC, a Delaware limited liability company, BILO Recovery, LLC, a Delaware limited liability company, the Creditors' Committee and the Term Lenders.

"Knowledge of Debtors" means the actual knowledge, after reasonable inquiry, of any one or more of the following individuals: Michael D. Byars, Brian P. Carney, Dwane H. Bryant, Kenneth E. Jones, Michael Feder and Ken Peterson.

"Law" means any law, statute, regulation, code, decree, constitution, ordinance, treaty, rule of common law, or Order of, administered or enforced by or on behalf of, any Governmental Authority.

"Latest Balance Sheet" has the meaning set forth in Section 4.5(a) hereof.

"Leased Facility" means any land, buildings, structures, improvements, fixtures or other interest in real property which is used or intended to be used by any Debtor pursuant to a Facility Lease.

"Leasehold Improvements" means all buildings, structures, improvements and fixtures which are owned by any Debtor and are located on any Leased Facility, regardless of whether title to such buildings, structures, improvements or fixtures are subject to reversion to the landlord or other Third Party upon the expiration or termination of the Facility Lease for such Leased Facility.

"Liability" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted).

"Lien" or "Liens" means any lien (statutory or otherwise), Claim, Indebtedness, hypothecation, encumbrance, obligation, security interest, interest, mortgage, pledge, restriction, charge, instrument, preference, priority, security agreement, easement, covenant, encroachment, option, lease, license, right of recovery, right of setoff, right of pre-emption, right of first refusal or other Third Party right, Tax (including federal, state and local Tax), Order of any Governmental Authority, of any kind or nature (including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing, (ii) any assignment or deposit arrangement in the nature of a security device, and (iii) any Claim based on any theory that Purchaser or any Reorganized Debtor is a successor or continuation of

Debtors or the Business), whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

"Liquidating Trust" means the liquidating trust to be established for the benefit of holders of allowed, prepetition, general unsecured Claims against the Debtors in accordance with the Plan of Reorganization.

"LLC Agreements" has the meaning set forth in Section 4.1(b) hereof.

"Material Adverse Effect" means any event, change, condition or matter that (individually or in the aggregate) results in or would reasonably be expected to be materially adverse to or materially impair the revenue or anticipated revenue of the Business or the value of the Reorganized Assets or result in a material adverse effect or change in the operation, results of operations or condition (financial or otherwise) of the Reorganized Assets or the Business, taken as a whole, or which materially impairs the ability of Debtors to perform their obligations under this Agreement or prevents the consummation of the transactions contemplated hereby; provided, however, that no state of facts, change, event, effect or occurrence arising or related to any of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: (i) changes in GAAP or Law; (ii) the taking of any action or inaction by Debtors as contemplated by this Agreement or with the express written consent or direction of Purchaser; (iii) changes as a result of the announcement or pendency of this Agreement; (iv) any suit, action or proceeding arising out of or in connection with this Agreement or the transactions contemplated hereby; including, in the case of clauses (ii) through (iv) above, any loss of or adverse change in the relationship of any Debtor with its employees, customers or suppliers related thereto (provided that Debtors have complied in all material respects with the covenants set forth in Section 6.3(d) hereof); (v) changes in conditions generally affecting the industries in which Debtors conduct the Business; and (vi) general economic, political or financial conditions in the United States and other jurisdictions in which Debtors conduct the operations of any of the Reorganized Assets.

"Material Contract" has the meaning set forth in Section 4.9(b) hereof.

"Multiemployer Plan" means any "multiemployer plan" (as defined in ERISA § 3(37)) contributed to by any Debtor or any ERISA Affiliate or with respect to which any Debtor or any ERISA Affiliate has any Liability.

"New Term Loans" shall mean those certain senior secured loans in the aggregate amount of $200,000,000, to be provided to Reorganized Debtors in accordance with the terms and conditions set forth in the Financing Documents.

"New Working Capital Facility" shall mean that certain working capital revolving facility in an amount up to $150,000,000, to be provided to Reorganized Debtors in accordance with the terms and conditions set forth in the Financing Documents.

"Notice" means any written summons, citation, directive, letter or other communication from the United States Environmental Protection Agency or any Governmental

Authority, or any other entity or any individual and shall include the imposition of any Lien pursuant to any Environmental Law on property owned, leased, occupied or used by Debtors.

"Order" means any award, decision, decree, order, injunction, ruling, judgment, or consent of or entered, issued, made or rendered by any Governmental Authority.

"Ordinary Course of Business" means the operation of the Business by Debtors in the usual and ordinary course in a manner substantially similar to the manner in which Debtors have operated since March 23, 2009 (including with respect to quantity and frequency).

"Owned Real Property" means all land, together with all buildings, structures, fixtures and other improvements located thereon (including all electrical, mechanical, plumbing and other building systems; fire protection, security and surveillance systems; telecommunications, computer, wiring and cable installations; utility installations; water distribution systems; and landscaping) and all easements, rights of way, servitudes, tenements, hereditaments, appurtenances, privileges and other rights and interests appurtenant thereto owned by any Debtor.

"Parties" has the meaning set forth in the preamble hereto.

"Pension Plan" means any "pension plan" (as defined in ERISA § 3(2)), maintained, sponsored, or contributed or required to be contributed to by any Debtor or any ERISA Affiliate or with respect to which any Debtor or any ERISA Affiliate has any Liability, without regard to whether such plan is subject to ERISA.

"Permits" means licenses, permits, approvals, certificates of occupancy, authorizations, operating permits, registrations, plans and the like, in each case that are required or necessary in connection with the operation of any Store or the conduct by Debtors of the Business.

"Permitted Reorganized Asset Liens" means (i) Liens granted by any Reorganized Debtor in connection with the New Term Loans or the New Working Capital Facility, (ii) non-monetary Liens that do not detract in any material respect from the value of any underlying Reorganized Asset or interfere in any material respect with the ability of Reorganized Debtors to own and operate any underlying Reorganized Asset in substantially the manner as conducted immediately prior to the execution of this Agreement, (iii) Liens that arise under zoning, land use and other similar laws, none of which would detract in any material respect from the value of or interfere in any material respect with the ownership or operation by Reorganized Debtors of any underlying Reorganized Asset following the Closing, (iv) Liens securing obligations of any Reorganized Debtor arising from and after the Closing Date and granted or otherwise created by the language of any Assumed Executory Contract, (v) Liens constituting Assumed Obligations, (vi) Liens on the landlord's interest in the Assumed Facilities Leases, (vii) any rights retained by landlords under the Assumed Facility Leases, including, in relation to any Assumed Leased Facility, any agreements and/or conditions imposed on the issuance of land use permits, zoning, business licenses, use permits or other entitlements of various types issued by any Governmental Authority, necessary or beneficial to the continued use and occupancy of such Assumed Leased Facility or the continued operation of the Stores, (viii) land use Laws regulating the use of and

occupancy of the Stores, which are imposed by any Governmental Authority having jurisdiction over any Assumed Leased Facility, and zoning regulations, building codes, other restrictive covenants and easements of record that do not detract in any material respect from the value of the Assumed Leased Facilities and do not affect, impair or interfere in any material respect with the use of any property affected thereby, (ix) public utility easements of record with respect to the Assumed Leased Facilities, (x) landlords' Liens in favor of landlords under the Assumed Facility Leases, but only to the extent that such Liens relate to and arise from Reorganized Debtors' obligations under the Assumed Facility Leases after the Closing, (xi) (A) mortgages, deeds of trust and other security instruments granted by such landlords with respect to the Assumed Leased Facilities, and (B) ground leases or underlying leases entered into by such landlords that cover the title, interest or estate of such landlords with respect to the Assumed Leased Facilities, as to each, pursuant to which the Assumed Facility Leases with respect to the Assumed Leased Facilities are subordinated, and (xii) Liens for Taxes, assessments or other governmental charges not yet due and payable or being contested in good faith by appropriate proceedings (but only to the extent that such Taxes constitute Assumed Obligations).

"Permitted Released Lien" means any and all Liens that will be released from the Reorganized Assets at or prior to Closing by virtue of the entry of the Confirmation Order and the occurrence of the Effective Date.

"Person" means any corporation, partnership (including any limited partnership and any limited liability partnership), joint venture, limited liability company, organization, trust, entity, authority or natural person.

"Petition Date" has the meaning set forth in the Recitals.

"Pharmacy Inventory" shall mean the contents of all unopened, opened or partially filled containers of pharmacy brand name and generic drug products held by Debtors relating to the Business.

"Pharmacy Items" shall mean all prescriptions, pharmacy customer information, pharmacy scripts, customer lists, prescription files, prescription registers, operating and maintenance logs, and pharmacy phone lines held by Debtors relating to the Business.

"Plan of Reorganization" has the meaning set forth in Section 6.5(a) hereof.

"Plan Term Sheet" is attached hereto as Exhibit B and sets forth certain terms and conditions of the Plan of Reorganization.

"Proceeding" means any charge, complaint, dispute, demand, grievance, action, litigation, audit, investigation, review, inquiry, arbitration, suit in equity or at Law, administrative, regulatory or quasi-judicial proceeding, account, or cause of action of whatever kind or character.

"Purchase Price" has the meaning set forth in Section 2.2 hereof.

"Purchaser" has the meaning set forth in the preamble hereto.

"Real Property Laws" has the meaning set forth in Section 4.15(b) hereof.

"Release" has the meaning set forth in CERCLA.

"Reorganized Assets" means all rights, titles and interests of every kind and nature of Debtors (including indirect and other forms of beneficial ownership) in and to all of the properties, assets and rights (contractual or otherwise) of Debtors, whether tangible or intangible, real or personal, and wherever located and by whomever possessed, including all of the following properties, assets and rights of Debtors, but excluding only the Excluded Assets: (i) all Cash; (ii) all Accounts Receivable and all claims, including deposits, advances, prepayments, prepaid expenses, rights under warranties and guaranties, rights in respect of promotional allowances, vendor rebates, vendor allowances and to other refunds, causes of action (except those causes of action specifically set forth in the definition of Excluded Assets), rights of recovery, rights of set-off and rights of recoupment of every kind and nature (whether or not known or unknown or contingent or non-contingent) and the right to receive and retain mail, accounts receivable payments and other communications of Debtors and the right to bill and receive payment for products shipped or delivered and services performed but unbilled or unpaid as of the Closing; (iii) all Inventory; (iv) the Acquired Owned Real Property; (v) all rights of Debtors under the Assumed Facility Leases; (vi) all tangible personal property, including all machinery, equipment (including all transportation and office equipment), vehicles, front-end systems, tools, computers, point-of-sale systems, rolling stock, replacement parts, shopping carts, signage, mobile phones, personal digital assistants, fixtures, trade fixtures, computer equipment, hardware, peripherals, information technology infrastructure, telephone systems, furniture, office supplies, production supplies, other miscellaneous supplies, and other tangible personal property of any kind or nature owned by any Debtor, wherever located, including all such items which are located at or in any building, warehouse, office or other space leased, owned or occupied by Debtors or any other space where any of Debtors' properties and or any other assets may be situated; (vii) all rights of Debtors under the Assumed Equipment Leases; (viii) all Intellectual Property owned by Debtors (including all of the Intellectual Property set forth on Schedule 4.8(a)), together with all income, royalties, damages and payments arising out of or relating to enforcement, licensing, transfer or sale of such Intellectual Property and due or payable to Debtors as of the Closing or thereafter, including damages and payments for past, present or future infringements or misappropriations thereof, or other conflicts therewith, the right to sue and recover for past, present or future infringements or misappropriations thereof, or other conflicts therewith, and any and all corresponding rights that, now or hereafter, may be secured throughout the world, including all copies and tangible embodiments of any such Intellectual Property in Debtors' possession or control; (ix) all rights of Debtors under the Assumed Contracts, including all security deposits thereunder, all contractual rights of Debtors to indemnification, exculpation, advancement or reimbursement of expenses, and all rights to all insurance policies of Debtors and to proceeds and credits under such insurance policies (other than any rights, proceeds or credits arising from or related to insurance policies held by Debtors for the sole benefit of Debtors' officers and directors, which are hereby specifically excluded from the Reorganized Assets); (x) all rights of Debtors under the Assumed Employee Benefit Plans, including all pre-payments, deposits and refunds thereunder and any assets maintained pursuant thereto or in connection therewith; (xi) the Acquired Books and Records; (xii) all Acquired Permits, together with Debtors' rights to all data and records held by the relevant permitting, licensing and certifying agencies issuing such Acquired Permits; (xiii) all goodwill

and all other intangible assets and property of Debtors; (xiv) all Tax refunds, receivables, rebates, credits and similar items relating to any period, or portion of any period, ending on or prior to the Closing Date or arising under any Tax Return; (xv) all of the Leasehold Improvements of Debtors, and any part or parcel thereof, including the Leasehold Improvements set forth on Schedule 1.1(k); (xvi) all rights of Debtors under the Assumed Capital Leases, including possession of all of Debtors' assets governed by or otherwise subject to such Assumed Capital Leases; (xvii) all Pharmacy Items; (xviii) all manufacturer's warranties related to any of the Reorganized Assets; (xix) all planograms, item files, and point-of-sale item data related to the Stores in an electronic format usable by Reorganized Debtors; (xx) except as specifically set forth in the definition of Excluded Assets, all Claims, causes of action and defenses held by or otherwise belonging to Debtors, including commercial contract Claims and defenses, tort Claims and defenses, causes of action under Assumed Executory Contracts and defenses, Commercial Tort Claims (as defined in S.C. CODE ANN. § 36-9-102(a)(13)) and defenses, intercompany Claims by, between or among any of the Debtors, and any and all avoidance actions against any Reorganized Debtor's employees, vendors and service providers, whether arising under Chapter 5 of the Bankruptcy Code or under any other applicable Law; (xxi) all refunds or credits of Taxes paid by Purchaser; (xxii) all rights of Debtors in and to Debtors' bank and other accounts set forth on Schedule 4.22; and (xxiii) all such other properties, assets and rights (contractual or otherwise) of Debtors as of the Closing Date, whether tangible or intangible, real or personal and wherever located and by whomever possessed which are not otherwise expressly set forth above as Reorganized Assets and are not Excluded Assets.

"Reorganized BI-LO Holding" has the meaning set forth in the Recitals.

"Reorganized BI-LO Supply Agreement" has the meaning set forth in Section 6.9 hereof.

"Reorganized Debtors" has the meaning set forth in the Recitals.

"Reorganized Interests" has the meaning set forth in the Recitals.

"Reorganized Subsidiaries" has the meaning set forth in the Recitals.

"Reorganized Subsidiary Interests" has the meaning set forth in the Recitals.

