*****THIS IS NOT A SOLICITATION OF VOTES ON THE PLAN. VOTES MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED A DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES, AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.*****

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HH Liquidation, LLC, *et al.*,[1]	)	Case No. 15-11874 (KG)
Debtors.	)	Jointly Administered

DISCLOSURE STATEMENT FOR PLAN OF LIQUIDATION FOR HH LIQUIDATION, LLC PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Counsel to the Debtor and Debtor in Possession

Dated: August 24, 2018

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: HH Liquidation, LLC (f/k/a Haggen Holdings, LLC) (7558), HH Operations, LLC (f/k/a Haggen Operations Holdings, LLC) (6341), HH Opco South, LLC (f/k/a Haggen Opco South, LLC) (7257), HH Opco North, LLC (f/k/a Haggen Opco North, LLC) (5028), HH Acquisition, LLC (f/k/a Haggen Acquisition, LLC) (7687), and HH Legacy, Inc. (f/k/a Haggen, Inc.) (4583). The mailing address for each of the Debtors is 26895 Aliso Creek Road, Suite B-1003, Aliso Viejo, California 92656.

PLEASE REVIEW THIS DOCUMENT FOR IMPORTANT INFORMATION REGARDING:

- *** Description of the Debtor, its Estate, and Background of the Bankruptcy Case**
- *** Classification and Treatment of Claims and Equity Interests**
- *** Distributions to Holders of Allowed Claims and Equity Interests**
- *** Implementation and Execution of the Plan**
- *** Treatment of Contracts and Leases and Procedures to Assert Rejection Damages Claims and Administrative Claims**

AND IMPORTANT DATES:

- *** Date to Determine Record Holders of Claims and Equity Interests: October 4, 2018 (the "Voting Record Date")**
- *** Deadline to Submit Ballots: November 7, 2018 at 4:00 p.m. (ET)**
- *** Deadline to Object to Plan Confirmation: November 7, 2018 at 4:00 p.m. (ET)**
- *** Hearing on Plan Confirmation: November 14, 2018 at 10:00 a.m. (ET)**
- *** Initial Administrative Claims Bar Date: October 3, 2018 at 5:00 p.m. (ET)**
- *** Administrative Claims Bar Date for Supplemental Administrative Claims Period: Thirty (30) days after the Effective Date**
- *** Deadline to Submit Rejection Damages Claims: Thirty (30) days after the Effective Date**

1. INTRODUCTION

1.1 Purpose of the Disclosure Statement. This disclosure statement (including all exhibits thereto, as may be amended, supplemented, or modified, the "**Disclosure Statement**") is being provided by HH Liquidation, LLC (f/k/a Haggen Holdings, LLC) (the "**Debtor**") to the United States Trustee for the District of Delaware (the "**United States Trustee**") and to Holders of Claims and Equity Interests pursuant to section 1125(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**"), for the purpose of soliciting acceptances of the *Plan of Liquidation for HH Liquidation, LLC Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of August 24, 2018 (including all exhibits thereto, as may be amended, supplemented, or modified, the "**Plan**"). The Plan has been Filed with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), and the summaries of the Plan contained herein shall not be relied upon for any purpose other than to make a judgment with respect to, and determine how to vote on, the Plan. A copy of the Plan is attached hereto as **Exhibit 1**. All capitalized terms used within this Disclosure Statement which are not defined herein shall have the meanings set forth in the Plan.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(c) AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER RULES GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11. THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON ITS ACCURACY.

NO REPRESENTATION CONCERNING THE DEBTOR OR THE VALUE OF THE DEBTOR'S ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THE DEBTOR IS NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION, OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY PURPOSE OTHER THAN DETERMINING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. YOU ARE STRONGLY URGED TO CONSULT WITH YOUR FINANCIAL, LEGAL, AND TAX ADVISORS TO UNDERSTAND FULLY THE PLAN AND DISCLOSURE STATEMENT. THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS GIVEN AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT DOES NOT, UNDER ANY CIRCUMSTANCE, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE SUCH DATE. THIS DISCLOSURE STATEMENT IS INTENDED, AMONG OTHER THINGS, TO SUMMARIZE THE PLAN AND MUST BE READ IN CONJUNCTION WITH THE PLAN AND ITS EXHIBITS, IF ANY. IF ANY CONFLICTS EXIST BETWEEN THE PLAN AND DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

THE DEBTOR RECOMMENDS THAT THE HOLDERS OF CLAIMS AND EQUITY INTERESTS IN ALL VOTING CLASSES VOTE TO ACCEPT THE PLAN.

1.2 Confirmation of the Plan.

1.2.1 Requirements. The requirements for Confirmation of the Plan are set forth in section 1129 of the Bankruptcy Code.

1.2.2 Confirmation Hearing. To confirm the Plan, the Bankruptcy Court must hold the Confirmation Hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code. The Bankruptcy Court has set **November 14, 2018 at 10:00 a.m. (prevailing Eastern Time)** for the Confirmation Hearing.

