

IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA

In re:

BI-LO, LLC, *et al.*,

Debtors.¹

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Case No. 09-02140 (HB)

Chapter 11

(Joint Administration)

**CHAPTER 11 PLAN OF REORGANIZATION FOR THE DEBTORS
PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
AND THE TERM LENDER COMMITTEE DATED DECEMBER 21, 2009**

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Dated: December 21, 2009

¹ The Debtors and their respective case numbers are as follows: BI-LO, LLC, Case No. 09-02140-HB; BI-LO Holding, LLC, Case No. 09-02142- HB; BG Cards, LLC, Case No. 09-02143- HB; ARP Ballentine, LLC, Case No. 09-02144- HB; ARP Chickamauga LLC, Case No. 09-02146- HB; ARP Hartsville LLC, Case No. 09-02147- HB; ARP James Island, LLC, Case No. 09-02149- HB; ARP Moonville LLC, Case No. 09-02150- HB; ARP Morganton LLC, Case No. 09-02152- HB; ARP Winston Salem LLC, Case No. 09-02154- HB.



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The Official Creditors' Committee and the Term Lender Committee (as each such term is defined herein) hereby propose the following chapter 11 plan of reorganization for the debtors in the above captioned chapter 11 cases, dated as of December 21, 2009, which amends the chapter 11 plan dated November 20, 2009, previously filed by the Official Creditors' Committee and the Term Lenders Committee.

ARTICLE I

DEFINITIONS AND RELATED MATTERS

1.1 Definitions; Interpretation.

(a) Definitions. The capitalized terms used herein shall have the respective meanings specified below:

(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 Commencement Date.

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

(4) "Acquired Term Lender Investment Right Units" means the New Common Units acquired by eligible Term Lenders pursuant to the Term Lender Investment Right in accordance with Section 5.6.

(5) "Additional Investor Investment Amount" means the product of (A) the Deemed Unit Price multiplied by (B) the aggregate number of Exchanged Units.

(6) "Administrative Claim" means a Claim against any Debtor or its Estate (A) arising on or after the Commencement 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 section 364(c)(1), 503(b), 503(c), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including DIP Financing Claims, Fee Claims and actual and necessary costs and expenses incurred after the Commencement Date of preserving the Estates and operating the businesses of the Debtors, (B) that is entitled to priority under section 503(b)(9) of the Bankruptcy Code, or (C) that is a Reclamation Claim.

(7) "Ahold" means Koninklijke Ahold N.V., Ahold Lease U.S.A., Inc., Ahold NC Acquisition LLC, and any of their direct or indirect subsidiaries or affiliates.

(8) "Allowed" means with reference to a Claim, any Claim, to the extent it has not been withdrawn, paid, deemed satisfied or otherwise extinguished, (i) 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, (ii) 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 in either case, (a) no objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, (b) the Claim is allowed pursuant to a Final Order (which Final Order may be the Confirmation Order), (c) the Claim is allowed by agreement of the Creditors' Plan Proponents or Reorganized Debtors (or, with respect to General Unsecured Claims, the Creditors' Trust), provided that if the Claim is an Administrative Claim, the written consent of Wellspring shall be required, or (d) the Claim is allowed in connection with a compromise, settlement, or other resolution authorized pursuant to a Final Order of the Bankruptcy Court or the authority granted to the Reorganized Debtors or the Creditors' Trust under the Creditors' Plan, or (iii) that has been allowed pursuant to the Creditors' Plan (including a Term Lender Claim), provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Creditors' Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Except as otherwise provided in the Creditors' Plan or a Bankruptcy Court order, the amount of an Allowed Claim (including a Disputed Claim that subsequently becomes an Allowed Claim) shall not include (i) any interest, penalty, or late charge arising or accruing after the Commencement Date, or (ii) any award or reimbursement of attorneys fees or related expenses or disbursements.

(9) "Ballot" means the form distributed to each holder of an impaired Claim entitled to vote on the Creditors' Plan, on which such holder is to indicate acceptance or rejection of the Creditors' Plan and with respect to (A) each holder of a General Unsecured Claim in excess of \$5,000, to make an irrevocable election to be treated as a holder of a Class 5 Convenience Claim by reducing its Claim to \$5,000 and accepting treatment in Class 5, (B) each holder of a General Unsecured Claim in an amount no greater than \$5,000, to make an irrevocable election to be treated as a holder of a General Unsecured Claim in Class 4, and (C) each Term Lender other than a Designated Term Lender, to make its election with respect to (i) the Term Lender Liquidity Right and (ii) the Term Lender Investment Right.

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

(11) "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 section 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.

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

- (13) “Bar Date” means with respect to any particular Claim (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.
- (14) “Bayside” means BiLo Recovery, LLC.
- (15) “BI-LO” means BI-LO, LLC, as debtor and debtor in possession.
- (16) “BI-LO Holding” means BI-LO Holding, LLC, as debtor and debtor in possession.
- (17) “Bruno’s” means Bruno’s Supermarkets LLC, any predecessor of Bruno’s Supermarkets LLC, any subsidiary of any of the foregoing, BFW Liquidation, LLC, LSF5 Bruno’s Investments, LLC, and its direct and indirect equity interest holders in their capacities as such, provided, this definition of Bruno’s shall not include the Specified Released Parties.
- (18) “Business Day” means any day except Saturday, Sunday, or a “legal holiday” as such term is defined in Bankruptcy Rule 9006(a).
- (19) “C&S” means C&S Wholesale Grocers, Inc.
- (20) “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 Commencement Date.
- (21) “C&S New Common Units” means New Common Units representing 5% of the New Common Units issued and outstanding immediately following the Effective Date.
- (22) “Cash” means legal tender of the United States of America.
- (23) “Causes of Action” means all rights, claims (as defined in section 101(5) of the Bankruptcy Code), causes of action, defenses, debts, demands, proceedings, suits, actions, 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 section 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.
- (24) “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).

(25) “Claim” means a claim (as defined in section 101(5) of the Bankruptcy Code) against a Debtor.

(26) “Claims Objection Deadline” means the last day for filing objections to Claims, which (with respect to any particular Claim) shall be the latest of: (A) 120 days after the Effective Date; (B) 90 days after the filing of a proof of claim or request for payment of an Administrative Claim; or (C) such later date as may be approved by order of the Bankruptcy Court.

(27) “Class” means a category of holders of Claims or Equity Interests as set forth in the classifications under the Creditors’ Plan.

(28) “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.

(29) “Commencement Date” means March 23, 2009, the date on which each of the Debtors commenced its Chapter 11 Case.

(30) “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.

(31) “Confirmation Hearing” means the hearing before the Bankruptcy Court to consider confirmation of the Creditors’ Plan, as such hearing may be adjourned or continued from time to time.

(32) “Confirmation Order” means the order of the Bankruptcy Court confirming the Creditors’ Plan pursuant to section 1129 of the Bankruptcy Code.

(33) “Contract Rejection Schedule” means Schedule 1.1(a)(33) hereof listing (A) certain of the executory contracts and unexpired leases to be rejected under the Creditors’ Plan, and (B) certain non-executory contracts and expired leases, which shall be filed as a Plan Document.

(34) “Convenience Claim” means a General Unsecured Claim (A) (i) in an amount no 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..

(35) “Creditors’ Plan” means, collectively, this Plan of Reorganization Under Chapter 11 for 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 Creditors’ Plan Proponents.

(36) “Creditors’ Plan Proponents” means the Official Creditors’ Committee and the Term Lender Committee, as proponents of the Creditors’ Plan.

(37) “Creditors’ Trust” means the trust established in connection herewith as of the Effective Date to which all of the Trust Assets shall be contributed and which shall be established by the Trust Agreement.

(38) “Cure Amount” means the dollar amount required to be paid under section 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, which amount shall be set forth on the Cure Amount Schedule.

(39) “Cure Amount Schedule” means Schedule 1.1(a)(39) setting forth the Cure Amount for each executory contract and unexpired lease to be assumed pursuant to the Creditors’ Plan, which schedule shall be filed as a Plan Document.

(40) “Debtors” means, in their capacity as debtors and debtors 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.

(41) “Debtors’ Prepetition Professionals” means any professionals retained by or for the Debtors, and serving in such capacities, prior to the Commencement Date, including any such accountants, accounting firms, auditors, consulting firms, consultants, advisors, attorneys, law firms, investment bankers and investment banks; provided, that, notwithstanding the foregoing, this definition of Debtors’ Prepetition Professionals shall not include the Lender Indemnified Entities.

(42) “Deemed Unit Price” means \$[_____].

(43) “Designated Term Lenders” means Grace Bay Holdings II, LLC and C. Saunders LLC [or their assignees].

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

(45) “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.

(46) “DIP Financing 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.

(47) “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.

(48) “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).

(49) “Disbursing Agent” means (A) for distributions on account of Claims other than Claims in Class 4 and Class 5, Reorganized BI-LO Holding or its designee, acting in the capacity of disbursing agent; and (B) for distributions on account of Claims in Class 4 and Class 5, the Trustee or its designee, acting in the capacity of disbursing agent.

(50) “Disclosure Statement” means the Joint Disclosure Statement with respect to the Creditors’ Plan and any alternative plan proposed by the Debtors, 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 section 1125 of the Bankruptcy Code.

(51) “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.

(52) “Distribution Date” means: (A) for General Unsecured Claims in Classes 4 and 5: the initial distribution date selected by the Trustee; (B) for all other Claims, (i) if the Claim has been allowed as of the Effective Date: the Effective Date; (ii) if the Claim is 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 a Disputed Claim becomes a Final Order or in which, by agreement, a Disputed Claim becomes an Allowed Claim.

(53) “Effective Date” means a day, as determined by the Creditors’ Plan Proponents, that is a Business Day no earlier than the date on which all conditions set forth in Section 4.1 have been satisfied or waived.

(54) “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.

(55) “Estate” means, as to a particular Debtor, the estate created for such Debtor pursuant to section 541 of the Bankruptcy Code.

(56) “Exchanged Units” means the New Common Units as to which a Term Lender has elected to receive Cash in lieu of such New Common Units pursuant to the Term Lender Liquidity Right.

(57) “Excluded Parties” means Lone Star, Ahold, Bruno's, and each of their current or former respective officers, managers, directors, principals, members, partners, equity holders, stockholders, employees, agents, professionals, advisors, consultants,

accountants, and attorneys, each acting in such capacities, any director or officer of any of the Debtors serving in such capacities prior to the Commencement Date, the Specified Executives, the Debtors' Prepetition Professionals and all of the successors and assigns of any of the foregoing, and any entity set forth on Schedule 1.1(a)(57), which shall be filed as a Plan Document.

(58) "Excluded Vendors" means (A) Lone Star, (B) Ahold, and (C) any entity set forth on Schedule 1.1(a)(58), which shall be filed as a Plan Document.

(59) "Exculpated Parties" means (A) the Specified Released Parties and (B) the Debtors, the Reorganized Debtors, and, (C) with respect to acts or omissions occurring on or after the Commencement Date, each of the Debtors' respective officers, managers, directors, principals, members, partners, stockholders, employees, agents, professionals, advisors, and attorneys who served in such capacities after the Commencement Date, acting in such capacities, and (D) all of the successors and assigns of any of the foregoing, provided, however, that the Exculpated Parties shall not include any of the Excluded Parties, nor any of the Excluded Parties' respective agents, advisors, and attorneys, acting in such capacity.

(60) "Exit Facility" means a secured revolving credit facility providing financing for certain of the Reorganized Debtors, pursuant to the terms of the Exit Facility Agreement.

(61) "Exit Facility Agreement" means a revolving credit and guaranty agreement to be entered into by the Reorganized Debtors on the Effective Date among the parties thereto (and all collateral security and loan documents related thereto), the terms and conditions of which shall be reasonably satisfactory to Wellspring (and, with respect to any intercreditor provisions, in form and substance reasonably satisfactory to the Term Lender Committee).

(62) "Fee Claim" means a claim under section 330(a), 331, 503, or 1103 of the Bankruptcy Code for compensation for services rendered or expenses incurred on or after the Commencement Date in connection with the Chapter 11 Cases.

(63) "Final Order" means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction: (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; (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 Creditors' Plan Proponents 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.

(64) “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, Section 510(b) Claim, or any Claim for a Cure Amount.

(65) “Investment Agreement” means that certain Investment Agreement, dated as of September 11, 2009, by and among the Investors, the Term Lenders party thereto, and the Official Creditors’ Committee (as the same may be amended, modified or supplemented from time to time), filed with the Bankruptcy Court on September 15, 2009 (Docket No. 1419) as an exhibit to the Notice of Filing of Investment Agreement.