"Restricted Cash" means (i) Debtors' interest (if any) in any Cash, or rights to Cash, held by a Third Party as a security deposit or other form of collateral or security in respect of a payment or performance obligation of any Debtor to which Debtors do not have unrestricted access, and (ii) Cash in a deposit, securities or other account of any Debtor to the extent that checks, drafts or other instruments have been issued by any Debtor against that account but have not been debited against that account.

"Schedules" means the schedules attached hereto.

"Stores" means the retail grocery stores listed on Exhibit C attached hereto.

"Subsidiary" means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any

contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

"Surveys" means as-built surveys for each Acquired Owned Real Property and Assumed Leased Facility, dated no earlier than the date of this Agreement, prepared by a licensed surveyor satisfactory to Purchaser, and conforming to 2005 ALTA/ACSM Minimum Detail Requirements for Urban Land Title Surveys, including Table A Items Nos. 1, 2, 3, 4, 6, 7(a), 7(b)(1), 7(c), 8, 9, 10, 11(b), 13, 14, 16, 17 and 18, and such other standards as the Title Company and Purchaser reasonably require as a condition to the removal of any survey exceptions from the Title Policies, and certified to Purchaser, Purchaser's or Reorganized Debtors' lender(s) and the Title Company, in a form satisfactory to each of such Parties in their reasonable discretion.

"Tax" and, with correlative meaning, "Taxes" mean with respect to any Person (A) all federal, state, local, county, foreign and other taxes, assessments or other government charges, including any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock, franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property (real and personal), environmental or windfall profit tax, custom duty or other tax, governmental fee or other like assessment, charge, or tax of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign) whether such Tax is disputed or not, (b) Liability for the payment of any amounts of the type described in clause (A) above relating to any other Person as a result of being party to any agreement to indemnify such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person, or (iii) Liability for the payment of any amounts of the type described in clause (A) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

"Tax Return" means any report, return, declaration, claim for refund or other information or statement supplied or required to be supplied by any Person relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

"Termination Date" has the meaning set forth in Section 8.1(e).

"Term Lenders" shall mean the lenders from time to time party to that certain $260,000,000 Credit Agreement dated as of March 26, 2007 (as amended, modified or supplemented to the date hereof) among, inter alia, BI-LO Holding, BI-LO, Merrill Lynch Capital Corporation, as administrative agent, and the lenders party thereto.

"Term Lender Distribution" shall mean $260,000,000, in cash, to be paid by Reorganized Debtors to the Term Lenders on the Effective Date, in full and final satisfaction, release and discharge of all Claims held by the Term Lenders against the Debtors and their estates in accordance with the Plan of Reorganization.

"Third Party" means any Person other than Debtors, Purchaser or any of their respective Affiliates.

"Title Company" means the Chicago Title Insurance Company located at 2001 Bryan Avenue, Suite 1700, Dallas, Texas 75201, Attn: Joycelyn Armstrong.

"Title Policies" means extended coverage American Land Title Association form 2006 Owner's Policies of Title Insurance (or other form of policy acceptable to Purchaser) insuring Reorganized Debtors' fee simple title or leasehold title, as applicable, to each Acquired Owned Real Property and Assumed Leased Facility, dated effective as of the Closing Date (including all recorded appurtenant easements insured as separate legal parcels), subject only to Permitted Reorganized Asset Liens, in such amount as Purchaser reasonably determines to be the value of the real property insured thereunder and including all endorsements reasonably requested by Purchaser and available in the States where the applicable Acquired Owned Real Property and the applicable Assumed Leased Facilities are located.

"Transaction Documents" means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated by this Agreement.

"Transfer Taxes" has the meaning set forth in Section 9.8(b) hereof.

"Treasury Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to Sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, similar, substitute proposed or final Treasury Regulations.

"WARN Act" has the meaning set forth in Section 4.13(e) hereof.

1.2 Rules of Construction. Unless the context otherwise clearly indicates, in this Agreement:

(a) All references in this Agreement to Exhibits, Schedules, Annexes, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Schedules, Annexes, Articles, Sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Section," "this

subsection" and words of similar import refer only to the Sections or subsections hereof in which such words occur. The word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neutral genders shall be construed to state and include any other gender and, unless the context otherwise requires, the word "or" is disjunctive but not necessarily exclusive and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa. Unless the context otherwise requires, all defined terms contained herein shall include the singular and plural and the conjunctive and disjunctive forms of such defined terms. References to any agreement or contract are to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any statute and related regulation shall include any amendments of the same and any successor statutes and regulations.

ARTICLE II
PURCHASE AND SALE

2.1 Purchase and Sale of Equity Interests of BI-LO Holding. Upon the terms and subject to the conditions of this Agreement, Purchaser agrees to purchase from BI-LO Holding, and BI-LO Holding agrees to issue and deliver to Purchaser, at the Closing, the Reorganized Interests, which will represent one hundred percent (100%) of the issued and outstanding equity interests in Reorganized BI-LO Holding upon the Closing.

2.2 Purchase Price. The aggregate purchase price for the Reorganized Interests (the "Purchase Price") is $150,000,000.

2.3 Payment of Purchase Price at Closing. At the Closing, Purchaser shall deliver or cause to be delivered to Reorganized BI-LO Holding the excess of the Purchase Price over the Escrow Deposit Amount by wire transfer of immediately available funds to the account or accounts designated by Debtors. Debtors and Purchaser shall deliver joint written instructions to the Escrow Agent to distribute the Escrow Deposit Amount to Reorganized BI-LO Holding at Closing. The Purchase Price shall be used by Reorganized Debtors to make distributions under and in accordance with the Plan of Reorganization.

2.4 Deposit. Within two (2) Business Days following execution of this Agreement, Purchaser shall deposit (or cause to be deposited) with the Escrow Agent an amount equal to the Escrow Deposit Amount, which shall be held in accordance with the terms of the Escrow Agreement. In the event this Agreement is terminated pursuant to Section 8.1, Purchaser and Debtors shall cause the Escrow Agent to return the Escrow Deposit Amount to (a) Debtors, in the case of a termination pursuant to Section 8.1(c), or (b) Purchaser, in any other case. For the avoidance of doubt, if the Escrow Deposit Amount is returned to any Party or Parties pursuant to the immediately preceding sentence, the Escrow Deposit Amount shall be neither the sole nor exclusive remedy for such Party or Parties. The fees and charges of the Escrow Agent shall be paid one half by Debtors and one half by Purchaser.

2.5 Deemed Consents and Cures. For all purposes of this Agreement (including all representations and warranties of Debtors contained herein), Debtors shall be deemed to have obtained all required consents in respect of the assumption of any Assumed Executory Contract (if and to the extent required) and to have cured all defaults thereunder if, and to the extent that,

pursuant to the Confirmation Order, Reorganized Debtors are authorized to assume such Assumed Executory Contracts pursuant to Section 365 of the Bankruptcy Code; provided, however, nothing in this Section 2.5 shall relieve Reorganized Debtors of their obligation to pay Cure Amounts in accordance with Section 2.6 of this Agreement and the terms of the Plan of Reorganization. If any consent required to effectuate the assumption of any Assumed Executory Contract by any Reorganized Debtor cannot be obtained pursuant to the Confirmation Order or other Bankruptcy Court Order, then the Parties shall endeavor to obtain such consent pursuant to Section 6.1.

2.6 Assumption of Assumed Executory Contracts. The Assumed Executory Contracts shall be assumed by the applicable Reorganized Debtor(s) at the Closing pursuant to Section 365 of the Bankruptcy Code. Reorganized Debtors shall have sole responsibility for paying any Cure Amounts due in connection with the assumption of the Assumed Executory Contracts under the Plan of Reorganization, and Purchaser shall take all actions necessary to cause Reorganized Debtors to pay all such Cure Amounts on or promptly following the Effective Date.

2.7 Guaranty. Concurrently with the execution and delivery of this Agreement, Purchaser is delivering to Debtors a Guaranty of even date herewith executed by Lone Star Fund V (U.S.) L.P, a Delaware limited partnership, in the form of Exhibit D attached hereto.

ARTICLE III
CLOSING

3.1 Closing. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Vinson & Elkins L.L.P., 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201 (or such other location as shall be mutually agreed upon by Debtors and Purchaser) at 10:00 a.m. (local time in Dallas, Texas) as soon as practicable after the date on which the conditions set forth in Article VII have been satisfied or waived (other than those that by their nature are to be satisfied at the Closing but subject to satisfaction or waiver of such conditions at the Closing) but no later than two (2) Business Days thereafter; or on such other date or place as Purchaser and Debtors may determine (the "Closing Date").

3.2 Closing Payments. On the Closing Date:

(a) Purchaser shall deliver to Reorganized BI-LO Holding the Purchase Price, minus the Escrow Deposit Amount, by wire transfer of immediately available funds to the account(s) designated by Debtors (which account(s) shall be designated by Debtors to Purchaser in writing at least two (2) Business Days before the Closing Date); and

(b) Escrow Agent shall deliver the Escrow Deposit Amount to Debtors.

3.3 Deliveries by Debtors. At the Closing, Debtors shall deliver or procure delivery to Purchaser of:

(a) a certificate signed by each Debtor, dated as of the Closing Date (in form and substance reasonably satisfactory to Purchaser), certifying that the conditions specified in

Section 7.1 (but solely as applicable to Debtors) and Section 7.2 have been satisfied as of the Closing;

(b) a certificate or certificates evidencing the Reorganized Interests, registered in the name of Purchaser;

(c) copies of all Third Party consents and governmental approvals required by Section 6.1(a);

(d) the Acquired Books and Records and originals (or, to the extent originals are not available, copies) of all Assumed Executory Contracts (together with all amendments, supplements and modifications thereto), in each case to the extent not already located at the Acquired Owned Real Property or the Assumed Leased Facilities;

(e) certificates of title with respect to all titled motor vehicles;

(f) such duly executed documentation as may be necessary to change the authorized signatories on any bank accounts or powers of attorney relating (directly or indirectly) to the Reorganized Assets;

(g) a copy of the Confirmation Order, certified by the clerk of the Bankruptcy Court;

(h) any such instruments, in form and substance reasonably satisfactory to Purchaser and its counsel, as are necessary to vest in Reorganized Debtors good and marketable title in and to the Reorganized Assets; and

(i) such other documents or instruments as are required to be delivered by any Debtor at the Closing pursuant to the terms hereof or that Purchaser reasonably requests at or prior to the Closing Date to effect the transactions contemplated hereby.

3.4 Deliveries by Purchaser. At the Closing, Purchaser will deliver to Debtors:

(a) a certificate signed by Purchaser, dated as of the Closing Date (in form and substance reasonably satisfactory to Debtors), certifying that the conditions specified in Section 7.1 (but solely as applicable to Purchaser) and Section 7.3 have been satisfied as of the Closing;

(b) evidence reasonably satisfactory to Debtors that the C&S Supply Agreement has been assumed by order of the Bankruptcy Court or an amended C&S Supply Agreement, having the terms and conditions set forth in the term sheet attached hereto as Exhibit E (the "C&S Term Sheet"), has been executed by Reorganized Debtors and C&S and, upon Closing, will be in effect; and

(c) such other documents or instruments as are required to be delivered by Purchaser at the Closing pursuant to the terms hereof or that Debtors reasonably requests at or prior to the Closing Date to effect the transactions contemplated hereby.

3.5 Form of Instruments. To the extent that a form of any document to be delivered hereunder is not attached as an Exhibit hereto, such document shall be in form and substance, and shall be executed and delivered in a manner, reasonably satisfactory to Purchaser and Debtors.

3.6 Further Assurances. From time to time after the Closing and without further consideration, (i) Debtors, upon the request of Purchaser or Reorganized BI-LO Holding, shall execute and deliver such documents and instruments of conveyance and transfer as Purchaser or Reorganized BI-LO Holding may reasonably request in order to consummate more effectively the purchase and sale of the Reorganized Interests as contemplated hereby and to vest in Reorganized Debtors title to any Reorganized Assets not previously vested in Reorganized Debtors and to permit Reorganized Debtors to perfect, record or protect their respective interests in the Reorganized Assets, or to otherwise more fully consummate the transactions contemplated by this Agreement and Reorganized BI-LO Holding, upon the request of Debtors, shall execute and deliver such documents and instruments of contract or lease assumption as Debtors may reasonably request in order to confirm Reorganized BI-LO Holding's assumption of the Assumed Obligations or otherwise to more fully consummate the transactions contemplated by this Agreement. Prior to the Closing, Debtors shall execute such documents and use their commercially reasonable efforts to take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF DEBTORS

Debtors jointly and severally represent and warrant to Purchaser that the statements contained in this Article IV are true, correct and complete, except as set forth on the Schedules (provided that each such Schedule shall reference with specificity the section of this Article IV to which such disclosures or exceptions set forth thereon relate).

4.1 Organization, Standing.

(a) Each Debtor is a legal entity duly organized, validly existing and in good standing under the Laws of the state of its organization, is qualified to do business in every jurisdiction in which it is required to be qualified and has all requisite limited liability company power and authority to own, lease and operate its respective properties and assets and to carry on its business as presently conducted and is qualified to do business and in good standing or with active status as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so qualified, in good standing or to have such power or authority, has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Debtors have furnished or made available to Purchaser true, correct and complete copies of each Debtor's certificate of formation (collectively, the "Certificate of Formation") and operating agreement (collectively, the "LLC Agreements"), each as amended to

date. Such Certificates of Formation and LLC Agreements are in full force and effect, and no Debtor is in violation in any material respect of any provision thereof.

(c) The membership records of each Debtor that previously have been delivered to or received by Purchaser are the complete, true and correct membership issuances and constitute all the membership records in existence.

4.2 Capitalization.

(a) Each of the Reorganized Interests and Reorganized Subsidiary Interests has been duly authorized, and when issued, will be validly issued, fully paid and non-assessable, and will not be issued in violation of the preemptive rights of any Person. Except as provided by this Agreement, on the Closing Date, no Debtor shall have outstanding, or be bound by, any options, warrants, convertible securities, subscriptions, equity appreciations rights, phantom equity plans or equity equivalents or other rights, agreements, arrangements or commitments (contingent or otherwise) of any character issued or authorized by such Debtor relating to the capital stock or equity securities of such Debtor or obligating such Debtor to issue or sell any capital stock or other equity securities. Upon the issuance and sale of the Reorganized Interests at the Closing, the Reorganized Interests shall represent one hundred percent (100%) of the ownership interests, of any kind or nature whatsoever, in and to Reorganized BI-LO Holding. Upon the occurrence of the Effective Date, the Reorganized Subsidiary Interests shall represent one hundred percent (100%) of the ownership interests, of any kind or nature whatsoever, in and to each of the Reorganized Subsidiaries.