1.2.3 Deadline to Object to Confirmation of the Plan. The Bankruptcy Court has set **November 7, 2018 at 4:00 p.m. (prevailing Eastern Time)** as the deadline for Filing and serving objections to Confirmation of the Plan. Objections to Confirmation must be electronically Filed with the Bankruptcy Court and served on counsel to the Debtor.

1.2.4 Effect of Confirmation. Except as otherwise provided in the Plan or in the Confirmation Order, Confirmation will authorize and effect the Distribution of all Debtor Assets to Holders of Allowed Claims and Equity Interests as contemplated under the Plan and, following the implementation of the Plan, the dissolution of the Debtor. Confirmation serves to make the Plan binding upon the Debtor, all Holders of Claims and Equity Interests, and other

parties-in-interest, regardless of whether they cast a ballot to accept or reject the Plan (each, a "**Ballot**").

1.3 Voting on the Plan and the Release Opt-Out Election.

1.3.1 Impaired Claims or Equity Interests. Pursuant to section 1126 of the Bankruptcy Code, only the Holders of Claims and Equity Interests in Classes Impaired by the Plan and receiving a payment or Distribution under the Plan may vote on the Plan. Pursuant to section 1124 of the Bankruptcy Code, a Class of Claims or Equity Interests may be Impaired if the Plan alters the legal, equitable, or contractual rights of the Holders of such Claims or Equity Interests treated in such Class. The Holders of Claims in Class 4 and Equity Interests in Class 7 are Impaired by the Plan and are eligible to vote. The Holders of Claims in Classes 1, 2, 3, 5 and 6 are Unimpaired by the Plan, are deemed to accept the Plan, and do not have the right to vote on the Plan. The Holders of Equity Interests in Class 8 are not expected to receive any payment or Distribution or retain any property pursuant to the Plan, are deemed to reject the Plan, and do not have the right to vote.

1.3.2 Eligibility to Vote on the Plan. Unless otherwise ordered by the Bankruptcy Court, only Holders of Claims in Class 4 and Equity Interests in Class 7 as of the Voting Record Date may vote on the Plan unless expressly prohibited from voting under the terms of the Disclosure Statement Order or any other order of the Bankruptcy Court.

1.3.3 Release Opt-Out Election. Each Holder of a Claim who is presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code (*i.e.*, Holders of Claims in Classes 1, 2, 3, 5 and 6), and each Holder of a Claim in Class 4 or Equity Interest in Class 7, should also note that Section IX.D.2. of the Plan provides for certain releases of the Released Parties.

IF YOU ARE THE HOLDER OF A CLASS 4 SLB UNSECURED CLAIM OR A CLASS 7 CLASS A EQUITY INTEREST AND YOU VOTE TO ACCEPT THE PLAN BUT DO NOT VALIDLY EXERCISE THE RELEASE OPT-OUT ELECTION IN ITEM 2 OF YOUR PROPERLY COMPLETED AND TIMELY RETURNED BALLOT, YOU WILL BE DEEMED TO HAVE GRANTED THE RELEASE IN SECTION IX.D.2. OF THE PLAN TO THE RELEASED PARTIES.

IF YOU ARE THE HOLDER OF A CLAIM WHO IS PRESUMED TO HAVE ACCEPTED THE PLAN UNDER SECTION 1126(F) OF THE BANKRUPTCY CODE (*I.E.*, A HOLDER OF A CLAIM IN CLASS 1, 2, 3, 5 OR 6), YOU WILL BE DEEMED TO HAVE GRANTED THE RELEASE IN SECTION IX.D.2. OF THE PLAN TO THE RELEASED PARTIES UNLESS YOU FILE AN OBJECTION TO THE GRANTING OF THE RELEASES IN THE PLAN PRIOR TO THE DEADLINE TO OBJECT TO CONFIRMATION OF THE PLAN.

1.3.4 Voting and Release Opt-Out Procedure; Ballot Deadline. To ensure your vote is counted and any Release Opt-Out is effective you must (i) complete the Ballot in accordance with the instructions set forth therein; (ii) indicate your decision either to accept or reject the Plan in the boxes indicated in the Ballot; (iii) make a Release Opt-Out election, if

desired; and (iv) sign and return the Ballot to the address set forth on the Ballot. ABSENT PRIOR CONSENT OF THE DEBTOR, BALLOTS SENT BY FACSIMILE OR ELECTRONIC TRANSMISSION ARE NOT ALLOWED AND WILL NOT BE COUNTED.