(66) “Investor New Equity Commitment” means \$79.5 million.

(67) “Investor Funding Amount” means the amount equal to the difference of (A) the sum of (i) Investor New Equity Commitment plus (ii) the Additional Investor Investment Amount, if any, minus (B) the Term Lender Investment Amount, if any.

(68) “Investors” means (i) Wellspring and Bayside, or (ii) if Wellspring has assumed the obligations of Bayside under the Investment Agreement, Wellspring.

(69) “Intercompany Claim” means any Claim by any Debtor against another Debtor.

(70) “Lender Indemnified Entities” means any entity that (A) one or more Term Lenders, in their capacities as such, may be required to indemnify, including Merrill Lynch, Pierce, Fenner & Smith Incorporated, as lead arranger and sole bookrunner under the Term Loan Agreement, (B) one or more ABL Lenders, in their capacities as such, may be required to indemnify under the ABL Credit Agreement, or (C) would have a Secured Claim as a result of the right to seek indemnification from the Debtors in connection with the Term Loan Agreement or the ABL Credit Agreement.

(71) “Liquidity Rights Notice” has the meaning set forth in the Investment Agreement.

(72) “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.

(73) “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.

(74) “Lone Star” shall include: (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) LSF5 Bruno's Investments, LLC; (G) Hudson Advisors; (H) any affiliates 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, insiders or other indirect or direct equity holder of any of the foregoing; provided that, notwithstanding the foregoing, this definition of Lone Star shall not include the Debtors, the Reorganized Debtors, the Specified Released Parties, or, for purposes of this definition solely, current or former directors, officers, or employees of the Debtors.

(75) “Management Incentive Plan” means the management equity incentive plan for key managers of the Reorganized Debtors to be implemented by the Board of Managers of Reorganized BI-LO Holding, for which New Common Units representing 10% of the total outstanding New Common Units, on a fully diluted basis immediately following the Effective Date, shall be reserved.

(76) “Management Services Agreement” means a management services agreement among Reorganized BI-LO Holding and the Investors, substantially in the form filed as a Plan Document, which shall be reasonably satisfactory to the Term Lender Committee and the Investors.

(77) “Maximum Allowable Amount” means, with respect to Claims in Class 4: (A) with respect to any Disputed Claim having a liquidated amount, the lesser of (i) the amount set forth in the proof(s) of claim or requests for payment filed by the holder thereof, (ii) 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 (iii) the amount agreed upon, in writing, by the holder and the Creditors’ Plan Proponents prior to the Effective Date, subject to order of the Bankruptcy Court, or the Creditors’ Trust after the Effective Date; and (B) with respect to a Disputed Claim filed in an unliquidated, undetermined, or contingent amount, the lesser of (i) the estimated amount of such Claim as determined by the Bankruptcy Court, or (ii) the amount agreed upon, in writing, by the holder and the Creditors’ Plan Proponents prior to the Effective Date, subject to order of the Bankruptcy Court, or the Creditors’ Trust after the Effective Date.

(78) “New C&S Agreement” means the C&S Agreement, as the same may be modified, amended, or restated in accordance with the term sheet annexed as Exhibit F to the Investment Agreement.

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

(80) “New Intercreditor Agreement” means the Intercreditor Agreement to be executed in connection with the Exit Facility and the credit agreement governing the New Term Notes, the terms and conditions of which shall be reasonably satisfactory to the Term Lender Committee.

(81) “New Term Notes” means the secured promissory notes to be issued to holders of Term Loan Claims pursuant to Section 2.4(c)(3)(A)(i) in the aggregate principal amount of \$164.1 million evidencing term loan obligations of the Reorganized Debtors pursuant to a credit agreement, the terms and conditions of which shall be as set forth on Schedule 1.1(a)(81) and otherwise acceptable to the Term Lender Committee, substantially in the form filed as a Plan Document.

(82) “Non-Core Real Property” means the parcels of real property identified on Schedule 1.1(a)(82), which schedule shall be filed as a Plan Document.

(83) “Official Creditors’ Committee” means the official committee of unsecured creditors, appointed in the Chapter 11 Cases on March 30, 2009, as the same may be reconstituted from time to time.

- (84) “Old Equity Interests” means (A) any Equity Interest in a Debtor; (B) any dividend with respect to any of the foregoing, in each case, other than a Subsidiary Equity Interest; and (C) Section 510(b) Claims.
- (85) “Plan Documents” means all of the schedules, agreements and other documents that aid in effectuating the Creditors’ Plan listed on Schedule 1.1(a)(85).
- (86) “Prepetition Agents” means the ABL Agent and the Term Loan Agent.
- (87) “Prepetition Lenders” means the ABL Lenders and the Term Lenders.
- (88) “Priority Non-Tax Claim” means a claim against a Debtor or its Estate accorded priority in right of payment pursuant to section 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 section 507(a)(8) of the Bankruptcy Code.
- (90) “Pro Rata Share” means as of any date of determination, a proportionate share, so that the ratio of (A) (i) the consideration distributed on account of an Allowed Claim in a Class to (ii) the amount of such Allowed Claim, is the same as the ratio of (B) (i) the amount of the consideration distributed on account of all Allowed Claims in such Class to (ii) 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.
- (91) “Quarterly Distribution Date” means the last Business Day of each 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.
- (92) “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.
- (93) “Reclamation Claim” means any Claim of a seller of goods to the Debtors to the extent that such seller (A) has sold such goods to the Debtors in the ordinary course of such seller’s business, (B) that has timely provided a written demand for reclamation in accordance with section 546(c) of the Bankruptcy Code, (C) that is not subject to the prior rights of a holder of a security interest in such goods or the proceeds thereof, and (D) that is otherwise entitled to reclaim such goods pursuant to section 546(c) of the Bankruptcy Code.
- (94) “Record Date” has the meaning set forth in Section 2.7 of the Creditors’ Plan.
- (95) “Registration Rights Agreement” means a registration rights agreement with respect to the New Common Units, substantially in the form filed as a Plan Document.
- (96) “Released Parties” means the Specified Released Parties and each of the Debtors’ officers, managers, directors, and employees if designated to be an officer, manager, director or employee after the Effective Date, each acting in such capacities, and all of

the successors and assigns of the foregoing, provided, however, that the Released Parties shall not include any of the Excluded Parties, nor any of the Excluded Parties' respective agents, advisors, and attorneys, acting in such capacity; provided, further, however, that, solely with respect to a Trust Cause of Action, Released Parties shall not include the Specified Executives.

(97) "Released Vendors" means any entity that provided goods or services to the Debtors in the ordinary course of business other than an Excluded Vendor.

(98) "Releasing Parties" has the meaning set forth in Section 4.2(g) of the Creditors' Plan.

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

(100) "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 Wellspring and all of the Term Lenders jointly determine that such limited liability company should be treated as a pass-thru entity for tax purposes.

(101) "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.

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

(103) "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.

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

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

(106) "Restructuring Transactions" means such actions that the Creditors' Plan Proponents, with the written consent of Wellspring, 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 Creditors' 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 Creditors' 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.

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

(108) "Section 510(b) Claim" means any Claim against any of the Debtors: (A) arising from rescission of a purchase or sale of a security of a Debtor or an affiliate of a Debtor; (B) for damages arising from the purchase or sale of such security; or (C) for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

(109) "Secured Claim" means any Claim (other than DIP Financing Claims and Term Lender Claims) 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 section 506(a) of the Bankruptcy Code; or (B) subject to a permissible setoff under section 553 of the Bankruptcy Code, but only to the extent of such permissible setoff.

(110) "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 the Creditors' Plan.

(111) "Specified Executives" means Messrs. Brian P. Carney and Kenneth E. Jones, Marc L. Lipshy and Layne B. LeBaron.

(112) "Specified Released Parties" means DIP Agent, the DIP Lenders, the Prepetition Agents, the Prepetition Lenders, the Term Loan Predecessor Agent, the Lender Indemnified Entities, the Term Lender Committee, the Official Creditors' Committee, the Exit Facility Agent, the Exit Facility Lenders, the Investors, C&S and each of their respective officers, managers, directors, principals, members, partners, stockholders, employees, agents, professionals, advisors, and attorneys, acting in such capacities, and all of the successors and assigns of any of the foregoing.

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

(114) “Subsidiary Equity Interest” means, when used with reference to a particular Subsidiary, any Equity Interest in such Subsidiary owned by a Debtor and to be owned immediately after the Effective Date by a Reorganized Debtor.

(115) “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; 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.

(116) “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).

(117) “Term Lender Committee” means the ad hoc committee of Term Lenders, the members of which are set forth in the Verified Statement of Jones Day and McNair Law Firm, P.A. Pursuant to Bankruptcy Rule 2019 filed on April 10, 2009 (Docket No. 356), as the same may be amended from time to time; provided, however, that no Term Lenders shall be excluded from the Term Lender Committee without the prior written consent of Wellspring for purposes of the Creditors’ Plan.

(118) “Term Lender Investment Amount” means the aggregate amount invested by the Term Lenders other than Designated Term Lenders pursuant to the Term Lender Investment Right.

(119) “Term Lender Investment Right” means the right of each of the Term Lenders other than the Designated Term Lenders to invest up to its proportionate share of \$12 million and receive therefor New Common Units at the Deemed Unit Price, all in accordance with Section 5.6.

(120) “Term Lender Liquidity Right” means the right of the Term Lenders other than the Designated Term Lenders to elect to receive Cash in lieu of up to 50% of the New Common Units to which such Term Lender would otherwise be entitled pursuant to Section 2.4(c)(3)(A)(ii), all in accordance with Section 5.5.

(121) “Term Lenders” means the entities party to the Term Loan Agreement in their capacities as lenders thereunder.

(122) “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.

(123) “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 Commencement Date.

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

(125) “Term Loan Asset Proceeds” means any payments (other than adequate protection payments) made from proceeds of collateral during the Chapter 11 Cases that, pursuant to an order of the Bankruptcy Court, are to be applied to obligations (as such term is defined in the Term Loan Agreement) in connection with the Term Loan Agreement.

(126) “Trust Agreement” means the agreement establishing the Creditors’ Trust, substantially in the form filed as a Plan Document.

(127) “Trust Assets” means (A) \$30 million in Cash, (B) the Trust Causes of Action and (C) all rights and remedies and evidentiary privileges (including the attorney-client privilege) relating in any way to Trust Causes of Action, and the proceeds of the foregoing.

(128) “Trust Advisory Board” means the board to be created pursuant to Section 7.4 of the Creditors’ Plan for the purpose of advising the Trustee with respect to decisions of the Creditors’ Trust.

(129) “Trust Causes of Action” means any and all Causes of Action that arose on or prior to the Commencement Date and are held as of the Effective Date by the Debtors’ estates against Lone Star, Ahold, Bruno’s, and each of their current or former respective officers, managers, directors, principals, members, partners, equity holders, stockholders, employees, agents, professionals, advisors, consultants, accountants, and attorneys, each acting in such capacities, any director or officer of any of the Debtors serving in such capacities prior to the Commencement Date, the Specified Executives, the Debtors’ Prepetition Professionals and all of the successors and assigns of any of the foregoing, in connection with, relating to, or arising from the (A) acquisition of the Debtors by Lone Star from Ahold, (B) the sale or spin-off of Bruno’s assets, operations or equity or membership interests by any Debtor to Lone Star, (C) any transaction involving any Debtor and Bruno’s, (D) any transaction (except those arising from an executory contract or unexpired lease assumed or to be assumed by the Debtors) involving any Debtor and Ahold, (E) any transaction involving any Debtor and Lone Star, and (F) any actual or considered sale or transfer, or efforts to sell or otherwise transfer, any Debtor or the equity or assets of any Debtor; provided, however, that, and without in any other way limiting the foregoing, Trust Causes of Action shall not include any Causes of Action arising under chapter 5 of the Bankruptcy Code against William Blair & Company, AP Services, LLC, and the law firms retained by the Debtors in the Chapter 11 Cases, including Vinson & Elkins L.L.P. and Nelson Mullins Riley & Scarborough, L.L.P, or any of the foregoing entities’ successors in interest.

(130) “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).

(131) “Trustee” means the Trustee appointed in accordance with Section 7.1 and as contemplated by the Trust Agreement.

(132) “Trustee’s Professionals” has the meaning set forth in Section 7.3(e) of the Creditors’ Plan.