(b) All issuances, transfers, purchases or redemptions of the capital stock or equity securities of any Debtor have been in material compliance with all applicable agreements and applicable Laws, including federal and state securities Laws, and all Taxes thereon have been paid. There are no outstanding obligations of any Debtor to repurchase, redeem or otherwise acquire any of the outstanding capital stock or other equity interests of such Debtor or to pay any dividend or make any other distribution in respect thereof or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Person.

4.3 Authority; Binding Agreement. Subject to entry of the Confirmation Order in the Bankruptcy Cases, each Debtor has full power and authority to execute and deliver the Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. All Transaction Documents to which any Debtor is a party have been duly executed and delivered by such Person, except such Transaction Documents that are required by the terms hereof to be executed and delivered by such Person after the date hereof, in which case such Transaction Documents will be duly executed and delivered by such Person at or prior to the Closing, and, subject to entry of the Confirmation Order in the Bankruptcy Cases, all Transaction Documents constitute, or will constitute, as the case may be, valid and binding agreements of Debtors enforceable against Debtors in accordance with their terms, except that the enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws now or hereafter in effect relating to creditor's rights generally; and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). No other limited liability company or organizational proceedings on the part of any Debtor are necessary to approve and

authorize the execution and delivery of the Transaction Documents to which such Person is a party and the consummation of the transactions contemplated thereby.

4.4 No Conflicts or Violations. Subject to entry of the Confirmation Order, except as set forth on Schedule 4.4, and except any of the following that will not be enforceable due to operation of the Confirmation Order, the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated thereby by Debtors do not and shall not conflict with, result in any breach, default or violation of, give rise to a right of modification, termination, acceleration or loss of a material benefit under, result in the creation of any Lien on (other than any Permitted Released Lien) or Liability under, require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any Governmental Authority or Third Party (other than, if required, any filings under the HSR Act), under (i) any provision of the certificate of formation or operating agreement or other equivalent organizational document of any Debtor, (ii) any Material Contract to which any Debtor is a party to or by which it is bound or (iii) any determination or Order of any Governmental Authority or Law applicable to any Debtor or its property or assets, except, in each case, where such breach, default, violation, or right of modification, termination, acceleration or loss of a material benefit would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.5 Financial Statements and Related Matters.

(a) Set forth on Schedule 4.5(a) attached hereto are copies of Debtors' (i) unaudited consolidated and consolidating balance sheets as of October 12, 2009 (the "Latest Balance Sheet") and the related statements of income and cash flows for the forty week period then ended and (ii) audited consolidated and consolidating balance sheets and the related statements of income and cash flows for the fiscal year ended January 3, 2009. Each of the foregoing financial statements (including the notes thereto, if any) (collectively, the "Financial Statements") has been prepared based on the Books and Records (which are accurate and complete in all material respects), presents fairly in all material respects Debtors' financial condition and results of operations as of the dates and for the periods referred to therein, and has been prepared in accordance with GAAP, subject in the case of unaudited financial statements to changes resulting from normal year-end adjustments and to the absence of footnote disclosure.

(b) Except as set forth on Schedule 4.5(b), (i) all Accounts Receivable arising from services or sales by any Debtor constitute a bona fide receivable resulting from a bona fide sale to a customer in the Ordinary Course of Business on commercially reasonable terms, the amount of which was actually due on the date thereof, is not subject to any valid counterclaim or setoff, and is collectible net of any reserves for doubtful accounts on any applicable Books and Records computed in accordance with GAAP, and (ii) all Accounts Receivable arising from allowances granted by Debtors' vendors constitute a bona fide receivable resulting from Debtors fulfilling their contractual commitments giving rise to such vendor allowance, the amount of which was actually due on the date Debtors' fulfilled their contractual commitments, is not subject to any valid counterclaim or setoff, and is collectible net of any reserves for doubtful accounts on any applicable Books and Records computed in accordance with GAAP.

(c) The Inventory of Debtors (i) consists of materials, products and goods useable or saleable in the Ordinary Course of Business (taking into account the quantity and quality of the Inventory), except where the failure of such Inventory to be usable or saleable would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (ii) is fit and merchantable for its particular use, except where the failure of such Inventory to be fit and merchantable would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and (iii) is valued at lower of cost or market less applicable valuation reserves all in accordance with GAAP. Except as set forth on Schedule 4.5(c), none of the Inventory is subject to any consignment, bailment, warehousing or similar agreement.

4.6 Title to Assets; Assets Necessary to Business.

(a) Debtors have good and marketable title to, or a valid leasehold interest in or all rights to use, all Reorganized Assets, including all assets reflected under the heading "assets" on the face of the Latest Balance Sheet, and as such balance sheet will be adjusted through the Closing Date to reflect transactions occurring in the Ordinary Course of Business since the date of the Latest Balance Sheet as may be effected in accordance with Section 6.3. Except as set forth on Schedule 4.6(a), there are no leasehold interests, licenses or other rights, in favor of a Third Party, to use any material portion of the Reorganized Assets.

(b) All material equipment and other material items of tangible personal property and assets included in the Reorganized Assets (i) are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and (ii) are usable in the regular and Ordinary Course of Business.

(c) The Reorganized Assets constitute all of the assets, Contracts and properties necessary to conduct the operation of the Business as presently conducted (other than the Excluded Assets). Each asset that is used in the operations of the Business as presently conducted is a Reorganized Asset (other than the Excluded Assets).

(d) Upon the entry of the Confirmation Order and the occurrence of the Effective Date, Reorganized Debtors will have or will have acquired good, valid and marketable title in and to, or a valid leasehold interest in, each of the Reorganized Assets, free and clear of any and all Liens, other than Permitted Reorganized Asset Liens and Assumed Obligations.

4.7 Real Property.

(a) Schedule 4.7(a) sets forth the address and description of all Owned Real Property. With respect to each parcel of Acquired Owned Real Property: (i) the applicable Debtor has good and marketable fee simple title free and clear of any and all Liens, except Permitted Reorganized Asset Liens and Permitted Released Liens; (ii) except as set forth on Schedule 4.7(a), there are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any Person the right of use or occupancy of any portion of such Owned Real Property; and (iii) there are no outstanding options, rights of first offer, or rights of first refusal to purchase such Owned Real Property (other than the right of Purchaser pursuant to

this Agreement), or any portion thereof or interest therein. No Debtor is a party to any agreement or option to purchase any real property or interest therein.

(b) No Debtor has received any written notice of any pending or threatened expropriation, condemnation or other Proceedings in the nature of eminent domain in connection with any parcel of the Owned Real Property or the Leased Facilities.

(c) Schedule 4.7(c) sets forth the title and parties to, and date of, each of the Facility Leases, and the address of each Leased Facility, and any security deposit held by the landlord for the benefit of Debtors for each Leased Facility, and a true and complete list of all Facility Leases (including all amendments, modifications, extensions, renewals, guaranties, and other agreements related thereto). With respect to each Assumed Leased Facility, the applicable Debtor has good and marketable leasehold title free and clear of all Liens except for the Permitted Reorganized Asset Liens and the Permitted Released Liens. Except for the Facility Leases identified on Schedule 4.7(c), (i) there are no occupancy rights, subleases or licenses presently affecting any of the Leased Facilities; (ii) Debtors have heretofore delivered to Purchaser true, correct and complete copies of each of the Facility Leases (or in the case of an oral lease, a written summary of the material terms of such lease) and none of such leases has been amended, modified or terminated except as set forth on Schedule 4.7(c); (iii) each Facility Lease is legal, valid, binding, enforceable and in full force and effect unless such Facility Lease shall have expired in accordance with its terms (and not because of any termination or other acceleration of the stated expiration date thereof); (iv) there is no option to purchase, right of first offer, right of first refusal or other provision granting any Debtor or, to the Knowledge of Debtors, any other Person any right to acquire any of the Leased Facilities; (v) upon the entry of the Confirmation Order, the assumption of each Facility Lease by the applicable Reorganized Debtor pursuant to the Plan of Reorganization does not require the consent of the non-debtor party to such Lease, and will not result in a breach of or default under such Facility Lease, or otherwise cause such Facility Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing; (vi) Debtors' possession and quiet enjoyment of each Leased Facility under the applicable Facility Lease has not been disturbed, and, to the Knowledge of Debtors, there are no material disputes with respect to such Facility Lease; (vii) neither Debtors nor, to the Knowledge of Debtors, any non-debtor party to any of the Facility Leases are in breach or default under such Facility Lease (other than breaches and defaults that will be cured in connection with the assumption of such Facility Lease or the entry of the Confirmation Order), and, to the Knowledge of Debtors, no event has occurred or circumstance exists which, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Facility Lease (other than breaches and defaults that will be cured in connection with the assumption of such Facility Lease or the entry of the Confirmation Order); (viii) no security deposit or portion thereof deposited with respect to any Facility Lease has been applied in respect of a breach or default under such Facility Lease which has not been redeposited in full; (ix) Debtors do not, and will not in the future, owe any brokerage commissions or finder's fees with respect to any Facility Lease; (x) the non-debtor party to each Facility Lease is not an Affiliate of, and otherwise does not have any economic interest in, Debtors; (xi) except as set forth on Schedule 4.7(c), Debtors have not subleased, licensed or otherwise granted any Person the right to use or occupy any Facility Lease or any portion thereof; and (xii) Debtors have not

collaterally assigned or granted any other security interest in any Facility Leases or any interest therein other than Permitted Released Liens.

(d) Debtors have good and marketable title to the Leasehold Improvements, free and clear of any and all Liens, except Permitted Reorganized Asset Liens and Permitted Released Liens. There are no outstanding options, rights of first offer or rights of first refusal to purchase any such Leasehold Improvements or any portion thereof or interest therein.

(e) There are no defects (latent, patent or otherwise) in the buildings, improvements, structures and fixtures located on or at the Owned Real Property or at the Leased Facilities which would materially impair the conduct of the Business immediately following the Closing. The mechanical, electrical, plumbing, heating, ventilation and air conditioning and other systems servicing the Owned Real Property and the Leased Facilities are in good working order and repair, ordinary wear and tear excepted, and there are no defects (latent, patent, or otherwise) in such systems which would reasonably be expected to impair the conduct of the Business immediately following the Closing.

(f) Each parcel of Owned Real Property and each Leased Facility has direct, or through a valid, recorded, perpetual and insurable easement, access to a public street adjoining the real property, and such access is not dependent on any land or other real property interest which is not included in such Owned Real Property, Leased Facility or easement. None of the improvements on such Owned Real Property or such Leased Facility is dependent for its access, use or operation on any land, building, improvement or other real property interest which is not included in such Owned Real Property or such Leased Facility.

(g) The Owned Real Property and the Leased Facilities comprise all of the real property used in connection with the Business.

(h) Except as set forth on Schedule 4.7(h), there has been no unrestored fire or other casualty damage that currently and materially affects any Facility.

(i) Utilities (including, without limitation, water, electricity, gas, sanitary sewerage, storm water drainage facilities, and telephone utilities) sufficient to operate the Facilities for their respective current uses are available to the Facilities. None of the Debtors have received any notice of, nor, to the Knowledge of Debtors, are there any assessments against any portion of the Facilities by any Governmental Authority other than Taxes.

4.8 Intellectual Property.

(a) Schedule 4.8(a) sets forth a true, complete and correct list of all of the following that are either owned by any Debtor or licensed for use in the Business as presently conducted: (i) patents and patent applications, trademark registrations and applications, copyright registrations and applications, internet domain name registrations, and other applications for registrations of Intellectual Property; and (ii) material unregistered trademarks and copyrights. Except as set forth on Schedule 4.8(a), Debtors do not license any Intellectual Property to a Third Party.

(b) Debtors own and possess, free and clear of all Liens (other than Liens set forth on Schedule 4.8(b) or that will be discharged pursuant to the Confirmation Order), all right, title and interest in and to, or have a right to use pursuant to a written license agreement that is valid and enforceable, all of the Intellectual Property reasonably necessary for the conduct of the Business as presently conducted by Debtors (together with all other items of Intellectual Property owned by Debtors, collectively, the "Debtor Intellectual Property". All of the Debtor Intellectual Property owned by Debtors and set forth or required to be set forth on Schedule 4.8(a) is valid, subsisting and enforceable. Debtors have taken commercially reasonable actions to maintain and protect the Debtor Intellectual Property owned by Debtors.

(c) Except as set forth in Schedule 4.8(c), (i) no Claims are pending or, to the Knowledge of Debtors, are threatened, contesting the validity, use, ownership or enforceability of any of the Debtor Intellectual Property owned by Debtors; (ii) to the Knowledge of Debtors, no Debtor is infringing, misappropriating or otherwise conflicting with, and the operation of the Business as presently conducted does not infringe, misappropriate or otherwise conflict with, any Intellectual Property of any Third Party; (iii) to the Knowledge of Debtors, there are no facts which indicate a likelihood of any of the foregoing; and (iv) no Debtor has received in the two (2) years prior to the date of this Agreement any written notices regarding any of the foregoing (including any demands or offers to license any Intellectual Property from any Third Party in connection with a Claim of infringement, misappropriation or conflict with such Intellectual Property).

(d) Except as set forth in Schedule 4.8(d), to the Knowledge of Debtors, no Third Party is infringing, misappropriating or otherwise conflicting with, and in the two (2) years prior to the date of this Agreement, no Third Party has infringed, misappropriated or otherwise conflicted with, any of the Debtor Intellectual Property owned by any Debtor.