Pursuant to Bankruptcy Rule 3017, the Bankruptcy Court has ordered that original Ballots for the acceptance or rejection of the Plan **must actually be received by Kurtzman Carson Consultants LLC (the "Voting Agent") on or before November 7, 2018 at 4:00 p.m. (prevailing Eastern Time).**

1.3.5 Acceptance of the Plan. For the Plan to be accepted by: (i) an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan; and (ii) an Impaired Class of Equity Interests, two-thirds in amount of the Equity Interests voting (of each Impaired Class of Equity Interests) must vote to accept the Plan. To the extent any Impaired Class of Claims or Equity Interests does not accept the Plan, the Plan may still be confirmed under the "cram down" provisions of the Bankruptcy Code. In any case, at least one Impaired Class of Claims or Equity Interests, excluding the votes of insiders, must actually vote to accept the Plan. YOU ARE URGED TO COMPLETE, DATE, SIGN, AND PROMPTLY MAIL THE BALLOT TO THE VOTING AGENT AT THE FOLLOWING ADDRESS: HH LIQUIDATION, LLC BALLOT PROCESSING CENTER C/O KURTZMAN CARSON CONSULTANTS LLC, 2335 ALASKA AVENUE, EL SEGUNDO, CA 90245. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND ENSURE THAT THE EXACT AMOUNT OF YOUR CLAIM OR EQUITY INTEREST (AS APPLICABLE) AND YOUR NAME ARE CORRECTLY IDENTIFIED IN THE BALLOT.

2. THE DEBTOR AND KEY EVENTS LEADING TO THE FILING OF THE BANKRUPTCY CASE

2.1 General Background.

On September 8, 2015 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (the "**Bankruptcy Case**"). Concurrently therewith, the following affiliates of the Debtor each commenced chapter 11 cases with the Bankruptcy Court (collectively, the "**Opco Debtors**," and together with the Debtor, the "**Debtors**"): (i) HH Operations, LLC (f/k/a Haggen Operations Holdings, LLC); (ii) HH Opco South, LLC (f/k/a Haggen Opco South, LLC); (iii) HH Opco North, LLC (f/k/a Haggen Opco North, LLC); (iv) HH Acquisition, LLC (f/k/a Haggen Acquisition, LLC); and (v) HH Legacy, Inc. (f/k/a Haggen, Inc.). The chapter 11 cases of the Debtors are jointly administered under the caption *In re: HH Liquidation, LLC, et al.*, Case No. 15-11874 (KG) (the "**Bankruptcy Cases**").

While the Opco Debtors are co-debtors with the Debtor in the Bankruptcy Cases, the Plan is not a chapter 11 plan for the Opco Debtors. The Global Settlement Agreement (discussed below) contemplates, subject to Bankruptcy Court approval, the structured dismissal of the Opco Debtors' Bankruptcy Cases. Contemporaneously with the filing of this Disclosure Statement, the Debtors have filed motions seeking approval of the Global

Settlement Agreement (the "9019 Motion") and the structured dismissal of the Opco Debtors' Bankruptcy Cases (the "Structured Dismissal Motion").

2.2 Description of the Debtor.

Prior to the commencement of the Bankruptcy Cases, the Debtor, through the Opco Debtors, owned and operated grocery stores located throughout Washington, Oregon, California, Arizona, and Nevada. Headquartered in Bellingham, Washington, the Debtors were founded in 1933 as a single grocery store. From 1933 to 2014, the Debtors grew into a 30 store family-run grocery chain, with stores located in the northwestern United States. In 2011, the Haggen family sold a majority equity interest in the Debtor to certain of the Comvest Entities, which currently owns the majority of the equity interests in the Haggen enterprise. In a single acquisition described below, the Debtors rapidly expanded in 2014 and 2015, and, as of the Petition Date, the Debtors owned and operated 164 stores through three operating companies: Haggen, Inc. (n/k/a HH Legacy, Inc.), Haggen Opco North, LLC (n/k/a HH Opco North, LLC) ("**Haggen North**"), and Haggen Opco South, LLC (n/k/a HH Opco South, LLC) ("**Haggen South**").

The Debtors' northwest operations were run by Haggen, Inc. and Haggen North (Haggen Pacific Northwest), which operated 18 and 46 stores, respectively, in Washington and Oregon. Haggen's southwest operations were run by Haggen South (Haggen Pacific Southwest), which operated 100 stores in California, Arizona and Nevada. As of the Petition Date, the Debtors employed approximately 10,880 employees.

The Debtor directly or indirectly owns 100% of the equity interests in the Opco Debtors and the non-Debtors Haggen Property Holdings, LLC (n/k/a HH Property Holdings, LLC) ("**Haggen Property Holdings**"), Haggen Property Holdings II, LLC (n/k/a HH Property Holdings II, LLC) ("**Haggen Property Holdings II**"), Haggen Property Holdings III, LLC (n/k/a HH Property Holdings III, LLC) ("**Haggen Property Holdings III**"), Haggen Property South, LLC (n/k/a HH Property South, LLC) ("**Propco South**"), Haggen Property North, LLC (n/k/a HH Property North, LLC) ("**Propco North**"), Haggen Fuel Holdings, LLC (which has since been dissolved), and Haggen SLB, LLC (n/k/a HH SLB, LLC) ("**SLB**"). As of the Petition Date, HHI, Corp. held 20% of the equity interests in the Debtor, while certain of the Comvest Entities LLC held 80%, in the aggregate.