(133) “Wellspring” means WCM-BL Holding, LLC.

(b) Interpretation. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and neutral. Unless otherwise specified, all section, article, or schedule references in the Creditors’ Plan are to the respective section in, article of, or schedule to the Creditors’ Plan. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to the Creditors’ Plan as a whole and not to any particular section, subsection, or clause contained in the Creditors’ Plan. The use of the word “including” shall be deemed to mean “including, without limitation,”. Except as expressly set forth herein, any reference to an entity as a holder of a Claim or Equity Interest includes that entity’s successors and assigns. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Creditors’ Plan. A term (whether or not capitalized) used herein that is not defined herein shall have the meaning ascribed to such term, if any, in the Bankruptcy Code. Any references herein to amounts of time shall be calculated pursuant to Bankruptcy Rule 9006. The headings in the Creditors’ Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Creditors’ Plan.

1.2 Disclosure Statement and Plan Documents. All Plan Documents are incorporated into the Creditors’ Plan by this reference as if set forth in full herein. In the event of a conflict between the Creditors’ Plan (including a Plan Document) and the Disclosure Statement, the Creditors’ Plan shall control. In the event of any inconsistency between the Creditors’ Plan and the Confirmation Order, the Confirmation Order shall control. In the event of any inconsistency between the Creditors’ Plan and the Trust Agreement, the Trust Agreement shall control.

ARTICLE II

CLASSIFICATION, TREATMENT, AND VOTING RIGHTS OF CLAIMS AND EQUITY INTERESTS

2.1 Global Resolution; Deemed Substantive Consolidation.

(a) Global Resolution and Plan Settlement. The treatment of Claims in Classes 3, 4 and 5, the deemed consolidation described in Section 2.1(b), the assumption of the New C&S Agreement, the issuance of the C&S New Common Units, the waiver by C&S of any right to receive a distribution as a holder of a general unsecured claim, and the release and exculpation provisions, represent a global resolution and settlement pursuant to section 1123(a)(5) and 1123(b)(3) of the Bankruptcy Code with respect to C&S’ Claims, the Term Lender Claims and the General Unsecured Claims.

(b) Deemed Substantive Consolidation. Entry of the Confirmation Order shall constitute the approval, pursuant to section 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 Creditors’ Plan and for no other purpose. In furtherance thereof, on and after the Effective Date: (1) 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; (2) 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; (3) all Intercompany Claims shall be deemed extinguished and discharged for no consideration; and (4) all Subsidiary Equity Interests shall be reinstated. The Creditors' 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 Creditors' Plan. Such treatment of assets shall not have an effect on the legal or corporate structures of the Reorganized Debtors or any obligation incurred pursuant to the Creditors' Plan or after the Effective Date.

Notwithstanding the deemed substantive consolidation of the Chapter 11 Cases for the 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 Claims.

(a) General. Except as otherwise specifically provided in this Section 2.2, unless such holder agrees to a different treatment, or unless an order of the Bankruptcy Court provides otherwise, on the Distribution Date, 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; 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.

(b) Allowance and Payment of DIP Financing Claims. On the Effective Date, (1) the DIP Agent shall receive (for the benefit of and distribution to each of the DIP Lenders according to the DIP Credit Agreement), in full and complete settlement, satisfaction, and discharge of all DIP Financing Claims, Cash in the amount of the Allowed DIP Financing Claims and (2) all Letters of Credit issued and outstanding under the DIP Credit Agreement shall either be (A) returned to the issuer undrawn and marked cancelled or (B) collateralized either in Cash or a back-to-back letter of credit, in an amount equal to 105% of the face amount.

(c) Allowance and Payment of Fee Claims. All entities seeking allowance by the Bankruptcy Court of a Fee Claim shall prepare final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date, and shall file and serve such applications no later than the date that is 45 days after the Effective Date. The failure to timely file such application shall result in the Fee Claim being forever barred and discharged. Objections to a Fee Claim must be filed and served no later than 20 days after service of the application seeking allowance of such Fee Claim. As soon as practicable (but no later than 5 Business Days) after a Final Order by the Bankruptcy Court allowing a Fee Claim, the Disbursing Agent shall pay the holder thereof Cash in the unpaid Allowed amount of such claim.

(d) Bar Date for Administrative Claims. Except as otherwise provided in Section 2.2(c), requests for payment of Administrative Claims must be filed and served on the Reorganized Debtors and such other entities who are designated by the Bankruptcy Rules or other order of the Bankruptcy Court no later than the Bar Date established by order of the Bankruptcy Court for such Administrative Claims or 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 Section 2.2(d) shall be forever barred from asserting such Administrative Claim against the Debtors, the Reorganized Debtors, their respective properties, or any assets of the Debtors' Estates, and such Administrative Claims shall be deemed waived and released as of the Effective Date. Objections to any Administrative Claim must be filed by the Reorganized Debtors by the Claims Objection Deadline.

2.3 Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive, at the option of the Reorganized Debtors: (a) the amount of such holder's Allowed Priority Tax Claim, plus interest on the unpaid amount of such Claim from the Effective Date at the rate applicable under non-bankruptcy law, in quarterly Cash installment payments over a period ending not later than five years after the Commencement Date (provided that the Reorganized Debtors may prepay the balance of any such Allowed Priority Tax Claim at any time without premium or penalty); (b) Cash on the Distribution Date in the amount equal to the Allowed Priority Tax Claim; or (c) such other treatment as may be agreed upon in writing by such holder and the Creditors' Plan Proponents, subject to approval of the Bankruptcy Court, or, after the Effective Date, the Reorganized Debtors.

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 Creditors' 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.

2.4 Classification, Treatment, and Voting Rights of Classified Claims and Equity Interests.

(a) Class 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, in full and complete settlement, satisfaction, and discharge of such Claim, receive 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 Creditors' Plan Proponents or, after the Effective Date, the Reorganized Debtors.

(3) Impairment and Voting. Class 1 is unimpaired under the Creditors' Plan. Each holder of an Allowed Priority Non-Tax Claim is conclusively presumed to have accepted the Creditors' Plan and is not entitled to vote on the Creditors' 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, satisfaction, and discharge of such Claim, at the sole option of the Reorganized Debtors: (A) have such Claim reinstated and rendered unimpaired in accordance with section 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 section 506(b) of the Bankruptcy Code; or (C) receive the Collateral securing such Allowed Secured Claim.

(3) Impairment and Voting. Class 2 is impaired under the Creditors' Plan. Each holder of an Allowed Secured Claim is entitled to vote to accept or reject the Creditors' 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 the Creditors' Plan, the Term Lender Claims are Allowed in the principal amount of \$260 million, plus interest, fees, charges, expenses, and other amounts provided for under the Term Loan Agreement, less the amount of Term Loan Asset Proceeds.

(3) Treatment. On the Effective Date, each of the Term Lenders shall, in full and complete settlement, satisfaction, and discharge of such claim, receive:

(A) Its Pro Rata Share of:

(i) the New Term Notes; and

(ii) New Common Units, representing 43.1% of the New Common Units issued and outstanding immediately following the Effective Date (provided, however, that, if an eligible Term Lender elects to participate in the Term Lender Liquidity Right in accordance with Section 5.5, the number of New Common Units such Term Lender is otherwise entitled to receive pursuant to this clause (ii) shall be reduced by the number of such Term Lender's Exchanged Units); and

(B) if such Term Lender elects to participate in the Term Lender Liquidity Right, additional Cash in an amount equal to the product obtained by multiplying (i) the number of such Term Lender's Exchanged Units by (ii) the Deemed Unit Price, all in accordance with Section 5.5; provided, however, that the Designated Term Lenders are not entitled to participate in the Term Lender Liquidity Right; and

(C) if such Term Lender elects to participate in the Term Lender Investment Right, a number of additional New Common Units equal to the quotient obtained by dividing (i) the amount invested by such Term Lender pursuant to the Term Lender Investment Right, by (ii) the Deemed Unit Price, but only against delivery of the amount invested, all in accordance with Section 5.6; provided,

however, that the Designated Term Lenders are not entitled to participate in the Term Lender Investment Right.

(D) In addition to the treatment set forth in clauses (A) through (C) above, (w) the “Deferred Fee” payable to Houlihan Lokey, the financial advisors for the Term Lender Committee, shall be paid by the Reorganized Debtors within 10 days after the Effective Date; (x) the Reorganized Debtors shall, on the Effective Date, reimburse the Term Lenders (or their predecessors in interest) for any fees, costs, expenses, and indemnification obligations incurred by the Term Lenders, or any of them, in connection with the Exit Facility; (y) the Reorganized Debtors shall reimburse the Term Lenders such fees, costs, and expenses incurred on or after the Effective Date by the Term Lenders, the Term Lender Committee, or the Term Loan Agent, or any of them, in addressing customary post-closing matters, which shall be paid within 10 days after invoice; and (z) the Term Lenders shall be entitled to retain any adequate protection payments made by the Debtors during the Chapter 11 Cases. For the sake of clarity, the Reorganized Debtors shall not be responsible to pay for any fees and expenses of the Term Loan Agent, any individual Term Lender, and the Term Lender Committee other than as set forth in clauses (w), (x), and (y) above.

(4) Impairment and Voting. Class 3 is impaired under the Creditors’ Plan. Each holder of an Allowed Term Lender Claim is entitled to vote to accept or reject the Creditors’ 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 Effective Date, the Trust Assets shall be transferred to the Creditors’ Trust. Each holder of an Allowed General Unsecured Claim (other than a Convenience Claim) shall, in full and complete settlement, satisfaction, and discharge of such Claim, be entitled to receive its Pro Rata Share of the Trust Recoveries to be distributed by the Creditors’ Trust in accordance with the terms of the Trust Agreement. The Trustee shall make the initial distribution of the Trust Recoveries to holders of Allowed General Unsecured Claims (other than 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 Convenience Claims, Disputed and unliquidated Claims, and sufficient funds have been segregated for, among other things, Taxes and expenses in connection with the pursuit of the Trust Causes of Action and Claims objections and reconciliations in accordance with Section 7.2 hereof.

(3) Impairment and Voting. Class 4 is impaired under the Creditors’ 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 Creditors’ Plan.

(e) Class 5 – Convenience Claims

(1) Classification. Class 5 consists of all Class 5 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 Class 5 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 Class 5 Convenience Claim (as reduced, if applicable, pursuant to an election made by the holder on its Ballot to reduce its General Unsecured Claim to \$5,000 and to accept treatment in Class 5). The Trustee shall make the initial distribution to holders of Allowed Class 5 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 Class 5 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.

(2) Treatment. On the Effective Date, each and every Old Equity Interest shall be cancelled and discharged and the holder thereof shall receive no distribution and shall retain no property under the Creditors' Plan.

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

(4) Special Provisions Regarding Class 6. To the extent separate classification of Old Equity Interests and Section 510(b) Claims is required pursuant to section 1122, 1123 or 1129 or any other section of the Bankruptcy Code, (i) Section 510(b) Claims against the Debtors shall be deemed to be a separate Class 6A and not part of Class 6, (ii) on the Effective Date, each and every Section 510(b) Claim, shall be cancelled and discharged and the holder thereof shall receive no distribution and shall retain no property under the Creditors' Plan, (iii) Class 6A shall be impaired under the Creditors' Plan, and (iv) each holder of a Section 510(b) Claim shall be deemed not to have accepted the Creditors' Plan and is not entitled to vote on the Creditors' Plan.

2.5 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 Creditors' Plan shall give effect to subordination agreements which are enforceable under applicable non-bankruptcy law, pursuant to section 510(a) of the Bankruptcy Code, except to the extent the beneficiary or beneficiaries thereof agree to less favorable treatment. Pursuant to section 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.

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

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

2.8 Confirmation Without Acceptance By All Impaired Classes. Notwithstanding the rejection (or deemed rejection by certain impaired Classes not entitled to vote to accept or reject the Creditors' Plan) by one or more impaired Classes entitled to vote to accept or reject the Creditors' Plan, the Creditors' Plan Proponents request confirmation of the Creditors' Plan in accordance with section 1129(b) of the Bankruptcy Code.

ARTICLE III

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

3.1 Assumption of Executory Contracts and Unexpired Leases.

(a) Contracts 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 not listed on the Contract Rejection Schedule and that has not been previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be assumed pursuant to section 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 sections 365 and 1123 of the Bankruptcy Code and findings by the Bankruptcy Court that the requirements of section 365 of the Bankruptcy Code have been satisfied with respect to each assumed executory contract or unexpired lease and that each assumed executory contract and unexpired lease shall inure to the benefit of the Reorganized Debtors.