4.9 Contracts.

(a) Except as set forth on Schedule 4.9(a), no Debtor is a party to or bound by, whether written or oral, any:

(i) Collective Bargaining Agreement or Contract with any labor union or pension, profit sharing, equity option, employee equity purchase or other plan or arrangement providing for deferred or other compensation to employees or any other employee benefit plan, arrangement or practice;

(ii) management agreement or Contract for the employment of any officer, individual employee or other Person on a full-time, part-time, consulting or other basis (A) providing annual cash or other compensation in excess of $150,000, (B) providing for the payment of any cash or other compensation or benefits as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby or (C) otherwise restricting its ability to terminate the employment of any employee at any time for any lawful reason or for no reason without Liability other than notice or payment required by Law;

(iii) Contract with any Government Authority;

(iv) Contract under which any Debtor is a (A) lessee of or holds or operates any personal property owned by any other Person, except for any lease of personal property under which the aggregate annual rental payments do not exceed $500,000 in any twelve-month period or (B) lessor of or permits any Person to hold, operate or occupy any property, real or personal, that is owned, leased or controlled by any Debtor;

(v) Contract or group of related Contracts with the same party or group of Affiliated parties continuing over a period of more than six (6) months from the date or dates thereof, not terminable by Debtors upon thirty (30) days or less notice without penalty or involving more than $500,000;

(vi) license, royalty or other Contracts with respect to any Intellectual Property, including any such Contracts under which any Debtor is a licensor or licensee but excluding licenses for commercially available off-the-shelf software with a replacement cost and/or annual license or subscription fee of less than a total cost of $100,000 in the aggregate;

(vii) agent, sales representative, sales or distribution Contracts (other than purchase and sale orders entered into in the Ordinary Course of Business);

(viii) Contract relating to the marketing or advertising of Debtors' products or services;

(ix) Contract prohibiting it, now or in the future, from freely engaging in any business or competing anywhere in the world or restricting its use or disposition of any Intellectual Property owned by any Debtor, including any nondisclosure, non-competition, settlement, coexistence, standstill or confidentiality agreements;

(x) Contract (A) providing for any Debtor to be the exclusive provider of any product or service to any Person or the exclusive recipient of any product or service of any Person or that otherwise involves the granting by any Person to any Debtor of exclusive rights of any kind, (B) providing for any Person to be the exclusive provider of any product or service to any Debtor, or (C) granting to any Person a right of first refusal or right of first offer on the sale of any part of the Business; and

(xi) any other individual Contract that is otherwise material to the assets, operations or financial condition of Debtors or the Business, taken as a whole.

(b) All of the Contracts set forth or required to be set forth on Schedule 4.9(a) are referred to as the "Material Contracts". Except as disclosed on Schedule 4.9(b) attached hereto, (i) to the Knowledge of Debtors, no Material Contract has been breached or canceled by the other party, (ii) except for defaults that will be cured by Reorganized Debtors as a result of payment of the Cure Amounts pursuant to the Plan of Reorganization or defaults arising solely as a consequence of the commencement of the Bankruptcy Cases, neither any Debtor nor any other party thereto is in default or breach in any material respect under the terms of any Material Contract and, to the Knowledge of Debtors, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute a material default or material breach thereunder, (iii) Debtors have not assigned, delegated or otherwise transferred to any Person any of their rights, title or interest under any Material Contract except for Permitted Released Liens, and (iv)

each Material Contract is legal, valid, binding, enforceable and in full force and effect and, subject to the terms of this Agreement, will continue as such following the consummation of the transactions contemplated hereby and by the Plan of Reorganization.

(c) Except as prohibited by applicable Law, Debtors have provided Purchaser with true, correct and complete copies of all Material Contracts, in each case together with all amendments, waivers or other material changes thereto. Schedule 4.9(a) contains an accurate and complete description of all material terms of all oral Contracts referred to therein.

4.10 Insurance. Schedule 4.10 lists and describes all policies of insurance owned, held, or maintained by or for the benefit of Debtors or insuring the property or assets of Debtors, including the type and amount of coverage and the expiration dates of the policies and the claims history for the past two (2) years. Debtors have made available to Purchaser all policies of insurance owned, held, or maintained by or for the benefit of any Debtor or insuring the property or assets of any Debtor. Except as set forth on Schedule 4.10 attached hereto, (a) current premiums and any other obligations under such insurance have been paid and all such policies are valid and enforceable and in full force and effect on the date hereof and no Debtor is in default in any material respect with respect to its obligations under any such insurance policies, and (b) no Debtor has received any written notice within the last 90 days threatening suspension, revocation, modification or cancellation of any insurance policy or a material increase in any premium in connection therewith or informing such Debtor that any coverage listed on Schedule 4.10 will or may not be available in the future on substantially the same terms as now in effect. No Debtor has been denied insurance coverage within the past two (2) years. Except as set forth on Schedule 4.10, no Debtor has any self-insurance or co-insurance programs. The reserves set forth on the Latest Balance Sheet are adequate to cover all reasonably anticipated Liabilities with respect to self-insurance or coinsurance programs listed on Schedule 4.10.

4.11 Taxes. Except as set forth on Schedule 4.11:

(a) Each Debtor has filed, or caused to be filed on its behalf, all material Tax Returns that it was required to file on or prior to the date hereof (taking into account any valid extension of the due date for filing). All such filed Tax Returns were correct and complete in all material respects. With respect to each Debtor, no Claim has, in the preceding five years, been made in writing by a Governmental Authority in a jurisdiction where such party does not file Tax Returns that such party is or may be subject to taxation by that jurisdiction.

(b) Each Debtor has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, equityholder, or other Third Party, and all Forms W-2 and 1099 (or any other applicable form) required with respect thereto have been properly completed and timely filed.

(c) No Debtor is a party to any Tax allocation or sharing agreement. Within the two (2) year period prior to the date of this Agreement, no Debtor (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return, and (B) has Liability for the Taxes of any Person under Treasury Regulation § 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by Contract, or otherwise.

(d) No Debtor is or has been a party to any "listed transaction," as defined in Section 6707A(c)(2) of the Code and Treasury Regulation § 1.6011-4(b)(2).

4.12 Employee Benefit Plans and Related Matters.

(a) Schedule 4.12(a) sets forth a true, correct and complete list of each Employee Benefit Plan. Debtors have provided to Purchaser true, correct and complete copies of each Employee Benefit Plan and all material documents pursuant to which such Employee Benefit Plans are maintained, funded and administered (including all plan documents and amendments thereto, and the most recent or current summary plan documents, trust documents, annual reports, actuarial reports, service agreements and group insurance contracts). Each Assumed Employee Benefit Plan has been established, maintained, funded and administered in material compliance with its terms, all applicable requirements of ERISA, the Code, and other applicable Laws. Each Assumed Employee Benefit Plan which is intended to be qualified within the meaning of Code § 401(a) is so qualified and has received a favorable determination letter, opinion letter, the equivalent thereof from the Internal Revenue Service upon which it may rely, or an application for such letter is currently being processed by the Internal Revenue Service, and nothing has occurred that is reasonably likely to adversely affect the qualified status of such Employee Benefit Plan.

(b) Except as set forth on Schedule 4.12(b)(i), no Employee Benefit Plan is subject to Title IV or Section 302 of ERISA or Section 412 of the Code, and no Debtor or any ERISA Affiliate contributes to or has any Liability with respect to any such plan. Schedule 4.12(b)(ii) sets forth a true, correct and complete list of each Multiemployer Plan. Except as set forth on Schedule 4.12(b)(iii), all contributions required to be made to any Multiemployer Plan by any Debtor or any ERISA Affiliate have been made; no Proceeding has been initiated to terminate any Multiemployer Plan; there has been no "reportable event" (within the meaning of Section 4043 of ERISA) with respect to any Multiemployer Plan; no Multiemployer Plan is in reorganization as described in Section 4241 of ERISA; no Multiemployer Plan is insolvent as described in Section 4245 of ERISA; and no Multiemployer Plan is considered to be in "endangered" or "critical" status under Section 432 of the Code. Except as set forth on Schedule 4.12(b)(iv), no Debtor or any ERISA Affiliate has any Liability on account of a "partial withdrawal" or a "complete withdrawal" (within the meaning of Sections 4205 and 4203 of ERISA, respectively) from any Multiemployer Plan, no such Liability has been asserted, and there are no facts or circumstances (including the consummation of the transactions contemplated by this Agreement) that could result in any such partial or complete withdrawal or the assertion of any such Liability. No Debtor or ERISA Affiliate is bound by any contract or has any Liability described in Section 4204 of ERISA.

(c) Except as set forth on Schedule 4.12(c), no event or condition has occurred in connection with which any Debtor or any ERISA Affiliate could be reasonably likely to be subject to any Liability, fine, excise Tax, or Lien with respect to any Employee Benefit Plan or any other "employee benefit plan" (within the meaning of Section 3(3) of ERISA) under ERISA, the Code or any other applicable Law or under any agreement or arrangement pursuant to or under which any Debtor or any ERISA Affiliate is required to indemnify any Person against such Liability or have any joint and several Liability.

(d) Except as set forth on Schedule 4.12(d), the consummation of the transactions contemplated by this Agreement and the Plan of Reorganization (alone or in connection with any subsequent event, including a termination of employment) will not (i) accelerate the vesting or payment of any economic benefit provided or made available under any Assumed Employee Benefit Plan, (ii) increase the amount of or forfeit any economic benefit provided or made available under any Assumed Employee Benefit Plan, or (iii) accelerate or increase the funding obligation under any Assumed Employee Benefit Plan.

(e) Each Debtor and the ERISA Affiliates have complied in all material respects with the health care continuation requirements of Part 6 of Subtitle B of Title I, Section 4980B of the Code and any similar state Law of ERISA ("COBRA"); and, except as set forth on Schedule 4.12(e), no Debtor or ERISA Affiliate has any obligations under any Assumed Employee Benefit Plan, or other assumed arrangement, to provide post-termination health or life insurance benefits to any Person, except as specifically required under COBRA.

(f) Except as set forth on Schedule 4.12(f), (i) with respect to each Assumed Employee Benefit Plan, all payments, premiums, contributions, distributions, reimbursements or accruals for all periods (or partial periods) ending prior to or as of the Closing Date shall have been timely made in accordance with the terms of the applicable Employee Benefit Plan, applicable Law and GAAP, and (ii) none of the Assumed Employee Benefit Plans has any material unfunded Liabilities.

(g) Each "nonqualified deferred compensation plan" (as defined under Section 409A(d)(1) of the Code) maintained by any Debtor that is an Assumed Employee Benefit Plan has been operated in compliance with Section 409A of the Code and applicable guidance thereunder (which applicable guidance, since December 31, 2008, has been the final regulations under Section 409A of the Code), on and after December 31, 2008, has been set forth in a written document that complies in all material respects with the requirements of Section 409A of the Code and the final regulations thereunder, and no amount under any such plan is or has been subject to the interest or additional Tax (the "409A Penalties") set forth under Section 409A(a)(1)(B) of the Code nor is there any reasonable basis for any party to assert that any amount under any such plan is or has been subject to the 409A Penalties.

(h) Except as set forth on Schedule 4.12(h), no Debtor (i) is a sponsor of or otherwise a party to any Pension Plan, (ii)has sponsored or otherwise been a party to any Pension Plan in the past ten (10) years, or (iii) has any direct or indirect Liability, either currently or anticipated in the future, with respect to any Pension Plan.

4.13 Labor and Employment Matters. Except as set forth in Schedule 4.13 attached hereto:

(a) No Debtor is a party to any Collective Bargaining Agreement and no Debtor is in negotiations with any union with respect to a Collective Bargaining Agreement;

(b) Each Debtor is, and has for the past two (2) years has been, in compliance in all material respects with all Laws relating to employment, employment practices and the employment of labor, and has not engaged in any unfair labor practice or unlawful employment

practice. In addition, there are no pending or, to the Knowledge of Debtors, threatened grievances or pending or, to the Knowledge of Debtors, threatened unfair labor practice charges or complaints before the National Labor Relations Board or other employment-related Proceedings (pending or threatened) against any Debtor before any other Governmental Authority;

(c) No Debtor is, and no Debtor within the last two (2) years has been, subject to any union organizing or decertification activities or any other question concerning representation;

(d) There is no labor strike, slowdown, work stoppage, unfair labor charge or complaint or other material labor dispute pending or, to the Knowledge of Debtors, threatened against any Debtor, and no such dispute has occurred within the last two (2) years; and

(e) With respect to this transaction, any notice required under any Law has been or prior to Closing will be given. No Debtor has implemented within the two (2) year period prior to the date of this Agreement any store closing or mass layoff of employees that could implicate the Worker Adjustment and Refraining Notification Act of 1988, as amended or any similar state, county, municipal or local Laws (collectively, the "WARN Act"), and no such layoffs will be implemented without advance notice to Purchaser.

4.14 Litigation, Orders. Except as set forth on Schedule 4.14, (a) there are no Proceedings or Orders pending or, to the Knowledge of Debtors, threatened against or affecting any Debtor at Law or in equity, in the United States, or before or by (or that could reasonably be expected to come before) any Governmental Authority (including any Proceedings with respect to the transactions contemplated by this Agreement), (b) there have not been any Proceedings or Orders pending against or affecting any Debtor during the past year, (c) no Debtor is subject to any grievance or arbitration Proceedings, and (d) no Debtor is subject to any Order (or settlement enforceable therein).

4.15 Compliance with Law; Permits.

(a) Debtors have complied with and are in compliance with in all material respects, and are not in default in any material respect with, all applicable Laws and Orders of any Governmental Authority relating to the operation of the Business. Except as set forth on Schedule 4.15(a), no written notices have been received by, and no claims have been filed against, any Debtor alleging a violation of any such Laws or Orders.

(b) The Owned Real Property and the Leased Facilities are in compliance in all material respects with all applicable building, zoning, subdivision, health and safety and other land use Laws, including The Americans with Disabilities Act of 1990, as amended, and all insurance requirements affecting the real property (collectively, the "Real Property Laws"), and the current use or occupancy of the Owned Real Property and Leased Facilities, and operation of the Business thereon, does not violate any Real Property Laws. Debtors have not received any written notice of violation of any Real Property Law.

(c) Debtors have in effect all Permits necessary to conduct the Business as it is currently being conducted in accordance with the Laws of any Governmental Authority having

jurisdiction over their properties or activities. Schedule 4.15(c) sets forth all Permits required to conduct the operations at the Stores and other Facilities (including distribution centers) as they are currently being conducted.

4.16 Environmental Matters. **[NTD: If Purchaser has any questions regarding the revisions to this Section 4.16, please contact our environmental counsel, Chris Amandes at (713) 758-1146.]**

(a) Except as set forth on Schedule 4.16(a), each Debtor, with respect to the Reorganized Assets, has in the past two years complied in all material respects with, and is in material compliance with, all Environmental Laws (which compliance has included obtaining and complying with all Permits, licenses and other authorizations required pursuant to Environmental Laws).

(b) Except as set forth on Schedule 4.16(b), no Debtor nor, to the Knowledge of Debtors, any of its predecessor(s) has received any written or oral Notice, report or other information regarding any actual or alleged violation of Environmental Laws, or any Liabilities or potential Liabilities arising under Environmental Laws, including any investigatory, remedial or corrective obligations arising under Environmental Laws, relating to the Reorganized Assets or the Business, which violation, alleged violation, Liability or potential Liability has not been resolved to the satisfaction of the Person or Persons providing such Notice.

(c) Except as set forth on Schedule 4.16(c), with respect to the Reorganized Assets, neither any Debtor nor, to the Knowledge of Debtors, any predecessor of such Debtor has treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, or Released, or exposed any Person to, any Hazardous Substance, nor, to the Knowledge of Debtors, is there any contamination by any Hazardous Substance present, so as to give rise to any current or future Liabilities, including any Liability for response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney fees, or any investigatory, corrective or remedial obligations, pursuant to CERCLA or any other Environmental Law.