2.3 Certain Prepetition Indebtedness.

(a) PNC Credit Facility

On February 12, 2015, Haggen, Inc., Haggen North, and Haggen South (together, the "**Opco Borrowers**"), entered into a secured financing arrangement with PNC Bank, National Association (as agent and lender) and other participating lenders (collectively, "**PNC**") under which PNC provided a revolving line of credit facility to finance the Debtors' operations (the "**Credit Facility**"). The terms and conditions of the Credit Facility were in part evidenced by a Revolving Credit and Security Agreement (the "**PNC Loan Agreement**") pursuant to which PNC agreed to provide the Opco Borrowers (i) a revolving line of credit facility in the amount of $180,000,000 and (ii) a smaller "Swing Loan" facility up to an additional $20,000,000. In connection with the Credit Facility, the Opco Borrowers executed two notes, both dated

February 12, 2015, in the original principal of $180,000,000 (the "**Revolving Note**") and $20,000,000 (the "**Swing Loan Note**"). As of September 7, 2015, the outstanding balance on the Revolving Note was approximately $154,067,263 and the outstanding balance on the Swing Loan Note was $0 (together, the "**PNC Obligations**").

On February 12, 2015, Haggen Operations Holdings, LLC and Haggen Acquisition, LLC executed a guaranty and suretyship agreement pursuant to which both guaranteed the payment and performance of all obligations of the Opco Borrowers to PNC under the PNC Loan Agreement. In addition, on August 21, 2015, the Debtor, along with certain of the Propco Entities, executed a limited guaranty agreement in favor of PNC guaranteeing the Opco Debtors' payment and performance of the PNC Obligations (the "**Propco Guaranty**").

Subsequent to the Petition Date, following consummation of the asset sales described below, the Opco Debtors satisfied, in full, the PNC Obligations, and therefore there are no amounts outstanding on account of the same.

(b) The Propco Credit Agreement

On August 21, 2015, the Opco Borrowers entered into a subordinated credit agreement (the "**Propco Credit Agreement**") with certain of the Propco Entities pursuant to which the Opco Borrowers obtained a subordinated loan in the original principal amount of $25 million (the "**Propco Loan**"). The obligations owed by the Opco Borrowers to the Propco Entities under the Propco Credit Agreement are secured by a subordinated second lien on the Opco Borrowers' personal property, subject to an intercreditor agreement between the Opco Borrowers, PNC and the Propco Entities. Such Propco Entities have asserted a secured claim in the principal amount of $25 million, plus accrued and unpaid interest, against certain of the Opco Debtors for the obligations arising under the Propco Loan (the "**Propco Secured Claim**"). As described in Section 3.11 hereof, such Propco Entities have agreed to consensually reduce the Allowed amount of the Propco Secured Claim as set forth in the Global Settlement Agreement.

2.4 Events Leading to the Filing of the Bankruptcy Case.

Over the decades following their formation in 1933, the Debtors expanded, opening additional stores in Washington and Oregon. Ultimately, the Debtors grew into a 30-store business with approximately $600 million of annual revenues. From 2011 to 2014, the Debtors reduced their store base to 18, including a stand-alone pharmacy location. The vast majority of the 164 stores the Debtors owned and operated on the Petition Date, however, were acquired in connection with an acquisition from Albertson's LLC ("**Albertsons**"). In 2015, Albertsons and Safeway, Inc. completed a merger. In connection with the merger, the Federal Trade Commission ("**FTC**") required Albertsons to sell 146 of their locations in Washington, Oregon, California, Arizona, and Nevada (collectively, the "**Albertsons Locations**").

After extensive negotiations with Albertsons, in December 2014, the Debtor executed an asset purchase agreement with Albertsons ("**Albertsons APA**"). The Albertsons Locations were then transitioned to the Debtors pursuant to a staggered schedule from February 14, 2015 to June 23, 2015.

During the transition process, the Debtors faced the task of closing the Albertsons Locations and rebranding them as Haggen stores, essentially opening a brand new chain of 146 grocery stores in just over 120 days, while limiting each store closure to only 1–2 days. The accelerated closing schedule presented challenges of scale, which made Albertsons' cooperation and good faith implementation of the Albertsons APA essential. As set forth in more detail in the motion to approve the Albertsons Settlement (discussed below), each of Albertsons and the Debtor commenced litigation against the other asserting various breaches related to the Albertsons APA. Among the allegations, the Debtor challenged Albertsons' conduct in connection with the transition of the Albertsons Locations to the Debtor (the "**Albertsons Litigation**"). As discussed below, the Albertsons Litigation was eventually settled.

Following the acquisition of the Albertsons Locations, the Debtors' liquidity dropped precipitously and the Debtors' operations continued to generate increasingly negative cashflow. As a result of, among other things, these liquidity issues, the Debtors determined to close several of their recently acquired stores. The Debtors entered into an agreement with Hilco Merchant Resources, LLC in late August 2015 to conduct going-out-of-business sales for 27 of their stores. Additionally, the Debtors engaged Sagent Advisors to market for sale some of the Haggen North and Haggen South locations and to explore market interest in various store locations.