(b) Assumption of Contracts if Modified. To the extent that the parties to executory contracts and unexpired leases assumed pursuant to the Creditors' Plan and the Creditors' Plan Proponents (with the consent of Wellspring) have agreed prior to the Effective Date to modifications of such agreements as a condition for such assumption and definitive documentation evidencing such modifications have been executed, such executory contracts and unexpired leases shall be deemed assumed as modified. Unless otherwise provided, each executory contract or unexpired lease assumed shall include 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.

(c) Cure Amounts and Procedure. Except as otherwise agreed to by the Creditors' Plan Proponents (with the consent of Wellspring) and the non-Debtor party to an executory contract or unexpired lease, on the Effective Date, the Reorganized Debtors shall cure any and all undisputed defaults under any executory contract or unexpired lease that is assumed pursuant to the Creditors' Plan in accordance with section 365 of the Bankruptcy Code. The Cure Amount for each executory contract and unexpired lease that is assumed pursuant to the Creditors' Plan shall be set forth on the Cure Amount Schedule. For the avoidance of doubt, if an executory contract or unexpired lease is not listed on the Contract Rejection Schedule or the Cure Amount Schedule, such contract or lease is to be assumed and the cure amount is deemed to be zero. To the extent that a non-debtor counterparty to an executory

contract or unexpired lease disagrees with the deemed Cure Amount or the Cure Amount set forth on the Cure Amount Schedule with respect to such contract or lease, such party must file a notice of dispute with the Bankruptcy Court and serve such notice on the Creditors' Plan Proponents by no later than five (5) days prior to the Confirmation Hearing. Unless the parties to the contract or lease agree otherwise, all disputed defaults that are required to be cured shall be cured within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtors' or the Reorganized Debtors' liability with respect thereto; provided, however, that if, prior the applicable payment date, the Creditors' Plan Proponents (with the consent of Wellspring), or, from and after the Effective Date, the Reorganized Debtors, file a motion to reject such contract or lease in accordance with Section 3.2(a) below, the Cure Amount shall not be required to be paid unless and until the motion to reject is denied or withdrawn with prejudice, in which case, the Cure Amount shall be paid within ten (10) days after such denial or withdrawal. If an executory contract or unexpired lease is removed from the Contract Rejection Schedule at any time prior to the tenth (10th) day before the Confirmation Hearing, the Creditors' Plan Proponents will file an addendum to the Cure Amount Schedule, stating the Cure Amount for such contract or lease, and give notice to the applicable non-Debtor counterparty. Listing a contract or lease on the Cure Amount Schedule does not constitute an admission by a Creditors' Plan Proponent, Wellspring, or a Reorganized Debtor that a Debtor or Reorganized Debtor has any liability thereunder, or that such contract or lease is executory or unexpired.

(d) Effect of Certain Provisions; Change of Ownership. Upon the Effective Date, the Reorganized Debtors shall succeed to the rights and benefits of the Debtors and shall enjoy all of the Debtors' rights and benefits under each executory contract or unexpired lease which is assumed without the necessity of obtaining any party's written consent to the assumption of such rights and benefits or the transactions contemplated by the Creditors' Plan, and each party shall be deemed to have waived any right to object, consent, condition or otherwise restrict any assumption of such executory contract or unexpired lease or any of the transactions contemplated by the Creditors' Plan, including without limitation the vesting in the Reorganized Debtors of the rights, benefits and other property of the Estates (as defined in the Creditors' Plan) and the change of ownership upon issuance of the equity securities under the Creditors' Plan, and neither consummation of the Creditors' Plan nor any such transaction shall give rise to any rights of termination or result in a default under any such executory contract or unexpired lease.

(e) Right to Assign Executory Contracts and Unexpired Leases. On the Effective Date and in connection with Plan, the Debtors are authorized to assign any executory contract or unexpired lease assumed during the Chapter 11 Cases or to be assumed pursuant to the Creditors' Plan to any direct or indirect subsidiary of Reorganized BI-LO Holding LLC notwithstanding any provision in any such contract or lease or applicable law that prohibits, restricts or conditions the assignment of such contract or lease.

(f) Right to Pledge Unexpired Leases. The New Term Notes will be secured by, among other things, first liens on all of the Reorganized Debtors' leasehold interests. In the event of a dispute regarding whether, under the terms of a lease or applicable law (including bankruptcy law), the granting of a lien on such leasehold interest is permitted, then, the Requisite Term Lenders (as such term is defined in the Investment Agreement), in their sole discretion, may either (a) proceed to have the Bankruptcy Court determine, pursuant to the Confirmation Order, that such lien is permissible, or (b) require that the Creditors' Plan provide the collateral agent for the holders of the New Term Notes with such other rights with respect to the leasehold interest subject to the dispute as will result in the collateral agent receiving substantially similar benefits (as determined by the Requisite Term Lenders in their reasonable discretion) as a lien on such leasehold interest. If the Requisite Term Lenders seek such a determination by the

Bankruptcy Court, and the Bankruptcy Court determines not to grant such lien, then it shall be a condition to confirmation that the Creditors' Plan provide the collateral agent for the holders of the New Term Notes receives substantially similar benefits (as determined by the Requisite Term Lenders in their reasonable discretion) as a lien on such leasehold interest.

3.2 Rejection of Executory Contracts and Unexpired Leases.

(a) Rejection; Amendments. Upon the occurrence of the Effective Date, each and every executory contract and unexpired lease listed on the Contract Rejection Schedule shall be rejected pursuant to section 365 of the Bankruptcy Code; provided, however, that the Creditors' Plan Proponents (with the consent of Wellspring) shall be entitled at any time prior to the tenth (10th) day before the Confirmation Hearing to add or delete executory contracts and unexpired leases on the Contract Rejection Schedule, without further notice other than filing amended schedules with the Bankruptcy Court and serving such notice on such affected non-Debtor parties; provided, further, (and without limiting the foregoing) that prior to the Effective Date the Creditors' Plan Proponents (with the consent of Wellspring), and, from and after the Effective Date, the Reorganized Debtors, shall be entitled to file a motion to amend the Contract Rejection Schedule and/or to reject any executory contract or unexpired lease for which a notice of dispute to a Cure Amount proposed by the Creditors' Plan Proponents has been timely filed, if Wellspring determines (after consultation with the Creditors' Plan Proponents) in its discretion, or, after the Effective Date, the Reorganized Debtors determine in their discretion, that in light of the Cure Amount asserted by the non-Debtor party or in light of the Bankruptcy Court fixing a Cure Amount that is materially higher than the Cure Amount anticipated by the Creditors' Plan Proponents (and/or Wellspring), assumption of such executory contract or unexpired lease is not in the best interests of the Debtors or Reorganized Debtors. The Confirmation Order shall, subject to the Effective Date, constitute the Bankruptcy Court's approval of such rejections pursuant to sections 365 and 1123 of the Bankruptcy Code and findings by the Bankruptcy Court that the requirements of section 365 of the Bankruptcy Code have been satisfied with respect to each executory contract or unexpired lease to be rejected pursuant to the Creditors' Plan. Any non-Debtor party may object to being added to the Contract Rejection Schedule by filing an objection with the Bankruptcy Court and serving such objection on the Creditors' Plan Proponents, and, after the Effective Date, the Reorganized Debtors and the Creditors' Trust, within 10 days after service of notice of addition to the Contract Rejection Schedule. Each executory contract or unexpired lease rejected pursuant to Article III of the Creditors' Plan shall include any modifications, amendments, supplements, or restatements to such contract or lease.

(b) Bar Date for Rejection Claims. If the rejection of an executory contract or unexpired lease pursuant to the Creditors' Plan gives rise to a Claim against a Debtor or its Estate, or if a contract or lease is listed on the Contract Rejection Schedule as being a non-executory contract or an expired lease, 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 such claim is filed pursuant to the procedures set forth in the Confirmation Order no later than the latest of (1) 30 days after the Effective Date, (2) the date that is 30 days after service of a notice that an executory contract or unexpired lease has been added to the Contract Rejection Schedule, (3) if any objection to addition of an executory contract or unexpired lease to the Contract Rejection Schedule is timely filed, the date that is 30 days after the withdrawal of, or overruling of, such objection, (4) such later date as may be agreed by the Creditors' Plan Proponents prior to the Effective Date or Reorganized Debtors and the Creditors' Trust after the Effective Date, or (5) such other date as may be fixed by the Bankruptcy Court.

3.3 Contract Rejection Schedule. Unless otherwise provided, each executory contract or unexpired lease listed or to be listed on the Contract Rejection Schedule shall include: (a) 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 Rejection Schedule; and (b) 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 Rejection 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. Listing a contract or lease on the Contract Rejection Schedule does not constitute an admission by a Creditors' Plan Proponent, Wellspring, a Debtor, or a Reorganized Debtor that a Debtor or Reorganized Debtor has any liability thereunder, or that such contract or lease is executory or unexpired.

3.4 Contracts and Leases Entered into or Assumed After the Commencement Date. Contracts and leases entered into after the Commencement Date by any Debtor, and any executory contracts and unexpired leases assumed by any Debtor prior to confirmation of the Creditors' Plan, 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.

3.5 Employment, Compensation and Benefit Matters. Except to the extent set forth on Schedule 3.5 of the Creditors' Plan, to be filed as a Plan Document, or except as otherwise provided hereunder (including as set forth on the Contract Rejection Schedule), and in each case subject to the Reorganized Debtors' right to amend, modify or terminate in accordance with the terms thereof, all prepetition compensation and benefit plans, policies and programs of the Debtors applicable to their employees, including 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.

3.6 Certain Retiree Benefits. The Debtors shall assume the obligations and shall continue to make the payment of all retiree benefits (if any), as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1) or (g) of such section 1114, at any time prior to the Confirmation Date, for the duration of the period (if any) that the Debtors are obligated to provide such benefits.

ARTICLE IV

CONFIRMATION OF THE CREDITORS' PLAN

4.1 Conditions Precedent to Confirmation and Effectiveness.

(a) The following are conditions to the confirmation of the Creditors' Plan:

(1) The Confirmation Order shall be in form and substance reasonably satisfactory to the Creditors' Plan Proponents and Wellspring.

(2) All exhibits, schedules, and other attachments to the Creditors' Plan, and all Creditors' Plan Documents, shall be in form and substance reasonably acceptable to the Creditors' Plan Proponents and Wellspring.

(3) The collateral agent for the New Term Notes will receive the rights with respect to the Reorganized Debtors' leasehold interests as provided in section 3.1(f) hereof.

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

(1) The Confirmation Order, in form and substance reasonably satisfactory to Wellspring and the Creditors' Plan Proponents, 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 Cash in an amount equal to the Investor Funding Amount as set forth in the Investment Agreement shall have been satisfied or waived in accordance with the terms thereof.

(3) The conditions to the Creditors' Plan Proponents' closing under the Investment Agreement shall have been satisfied or waived in accordance with the terms thereof.

(4) All exhibits, documents, and agreements to be executed in connection with the effectiveness of the Creditors' Plan shall be in form and substance satisfactory to the Creditors' Plan Proponents.

(5) All other actions, documents, and agreements determined by the Creditors' Plan Proponents and Wellspring to be necessary to effectuate the Creditors' Plan shall have been effected or executed and all such documents and agreements shall be in form and substance satisfactory to the Creditors' Plan Proponents and Wellspring.

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

(7) The Creditors' Plan shall not have been materially amended, altered or modified from the Creditors' Plan confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section 9.6.

(c) Waiver of Conditions. The Creditors' Plan Proponents may waive one or more of the (1) conditions to confirmation set forth in Section 4.1(a) and (2) conditions to effectiveness set forth in Section 4.1(b); provided, however, that the condition set forth in Section 4.1(b)(2) may not be waived by the Creditors' Plan Proponents unless (A) Wellspring has waived the conditions to funding under the Investment Agreement, and (B) either Bayside has waived the conditions to funding under the Investment Agreement or Wellspring has assumed the obligations of Bayside under the Investment Agreement in accordance with the terms thereof; provided, further, that the Reorganized BI-LO Holding LLC Agreement, the New Term Notes, the Exit Facility, and the Registration Rights Agreement are deemed under the Creditors' Plan to be in form and substance satisfactory to the Official Creditors' Committee.