(d) Except as set forth on Schedule 4.16(d), with respect to the Business or the Reorganized Assets of any Debtor, neither any Debtor nor, to the Knowledge of Debtors, any predecessor of such Debtor, has manufactured, produced, sold, installed or distributed products containing asbestos, except as authorized by Law, and no Debtor has received any Notice, report or other information alleging it has any Liability with respect to the presence or alleged presence of asbestos in any product or item or at or upon any of the Reorganized Assets.

(e) Debtors have provided to Purchaser true, correct and complete copies of all environmental audits, reports and other material environmental documents that are in the possession of Debtors relating to the Reorganized Assets.

(f) This Section 4.16 contains the only representations of Debtors with respect to Environmental Laws or matters relating to Environmental Laws.

4.17 Affiliated Transactions. Except as disclosed on Schedule 4.17, no Insider is a party to any agreement, Contract, commitment or transaction with any Debtor or has any interest

in the Reorganized Assets or any property, real or personal or mixed, tangible or intangible of any Debtor.

4.18 Relationships with Suppliers. Debtors have provided Purchaser with a true, correct and complete list of the names and addresses of the top twenty (20) suppliers of Debtors (on a consolidated basis) (by dollar volume of purchases from such suppliers), for the fiscal years ended within the last two (2) years. Except as set forth on Schedule 4.18, no Debtor has received written or oral notice from any material supplier of such Debtor to the effect that such supplier will stop, materially decrease the rate of, or materially change the terms (whether related to payment, price or otherwise) with respect to supplying materials, products or services from or to such Debtor (whether as a result of the consummation of the transactions contemplated hereby or otherwise).

4.19 Product Warranty. Each product produced, manufactured, sold, leased, or delivered by any Debtor has been in conformity with all applicable contractual commitments and all express and implied warranties, and no Debtor has Liability (and there is no basis for any present or future action, suit, Proceeding, hearing, investigation, charge, complaint, Claim, or demand against such Debtor giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith, subject only to the reserve for product warranty Claims set forth on the face of the Latest Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Debtors.

4.20 Brokers. Except as set forth on Schedule 4.20, no Debtor has incurred any Liability to any broker, finder, agent or other advisor with respect to the payment of any commission or fee regarding the consummation of the transactions contemplated hereby.

4.21 Absence of Certain Developments. Except as set forth on Schedule 4.21 attached hereto and except as expressly contemplated by this Agreement, since the date of the Latest Balance Sheet, no Debtor has taken any action that would require the consent of Purchaser pursuant to Section 6.3.

4.22 Bank Accounts Schedule. Schedule 4.22 lists all bank accounts, safety deposit boxes, depository accounts, securities accounts and lock boxes (designating each authorized signatory with respect thereto) for each Debtor.

4.23 Officers, Directors. Schedule 4.23 attached hereto lists all officers, directors and equivalent senior executives and members of governing bodies of each Debtor.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Debtors that the statements contained in this Article V are true, correct and complete.

5.1 Organization. Purchaser is a legal entity validly existing and in good standing under the Laws of its jurisdiction of organization and has the full power and authority to execute, deliver and perform this Agreement and to consummate all transactions contemplated hereby.

5.2 Authority. The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Purchaser and do not and will not violate any provisions of its organizational documents, any applicable Law or any contract or Order binding upon Purchaser. This Agreement constitutes a valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, except that the enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws now or hereafter in effect relating to creditor's rights generally; and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5.3 Consents. No notice to, filing with, authorization of, exemption by, or consent (other than the approval of the Bankruptcy Court and, if required, any filings under the HSR Act) of any Person is required in order for Purchaser to consummate the transactions contemplated hereby.

5.4 Financial Capability.

(a) Attached hereto as Exhibit F is a true, complete and correct copy of an executed equity commitment letter to provide Purchaser funding for the transactions contemplated by this Agreement in an aggregate amount sufficient to pay the Purchase Price and consummate the transactions contemplated hereby (the "Equity Documents"). The Equity Documents are in full force and effect and have not been amended or modified. Assuming Debtors' compliance with Section 6.1(d), Purchaser has no reasonable expectation as of the date of this Agreement that any of the conditions set forth in the Equity Documents will not be satisfied. Upon the funding of the commitments under the Equity Documents, Purchaser will have available as of the Closing Date funds sufficient to pay the Purchase Price.

(b) Attached hereto as Exhibit G are true, complete and correct copies of executed debt commitment letters obtained by Purchaser, whereby certain unaffiliated financial institutions have committed to provide or otherwise make available to Reorganized Debtors the New Term Loans and the New Working Capital Facility, the proceeds of which shall be used (in part) to fund Reorganized Debtors' obligations under the Plan of Reorganization (the "Financing Documents"). The Financing Documents are in full force and effect and have not been amended or modified. Assuming Debtors' compliance with Section 6.1(d), Purchaser has no reasonable expectation as of the date of this Agreement that any of the conditions set forth in the Financing Documents will not be satisfied.

(c) The amounts to be received by Reorganized Debtors pursuant to the Equity Documents and the Financing Documents constitute all of the funding and financing required to be obtained by Reorganized Debtors in connection with the consummation of the transactions contemplated by this Agreement and the consummation of the transactions and the distributions set forth in the Plan of Reorganization.

5.5 Accounting Firm Report; Capital. Ernst & Young LLP has furnished to the general partner of Lone Star Fund V (U.S.), L.P. its agreed-upon procedures report dated November 19, 2009, a copy of which is attached hereto as Exhibit H, to the effect that those

certain Persons committing equity to Purchaser in connection with the consummation of the transactions set forth herein (collectively, the "Equity Investor") have cash, cash equivalents and committed uncalled capital in an aggregate amount that exceeds $**[172.9 million]** as of **[November 19, 2009]**. As of the date hereof, the Equity Investor has cash, cash equivalents and committed uncalled capital in an aggregate amount that exceeds $**[•]** million.

ARTICLE VI
PRE-CLOSING COVENANTS

6.1 Consents and Approvals.

(a) Consents. Debtors shall, at their sole cost and expense, use reasonable best efforts (i) to obtain all consents and approvals that are necessary, desirable or appropriate in connection with consummating the purchase and sale of the Reorganized Interests, including obtaining entry of the Confirmation Order, in form and substance reasonably satisfactory to Purchaser and Debtors, (ii) to make all filings, applications, statements and reports to all Governmental Authorities that are required to be made prior to the Closing Date by or on behalf of Debtors or any of their Affiliates pursuant to any applicable Law in connection with this Agreement and the transactions contemplated hereby, and (iii) to assist Purchaser and Reorganized Debtors, as applicable, in obtaining replacements for any of Debtors' Permits previously held by Debtors that will not remain in or revest in the Reorganized Debtors in connection with the confirmation of the Plan of Reorganization. Purchaser shall give any notices to, make any other filings with, and use reasonable best efforts to cooperate with Debtors to obtain, any authorizations, consents and approvals in connection with the matters contemplated by this Section 6.1(a).

(b) Antitrust Filings. In connection with and without limiting Section 6.1(a), the Parties shall (i) promptly (and in no event later than December 23, 2009) file with the Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "Antitrust Division") the notification and report form (the "HSR Filing"), if and to the extent required under the HSR Act, (ii) promptly provide all information requested by any Governmental Authority in connection with this Agreement or any of the transactions contemplated hereby, (iii) promptly take, and cause each of its Affiliates to take, all actions and steps reasonably necessary to obtain any antitrust clearance required to be obtained from the FTC, the Antitrust Division, any state attorney general, or any other Governmental Authority in connection with this Agreement or any of the transactions contemplated hereby, and (iv) duly make all notifications and other filings (together with the HSR Filing, the "Antitrust Filings"), if and to the extent required under any other applicable competition, merger control, antitrust or similar Law that the Parties deem advisable or appropriate, in each case with respect to the transactions contemplated by this Agreement and as promptly as practicable; provided, however, that Debtors shall not agree to any divesture or disposal of any assets or enter into any agreement with the FTC or any other Governmental Authority regarding HSR Act clearance or consents or approvals under any similar foreign Law without the prior written consent of Purchaser. The Antitrust Filings shall be in substantial compliance with the requirements of the HSR Act or other Laws, as applicable. The filing fees for the Antitrust Filings shall be borne fifty percent (50%) by Purchaser and fifty percent (50%) by Debtors.

(c) Cooperation. Each Party shall, subject to applicable Law and except as prohibited by any applicable representative of any applicable Governmental Authority; (i) promptly notify the other Party of any written communication to that Party from the FTC, the Antitrust Division, the Attorney General of any state or any other Governmental Authority relating to this Agreement and permit the other Party to review in advance any proposed written communication to any of the foregoing; (ii) not agree to participate in any substantive meeting or discussion with any Governmental Authority in respect of any filings, investigation or inquiry concerning this Agreement unless it consults with the other Party in advance and, to the extent permitted by such Governmental Authority, gives the other Party the opportunity to attend and participate in such meeting or discussion; and (iii) furnish the other Party with copies of all correspondence, filings, and written communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective representatives, on the one hand, and any Governmental Authority or members or their respective staffs, on the other hand, with respect to this Agreement. Each Party shall (x) respond as promptly as practicable under the circumstances to any inquiries received from the FTC or the Antitrust Division for additional information or documentation and to all inquiries and requests received from the Attorney General of any state or other Governmental Authority in connection with antitrust matters relating to this Agreement, and (y) not extend any waiting period under the HSR Act or enter into any agreement with the FTC or the Antitrust Division not to consummate the transactions contemplated by this Agreement without the prior written consent of the other Party hereto.

(d) Financing Cooperation. Debtors agree to provide, and will use their reasonable best efforts to cause their officers and employees to provide, all necessary cooperation reasonably requested by Purchaser in connection with the arrangement of, and the negotiation of agreements with respect to, the financing contemplated by the Financing Documents or any replacement thereof (the "Financing"), including by (i) making available to Purchaser and such financing sources and their representatives, (A) personnel (including for participation at organizational meetings, in drafting sessions for offering memoranda and in due diligence meetings and meetings with rating agencies and prospective financing sources), (B) documents and information of Debtors as may be reasonably requested by Purchaser or such financing sources, and (C) Debtors' independent accountants, lawyers, financial and other advisors, and consultants to provide such services as may be reasonably requested by Purchaser or such financing sources, (ii) providing assistance with respect to the review and granting of security interests in collateral for the Financing and obtaining any consents associated therewith, and (iii) if applicable, by otherwise cooperating with financing sources in achieving a timely offering and/or syndication of Financing reasonably satisfactory to Purchaser and such financing sources.

6.2 Access to Information and Facilities. Debtors agree that, prior to the Closing Date, Purchaser, Purchaser's financing sources and their respective representatives and advisors shall, upon reasonable advance notice and so long as such access does not unreasonably interfere with the business operations of Debtors, have reasonable access during normal business hours to all Facilities and shall be entitled to make such reasonable investigation of the properties, businesses and operations of Debtors (including any non-invasive environmental audits and investigations or to conduct a physical inventory of the Inventory) and such examination of the Books and Records and financial condition of Debtors as it reasonably requests and to make extracts and copies to the extent necessary of the Books and Records; provided, however, that no

investigation pursuant to this Section 6.2 shall affect any representations or warranties made herein or the conditions to the obligations of the Parties to consummate the transactions contemplated by this Agreement.

6.3 Conduct of the Business Pending the Closing. Except as otherwise expressly contemplated by this Agreement or with the prior written consent of Purchaser, from the date hereof until the Closing Date, Debtors:

(a) shall not sell, transfer, abandon, permit to lapse or otherwise dispose of any of the assets of Debtors except in the Ordinary Course of Business;

(b) shall conduct the Business in the Ordinary Course of Business (including timely payment of post-petition accounts payable, purchasing and maintaining appropriate levels of Inventory, performing all required maintenance and repairs, making capital expenditures and collecting Accounts Receivable);

(c) shall not issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any ownership interest in any Debtor, or any securities convertible into or exchangeable for any such ownership interest, or any rights, warrants or options to acquire any such ownership interest or convertible or exchangeable securities, or take any action to cause to be exercisable any otherwise unexercisable option under any existing equity option plan;

(d) shall use commercially reasonable efforts to preserve intact the Business, to keep available the services of its current employees and agents and to maintain its relations and goodwill with its suppliers, customers, and any others with whom or with which it has business relations;

(e) shall not, except as set forth in the Plan of Reorganization, (i) grant or announce any equity or incentive awards or the increase in the salaries, bonuses or other compensation and benefits payable by Debtors to any of the employees or other service providers of the Business except in the Ordinary Course of Business; (ii) hire any new employees to the Business, except in the Ordinary Course of Business with respect to employees with an annual base and incentive compensation opportunity not to exceed $150,000, (iii) pay or agree to pay any pension, retirement allowance, termination or severance pay, bonus or other employee benefit not required by any existing Employee Benefit Plan to any employee or other service provider of the Business, whether past or present, (iv) enter into or amend any Contract of employment or any consulting, bonus, severance, retention, retirement or similar agreement except for agreements for newly hired employees in the Ordinary Course of Business consistent with past practice with an annual base and incentive compensation opportunity not to exceed $150,000, or (v) except as required to ensure that any Employee Benefit Plan is not then out of compliance with applicable Law, enter into or adopt any new, or materially increase benefits under or renew, amend or terminate any existing, Employee Benefit Plan;

(f) shall not change in any material respects any financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or applicable Law;

(g) shall not adopt any amendments to the organizational or charter documents of any Debtor;

(h) shall not create any new Subsidiaries;

(i) shall not incur, assume, guarantee, prepay or otherwise become liable for, modify in any material respect the terms of, any Indebtedness for borrowed money or incur Contingent Obligations and not to sell, lease, license, transfer, exchange or swap, mortgage or otherwise encumber (including securitizations), or subject to any Lien (other than Permitted Reorganized Asset Liens or Permitted Released Liens) or otherwise dispose of (whether by merger, consolidation or acquisition of stock or assets, license or otherwise), any of the Reorganized Assets, other than (i) pursuant to existing agreements in effect prior to the execution of this Agreement, (ii) as may be required by applicable Law or any Governmental Authority in order to permit or facilitate the consummation of the transactions contemplated by this Agreement or (iii) dispositions of assets in the Ordinary Course of Business;

(j) shall not fail to pay any Tax prior to the time it becomes delinquent; provided, however, that Debtors shall not be obligated to pay any such Tax that is disputed in good faith by any Debtors;

(k) shall not modify, amend, terminate or waive any rights under any Material Contract, or any Contract that would be a Material Contract if in effect on the date of this Agreement, in any material respect in a manner which is adverse to such Debtor;

(l) shall not enter into any Material Contracts, except Material Contracts entered into in the Ordinary Course of Business;

(m) shall not enter into, amend, waive or terminate (other than terminations in accordance with their terms) any transaction with any Insider, other than transactions for reimbursement of expenses;

(n) shall not enter into any new line of business or discontinue any line of business;

(o) shall not, except in the Ordinary Course of Business, settle, pay or discharge, any Proceeding or other Claim, except for any such Claims seeking monetary payments only that are not in excess of **[$100,000]** individually or **[$250,000]** in the aggregate, excluding any amounts which may be paid under existing insurance policies, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned;

(p) shall not (i) take, or fail to take, any action that could reasonably be expected to result in any loss, lapse, abandonment, expiration, invalidity or unenforceability of any material Intellectual Property that constitutes a Reorganized Asset; or (ii) enter into any agreement with any other Person that materially limits or restricts the ability of Debtors to conduct certain activities or use or dispose of any Reorganized Assets (including any Intellectual Property);

(q) shall not authorize, or make any commitment with respect thereto, any capital expenditure in excess of the amounts permitted by the DIP Agent or the lenders under the DIP Facility, except capital expenditure authorized or committed under the DIP Facility;

(r) shall maintain in full force and effect insurance policies covering Debtors and the Reorganized Assets in a form and amount consistent with past practice;

(s) shall pay or diligently contest in good faith by appropriate proceedings all prepetition real property taxes related to the Acquired Owned Real Property; and

(t) shall not agree, in writing or otherwise, or announce an intention, to take any of the foregoing actions.