Additional information regarding the Debtors' businesses, their capital structure, and the circumstances leading to the filing of the Bankruptcy Cases is set forth in the *Declaration of Blake Barnett in Support of Chapter 11 Petitions and First Day Motions* [D.I. 15].

3. THE BANKRUPTCY CASE

3.1 Commencement of the Bankruptcy Case. As set forth above, on September 8, 2015, the Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code with the Bankruptcy Court. The Debtor's Bankruptcy Case is jointly administered with the Opco Debtors' Bankruptcy Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). The Debtor is managing its property as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtor's Bankruptcy Case.

3.2 First Day Relief. On or about the Petition Date, the Debtors Filed certain "first-day" motions and applications with the Bankruptcy Court seeking certain immediate relief to aid in the efficient administration of the Bankruptcy Cases, and to facilitate the Debtors' transition to debtor-in-possession status. The Bankruptcy Court held hearings on these first-day motions, and entered a series of customary first-day orders.

3.3 DIP Financing and Use of Cash Collateral. On the Petition Date, the Debtors Filed, along with the other first-day motions, the *Motion of the Debtors for Interim and Final Orders (I) Authorizing the Debtor Loan Parties to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral of Pre-Petition Secured Parties, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay, and (IV) Granting Related Relief, Pursuant to 11 U.S.C. Sections 105, 361, 362, 363(C), (D) & (E), 364(C), 364(D)(1), 364(E) and 507(B)* [D.I. 13] (the "**DIP Motion**"). The Bankruptcy Court approved the relief requested in the DIP Motion initially on an interim basis [D.I. 55] and thereafter on a final basis [D.I. 449] (the "**Final DIP Order**").

Pursuant to the Final DIP Order, certain of the Opco Debtors were authorized to borrow under a $215 million postpetition senior secured credit facility (the "**Postpetition Facility**") and use the cash collateral of the Secured Parties (as defined in the Final DIP Order) to, among other things, manage and preserve their assets for the benefit of all creditors. The Final DIP Order also authorized the Debtor to reaffirm its obligations under the Propco Guaranty.

On March 11, 2016, the Debtors Filed a motion [D.I. 1557] (the "**Replacement DIP Motion**") seeking to, among other things, (i) assign the Secured Parties' interests in the Postpetition Facility to Albertsons or its designee (the "**Replacement DIP Lender**"); (ii) extinguish the Propco Guaranty and authorize the Debtor to enter into a new limited guaranty in favor of the Replacement DIP Lender; and (iii) obtain a term loan from the Replacement DIP Lender in an aggregate amount up to $68 million (the "**Replacement DIP Facility**"). On March 30, 2016, the Bankruptcy Court entered an order [D.I. 1717] approving the relief requested in the Replacement DIP Motion.

Amounts due and owing under both the Postpetition Facility and the Replacement DIP Facility were paid in full or otherwise satisfied as a result of the sale of substantially all of the Opco Debtors' assets, which sale is discussed more fully below.

3.4 Retention of Professionals. The Debtor retained a number of professionals in the Bankruptcy Case, including, among others: (i) Stroock & Stroock & Lavan LLP as bankruptcy counsel [D.I. 448]; (ii) Young Conaway Stargatt & Taylor, LLP as bankruptcy co-counsel [D.I. 404]; (iii) Sagent Advisors, LLC as their investment banker [D.I. 323]; (iv) Alvarez & Marsal North America, LLC as their financial advisor [D.I. 406]; (v) Kurtzman Carson Consultants LLC as administrative advisor [D.I. 407]; (vi) KPMG LLP as tax consultants [D.I. 1136]; and (vii) Resources Global Professionals as consultants in connection with the claims reconciliation process [D.I. 1373]. In addition, the Debtor obtained authority to employ and retain certain professionals utilized in the ordinary course of business [D.I. 405].

3.5 Appointment of Committee and Retention of Committee Professionals. On September 21, 2015, the United States Trustee appointed the Committee [D.I. 126]. The Committee retained Pachulski Stang Ziehl & Jones LLP [D.I. 670] as bankruptcy counsel, Zolfo Cooper, LLC as bankruptcy consultants and financial advisors [D.I. 694], and Giuliano, Miller & Company, LLC as tax advisors [D.I. 1699].

3.6 Schedules and Bar Dates. On October 12, 2015, the Debtor Filed its Schedules [D.I. 374]. On December 10, 2015 and December 28, 2015, the Debtor Filed certain amendments to its Schedules [D.I. 978 and 1099, respectively] (together, the "**Schedules Amendments**").