(d) Failure of Conditions. If each of the conditions to the Effective Date is not satisfied or duly waived by August 17, 2010, then unless the Creditors' Plan Proponents 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 Section 4.1(d), then the Creditors' Plan shall be null and void in all respects, and nothing in the Creditors'

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, the Creditors' Plan Proponents, the Term Lenders, the Investors, or any other entity, or to prejudice in any manner the rights of a Debtor, the Creditors' Plan Proponents, the Term Lenders, the Investors, or any other entity in any proceedings.

4.2 Effect of Confirmation of the Creditors' Plan.

(a) Term of Bankruptcy Injunctions or Stays; Continued Jurisdiction. Until the Effective Date, unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases in existence on the Confirmation Date, including those under section 105 or 362 of the Bankruptcy Code, shall remain in effect, and the Bankruptcy Court shall retain custody and jurisdiction of the Debtors and their respective Estates.

(b) 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 Creditors' Plan or the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Creditors' 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.

(c) Continued Existence and Revesting of Assets and Causes of Action. On the Effective Date, except as otherwise provided for in the Creditors' Plan or the Confirmation Order, (1) 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 (provided, however, that, if applicable, any property, including Causes of Action other than Trust Causes of Action, of a dissolving Subsidiary's Estate shall vest in Reorganized BI-LO or another Reorganized Debtor in accordance with the terms of the Restructuring Transactions, free and clear of all liens, Claims, charges, encumbrances, Old Equity Interests and Causes of Action against each Debtor or Reorganized Debtor or its property) and (2) any and all Trust Assets, including Trust Causes of Action belonging to the Debtors or their Estates shall be preserved for, assigned to, and shall vest in the Creditors' Trust.

(d) Discharge of Debtors. The rights afforded in the Creditors' Plan and the payments and distributions to be made hereunder shall discharge all Claims and Causes of Action against a Debtor or its Estate arising prior to the Effective Date, and all Old Equity Interests shall be cancelled, to the extent permitted by section 1141 of the Bankruptcy Code. 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, or any assignee of a Debtor or its estate, 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. As provided in section 524 of the Bankruptcy Code, entry of the Confirmation Order shall operate as an injunction against the prosecution of any action, including any lawsuit, mediation or arbitration, against a Debtor, a Reorganized Debtor, or any of their property to the extent such action relates to a discharged Claim or Cause of Action or the terminated Old Equity Interests.

Notwithstanding the foregoing in this paragraph, nothing herein shall be deemed to prevent any party in interest from pursuing an action to enforce the terms of the Creditors' Plan or the Confirmation Order.

(e) Injunction.

(1) On the Effective Date, except as otherwise provided in the Creditors' Plan or in the Confirmation Order, all entities who have been, are, or may be holders of Claims against or Old Equity Interests in a Debtor shall be 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 Creditors' Plan and appeals, if any, from the Confirmation Order):

(A) 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 assignee of 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);

(B) 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 assignee of a Debtor or any assets or property of such successor;

(C) 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 assignee of a Debtor or any assets or property of such successor;

(D) except as otherwise provided in the Creditors' 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 assignee of a Debtor or any assets or property of such successor; and

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

(2) On the Effective Date, except as otherwise provided in the Creditors' Plan or in the Confirmation Order, all entities who have been, are, or may be holders of any Claims or Causes of Action released pursuant to Sections 4.2(g) or exculpated pursuant to Section 4.2(f) will be permanently enjoined from taking, directly or indirectly, any of the following actions against any Released Party or Exculpated Party or its property on account of such released or exculpated Claims and Causes of Action (A) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind; (B) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order; (C) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any lien; (D) except as otherwise provided in the Creditors' Plan, asserting

any setoff, right of subrogation, or recoupment of any kind; and (E) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Creditors' Plan.

(f) Exculpation. From and after the Effective Date, none of the Exculpated Parties 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 approval of the Creditors' Plan, the property to be distributed under the Creditors' 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 Creditors' Plan; provided, however, that the foregoing provisions shall not affect or apply to: (1) the liability of any entity that is an Excluded Party or any of the Excluded Parties' respective members, officers, directors, employees, advisors, professionals, attorneys, or agents, acting in such capacity, or (2) 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 of the Bankruptcy Court to have constituted gross negligence or willful misconduct.

(g) Releases by the Debtors. As of the Effective Date, the Debtors, on behalf of themselves and all of their successors and assigns, and each of the Debtors' Estates (the Debtors and their Estates being referred to herein collectively as the "Releasing Parties") shall be deemed to have forever released, waived, and discharged the Released Parties from all Causes of Action that any Releasing Party has, had, or may have against any Released Party based in whole or in part on any act, omission, transaction, or other occurrence taking place on, or prior to, the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, their commencement, the Creditors' Plan, the ABL Credit Agreement, the Term Loan Agreement, any document or agreement related thereto, the ABL Lender Claims, the Term Lender Claims or any relationship with the Debtors; provided, however, that such release shall not apply to any obligations of the Released Parties under the Creditors' Plan, any Plan Document, or any commercial agreement assumed by the Debtors or the Reorganized Debtors. Such release shall be effective notwithstanding that any Releasing Party 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 Releasing Parties 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.

(h) Limited Releases by the Debtors. As of the Effective Date, the Debtors, on behalf of the Releasing Parties, shall be deemed to have forever released, waived, and discharged the Released Vendors from all Causes of Action that any of the Releasing Parties has, had, or may have against any Released Vendor arising under section 547 of the Bankruptcy Code.

(i) Notwithstanding anything to the contrary in Sections 4.2(f), (g), or (h), the provisions set forth in such sections shall not modify, release, or otherwise limit the liability of an entity not specifically released hereunder, including any entity that is a co-obligor or joint tortfeasor of an entity specifically released hereunder, or that is otherwise liable under theories of vicarious liability or other derivative liability or that is a non-Debtor third party guarantor of any obligations of the Debtors, and as to such, all rights are reserved, provided, however, that any recovery against such non-specifically released entity shall be reduced by any amount that such entity could recover from a specifically released entity and, as a result of such reduction, such non-specifically released entity may not seek, and is enjoined pursuant to the Creditors' Plan from seeking, contribution, indemnification, reimbursement, or any other recovery from such specifically released entity.

ARTICLE V

IMPLEMENTATION OF THE CREDITORS' PLAN

5.1 Existence.

(a) On and after the Effective Date, except as otherwise provided in Section 5.1(b) below, each of the Reorganized Debtors 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 its Reorganized Debtor Certificate of Formation and Reorganized Debtor LLC Agreement.

(b) On or after the entry of the Confirmation Order, the Debtors may enter into the Restructuring Transactions, the effectiveness of which are subject to the occurrence of the Effective Date; provided, that such Restructuring Transactions are reasonably satisfactory in form and substance to the Term Lender Committee and Wellspring.

5.2 Compliance With Section 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 section 1123(a)(6) of the Bankruptcy Code, subject to subsequent amendment thereof as permitted by applicable law.

5.3 Action To Facilitate Consummation of the Creditors' 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 and approved without any further action by any of such managers, directors, or members of any of the Debtors or Reorganized Debtors:

- (a) the Restructuring Transactions;
- (b) execution and delivery of the Reorganized Debtor LLC Agreements, including the Reorganized BI-LO Holding LLC Agreement;
- (c) execution and delivery of the Registration Rights Agreement;
- (d) issuance of New Common Units as contemplated by the Creditors' Plan and the Investment Agreement;
- (e) execution and delivery of the credit agreement governing the New Term Notes and issuance of the New Term Notes pursuant thereto as contemplated by the Creditors' Plan;
- (f) execution and delivery of the Exit Facility Agreement;
- (g) execution and delivery of the New Intercreditor Agreement;
- (h) execution and delivery of the New C&S Agreement;
- (i) execution and delivery of the Trust Agreement and transfer of the Trust Assets to the Creditors' Trust;

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

(k) execution of the Management Services Agreement; and

(l) execution and delivery of such other agreements, instruments, or documents, and taking of such other actions, provided for under, or necessary or appropriate to effectuate, the Creditors' Plan.

Notwithstanding the foregoing, each Term Lender, C&S, and the Investors shall be required to execute the Reorganized BI-LO Holding LLC Agreement and the Registration Rights Agreement and no such party shall have (1) any legal or beneficial interest in the New Common Units or be registered on the Reorganized BI-LO Holding books and records as a holder of any of the New Common Units, unless and until it has executed and delivered the Reorganized BI-LO Holding LLC Agreement or (2) any rights under the Registration Rights Agreement unless and until it has executed and delivered the Registration Rights Agreement.

5.4 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.

(a) Managers and Officers of Reorganized BI-LO Holding.

(1) Board of Managers. On the Effective Date, the initial board of managers of Reorganized BI-LO Holding shall consist of seven members, four of which shall be designated by Wellspring and three of which shall be designated by the Term Lenders other than the Designated Term Lenders; provided that if Bayside is an Investor as of the Effective Date, Bayside shall have the right to designate one of such three managers that would otherwise be designated by the Term Lenders other than the Designated Term Lenders. Thereafter, the terms 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.

(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.

(b) Managers and Officers of Reorganized Subsidiaries.

(1) Boards of Managers. On the Effective Date, the initial board of managers of Reorganized BI-LO Holding shall cause the appointment of the members of the initial board of managers of each of the Reorganized Subsidiaries. Thereafter, the terms and manner of selection of managers of each of the Reorganized Subsidiaries shall be as provided in its Reorganized Debtor LLC Agreement, as the same may be amended from time to time, and applicable law.

(2) Officers. Subject to the Restructuring Transactions, each individual serving as an officer of a Subsidiary immediately prior to the Effective Date shall hold the same offices of the applicable Reorganized Subsidiary on and after the Effective Date, unless and until changed by such Reorganized Subsidiary's board of managers after the Effective Date.

5.5 Term Lender Liquidity Right.

(a) Pursuant to the Term Lender Liquidity Right, each Term Lender that is not a Designated Term Lender may elect to receive Cash in lieu of up to 50% of the New Common Units to which such Term Lender would otherwise be entitled pursuant to Section 2.4(c)(3)(A)(ii).

(b) Each eligible Term Lender may participate in the Term Lender Liquidity Right by making an appropriate election on a Ballot that is submitted in compliance with the Solicitation Procedures Order, which shall permit such Term Lender to identify a percentage (not to exceed 50%) of the New Common Units to which such Term Lender would otherwise be entitled pursuant to Section 2.4(c)(3)(A)(ii) as to which such Term Lender desires to exercise its Term Lender Liquidity Right.

(c) If an eligible Term Lender elects to participate in the Term Lender Liquidity Right:

(1) such Term Lender shall be entitled to receive pursuant to Section 2.4(c)(3)(B) an amount of Cash equal to the product obtained by multiplying (A) the number of such Term Lender's Exchanged Units by (B) the Deemed Unit Price; and

(2) the number of New Common Units to which such Term Lender would be entitled pursuant to Section 2.4(c)(3)(A)(ii) absent such an election shall be reduced by the number of such Term Lender's Exchanged Units.

(d) With respect to any eligible Term Lender that elects to participate in the Term Lender Liquidity Right, the number of such Term Lender's Exchanged Units shall be equal to the product obtained by multiplying (1) the percentage identified on its Ballot as contemplated by Section 5.5(b) by (2) the number of New Common Units to which such Term Lender would be entitled pursuant to Section 2.4(c)(3)(A)(ii) absent such election.

(e) If an election to participate in the Term Lender Liquidity Right is made on a Ballot that is submitted in compliance with the Solicitation Procedures Order, such Ballot shall be deemed to constitute the Liquidity Rights Notice.

(f) If an eligible Term Lender elects to participate in the Term Lender Liquidity Right, such Term Lender may not elect to participate in the Term Lender Investment Right pursuant to Section 5.6

5.6 Term Lender Investment Right.

(a) Pursuant to the Term Lender Investment Right, each Term Lender that is not a Designated Term Lender may elect to participate in the Term Lender Investment Right up to the extent of its proportionate share of the \$12 million maximum aggregate investment contemplated thereby. For purposes of this Section 5.6, an eligible Term Lender's proportionate share of the \$12 million maximum aggregate investment contemplated by the Term Lender Investment Right shall be determined based on the quotient obtained by dividing (1) the amount of such Term Lender's Term Lender Claim by (2) the aggregate amount of Term Lender Claims held by all Term Lenders eligible to participate in the Term Lender Investment Right. The Term Lender Investment Rights are not severable from the Term Lender Claims.