6.4 Notification of Certain Matters.

(a) Debtors shall give notice to Purchaser of (i) the occurrence or nonoccurrence of any event that causes any representation or warranty of Debtors contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Closing, or (ii) any material failure of Debtors to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by Debtors hereunder. Notwithstanding the foregoing, the delivery of any notice pursuant to this Section 6.4(a) shall not (x) be deemed to amend or supplement any of the Schedules contemplated hereby, (y) be deemed to cure any breach of any representation, warranty, covenant or agreement or to satisfy any condition, or (z) limit or otherwise affect the remedies available hereunder to Purchaser.

(b) Purchaser and Debtors acknowledge that certain of the representations and warranties of Debtors affirmatively require that Debtors list certain factual information on the Schedules. Debtors shall be permitted to update the Schedules on or prior to the Closing Date but only with respect to events or circumstances arising between the date hereof and the Closing Date. No additional disclosure or update by Debtors pursuant to this Section 6.4(b), however, shall be deemed to amend or supplement the Schedules or to prevent or cure any misrepresentation, breach of warranty, breach of covenant, or right of Purchaser to terminate this Agreement.

6.5 Bankruptcy Actions.

(a) Plan of Reorganization. As soon as reasonably practicable following the execution of this Agreement (and in any event not later than December 29, 2009), Debtors shall prepare and file with the Bankruptcy Court (i) an amended plan of reorganization with respect to the Debtors' bankruptcy estates that, among other things, implements, contains or otherwise incorporates the terms, conditions and provisions of this Agreement and the Plan Term Sheet in form and substance acceptable to Purchaser (the "Plan of Reorganization"), and (ii) an amended disclosure statement related to and accompanying the Plan of Reorganization (the "Disclosure Statement"), in each case in form and substance consistent with this Agreement and satisfactory to Purchaser in its reasonable discretion. After the filing of the Plan of Reorganization and Disclosure Statement, Debtors shall not, without the prior written consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed): (1) amend or modify the Plan of Reorganization or Disclosure Statement; or (2) withdraw or terminate the Plan of Reorganization

or Disclosure Statement. From the date of execution of this Agreement through the Closing Date, Debtors shall not, without the prior written consent of Purchaser, file, sponsor, support, promote or participate in the formulation of any plan in the Bankruptcy Cases other than the Plan of Reorganization; provided, however, Debtors may, without the consent of Purchaser, (A) engage in negotiations or discussions with (i) any Third Party that, subsequent to the date hereof, makes a bona fide, unsolicited written inquiry, proposal or offer in connection with the filing, sponsorship, support, promotion or participation in the formulation of any plan in the Bankruptcy Cases other than the Plan of Reorganization (provided, however, that copies of each such written inquiry, proposal or offer shall be furnished to Purchaser within two Business Days of receipt) or (ii) any of the parties to the Investment Agreement; or (B) furnish non-public information relating to the Debtors to any Third Party described in the immediately preceding subsection (A)(i) or any party described in the immediately preceding subsection (A)(ii) (provided that the recipient of such information shall be party to a confidentiality agreement with Debtors and each such confidentiality agreement shall constitute a Reorganized Asset). Debtors shall obtain entry of an order confirming the Plan of Reorganization (the "Confirmation Order") by no later than February 26, 2010, and such Confirmation Order shall be in form and substance consistent with this Agreement and satisfactory to Purchaser in its reasonable discretion. The Confirmation Order will provide, among other things, that: (i) the Plan of Reorganization is confirmed and the transactions contemplated therein are approved; (ii) this Agreement and the transactions contemplated hereby are approved; (iii) the Reorganized Interests shall be sold to Purchaser and all other equity interests in and to Reorganized BI-LO Holding, of any kind or nature whatsoever, shall be extinguished; (iv) the Reorganized Assets not previously vested in Reorganized BI-LO shall vest in Reorganized Debtors free and clear of any and all Liens (except for Permitted Reorganized Asset Liens and the Assumed Obligations); (v) Reorganized Debtors shall assume the Assumed Obligations; (vi) Reorganized Debtors shall assume all of the Assumed Executory Contracts as of the Closing Date and Reorganized Debtors shall pay all Cure Amounts related thereto; (vii) the Assumed Executory Contracts shall be in full force and effect from and after the Closing with non-debtor parties being barred and enjoined from asserting against Reorganized Debtors, among other things, defaults, breaches or claims of pecuniary losses existing as of the Closing or by reason of the Closing; (viii) the Reorganized Assets are vesting in (or remaining in) Reorganized Debtors free and clear of the Excluded Liabilities and Liens (except for Permitted Reorganized Asset Liens), (ix) each Reorganized Debtor is being fully and completely released and discharged from any and all Liens and Liabilities (except for Permitted Reorganized Asset Liens and the Assumed Obligations); and (x) the Reorganized Subsidiary Interests shall be transferred to Reorganized BI-LO Holding or to such other Reorganized Debtor designated by Purchaser. Debtors and Purchaser agree to cooperate, assist and consult with each other to obtain the issuance and entry of the Confirmation Order, including furnishing affidavits, declarations or other documents or information for filing with the Bankruptcy Court.

(b) Bankruptcy Filings. Debtors shall provide Purchaser with a reasonable opportunity to review and comment upon all motions, applications and supporting papers prepared by Debtors and relating to this Agreement, the transactions contemplated hereby, the Disclosure Statement or the Plan of Reorganization prior to the filing thereof in the Bankruptcy Cases. All motions, applications and supporting papers prepared by Debtors and relating (directly or indirectly), in Purchaser's good faith determination, to this Agreement, the

transactions contemplated hereby, the Disclosure Statement or the Plan of Reorganization must be acceptable in form and substance to Purchaser, in its reasonable discretion.

6.6 Taxes. On or prior to the Closing, Debtors shall pay all sales Taxes, use Taxes, and payroll Taxes which are then due and owing with respect to the Reorganized Assets or the Business and attributable to tax periods or portions thereof commencing on or after the filing of the Bankruptcy Cases and ending at or prior to the Closing; provided, however, that Debtors shall not be obligated to pay any such Tax that is disputed in good faith by any Debtor.

6.7 Purchaser's Reasonable Best Efforts.

(a) Purchaser will promptly notify Debtors if any portion of the Financing to be provided to Reorganized Debtors in accordance with the Financing Documents becomes unavailable on the terms and conditions set forth in the Financing Documents. Purchaser shall use reasonable best efforts to arrange alternative financing as promptly as reasonably practicable to replace such unavailable portion of the Financing. In addition, upon Debtors' reasonable request, Purchaser will advise and update Debtors, in a level of detail reasonably satisfactory to the Debtors, with respect to the status and proposed closing date of the Financing Documents. Purchaser will not consent to any amendment, modification or early termination of any Financing Documents that could reasonably be expected to adversely affect the ability of Reorganized Debtors to consummate the transactions contemplated by the Plan of Reorganization or otherwise adversely affect Reorganized Debtors' conduct of the Business after the Effective Date.

(b) Purchaser will, and will cause its Affiliates to, use reasonable best efforts to (i) maintain the effectiveness of the Financing Documents in accordance with their terms, (ii) cause Reorganized Debtors to enter into definitive documentation with respect to the Financing Documents on or prior to the Closing, (iii) satisfy, and cause Reorganized Debtors to satisfy, all funding conditions to the Financing Documents set forth in the definitive documentation with respect to the Financing contemplated by the Financing Documents, and (iv) cause Reorganized Debtors to consummate the Financing contemplated by the Financing Documents on or prior to the Closing (including by extension of the Financing Documents on terms not materially less beneficial to Reorganized Debtors and Debtors or, if the Financing Documents expire, seeking to obtain alternative financing in an aggregate principal amount equal to the amounts set forth in, and on terms not materially less beneficial to Reorganized Debtors and Debtors than the terms of, the Financing Documents).

6.8 Real Property. From and after the date of this Agreement through the Closing, with respect to the Acquired Owned Real Property and all Assumed Facility Leases:

(a) Maintenance of Real Property. Debtors shall maintain the Acquired Owned Real Property and the Assumed Leased Facilities, including all of the improvements thereon, in substantially the same condition as of the date of this Agreement, ordinary wear and tear, casualty and condemnation excepted, and shall not demolish or remove any of the existing improvements, or erect new improvements on the real property or any portion thereof, without the prior written consent of Purchaser.

(b) Leases. Except as set forth on Schedule 6.8(b), Debtors shall not amend, modify, extend, renew or terminate (other than termination in accordance with its terms) any Assumed Facility Lease, and shall not enter into any new lease, sublease, license or other agreement for the use or occupancy of any real property, without the prior written consent of Purchaser; provided, however, that Debtors may continue its ongoing effort of achieving rent mitigation, subject to the reasonable consent of Purchaser.

(c) Title Insurance and Surveys. Debtors shall use their commercially reasonable efforts to assist Purchaser in obtaining the Title Policies and Surveys, which shall be at the sole cost and expense of Purchaser. At the Closing, Debtors shall provide the Title Company with any affidavit or certificate reasonably required by the Title Company to issue the Title Policies.

6.9 Permits. From and after the date of this Agreement through the Closing, Debtors shall use their reasonable best efforts (a) to transfer any Permits not held by Reorganized Debtors to Reorganized Debtors to the extent permitted by Law, and (b) to cooperate with Purchaser in its efforts to obtain any Permits for Reorganized Debtors and provide any information or reasonable assistance requested by Purchaser.

6.10 Supply Agreement with C&S. Purchaser shall either assume the C&S Supply Agreement by order of the Bankruptcy Court or cause Reorganized Debtors to amend the C&S Supply Agreement, on the terms and conditions set forth in the C&S Term Sheet ("Reorganized BI-LO Supply Agreement").

6.11 Additional Agreements. Subject to the terms and conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to do all things necessary, proper or advisable under applicable Law to consummate and make effective the transaction contemplated by this Agreement.

ARTICLE VII
CONDITIONS TO CLOSING

7.1 Conditions to Parties' Obligations. The obligations of Purchaser and Debtors to effect the transactions contemplated hereby to occur at the Closing are, at the option of Purchaser and Debtors, respectively, subject to satisfaction of the following conditions precedent on or before the Closing Date:

(a) Required Approvals. All authorizations, consents, filings and approvals necessary to permit the Parties to consummate the transactions contemplated hereby shall have been duly obtained, made or given, shall be in form and substance reasonably satisfactory to the Parties, shall not be subject to the satisfaction of any condition that has not been satisfied or waived and shall be in full force and effect. All terminations or expirations of waiting periods imposed (and any extension thereof) by any Governmental Authority necessary for the transactions contemplated under this Agreement (including those under the HSR Act), if any, shall have occurred.

(b) No Order or Proceeding. No Order shall be issued by and no Proceeding shall be pending before any Governmental Authority seeking or threatening to restrain or

prohibit the consummation of the transactions contemplated by this Agreement, or involving a claim that consummation thereof would result in the violation of any Law of any Governmental Authority having appropriate jurisdiction.

(c) Bankruptcy Conditions.

(i) The Confirmation Order (in form and substance acceptable to Purchaser and Debtors in their reasonable discretion and consistent in all respects with the provisions of this Agreement) shall have been entered in the Bankruptcy Cases, shall not have been reversed, vacated, modified or amended, and shall not be stayed as of the Closing Date and shall be in full force and effect.

(ii) Purchaser shall have provided projections satisfactory to Debtors in their reasonable discretion that, upon the funding under the Plan of Reorganization of all distributions to holders of allowed Claims from the Purchase Price, the aggregate proceeds of the New Term Loans and the New Working Capital Facility, and immediately thereafter, the Reorganized Debtors shall have not less than $35,000,000 in additional borrowing capacity and availability under the terms of the New Working Capital Facility.

(iii) The Effective Date shall have occurred.

(d) Financing. Reorganized Debtors shall have received the Financing on the terms and conditions set forth in the Financing Documents necessary to consummate the transactions contemplated in the Plan of Reorganization.

7.2 Conditions to Purchaser's Obligations. The obligations of Purchaser to effect the transactions contemplated hereby to occur at the Closing are, at the option of Purchaser, subject to satisfaction of the following conditions precedent on or before the Closing Date:

(a) Accuracy of Representations and Warranties. Each of the representations and warranties of Debtors contained herein shall be true and correct on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct as of that date) with the same force and effect as though made on and as of the Closing Date, except to the extent that any inaccuracies in such representations and warranties in the aggregate would not reasonably be expected to have a Material Adverse Effect.

(b) Performance of Covenants. Debtors shall have performed and complied in all material respects with the obligations and covenants required by this Agreement to be performed or complied with by Debtors on or prior to the Closing Date.

(c) Debtors Closing Deliveries. Debtors shall have delivered to Purchaser the items set forth in Section 3.3 of this Agreement.

(d) Third Party Consents. Debtors shall have received or obtained all Third Party consents in respect of any Material Contract set forth on Schedule 7.2(d), pursuant to the Confirmation Order or otherwise.