On October 13, 2015, the Bankruptcy Court entered an order [D.I. 387] establishing December 14, 2015 at 4:00 p.m. (prevailing Eastern Time) as the deadline for any Claims pursuant to section 503(b)(9) of the Bankruptcy Code to be Filed against the Debtors. In addition, on November 6, 2015, the Bankruptcy Court entered an order [D.I. 617] establishing: (i) January 4, 2016 at 5:00 p.m. (prevailing Eastern Time) as the deadline for creditors (other than governmental units (as such term is defined in section 101(27) of the Bankruptcy Code)) to File proofs of claim against the Debtors; and (ii) March 7, 2016 at 5:00 p.m. (prevailing Eastern

Time) as the deadline for any governmental unit to File proofs of claim against the Debtors, subject to the supplemental bar dates set forth in the Schedules Amendments.

On August 8, 2018, the Debtors filed a motion [D.I. 3771] seeking the entry of an order establishing 5:00 p.m. (Eastern Time) on October 3, 2018 as the deadline for any Administrative Claims that arose, accrued or otherwise became due and payable during the period from the Petition Date through and including August 31, 2018 (the "**Initial Administrative Claims Period**"), other than a Claim arising under section 503(b)(9) of the Bankruptcy Code, to be Filed against the Debtors. Additionally, the Plan provides that parties with Administrative Claims against the Debtor that may arise, accrue or otherwise become due and payable after the Initial Administrative Claims Period must file Proofs of Claim on or before the date that is thirty (30) days following the Effective Date.[1]

3.7 Sale of Substantially All of the Debtors' Assets. Prior to the Petition Date, the Debtors conducted an in-depth review of the performance of the Debtors' grocery stores and the markets in which the Debtors operated. As a result of this analysis, the Debtors identified two categories of stores: (a) "non-core" stores (the "**Non-Core Stores**"), which provided limited benefit to the Debtors and their estates; and (b) "core" stores (the "**Core Stores**"), which were centered in the Pacific Northwest.

During the Bankruptcy Cases, the Debtors conducted Bankruptcy Court-approved store closing sales at their Non-Core Stores [D.I. 155, 446, 447, 1348, and 1596]. The Debtors also decided to sell the assets of certain of their pharmacies, which sales were also authorized by the Bankruptcy Court [D.I. 160, 278, 279, 280, 1350, 1597, and 1607]. In addition, the Debtors determined that it was in their best interests to separately market and sell their lease interests in the Non-Core Stores and certain additional assets. To that end, on November 13, 2015, the Debtors obtained approval from the Bankruptcy Court to sell thirty-six Non-Core Stores, in total, to two stalking horse bidders, Gelson's Markets ("**Gelson's**") and Smart & Final Stores, LLC ("**Smart & Final**") for a total purchase price of approximately $92 million [D.I. 718 and 719]. The Bankruptcy Court also approved the sale of approximately fifty additional Non-Core Stores, in total, to certain third parties and landlords for a total purchase price of approximately $45 million [D.I. 839, 840, 841, 842, 843, 844, 845, 846, 847, 861, 863, 910, 950, 1005, 1111, and 1114]. These sales closed on various dates from November 2015 through January 2016.

The Debtors also decided to market for sale, as a going concern, all or substantially all of the Core Stores. As a result of their marketing efforts, the Debtors received a bid from Albertsons, which the Debtors determined was the highest or otherwise best bid with respect to the Core Stores. On March 29, 2016, the Bankruptcy Court entered an order [D.I. 1700] approving the sale of certain of the Core Stores to Albertsons for a total purchase price of approximately $106 million (the "**Albertsons Sale**"). The Albertsons Sale closed in June 2016.

[1] Administrative claims against the Opco Debtors that may have arisen, accrued or otherwise become due and payable after the Initial Administrative Claims Period will be addressed in connection with the Structured Dismissal Motion. Any administrative, priority and secured claims against the Opco Debtors that (i) have not been asserted, or otherwise approved by a Final Order, by the Applicable Bar Date and (ii) are not identified on Exhibit 1 to the order approving the Structured Dismissal Motion shall be disallowed and forever barred from assertion against the Debtors and their Estates, and such claims shall be deemed waived and released as of the Effective Date.

The Debtors also obtained Bankruptcy Court approval to conduct store closing sales at certain Core Stores that were excluded from the Albertsons Sale [D.I. 1702].

3.8 The Albertsons Settlement. The Albertsons Settlement, which was authorized and approved by order of the Bankruptcy Court dated February 16, 2016 [D.I. 1449], resolves the Albertsons Litigation and any claims against the Debtor's Estate related thereto. Under the terms of the Albertsons Settlement, (i) Albertsons was required to pay $5,750,000 in cash to a trust formed by the Committee for the exclusive benefit of the unsecured creditors of the Opco Debtors (the "**Opco Creditor Trust**"); (ii) Albertsons was deemed to hold an Allowed General Unsecured Claim against the Debtor in the amount of $8,250,000 million (the "**Albertsons Settlement Claim**"); (iii) the Debtor and Albertsons were required to dismiss the Albertsons Litigation; (iv) the Albertsons Settlement Claim was to be irrevocably and unconditionally transferred to the Opco Creditor Trust; and (v) certain releases were granted. For more information regarding the Albertsons Settlement, please consult the motion to approve the Albertsons Settlement [D.I. 1312].