(b) Each eligible Term Lender may participate in the Term Lender Investment Right by making an appropriate election on a Ballot that is submitted in compliance with the Solicitation

Procedures Order, which shall permit such Term Lender to identify the amount (which may not exceed its proportionate share of the \$12 million maximum aggregate investment) which such Term Lender desires to invest pursuant to the Term Lender Investment Right.

(c) If an eligible Term Lender elects to participate in the Term Lender Investment Right, such Term Lender shall be entitled to receive pursuant to Section 2.4(c)(3)(C), against payment in Cash by such Term Lender to Reorganized BI-LO Holding on the Effective Date of the amount identified on its Ballot as contemplated by Section 5.6(b), a number of New Common Units equal to the quotient obtained by dividing (1) such Cash amount by (2) the Deemed Unit Price.

5.7 Investors' Funding of the Investment. Pursuant to and in accordance with the Investment Agreement, on the Effective Date, the Investors or their designated affiliate assignees shall pay to Reorganized BI-LO Holding an amount of Cash equal to the Investor Funding Amount and, against payment thereof, Reorganized BI-LO Holding shall issue to the Investors or their designated affiliate assignees a number of New Common Units equal to (a) [] New Common Units representing 51.9% of the New Common Units issued and outstanding immediately following the Effective Date, plus (b) the aggregate number of Exchanged Units, if any, minus (c) the aggregate number of Acquired Term Lender Investment Right Units, if any. It is intended that the aggregate number of New Common Units issued to the Investors pursuant to this Section 5.7 shall be apportioned between Wellspring and Bayside (and their respective designated affiliate assignees) such that, after taking into consideration (i) with respect to Wellspring, 50% of the New Common Units to be issued to Wellspring's affiliate, C. Saunders LLC, in its capacity as a Term Lender and (ii) with respect to Bayside, 100% of the New Common Units to be issued to Bayside's affiliate, Grace Bay Holdings II, LLC, in its capacity as a Term Lender, Wellspring (together with its respective affiliates) and Bayside (together with its respective affiliates) shall be issued equal amounts of New Common Units.

5.8 Securities Exemptions. The offer and sale of New Common Units and, to the extent such interests may be deemed to constitute securities, beneficial interests in the Creditors' Trust pursuant to the Creditors' Plan in exchange for Claims as contemplated by Sections 2.4(c), 2.4(d) and 5.11 shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to section 1145 of the Bankruptcy Code. The offer and sale of New Common Units to the Investor as contemplated by Section 5.7 shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to other available exemptions

5.9 Preservation of Causes of Action.

(a) In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors shall retain and may (but are not required to) enforce all Causes of Action other than (1) Causes of Action released pursuant to the Creditors' Plan and (2) Trust Causes of Action. The Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, compromise, or enforce any such retained Causes of Action without further approval of the Bankruptcy Court. A non-exclusive schedule of Causes of Action retained by the Reorganized Debtors is set forth on Schedule 5.9(a) of the Creditors' Plan, which will be filed as a Plan Document.

(b) In accordance with section 1123(b)(3) of the Bankruptcy Code, the Trustee on behalf of the Creditors' Trust shall receive and may (but is not required to) enforce all Trust Causes of Action. The Trustee on behalf of the Creditors' Trust, in its sole and absolute discretion, shall have the right to bring, settle, compromise, or enforce any such retained Causes of Action without further approval of the Bankruptcy Court. Notwithstanding the foregoing, if prior to the Effective Date, Wellspring provides to the Official Creditors' Committee, or if on or after the Effective Date, the Reorganized Debtors provide to the Trustee, a notice requesting that neither the Creditors' Trust nor the Trustee obtain any affirmative

recovery from Ahold (or any of its officers, managers, directors, principals, members, partners, stockholders, employees, agents, professionals, advisors, or attorneys, each acting in such capacities), then any recovery on account of any of the Trust Causes Action against Ahold (or such related entities) shall be limited to the set off against, or disallowance of any Claims of Ahold (or such related entities) and Ahold shall not be required to pay any amount (or deliver any property to) the Creditors' Trust on account of such Trust Causes of Action.

(c) **No entity may rely on the absence of a specific reference in the Creditors' 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 Creditors' Plan.** Unless any Causes of Action against an entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Creditors' 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 of the Creditors' Plan.

(d) 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 Creditors' Plan.

5.10 Disposition of Non-Core Real Property. The Reorganized Debtors shall use commercially reasonable efforts to sell the Non-Core Real Property within two years after the Effective Date. Any sale on or after the Effective Date of the Non-Core Real Property shall be deemed to be a transfer under the Creditors' Plan for purposes of section 1146(a) of the Bankruptcy Code.

5.11 C&S Settlement. As part of the global settlements discussed in Section 2.1 hereof, on the Effective Date, pursuant to the Creditors' Plan, a settlement with C&S shall be implemented. Under the settlement, the Reorganized Debtors will assume the New C&S Agreement and issue the C&S New Common Units 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 or their Estates, and C&S shall have no further Claims and Causes of Action against the Debtors or their 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. In the Creditors' Plan and any related documents, C&S is not settling, relinquishing, releasing or waiving any claims, rights or defenses it has or may have against chapter 11 debtor BFW Liquidation, LLC, f/k/a Bruno's Supermarkets, LLC or any other related entity with respect to the bankruptcy proceeding captioned "In re: BFW Liquidation, LLC, f/k/a Bruno's Supermarkets, LLC, Debtor, 09-00634 BGC11", pending in the United States Bankruptcy Court for the Northern District of Alabama.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTIONS AND RESOLUTION OF DISPUTED CLAIMS

6.1 Distributions Under the Creditors' Plan.

(a) Disbursing Agents.

(1) The Disbursing Agents shall make all distributions required under the Creditors' Plan.

(2) 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 and either the Reorganized Debtors or the Trustee require its or their respective designee to provide any bond, surety or other security for the performance of such designee's duties as designee 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 Reorganized BI-LO or the Creditors' Trust with respect to distributions on account of Claims in Class 4 and Class 5.

(b) 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 as provided by Article II 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 30 days (1) after the Effective Date or (2) 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 Section 6.2.

(c) Disbursing Agent Exculpation. Subject to the provisions of this Section 6.1(c), 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 Creditors' Plan, any Final Order of the Bankruptcy Court entered pursuant to or in the furtherance of the Creditors' 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 Creditors' Plan, or (B) against any holder of a Claim for receiving or retaining payments or other distributions provided for by the Creditors' Plan. Nothing contained in this Section 6.1(c) 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 Creditors' Plan to be made on account of such Claim.

(d) Surrender of Certificates, etc. A Disbursing Agent may require, as a condition to making any payment or other distribution under the Creditors' 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 Reorganized BI-LO or its designee or the Creditors' Trust with respect to distributions on account of Claims in Class 4 and Class 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 date that is 180 days after the Effective Date shall be deemed to have forfeited all rights and may not participate in any distribution under the Creditors' Plan.

(e) Tax Matters.

(1) In connection with the Creditors' 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 Creditors' Plan shall be subject to applicable withholding and reporting requirements. Notwithstanding any provision in the Creditors' 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 Creditors' 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 Creditors' Plan, each entity receiving a distribution of Cash, New Term Notes, New Common Units, or any other consideration pursuant to the Creditors' 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.

(f) Delivery of Distributions. Subject to Bankruptcy Rule 9010 and except as otherwise set forth in the Creditors' Plan, all distributions under the Creditors' Plan shall be made to the holder of each Allowed Claim at the address of such holder as listed on the Schedules as of the Record Date, unless the Debtors, or, on and after the Effective Date, Reorganized BI-LO (or, in the case of holders of Allowed General Unsecured Claims, the Creditors' Trust), have been notified in writing of a change of address, including by the filing of a timely proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules. All distributions to any holder of a Term Lender Claim or a DIP Financing Claim shall be made to or as directed by the Term Loan Agent or DIP Agent, respectively.

Notwithstanding any other provision of the Creditors' Plan, each Term Lender, C&S, and the Investors shall be required to execute the Reorganized BI-LO Holding LLC Agreement and the Registration Rights Agreement and no such party shall have (1) any legal or beneficial interest in the New Common Units or be registered on the Reorganized BI-LO Holding books and records as a holder of any of the New Common Units, unless and until it has executed and delivered the Reorganized BI-LO Holding LLC Agreement or (2) any rights under the Registration Rights Agreement until it has executed and delivered the Registration Rights Agreement.

(g) Distributions of Cash. Any distribution of Cash under the Creditors' 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 Financing 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.

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

(i) 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 or (ii) such payment, is on account of an Allowed Convenience Claim.

(j) Unclaimed and Undeliverable Distributions. All distributions under the Creditors' Plan that are unclaimed for a period of six months after distribution thereof or returned as undeliverable shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and reverted in the Reorganized Debtors or the Creditors' Trust with respect to distributions on account of Claims in Class 4 and Class 5, as applicable, and any entitlement of any holder of any Claim to any distribution shall be extinguished and forever barred.

(k) Time Bar to Cash Payments. Checks issued by a Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within 180 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 within 90 days after the voiding of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

(l) Distributions to Holders as of the Record Date. As of the close of business on the Record Date for distributions under the Creditors' 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 Creditors' Plan with only those record holders stated on the claims register as of the close of business on the Record Date.

(m) Allocation Between Principal and Accrued Interest. To the extent applicable, all distributions or payments 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 Commencement Date and thereafter, to the extent the Debtors' Estates are sufficient to satisfy such principal and interest accrued as of the Commencement Date, to any interest accrued on such Claim from the Commencement Date through the Effective Date, until paid in full.

(n) 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 a Subsidiary Equity Interest that is reinstated and rendered unimpaired pursuant to the Creditors' 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.

6.2 Resolution of Disputed Claims.

(a) Objections to and Settlement of Claims.

(1) On and after the Effective Date, (A) the Reorganized Debtors shall have the exclusive right and authority to make and file objections to Claims other than General Unsecured Claims, and (B) the Creditors' Trust shall have the exclusive right and authority to make and file objections to General Unsecured Claims.

(2) On and after the Effective Date, the Reorganized Debtors (with respect to all Claims other than General Unsecured Claims and the Creditors' Trust (with respect to General Unsecured Claims) shall be entitled to compromise, settle, otherwise resolve, or withdraw any objections to Claims, and compromise, settle or otherwise resolve Disputed Claims, without further order of the Bankruptcy Court.

(3) 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 Fee Claims) or that are set forth in the Schedules 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.

(b) Distributions to Holders of Allowed Claims.

(1) On each 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 Distribution Date that the Trustee, with the consent of the Trust Advisory Board, deems practicable.

(2) Subject to Section 6.2(b)(1), 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.

(c) Limited Recourse for General Unsecured Claims. Each holder of a General Unsecured Claim (whether or not Disputed) that is or ultimately becomes an Allowed Claim shall have recourse only to the assets of the Creditors' Trust, and the holder shall have no recourse from the Debtors or

Reorganized Debtors, their respective properties, or any property previously distributed on account of any Allowed Claim with respect to such holder's Allowed Claim.

(d) Estimation of Claims. The Reorganized Debtors (or, with respect to General Unsecured Claims, the Creditors' Trust) may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any party previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection. 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.

(e) Special Rules for Distributions to Holders of Disputed Claims. Notwithstanding any other provision of the Creditors' 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.

(f) 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).

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

(1) Notwithstanding any other provision of the Creditors' Plan, and except with respect to payments or other distributions to any of the Released Parties, no payments or other distributions shall be made on account of any Claims (whether or not entitled to priority pursuant to section 507 of the Bankruptcy Code or otherwise, and whether or not secured by collateral) of holders from which property is recoverable or alleged to be recoverable pursuant to section 542, 543, 550, or 553 of the Bankruptcy Code or that is or is alleged to be a transferee of a transfer avoidable under section 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 section 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 section 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 (whether or not entitled to priority pursuant to section 507 of the Bankruptcy Code or otherwise, and whether or not secured by collateral), (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.

- (3) Neither the failure to setoff nor the allowance of any Claim under the Creditors' 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

CREDITORS' TRUST

7.1 Appointment of Trustee. The Trustee for the Creditors' Trust shall be designated by the Official Creditors' Committee. The Trustee shall be independent of the Debtors and the Reorganized Debtors. The Official Creditors' Committee shall file a notice on a date that is not less than 10 days prior to the Confirmation Hearing designating the entity who it has selected as Trustee and seeking approval of such designation. The entity designated as Trustee shall file an affidavit demonstrating that such entity is disinterested as defined by section 101(14) of the Bankruptcy Code. If approved by the Bankruptcy Court, the entity 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.