(e) Title Policy. Purchaser shall have received from the Title Company, at Purchaser's sole cost and expense, a Title Policy for each Acquired Owned Real Property and each Assumed Leased Facility, each in form and substance acceptable to Purchaser in its reasonable discretion.

(f) Survey. Purchaser shall have received a Survey for each Acquired Owned Real Property and each Assumed Leased Facility, at Purchaser's sole cost and expense, each in form and substance acceptable to Purchaser in its reasonable discretion.

7.3 Conditions to Debtors' Obligations. The obligations of Debtors to effect the transactions contemplated hereby to occur at the Closing are, at the option of Debtors, subject to the satisfaction of the following conditions precedent on or before the Closing Date:

(a) Accuracy of Representations and Warranties. The representations and warranties of Purchaser contained herein shall be true and correct in all material respects on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct as of that date in all material respects) with the same force and effect as though made by Purchaser on and as of the Closing Date, except those qualified by materiality shall be true and correct in all respects.

(b) Performance of Covenants. Purchaser shall have performed and complied in all material respects with the obligations and covenants required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date.

(c) Consideration. Purchaser shall have delivered the payment specified in Section 3.2(a).

(d) Equity Incentive Plan. Reorganized Debtors shall have authorized and approved a new equity incentive plan for members of the Reorganized Debtors' senior management having the terms and conditions described on Schedule 7.3(d).

ARTICLE VIII
TERMINATION

8.1 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing (by written notice given by the terminating Party to the other Parties):

(a) by mutual written agreement of Purchaser and Debtors;

(b) by Purchaser, if Purchaser is not then in material breach of this Agreement, in the event that any condition set forth in Section 7.2 shall become incapable of being satisfied on or before the Termination Date, unless such failure shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Debtors, if Debtors are not then in material breach of this Agreement, in the event that any condition set forth in Section 7.3 shall become incapable of being satisfied

on or before the Termination Date, unless such failure shall be due to the failure of Debtors to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by them prior to the Closing; provided, however, that if such failure is curable, then Purchaser shall have ten (10) Business Days after receipt of written notice of such failure by Debtors to Purchaser in which to cure such failure;

(d) by Purchaser, if (i) Debtors shall have entered into a definitive agreement for the sale or transfer of any portion of the Reorganized Assets to a Person other than Reorganized Debtors, (ii) any Debtor shall have entered into a definitive agreement for the issuance, sale or transfer by such Debtor of new or existing equity interests in such Debtor or any other Debtor to a Person other than Purchaser, or (iii) the Bankruptcy Court shall have entered an Order in the Bankruptcy Cases confirming a plan of reorganization or liquidation that does not provide for a sale of the Reorganized Interests to Purchaser;

(e) by Purchaser, on the one hand, or Debtors, on the other hand, on any date that is after the later of (i) March 31, 2010 and (ii) June 30, 2010, provided that the time period to assume or reject all of the Assumed Facility Leases has been extended to a date that is no earlier than June 30, 2010 (the "Termination Date"), if the Closing shall not have occurred on or before such date; provided, however, that a Party shall not have the right to terminate this Agreement under this Section 8.1(e) if the Closing has not occurred on or before such date solely because of such Party's failure to fulfill any of its obligations under this Agreement;

(f) by Purchaser, if (A) the Bankruptcy Court has not entered the Confirmation Order on or before February 26, 2010, or (B) after the Confirmation Order has been entered, the Confirmation Order is reversed, stayed, vacated, modified or amended without the prior written consent of Purchaser;

(g) by Purchaser, if at any time after the execution of this Agreement, the Plan of Reorganization or the Disclosure Statement is modified, amended, supplemented, revised or restated without the prior written consent of Purchaser; or

(h) by Purchaser, if at any time on or before the Closing, Purchaser determines in good faith that Reorganized Debtors will be unable to receive the Financing on the terms and conditions set forth in the Financing Documents on or prior to the Termination Date, unless such inability to receive the Financing shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing, including Purchaser's covenant to take all reasonable best efforts required by Section 6.6 hereof.

8.2 Procedure Upon Termination. In the event of termination and abandonment by Purchaser or Debtors, or both, pursuant to Section 8.1, written notice thereof shall forthwith be given to the other Party, and this Agreement shall terminate and the purchase of the Reorganized Interests hereunder shall be abandoned, without further action by Purchaser or Debtors. If this Agreement is terminated as provided herein, then each Party shall redeliver all documents, work papers and other material of any other Party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the Party furnishing the same.

8.3 Effect of Termination. In the event that this Agreement is validly terminated as provided herein, Debtors and Purchaser shall have no obligation or liability to each other except (a) for any liability arising out of any breach of this Agreement, and (b) that the provisions of this Section 8.3 and Section 2.4, Section 10.17 and Article X of this Agreement and the Confidentiality Agreement shall survive any such termination; provided; however, that unless this Agreement is terminated pursuant to Section 8.1(c) or 8.1(h), Purchaser shall be permitted to assert against the Debtors' estate a substantial contribution claim under Section 503(b) of the Bankruptcy Code seeking reimbursement for expenses, including reasonable legal fees, incurred by Purchaser in connection with this Agreement, and Debtors shall not oppose or object to any such substantial contribution claim.

ARTICLE IX
POST-CLOSING COVENANTS

9.1 Employees. Purchaser shall cause Reorganized Debtors to assume at the time of Closing the employment of all of Debtors' employees who are actively employed, on temporary leave or engaged principally in the Business as of the Closing Date (the "Assumed Employees") on terms and conditions substantially similar to such Assumed Employees' terms and conditions of employment with Debtors on the date hereof, and shall immediately notify the Assumed Employees in writing of such assumption; provided, however, Purchaser shall have no obligation to cause Reorganized Debtors to assume the employment of any employees of Debtors whose employment relates either exclusively or primarily to the operation of any retail store location or Facility not being acquired by Reorganized Debtors pursuant to the Plan of Reorganization and this Agreement. Notwithstanding and without limiting the foregoing sentence and subject to Debtors' compliance with their obligations under Section 9.3 of this Agreement, Reorganized Debtors shall assume the employment of a sufficient number of employees on such terms and conditions so as not to give rise to any obligations or liabilities under the WARN Act to Debtors; provided, however, Purchaser shall not be obligated to cause Reorganized Debtors to assume the employment of any employees of Debtors working at any Excluded Facility, and Debtors shall have sole responsibility for any liability under the WARN Act arising under, relating to, or with respect to each Excluded Facility and the employees working at such Excluded Facility. Subject to Purchaser's obligations to Debtors pursuant to this Section 9.1, which does not confer third-party beneficiary status on any employee, nothing contained in this Agreement shall confer upon any Assumed Employee any right to any term or condition of employment or to continuance of employment by Reorganized Debtors or any of their Affiliates, nor shall anything herein interfere with the right of Reorganized Debtors or any of their Affiliates to terminate the employment of any employee, including any Assumed Employee, at any time, with or without notice and for any or no reason, or restrict Reorganized Debtors or any of their Affiliates in modifying any of the terms or conditions of employment of any employee, including any Assumed Employee, after the Closing.

9.2 Employee Benefit Plans. Except for the Assumed Employee Benefit Plans and Assumed Obligations, Reorganized Debtors shall not assume any Employee Benefit Plan or any Liability thereunder or related thereto and Reorganized Debtors shall provide only those benefits to Assumed Employees as of or after the Closing as contemplated in Section 9.1. Nothing contained in this Agreement, express or implied: (a) shall be construed to establish, amend, or modify any benefit or compensation plan, program, agreement or arrangement; (b) shall alter or

limit the ability of Reorganized Debtors or any of their Affiliates to amend, modify or terminate any benefit or compensation plan, program, agreement or arrangement at any time assumed, established, sponsored or maintained by it; or (c) is intended to confer upon any Person (including employees, retirees, or dependents or beneficiaries of employees or retirees) any rights as a third-party beneficiary of this Agreement.

9.3 WARN Act. Before Purchaser causes Reorganized Debtors to assume the employment of employees of the Business as required by Section 9.1 of this Agreement, and as a condition to such obligation, Debtors shall provide Purchaser with a list of employee layoffs, by date and location, implemented by Debtors in the 90-day period immediately preceding the Closing Date. In respect of any mass layoff, plant closing, store closing or other triggering event that occurs entirely prior to the Closing Date, Debtors shall jointly and severally indemnify and hold Purchaser and Reorganized Debtors harmless from and against any and all notices, payments, fines or assessments that arise, pursuant to any applicable Law with respect to the employment, discharge or layoff of employees of Debtors, including any arising under the WARN Act. Purchaser and Reorganized Debtors are responsible for any and all notices, payments, fines or assessments that arise pursuant to any applicable Law in respect to any mass layoff, plant closing, store closing or other triggering event that occurs in its entirety after the Closing Date with respect to the employment, discharge or layoff of employees of Reorganized Debtors (including any Assumed Employees), including any arising under the WARN Act.

9.4 Payroll Reporting and Withholding. Purchaser shall cause Reorganized Debtors to adopt the "standard procedure" for preparing and filing IRS Forms W-2 (Wage and Tax Statements), as described in Revenue Procedure 2004-53. Under this procedure, Reorganized Debtors as the successor employer shall provide Forms W-2 to all Assumed Employees reflecting all wages paid and Taxes withheld by Purchaser as the successor employer for the portion of the calendar year beginning on the day after the Closing Date. Debtors, as the predecessor employer, shall provide Forms W-2 to all Assumed Employees reflecting all wages paid and Taxes withheld by Debtors for the portion of the calendar year ending on the Closing Date. Purchaser shall cause Reorganized Debtors to adopt the "standard procedure" of Rev. Proc. 2004-53 for purposes of IRS Forms W-4 (Employee's Withholding Allowance Certificate) and W-5 (Earned Income Credit Advance Payment Certificate). Under this procedure, Reorganized Debtors shall keep on file the Forms W-4 and W-5 provided by the Assumed Employees for the period required by applicable Law concerning record retention. Purchaser shall cause Reorganized Debtors to obtain new IRS Forms W-4 and W-5 with respect to each Assumed Employee.

9.5 Joint Post-Closing Covenant of Purchaser and Debtors. Purchaser and Debtors agree that, from and after the Closing Date, Purchaser and Debtors will each use commercially reasonable efforts to cooperate with each other in connection with any action, suit, Proceeding, investigation or audit of the other relating to (a) the preparation of an audit of any Tax Return of Debtors or Purchaser for all periods prior to or including the Closing Date and (b) any audit of Purchaser and/or any audit of Debtors with respect to the Transfer Taxes imposed by the Laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement. In furtherance hereof, Purchaser and Debtors agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and

personnel in connection therewith. All costs and expenses incurred in connection with this Section 9.5 referred to herein shall be borne by the Party who is subject to such action.

9.6 Accounts Receivable; Collections. After the Closing, Reorganized Debtors shall be authorized to collect, in the name of Debtors, all Accounts Receivable constituting part of the Reorganized Assets and to endorse with the name of any applicable Debtors for deposit in Reorganized Debtors' account any checks or drafts received in payment thereof. Reorganized Debtors shall be entitled to retain any cash, checks or other property that they may receive after the Closing in respect of any Accounts Receivable or other asset constituting part of the Reorganized Assets. Debtors shall promptly deliver to Reorganized Debtors shall be entitled to retain any cash, proceeds or refunds that they may receive after the Closing in respect of insurance policies to the extent related to the Reorganized Assets.

9.7 Access to Information. For a period of twenty-four (24) months after the Closing Date, upon reasonable advance notice, Purchaser and Debtors will afford promptly to such other requesting Party and its agents reasonable access during normal business hours to their properties, books, records, employees, auditors and counsel to the extent necessary for financial reporting and accounting matters, employee benefits matters, the preparation and filing of any Tax returns, reports or forms, the defense of any Tax audit, claim or assessment, the reconciliation of Claims in the Bankruptcy Cases or otherwise to enable Purchaser or Debtors, as applicable, to address issues arising in connection with or relating to the Bankruptcy Cases or to permit Purchaser or Debtors, as applicable, to determine any matter relating to their rights and obligations hereunder or any other reasonable business purpose related to the Excluded Assets or Excluded Liabilities; provided, however, that any such access by Debtors or Purchaser, as applicable, shall not unreasonably interfere with the conduct of the business of Debtors or Purchaser, as applicable. Debtors or Purchaser, as applicable, will hold, and will use their commercially reasonable efforts to cause their officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of Law, all confidential documents and information concerning Debtors or Purchaser, as applicable, or the Business provided to it pursuant to this Section 9.7.

9.8 Confidentiality. Following the Closing, Debtors shall maintain as confidential and shall not use or disclose (except as required by Law or as authorized in writing by Purchaser) (a) any information or materials relating to the Business, operations and affairs of Debtors and (b) any materials developed by Purchaser or any of its representatives (including its accountants, advisors, environmental, labor, employee benefits and any other consultants, lenders and legal counsel). Except as otherwise permitted and provided above, in the event Debtors are required by Law to disclose any such confidential information, Debtors shall promptly notify Purchaser in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with Purchaser in connection with Purchaser's efforts to obtain a protective Order (at Purchaser's sole cost and expense) and otherwise preserve the confidentiality of such information consistent with applicable Law. Information subject to the confidentiality obligations in this Section 9.8 does not include any information which (x) at the time of disclosure is generally available to or known by the public (other than as a result of its disclosure in breach of this Agreement) or (y) becomes available on a non-confidential basis

from a Person who is not known to be bound by a confidentiality agreement with either Purchaser or its Affiliates, or who is not otherwise prohibited from transmitting the information.

9.9 Tax Matters.

(a) Tax Cooperation. Purchaser and Debtors agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Business and the Reorganized Assets (including access to the Books and Records, Tax records and Tax Returns) as is reasonably necessary for the preparation and filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any Claim, suit or proceeding relating to any Tax. Debtors and Purchaser shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes involving the Business.

(b) Transfer Taxes. Purchaser and Debtors acknowledge and agree that the transactions set forth in this Agreement shall be consummated under the Confirmation Order and the Plan of Reorganization. As a result, as contemplated by Section 1146(a) of the Bankruptcy Code, the making or delivery of any instrument of transfer, including the filing of any deed or other document to evidence, effectuate or perfect the rights, transfers and interests contemplated by this Agreement or the Plan of Reorganization, including the granting of any Lien, mortgage or other encumbrance in or against the Reorganized Assets by Reorganized Debtors in connection with the New Term Loans or the New Working Capital Facility, shall be free and clear of any and all state and local transfer taxes, recording taxes, stamp taxes, sales taxes, use taxes, mortgage taxes or other similar taxes ("Transfer Taxes"). All deeds, lease assignments, instruments, orders, mortgages and agreements transferring the Reorganized Interests to Purchaser, the Reorganized Assets to Reorganized Debtors, or a Lien in any of the Reorganized Assets to Reorganized Debtors' lenders shall contain the following endorsement:

> "Because this [instrument] has been authorized pursuant to Grantor's plan of reorganization approved by an order of the United States Bankruptcy Court for the District of South Carolina, it is exempt from transfer taxes, recording taxes, stamp taxes, sales taxes, use taxes, mortgage taxes or similar taxes pursuant to 11 U.S.C. § 1146(a)."