3.9 The SLB Unsecured Claim Settlements. Prior to the Petition Date, on February 26, 2015, the Debtor entered into a guaranty of payment and performance of the obligations of Haggen North and Haggen South under a Master Land and Building Lease (as amended, the "**GIG/Wave Lease**") with GIG TCG Wave Master Property Owner LLC ("**GIG/Wave**"). Similarly, on June 15, 2015, the Debtor provided Spirit SPE HG 2015-1, LLC ("**Spirit**," and together with GIG/Wave, the "**Landlords**") with a guaranty of payment and performance of the obligations of Opco Debtor Haggen Operations Holdings, LLC under an Amended and Restated Master Lease (as amended, the "**Spirit Lease**," and together with the GIG/Wave Lease, the "**Opco Leases**").

During the Bankruptcy Cases, the Opco Debtors sought Bankruptcy Court approval to sell some, but not all, of the stores covered by the Opco Leases to Smart & Final, Gelson's, and Albertsons [D.I. 262 and 707]. The Landlords objected [D.I. 619, 638, 776, 800 and 886] (the "**Landlord Sale Objections**"), asserting, among other things, that the Opco Leases were unified master leases that could only be assumed and assigned *in toto.*

Rather than proceed with litigation concerning the assumption and assignment of the Opco Leases, after engaging in good faith, arms' length negotiations, the Debtors and each of the Landlords entered into settlement agreements resolving the Landlord Sale Objections. Among other things, the settlement between the Debtor, Haggen North, Haggen South, and GIG/Wave provided that GIG/Wave shall have an Allowed General Unsecured Claim in the amount of $4,431,568 against the Debtor (the "**GIG/Wave SLB Claim**"), as well as Haggen North and Haggen South, on account of the rejection of certain stores covered by the GIG/Wave Lease [D.I. 964]. Likewise, under the settlement agreements between the Debtor, Haggen Operations Holdings, LLC, and Spirit, Spirit was deemed to hold Allowed General Unsecured Claims in the aggregate amount of $19,265,943 (after satisfaction of $2,521,236.12 of such Claim in accordance with the terms of the settlement agreements) against the Debtor (the "**Spirit SLB Claim**," and together with the GIG/Wave SLB Claim, the "**SLB Unsecured Claims**"), as well as Haggen Operations Holdings, LLC, on account of, among other things, the rejection of certain stores covered by the Spirit Lease [D.I. 862 and 1729].

3.10 Committee Adversary Proceeding. Subsequent to the Petition Date, the Bankruptcy Court entered orders [D.I. 1235 and 1858] granting the Committee derivative standing to investigate and, if the Committee deemed appropriate, bring any and all claims or causes of action on behalf of the Debtors' estates against the following parties (collectively, the "**Targets**"): (a) non-Debtor affiliates, Haggen Property Holdings, Propco South, Propco North, Haggen Property Holdings II, Haggen Property Holdings III, and SLB; (b) certain of the Comvest Entities; and/or (c) past or present directors and officers of the foregoing entities and/or the Debtors.

On September 7, 2016, the Committee filed a complaint in the Bankruptcy Court (the "**Complaint**") against the Targets set forth in the Complaint (collectively, the "**Defendants**") alleging, among other things, that the Defendants had committed actual fraud, made fraudulent transfers and breached their fiduciary duties, and that the Propco Secured Claim should be equitably subordinated or otherwise recharacterized, Adv. No. 16-51204 (KG) (together with the Appeal (as defined below) and any subsequent appeal related to the claims asserted in the Appeal, the "**Committee Litigation**"). Through the Committee Litigation, the Committee also sought to substantively consolidate the Debtors with certain of their non-Debtor affiliates. After a five (5)-day evidentiary trial, the submission of post-trial briefs and closing arguments, on January 22, 2018, the Bankruptcy Court issued an opinion finding for the Defendants with respect to each count, and denying all of the relief requested by the Committee, including the Committee's request to substantively consolidate the Debtors with certain of their non-Debtor affiliates [Adv. Pro. D.I. 191, 194]. On February 5, 2018, the Committee filed an appeal to the Bankruptcy Court's ruling on the Committee Litigation in the United States District Court for the District of Delaware, Case No. 18-00204-RGA (the "**Appeal**").

3.11 Global Settlement Agreement. In light of the status of the Committee Litigation and the Opco Debtors' administrative insolvency, the Debtors (through the Independent Manager), the Comvest Entities, the Propco Entities, the Committee and other key stakeholders negotiated in good faith and at arm's-length regarding potential ways for the Debtors to exit chapter 11 and to provide a distribution to their respective creditors. As a result of such negotiations, the parties reached a global settlement (the "**Global Settlement Agreement**"), which, among other things, provides for (a) the consensual reduction in amount and allowance of the Propco Secured Claim, (b) sufficient funding to pay all valid and undisputed administrative, priority and secured claims against the Opco Debtors (including certain consensually-reduced claims under section 503(b)(9) of the Bankruptcy Code), (c) sufficient funding to complete the wind down of the Debtors under applicable state law, (d) the dismissal of the Appeal, and (e) mutual and consensual releases. The Global Settlement Agreement is implemented through (x) with respect to the Opco Debtors, the structured dismissal of the Opco Debtors' Bankruptcy Cases, and (y) with respect to the Debtor, the Confirmation and consummation of the Plan. A copy of the Global Settlement Agreement was Filed contemporaneously herewith as part of the Plan Supplement.