7.2 Purpose; Transfer of Trust Assets to the Creditors' Trust.

(a) On or prior to the Effective Date, the Creditors' Trust shall be established pursuant to the Trust Agreement for the purpose of, among other things, and without limitation (1) investigating potential Trust Causes of Action; (2) if Trust Causes of Action are deemed to exist following the investigation, commencing, prosecuting, appealing, settling, abandoning or compromising any Trust Causes of Action; (3) liquidating Trust Assets; (4) resolving Disputed Claims in Class 4 and Class 5; (5) objecting to Disputed Claims in Class 4 and Class 5, and prosecuting, settling, compromising, withdrawing, or resolving such objections; (6) making distributions from the Trust Recoveries; and (7) establishing and administering any necessary reserves for Disputed Claims that may be required, all in accordance with the terms of the Creditors' Plan and the Trust Agreement, and take all other actions as may be necessary to effectuate the foregoing.

(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. In addition, the Debtors shall transfer to the Trustee for the Creditors' Trust all rights and remedies relating to the Trust Causes of Action, including the Debtors' evidentiary privileges (including the attorney-client privilege) solely as they relate to Trust Causes of Action. The Trustee shall be permitted to satisfy any judgment, settlement, or other obligation or amount due on account of any Trust Causes of Action from Messrs. Brian P. Carney, and Kenneth E. Jones solely from the proceeds (howsoever denominated) of any insurance policy that provides coverage to the Debtors or the Debtors' directors and officers or from any insurance company that has issued any such policy. Any recoveries against Ahold (or its related entities) on account of Trust Causes of Action shall be subject to the limitation set forth in the last sentence of Section 5.9(b) upon notice by Wellspring or the Reorganized Debtors, as applicable.

(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 Creditors' 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 Causes of Action and in furtherance of the claims reconciliation process 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 determined by them in their sole discretion to be unreasonable. The Reorganized Debtors shall provide the Trustee with office space, telephone and photocopy facilities at the Reorganized Debtors' headquarters at no charge. 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 and/or related expenditures. Any requests for assistance that interferes with the Reorganized Debtors' business operations shall be considered unreasonable.

7.3 Creditors' Trust.

(a) Without any further action of the managers, directors, or members of 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 Trust Agreement shall be deemed to be a joint interest agreement between and among the Trustee and the members of the Trust Advisory Board, and accordingly, privileged communications may be shared among the Trustee and the Trust Advisory Board without compromising the privileged nature of such communications, in accordance with the "common interest" doctrine and any other doctrine or privilege that may be effective for such purposes.

(d) The Trustee shall have all the rights and powers set forth in the Trust Agreement, including the right to (1) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Creditors' Plan and the Trust Agreement; (2) to investigate potential Trust Causes of Action, including the right to seek testimony and the production of documents pursuant to all subpoenas issued under Rule 2004 of the Bankruptcy Rules by either the Official Creditors' Committee before the Effective Date or the Trustee after the Effective Date; (3) if Trust Causes of Action are deemed to exist following the investigation, commence, prosecute, appeal, settle, abandon or compromise any Trust Cause of Action; (4) liquidate Trust Assets; (5) resolve Disputed Claims in Class 4 and Class 5; (6) object to Disputed Claims in Class 4 and Class 5 and prosecute, settle, compromise, withdraw, or resolve such objections; (7) make distributions from the Trust Recoveries in accordance with the provisions of the Creditors' Plan and the Trust Agreement; and (8) establish and administer any necessary reserves for Disputed Claims that may be required; provided that the Trustee shall be permitted to satisfy any judgment, settlement, or other obligation or amount due on account of any Trust Causes of Action from Messrs. Brian P. Carney and Kenneth E. Jones solely from the proceeds (howsoever denominated) of any insurance policy that provides coverage to the Debtors or the Debtors' directors and officers or from any insurance company that has issued any such policy; provided, further, that any recoveries against Ahold (or its related entities) on account of Trust Causes of Action shall be subject to the limitation set forth in the last sentence of Section 5.9(b) upon notice by Wellspring or the Reorganized Debtors, as applicable.

(e) 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.

(f) 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 the Creditors' Plan, including the liquidation and distribution of Trust Assets.

(g) The Creditors' Trust is intended to be treated for federal U.S. income tax purposes in part as a liquidating trust within the meaning of Treasury Regulations Section 301.7701-4(d) and in part as one or more disputed claims reserves taxed as discrete trusts pursuant to Section 641 *et seq.* of the Internal Revenue Code (the "IRC"). Accordingly, except as to any Disputed Claims reserves (discussed below), for federal U.S. income tax purposes, the transfer of the Trust Assets to the Creditors' Trust will be treated as a transfer of the Trust Assets from the Debtors to the holders of Allowed General Unsecured Claims, subject to any liabilities of the Debtors or the Creditors' Trust payable from the proceeds of such assets, followed by such holders' transfer of such assets (subject to such liabilities) to the Creditors' Trust. The holders of Allowed General Unsecured Claims will thereafter be treated for federal income tax purposes as the grantors and deemed owners of their respective shares of the Creditors' Trust Assets (subject to such liabilities). Notwithstanding the foregoing, income and gain recognized with respect to the Trust Assets in any Disputed Claims reserve will be subject to an entity-level Tax to the extent the income or gain is not distributed to holders of Allowed General Unsecured Claims in Class 4 within the same taxable year, and distributions from Disputed Claims reserves will be made net of such entity-level Tax. For the avoidance of doubt, the holders of Allowed General Unsecured Claims are not intended to be treated for federal income tax purposes as receiving the Trust Assets that are allocated to the disputed claims reserve until such time as the disputed claims reserve makes distributions, in which case (and at such time) the holders of Allowed General Unsecured Claims are intended to be treated as receiving the distributions actually received from the disputed claims reserve, if any. The Trust Agreement will: (i) require that the Trustee file income tax returns for the Creditors' Trust as a grantor trust (and file separate returns for the disputed claims reserves as discrete trusts pursuant to IRC Section 641 *et seq.*); (ii) require that the Trustee pay all Taxes owed on any net income or gain of the Creditors' Trust, including net income or gain of the disputed claims reserves, on a current basis from Trust Assets; (iii) provide for consistent valuations for all Trust Assets by the Trustee and holders of Allowed General Unsecured Claims, and require that such valuations be used for all Tax reporting purposes; (iv) provide for the Creditors' Trust's termination no later than five years after the Effective Date unless the Bankruptcy Court approves a fixed extension based upon a finding that an extension is necessary for the Creditors' Trust to resolve all Claims, reduce all Trust Assets to Cash and liquidate; (v) limit the investment powers of the Trustee; and (vi) require that the Creditors' Trust distribute at least annually all net income and the net proceeds from the sale or other disposition of all Trust Assets in excess of amounts reasonably necessary to maintain the value of the remaining Trust Assets and pay claims and contingent liabilities, including Disputed Claims.

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

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

(j) 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.

7.4 The Trust Advisory Board.

(a) The Trust Advisory Board shall be comprised of three voting members (which shall be designated as provided below) and one *ex-officio*, non-voting member (which shall be designated from time to time by the Reorganized Debtors), with the role of such *ex-officio* non-voting member to be specified in the Trust Agreement; provided, that such *ex-officio* member shall not have any right to participate in any matters with respect to the Trust Causes of Action against any insured under any insurance policy to which any of the Reorganized Debtors are also insureds absent the consent of the Trustee and the Trust Advisory Board. The Official Creditors' Committee shall give the Term Lender Committee and the Investors written notice of the identities of the initial three voting members of the Trust Advisory Board, and 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 voting 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 voting 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 Recoveries 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, but Bankruptcy Court approval of a settlement shall not otherwise be required.

(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 section 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 section 101(14) of the Bankruptcy Code.

(g) Notwithstanding any other provision of the Creditors' 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 (collectively, the "TAB Parties"), shall be liable to any entity for anything other than such TAB Party'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, or any of its members or designees, 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 and/or designees.

(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 Creditors' Plan or the Trust Agreement.

7.5 Distributions of Trust Recoveries. Distributions of the Trust Recoveries shall be made in accordance with the provisions of the Creditors' Plan and the Trust Agreement. The Trustee shall make the initial distribution to holders of Allowed Class 4 Claims on a date determined by the Trustee, as authorized by the Trust Advisory Board, after a sufficient reserve has been established for disputed and unliquidated Claims, and sufficient funds have been segregated for, among other things, pursuit of the Trust Causes of Action, if any, and Claims objections and reconciliations in accordance with Section 7.2 hereunder. The Trustee shall make the distribution to holders of Allowed Class 5 Claims on a date determined by the Trustee, as authorized by the Trust Advisory Board.

ARTICLE VIII

RETENTION OF JURISDICTION

8.1 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 the Chapter 11 Cases and the Creditors' Plan (except in the case of the Exit Facility, the New Term Notes, the New Intercreditor Agreement, the Reorganized BI-LO Holding LLC Agreement, the Registration Rights Agreement, and the C&S 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) hear and determine pending applications (including pursuant to the Creditors' Plan) for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Cure Amounts and Claims resulting therefrom.

(b) hear and determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases, whether pending on the Confirmation Date or commenced thereafter by the Trustee on behalf of the Creditors' Trust or the Reorganized Debtors.

(c) hear and determine any objection to, or estimation of, Claims.

(d) hear and determine any action or proceeding on Causes of Action by or on behalf of the Debtors, the Reorganized Debtors, or the Trustee on behalf of the Creditors' Trust.

(e) hear and determine any matters that may be pending in the Bankruptcy Court on the Effective Date.

(f) enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated.

(g) enter such orders as may be necessary or appropriate to implement, interpret, enforce or consummate the provisions of the Creditors' Plan, the Confirmation Order, the Plan Documents, and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Creditors' Plan or Disclosure Statement.

(h) consider any amendments to or modifications of the Creditors' Plan to (1) cure any defect or omission or (2) reconcile any inconsistency in the Creditors' Plan or in any order of the Bankruptcy Court entered in the Chapter 11 Cases, including the Confirmation Order.

(i) hear and determine all applications with respect to Fee Claims.

(j) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Creditors' Plan (or any contract, instrument, release, or other agreement or document that is entered into or delivered pursuant to the Creditors' 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 Creditors' Plan, and issue such orders as are necessary to aid in the implementation of the Creditors' Plan.

(k) 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 Creditors' Plan or Confirmation Order.

(l) hear and determine disputes (1) arising in connection with the interpretation, implementation or enforcement of the Creditors' Trust or the Trust Agreement or (2) arising out of or related to the issuance of any subpoenas pursuant to Bankruptcy Rule 2004 issued before or after entry of the Confirmation Order relating in any way to the Committee's investigation into the Trust Causes of Action.

(m) recover all assets of the Debtors and property of the Debtors' Estates, wherever located.

(n) hear and determine matters concerning Taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code.

(o) hear and determine any other matters that may arise in connection with or relate to the Creditors' Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Creditors' Plan, the Disclosure Statement, or the Confirmation Order;

(p) hear any other matter not inconsistent with the Bankruptcy Court's jurisdiction.

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

Notwithstanding anything contained herein to the contrary, the Bankruptcy Court retains exclusive jurisdiction to the greatest extent permitted by applicable law to adjudicate Trust Causes of Action and to hear and determine disputes concerning Trust Causes of Action and any motions to compromise or settle such Trust Causes of Action or disputes relating thereto; provided that notwithstanding the foregoing, the Trustee may, and shall have the authority to, pursue any Trust Cause of Action in another court of competent jurisdiction, and in that event, the retained jurisdiction of the Bankruptcy Court shall not be exclusive of such other court(s) of competent jurisdiction in which the Trustee has pursued such Trust Cause of Action.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Effectuating Documents and Further Transactions. Each of the Debtors and the Reorganized Debtors and the Official Creditors' Committee is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Creditors' Plan and any securities issued pursuant to the Creditors' Plan.

9.2 Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of New Term Notes or New Common Units under the Creditors' 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 Exit Facility, the sale or transfer of Non-Core Real Property, 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 Creditors' 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 foregoing or pursuant to the Creditors' Plan, shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax, or other similar Tax.