In the event that, notwithstanding the provisions of Section 1146(a) of the Bankruptcy Code or for any other reason, any Transfer Taxes are assessed at Closing or at any time thereafter on the transfer of any Reorganized Assets, then in each instance such taxes or charges incurred as a result of the Transactions shall be paid by Debtors. Purchaser and Debtors shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation.

9.10 Reorganized Debtors; Plan of Reorganization Compliance. On the Effective Date (which shall be the same date as the Closing) and upon receipt by Reorganized BI-LO Holding of the payments described in Section 2.3, Purchaser shall cause Reorganized Debtors, in accordance with the Plan of Reorganization, to make the following payments from the Purchase Price and the proceeds of the New Term Loans and the New Working Capital Facility in accordance with the Plan of Reorganization: (i) the Term Lender Distribution to the Term

Lenders; (ii) the General Unsecured Claims Fund Amount to the Liquidating Trust; and (iii) the DIP Facility Payoff Amount to the DIP Agent. Additionally, on the Effective Date, Purchaser will cause Reorganized Debtors to post letters of credit in substitution for the letters of credit identified on Schedule 9.10 hereto or will otherwise cause Reorganized Debtors to cash-collateralize the letters of credit identified on Schedule 9.10 hereto. Purchaser shall cause Reorganized Debtors to satisfy all of the Assumed Obligations on or following the Effective Date in substantial compliance with the Plan of Reorganization.

ARTICLE X
MISCELLANEOUS

10.1 Non-Survival of Representations and Warranties. The representations and warranties respectively made by Debtors and Purchaser in this Agreement and in any certificate delivered hereunder will expire as of the Closing. Subsequent to Closing, no Claim with respect to any breach of any representation or warranty contained in this Agreement and no Claim with respect to any known breach of a covenant to be performed at or prior to Closing contained in this Agreement may be pursued or maintained (either hereunder or otherwise) against any other Party. The Parties hereto agree that the covenants contained in this Agreement to be performed after the Closing shall survive the Closing hereunder, and each Party hereto shall be liable to the other after the Closing for any breach thereof.

10.2 Expenses.

(a) Except as otherwise provided herein, each Party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated hereby. Notwithstanding the foregoing, in the event of any action or Proceeding to interpret or enforce this Agreement, the prevailing Party in such action or Proceeding (i.e., the Party who, in light of the issues contested or determined in the action or Proceeding, was more successful) shall be entitled to have and recover from the non-prevailing Party such costs and expenses (including all court costs and reasonable attorneys' fees) as the prevailing Party may incur in the pursuit or defense thereof.

(b) The Parties hereto agree that if any Claims for commissions, fees or other compensation, including brokerage fees, finder's fees, or commissions are ever asserted against Purchaser or Debtors in connection with this transaction, all such Claims shall be handled and paid by the Party whose actions form the basis of such Claim and such Party shall indemnify (with counsel reasonably satisfactory to the Party entitled to indemnification) and hold the other harmless from and against any and all such Claims or demands asserted by any Person, firm or corporation in connection with the transaction contemplated hereby.

10.3 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument signed by Debtors and Purchaser.

10.4 Notices. Any notice, request, instruction or other document to be given hereunder by a Party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person, (b) on the date of transmission if sent by facsimile, e-mail, or other wire transmission (with answer back confirmation of such transmission), (c) upon delivery, if

delivered by a nationally known commercial courier service providing next day delivery service (such as United Parcel Service), or (d) upon delivery, or refusal of delivery, if deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid:

To Purchaser: LSF5 BI-LO Investments, LLC
c/o Hudson Advisors
2711 N. Haskell, Suite 1700
Dallas, TX 75204
Attn: Sam Loughlin
Fax: (214) 754-8302

with copies to: King & Spalding LLP
1100 Louisiana, Suite 4000
Houston, Texas 77002
Attn: Edward Ripley
Fax: (713) 751-3290

and

King & Spalding LLP
1180 Peachtree Street
Atlanta, Georgia 30309
Attn: Paul K. Ferdinands
Fax: (404) 572-5129

To Debtors: BI-LO, LLC
208 BI-LO Boulevard
Greenville, South Carolina 29607
Attn: Michael D. Byars
Brian P. Carney
Dwane H. Bryant
Fax: (864) 234-6999

With copies to: Nelson Mullins Riley & Scarborough LLP
1320 Main Street, 17th Floor
Columbia, South Carolina 29201
Attn: George B. Cauthen
Daniel J. Fritz
Fax: (803) 756-7500

and

Vinson & Elkins L.L.P.
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201-2975
Attn: Josiah M. Daniel, III
Jeffrey A. Chapman
Fax: (214) 999-7716

or to such other individual or address as a Party hereto may designate for itself by notice given as herein provided.

10.5 Waivers. The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Debtors or Purchaser, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

10.6 Counterparts and Execution. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile signature and such facsimile signature shall be deemed an original.

10.7 Headings. The headings preceding the text of the Articles and Sections of this Agreement and the Exhibits and the Schedules are for convenience only and shall not be deemed part of this Agreement.

10.8 SUBMISSION TO JURISDICTION. THE PARTIES HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER AGREEMENTS CONTEMPLATED HEREIN SHALL BE FILED AND MAINTAINED ONLY IN THE BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT.

10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of New York (regardless of the Laws that might otherwise govern under applicable New York principles of conflicts of Law) as to all matters, including matters of validity, construction, effect, performance and remedies.

10.10 Binding Nature; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without prior written consent of the other Party (which shall not be unreasonably withheld or delayed); except (i) that Purchaser may assign any of its rights and obligations hereunder to any Affiliate or Subsidiary of Purchaser (whether wholly owned or

otherwise) or to Purchaser's or Reorganized Debtors' lender(s) and, following the Closing, in whole or in part to any successor in interest to any Person acquiring all or any portion of the Business or the Reorganized Assets; (ii) the rights and interests of Debtors hereunder may be assigned to a trustee or other authorized representative appointed under chapter 11 or chapter 7 of the Bankruptcy Code; (iii) this Agreement may be assigned to any entity appointed as a successor to Debtors pursuant to a confirmed chapter 11 plan; and (iv) as otherwise provided in this Agreement. Debtors hereby agrees that Purchaser may grant a security interest in its rights and interests hereunder to its lenders, and Debtors will sign a consent with respect thereto if so requested by Purchaser or its lender, and that the terms of this Agreement shall be binding upon any subsequent trustee or other authorized representative appointed under chapter 11 or chapter 7 of the Bankruptcy Code. In the event that Purchaser assigns its rights and obligations hereunder to any third party, Purchaser shall not be relieved of its obligations hereunder.

10.11 No Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and nothing contained herein, express or implied, is intended to confer on any Person other than the Parties hereto or their successors and permitted assigns, any rights, remedies, obligations, Claims, or causes of action under or by reason of this Agreement.

10.12 Construction. The language used in this Agreement will be deemed to be the language chosen by the Parties to this Agreement to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any Law shall be deemed also to refer to all rules and Laws promulgated thereunder, unless the context requires otherwise. Whenever a Party's consent, approval or satisfaction is required under this Agreement, the decision as to whether or not to consent or approve or be satisfied shall be in the sole and exclusive discretion of such Party, and such Party's decision shall be final and conclusive.

10.13 Public Announcements. Except as required by Law or in connection with the Bankruptcy Cases, neither Debtors nor Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Parties hereto relating to the contents and manner of presentation and publication thereof, which approval will not be unreasonably withheld, delayed or conditioned. Prior to making any public disclosure required by applicable Law, the disclosing Party shall give the other Party a copy of the proposed disclosure and reasonable opportunity to comment on the same. Notwithstanding the foregoing, Purchaser shall not be restricted from making any public announcements or issuing any press releases after the Closing. Notwithstanding anything herein to the contrary, Debtors and Purchaser agree (on behalf of itself and each Affiliate and Person acting on behalf of it) that each Party hereto (and each employee, representative, and other agent of any Party hereto) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of the transaction and all materials of any kind (including opinions or other Tax analyses) that are provided to any Party hereto or any Person relating to such Tax treatment and Tax structure, except to the extent necessary to comply with any applicable federal or state securities Laws. Debtors and Purchaser agree that the authorization contained in the immediately preceding sentence is not intended to permit disclosure of any other information, including (i) any portion of any materials to the extent not related to the Tax treatment or Tax structure of the transaction, (ii) the identities of participants or potential participants in the transaction, (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or

financial information is related to the Tax treatment or Tax structure of the transaction), or (v) any other term or detail not relevant to the Tax treatment or the Tax structure of the transaction.

10.14 Schedules. The inclusion of any information in the Schedules shall not be deemed an admission or acknowledgment, in and of itself and solely by virtue of the inclusion therein, that such information is required to be listed therein or that such information is material for purposes of this Agreement. The headings, if any, of the individual sections of the Schedules are inserted for convenience only and shall not be deemed to constitute a part thereof or a part of this Agreement. The Schedules are arranged in sections merely for convenience, and the disclosure of an item in one section of the Schedules as an exception to a particular representation or warranty shall be deemed adequately disclosed as an exception with respect to all other representations or warranties to the extent that the relevance of such item to such other representations or warranties is reasonably apparent on the fact of such item, notwithstanding the presence or absence of an appropriate section of the Schedules with respect to such other representations or warranties or an appropriate cross reference thereto. The specification of any dollar amount in the representations and warranties or otherwise in this Agreement or in the Schedules is not intended and shall not be deemed to be an admission or acknowledgment of the materiality of such amounts or items, nor shall the same be used in any dispute or controversy among the Party to determine whether any obligation, item or matter (whether or not described herein or included in any schedule) is or is not material for purposes of this Agreement.

10.15 Entire Understanding. This Agreement, the Exhibits, the Schedules and the Confidentiality Agreement set forth the entire agreement and understanding of the Parties hereto in respect to the transactions contemplated hereby and the Agreement, the Exhibits, the Schedules and the Confidentiality Agreement supersede all prior agreements, arrangements and understandings relating to the subject matter hereof and are not intended to confer upon any other Person any rights or remedies hereunder.

10.16 Severability. If any term or other provision of this Agreement is held to be invalid, illegal, or incapable of being enforced under applicable Law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

10.17 Enforcement of Agreement. The Parties hereto agree that irreparable damage may occur in the event that any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive relief to prevent breaches of this Agreement, and subject to the restrictions and conditions contained herein, to enforce specifically the terms and provisions hereof (including to enforce specifically Purchaser's obligations hereunder to draw upon and cause the debt financing and equity financing to be funded in accordance with their terms), during the Bankruptcy Cases, in the sole and exclusive jurisdiction of the Bankruptcy Court and, upon the closing, dismissal or conversion of the Bankruptcy Cases, in any state or federal court

in the State of South Carolina, this being in addition to any other remedy to which they are entitled at law or in equity.

10.18 Time of Essence; Specified Dates. Time is of the essence for this Agreement and in the performance of the obligations and covenants to be performed or satisfied by any Party. Wherever a date specified in this Agreement falls on a day other than a Business Day, the date shall be extended to the next succeeding Business Day.

10.19 Privilege. Purchaser and Debtors agree that, as to all communications between Vinson & Elkins L.L.P., Nelson Mullins Riley & Scarborough, LLP, any other legal counsel to Debtors, Debtors and any Debtor's Affiliates (other than Purchaser) that relate in any way to the transactions contemplated by this Agreement, the attorney-client privilege and the expectation of client confidence belongs to Debtors, and may be controlled by Debtors, and shall not pass to or be claimed or controlled by Purchaser or any of its Affiliates (other than Debtors) as of the date of this Agreement.

10.20 **[INTENTIONALLY OMITTED].**

10.21 Closing Actions. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent, and none shall be effective unless and until all are effective (except to the extent that the Party entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to the Closing).

10.22 Conflict Between Transaction Documents. The Parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other agreement or document referred to herein, this Agreement shall govern and control.

10.23 Revisions to Schedules. Notwithstanding anything in this Agreement to the contrary, Purchaser may, with written notice to Debtors, revise the Schedules 1.1(a) through 1.1(k) at any time by giving written notice to Debtors on or before the commencement of a hearing on the Disclosure Statement in order to (i) exclude from the definition of Reorganized Asset and Assumed Obligations, and include in the definition of Excluded Asset and Excluded Liabilities, as applicable, any Contract not otherwise excluded therefrom or (ii) include in the definition of Reorganized Asset and Assumed Obligations, and exclude from the definition of Excluded Asset or Excluded Liability, as applicable, any Contract not otherwise included therein, and Debtors agree to give required notice to any of the parties to any such Contract or as otherwise reasonably requested by Purchaser.

[END OF PAGE]
[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Equity Purchase Agreement to be executed and delivered on the date first above written.

PURCHASER:

LSF5 BI-LO INVESTMENTS, LLC

By:_____
Name:_____
Its:_____

Debtors:

BI-LO, LLC

By:_____
Name:_____
Its:_____

BI-LO HOLDING, LLC

By:_____
Name:_____
Its:_____

BG CARDS, LLC

By:_____
Name:_____
Its:_____

ARP BALLENTINE LLC

By:_____
Name:_____
Its:_____

ARP CHICKAMAUGA LLC

By:_____
Name:_____
Its:_____

ARP HARTSVILLE LLC

By:_____
Name:_____
Its:_____

ARP JAMES ISLAND LLC

By:_____
Name:_____
Its:_____

ARP MOONVILLE LLC

By:_____
Name:_____
Its:_____

ARP MORGANTON LLC

By:_____
Name:_____
Its:_____

ARP WINSTON SALEM LLC

By:_____
Name:_____
Its:_____

EXHIBIT C

PLAN DOCUMENTS

1. Equity Purchase Agreement
2. Management Incentive Plan
3. § 1129(a)(5) Disclosure
4. Trust Agreement
5. Terms of the New Term Credit Facility
6. Terms of the New ABL Facility
7. Reorganized BI-LO LLC Agreement

EXHIBIT D

DISPUTED CLAIMS REQUIRING DEBTOR CONSENT

EXHIBIT E

TERM SHEET FOR NEW C&S AGREEMENT

US 186554v.7