9.3 Dissolution of Official Creditors' Committee. On the Effective Date, the Official 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 Official Creditors' Committee shall exist and its retained professionals shall be retained after such date with respect to (A) preparing and prosecuting Fee Claims for its retained professionals, including responding to any objections to such applications, whether formal or informal, and attendance at any hearings with respect to such applications; (B) preparing and prosecuting objections to Fee Claims of other professionals, and (C) defending against any challenge to the provisions of the Creditors' Plan or the Confirmation Order, including appeals. The Reorganized Debtors shall pay the reasonable fees and expenses of the Official Creditors' Committee and its retained professionals upon submission of monthly statements to the Reorganized Debtors with respect to clause (A). The Creditors' Plan Proponents will specify in the Confirmation Order the circumstances under which the Reorganized Debtors will pay the reasonable fees and expenses of the Official Creditors' Committee and its retained professionals with respect to clause (B) and (C).

9.4 Post-Effective Date Professional Fees; Reimbursable Expenses. From and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter employed by the Reorganized Debtors, respectively, including those fees and expenses

incurred by such professionals in connection with the implementation and consummation of the Creditors' Plan.

On the Effective Date, the Reorganized Debtors shall pay to Wellspring and, if Bayside is an Investor as of the Effective Date, Bayside, in accordance with and to the extent contemplated by the Investment Agreement, the reasonable, actual out-of-pocket fees, costs, and expenses of Wellspring, Wellspring Capital Partners IV, L.P., Bayside, and H.I.G. Bayside Capital and or their respective designated affiliates under the Investment Agreement incurred on or after March 23, 2009 through the Effective Date in connection with preparation or negotiation of, finalization of, or performance of obligations under, the Investment Agreement, the Creditors' Plan, the Plan Documents, including the fees, costs, and expenses of legal counsel and other advisors, including such fees, costs, and expenses incurred in addressing customary post-closing matters and any filing fees incurred in connection with obtaining any requisite regulatory approvals; provided, however, that such amounts shall not exceed \$3 million in the aggregate (exclusive of reimbursement of fees, costs and expenses relating to the Exit Facility or the commitment letter relating thereto).

9.5 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. After the Effective Date and until the Chapter 11 Cases are closed, converted, or dismissed, the Reorganized Debtors shall pay fees pursuant to section 1930 of title 28 of the United States Code as they become due.

9.6 Amendment or Modification of the Creditors' Plan.

(a) Any alterations, amendments, or modifications of or to the Creditors' Plan may be made in writing by the Creditors' Plan Proponents at any time prior to the Confirmation Date with the written consent of the Investors (which consent shall be granted if such alterations, amendments, or modifications are reasonably satisfactory, in form and substance, to the Investors); provided that (1) the Creditors' Plan, as altered, amended, or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code and (2) the Creditors' Plan Proponents shall have complied with section 1125 of the Bankruptcy Code.

(b) Any alterations, amendments, or modifications of or to the Creditors' Plan may be made in writing by the Creditors' Plan Proponents at any time after the Confirmation Date and before substantial consummation of the Creditors' Plan with the written consent of the Investors (which consent shall be granted if such alterations, amendments, or modifications are reasonably satisfactory, in form and substance, to the Investors); provided that (1) the Creditors' Plan, as altered, amended, or modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code and (2) the Bankruptcy Court, after notice and a hearing, confirms the Creditors' Plan, as altered, amended or modified, under section 1129 of the Bankruptcy Code.

(c) A holder of a Claim that has accepted the Creditors' Plan shall be deemed to have accepted the Creditors' Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim of such holder.

9.7 Plan Documents. The Creditors' Plan Proponents shall file the Plan Documents no later than 10 days prior to the last day to submit a Ballot in compliance with the Solicitation Procedures Order.

9.8 Severability. If the Bankruptcy Court determines that any provision of the Creditors' Plan would be unenforceable or would prevent the Creditors' Plan from being confirmed, either on its face or as applied to any Claim or Equity Interest or transaction, the Creditors' Plan Proponents may

modify the Creditors' Plan with the written consent of the Investors (which consent shall be granted if such modification is reasonably satisfactory, in form and substance, to the Investors) so that such provision shall not be applicable to the holder of any Claim or Equity Interest or in such manner as will allow the Creditors' Plan to be confirmed. Such a determination by the Bankruptcy Court and modification by the Creditors' Plan Proponents shall not (a) limit or affect the enforceability and operative effect of any other provision of the Creditors' Plan or (b) require the re-solicitation of any acceptance or rejection of the Creditors' Plan.

9.9 Revocation of the Creditors' Plan. Each of the Creditors' Plan Proponents reserves the right to revoke and withdraw the Creditors' Plan prior to the occurrence of the Effective Date. If a Creditors' Plan Proponent revokes and withdraws the Creditors' Plan, then the Creditors' Plan shall be deemed null and void in all respects and nothing contained in the Creditors' Plan, any Plan Document, or the Disclosure Statement 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.

9.10 Binding Effect. The Creditors' Plan shall be binding upon and inure to the benefit of the Debtors, the Investors, the holders of all Claims and Equity Interests, and their respective successors and assigns, including the Reorganized Debtors.

9.11 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:

(a) If to the Creditors' Plan Proponents:

(1) Official Committee of Unsecured Creditors:

Sandra Schirmang
Senior Director of Credit
Kraft Foods
Three Lakes Drive
(Code NF463)
Northfield, Illinois, 60093

- and -

C&S Wholesale Grocers, Inc.
c/o Mark Gross
Surry Investment Advisors, LLC
56 Surry Dam
Surry, New Hampshire 03431

With copies to:

OTTERBOURG STEINDLER HOUSTON & ROSEN, P.C.
Attn: Scott L. Hazan, Esq. and Glenn B. Rice, Esq.
230 Park Avenue
New York, New York 10016
Facsimile: (212) 682-6104

- and -

McCARTHY LAW FIRM, LLC.
Attn: G. William McCarthy, Jr., Esq. and Daniel J. Reynolds, Jr., Esq.
1715 Pickens Street (29201)
Columbia, South Carolina 29211-1332
Facsimile: (803) 779-0267

Ad Hoc Committee of Term Lenders:

JONES DAY
Attn: Erica M. Ryland, Esq. and Paul D. Leake, Esq.
222 East 41st Street
New York, New York 10017-6702
Facsimile: (212) 755-7306

- and -

McNAIR LAW FIRM, P.A.
Attn: Michael M. Beal, Esq.
Post Office Box 11390
Columbia, South Carolina 29211
Facsimile: (803) 933-1447

(b) If to the Investors

- (1) WCM-BL Holding, LLC
c/o Wellspring Capital Management
Lever House
390 Park Avenue
New York, New York 10022
Attn: Carl Stanton
Facsimile: (212) 318-9800

With a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attn: Adam Harris and Robert Goldstein
Facsimile: (212) 593-5955

and

(2) BILO Recovery, LLC
1001 Brickell Bay Drive
26th Floor
Miami, Florida 33131
Attn: Tiffany Kosch
Facsimile: (305) 379-2013

With a copy to

Greenberg Traurig
200 Park Avenue
New York, New York 10166
Attn: Nancy A. Mitchell
Facsimile: (212) 805-9375

9.12 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 Creditors' Plan and any agreements, documents, and instruments executed in connection with the Creditors' 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 New York (without giving effect to the principles of conflicts of law, other than §5-1401 of the New York General Obligations Law, of such jurisdiction), except as may be otherwise specifically provided in such agreements, documents, and instruments.

Dated: December 21, 2009

THE OFFICIAL CREDITORS' COMMITTEE

By its counsel:

McCARTHY LAW FIRM, LLC

/s/ G. William McCarthy, Jr.

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*Attorneys for the Official Committee of
Unsecured Creditors.*

THE TERM LENDER COMMITTEE

By: Its counsel:

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/s/ Michael Beal

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*Attorneys for the Ad Hoc Committee of
Secured Term Lenders*

Schedule 1.1(a)(81)
 Certain Terms of New Term Notes

Amount:	On the Effective Date, the Reorganized Debtors will issue new term notes in an aggregate principal amount of \$164.1 million.
Borrower:	Reorganized BI-LO LLC
Guarantors:	Reorganized BI-LO Holding LLC and all of its subsidiaries other than the Borrower.
Collateral:	<p>The New Term Notes will be secured by a second lien on the ABL-type collateral pledged to secure the Exit Facility, and a first lien on substantially all of the remaining assets of the Reorganized Debtors, including first liens on all of the Reorganized Debtors' leasehold interests, equipment, investment property, intellectual property and general intangibles and all proceeds thereof.</p> <p>In the event of a dispute regarding whether, under the terms of a lease or applicable law (including bankruptcy law), the granting of a lien on such leasehold interest is permitted, then, the Requisite Term Lenders (as such term is defined in the Investment Agreement), in their sole discretion, may either (a) proceed to have the Bankruptcy Court determine, pursuant to the Confirmation Order, that such lien is permissible, or (b) require that the Creditors' Plan provide the collateral agent for the holders of the New Term Notes with such other rights with respect to the leasehold interest subject to the dispute as will result in the collateral agent receiving substantially similar benefits (as determined by the Requisite Term Lenders in their reasonable discretion) as a lien on such leasehold interest.</p> <p>If the Requisite Term Lenders seek such a determination by the Bankruptcy Court, and the Bankruptcy Court determines not to grant such lien, then it shall be a condition to confirmation that the Creditors' Plan provide the collateral agent for the holders of the New Term Notes receives substantially similar benefits (as determined by the Requisite Term Lenders in their reasonable discretion) as a lien on such leasehold interest.</p>
Interest Rate:	Libor plus 8%, 8%, 10%, 12% in years 1-4, respectively. Libor Floor of 3%.
Maturity	Forty-eight months after the Effective Date.
Refinancing; Fees:	<p>The Borrower will use commercially reasonable efforts to refinance the New Term Notes within one year of the Effective Date. The Borrower will pay the specified fee on the principal amount of the New Term Notes that remain outstanding on each of the following dates:</p> <ul style="list-style-type: none"> • 2% - 12 months after the Effective Date • 1% - 18 months after the Effective Date • 1% - 24 months after the Effective Date
Amortization:	None until maturity.
Mandatory Prepayments:	Customary for financings of this type.
Optional Prepayments:	Customary for financings of this type.
Affirmative Covenants	Customary for financings of this type.

<p>Negative Covenants:</p>	<p>To be tested quarterly. Consolidated gross total leverage test, defined as total funded debt (excluding the undrawn portion of any outstanding letters of credit and any capital lease obligations) divided by fully loaded EBITDA based on the following cushion to a mutually-agreeable plan:</p> <table border="1" data-bbox="479 346 1234 451"> <thead> <tr> <th></th> <th colspan="4">Year Ended</th> </tr> <tr> <th>Initial</th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>30.0%</td> <td>30.0%</td> <td>30.0%</td> <td>25.0%</td> <td>20.0%</td> </tr> </tbody> </table> <p>Fixed charge coverage test, defined as EBITDAR (fully loaded EBITDA plus total rent expenses) divided by Fixed Charges (cash interest expense plus mandatory term loan principal repayments plus cash taxes plus [total rent expense]) based on the following cushion to a mutually-agreeable plan:</p> <table border="1" data-bbox="479 598 1234 703"> <thead> <tr> <th></th> <th colspan="4">Year Ended</th> </tr> <tr> <th>Initial</th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>30.0%</td> <td>30.0%</td> <td>30.0%</td> <td>25.0%</td> <td>20.0%</td> </tr> </tbody> </table>		Year Ended				Initial	2010	2011	2012	2013	30.0%	30.0%	30.0%	25.0%	20.0%		Year Ended				Initial	2010	2011	2012	2013	30.0%	30.0%	30.0%	25.0%	20.0%
	Year Ended																														
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Initial	2010	2011	2012	2013																											
30.0%	30.0%	30.0%	25.0%	20.0%																											
<p>Events of Default:</p>	<p>Customary for financings of this type.</p>																														

Schedule 1.1(a)(85) List of Plan Documents

- Schedule 1.1(a)(33) – Contract Rejection Schedule
- Schedule 1.1(a)(39) – Schedule of Cure Amounts
- Schedule 1.1(a)(57) – List of Excluded Parties
- Schedule 1.1(a)(58) – List of Excluded Vendors
- Schedule 1.1(a)(81) – Certain Terms of New Term Notes
- Schedule 1.1(a)(82) – Non-Core Real Property
- Schedule 3.5 – Exceptions to Assumption of Employment, Compensation, or Benefits Agreements
- Schedule 5.9(a) – Non-Exclusive List of Retained Causes of Action
- Management Services Agreement
- New Term Notes
- Registration Rights Agreement
- Reorganized BI-LO Holding LLC Agreement
- Trust Agreement