3.12 Other Settlement Agreements. After reaching consensual resolutions with respect to the Administrative Claims asserted by the UFCW Pension Fund [D.I. 2580] and the UFCW Benefit Fund [D.I. 2579], the Debtors filed motions [D.I. ___, ___] seeking the entry of orders approving, respectively, (a) the Pension Fund Settlement Agreement, which provides that the UFCW Pension Fund shall hold (i) an Allowed Administrative Claim arising from certain

unpaid postpetition contribution obligations in the amount of $15,561.15 and (ii) an Allowed Claim arising from withdrawal liability in the aggregate amount of $8,270,000, comprising (x) an Administrative Claim in the amount of $1,240,000 and (y) a Priority Non-Tax Claim in the amount of $7,030,000, and (b) the Benefit Fund Settlement Agreement, which provides that the UFCW Benefit Fund shall hold (i) an Allowed Administrative Claim arising from certain unpaid postpetition contribution obligations in the amount of $42,297.67 and (ii) an Allowed Claim arising from a contractual lump sum payment obligation triggered by the Debtors' cessation of its operations in the aggregate amount of $1,280,000, comprising (x) an Administrative Claim in the amount of $205,000 and (y) a Priority Non-Tax Claim in the amount of $1,075,000. Each of the Pension Fund Settlement Agreement and the Benefit Fund Settlement Agreement provides that the agreed-upon Claims will be paid no later than December 31, 2018. Furthermore, each of the Pension Fund Settlement Agreement and the Benefit Fund Settlement Agreement provides for a litigation standstill and mutual releases and waivers among the parties thereto.

4. SUMMARY OF THE PLAN[2]

4.1 Classification of Claims and Equity Interests under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified (collectively, the "**Unclassified Claims**"). With the exception of the Unclassified Claims, all Allowed Claims and Equity Interests are placed in the Classes set forth in Article III of the Plan. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Classes.

4.2 Treatment of Allowed Claims and Equity Interests Under the Plan.

The Plan is a plan of liquidation, pursuant to which the Debtor Assets are being distributed to Holders of Allowed Claims and Equity Interests in accordance with the priorities of the Bankruptcy Code and the summary of treatment of Claims and Equity Interests set forth below. As of August 1, 2018, the Debtor Assets consist primarily of Cash on hand of approximately $79,675,343 and the Debtor's interests in its subsidiaries, including the Propco Entities.

THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS. THE RECOVERIES SET FORTH BELOW ARE PROJECTED RECOVERIES AND ARE

[2] The description of the Plan and its provisions set forth herein are summaries only and the Plan contains additional provisions that may affect your rights. You are urged to read the Plan in its entirety before deciding whether to vote to accept or reject the Plan. The summary of the Plan set forth herein is qualified in its entirety by reference to the Plan that is attached hereto as Exhibit 1.

THEREFORE SUBJECT TO CHANGE. THE ALLOWANCE OF CLAIMS MAY BE SUBJECT TO LITIGATION OR OTHER ADJUSTMENTS, AND ACTUAL ALLOWED CLAIM AMOUNTS MAY DIFFER MATERIALLY FROM THESE ESTIMATED AMOUNTS.

Class	Type	Status Under Plan	Treatment	Estimated Aggregate Amount in Class ($)	Estimated Recovery of Class (%)
1	Priority Non-Tax Claims	Unimpaired and Deemed to Accept	Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment, on or as soon as reasonably practicable after (x) the Effective Date, if such Priority Non-Tax Claim is an Allowed Priority Non-Tax Claim as of the Effective Date or (y) the date on which such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction of such Claim, one of the following treatments, as determined by the Debtor or the Plan Debtor, as the case may be: (i) full payment in Cash of its Allowed Priority Non-Tax Claim or (ii) treatment of its Allowed Priority Non-Tax Claim in a manner that leaves such Claim Unimpaired.	$12,157,507	100%
2	Secured Claims	Unimpaired and Deemed to Accept	Except to the extent that a Holder of an Allowed Secured Claim agrees to less favorable treatment, on or as soon as reasonably practicable after (x) the Effective Date, if such Secured Claim is an Allowed Secured Claim as of the Effective Date or (y) the date on which such Secured Claim becomes an Allowed Secured Claim, each Holder of an Allowed Secured Claim shall receive, in full and final satisfaction of such Claim, as determined by the Debtor or the Plan Debtor, as the case may be: (i) the collateral securing such Allowed Secured Claim; (ii) Cash in an amount equal to the value of the collateral securing such Allowed Secured Claim; or (iii) such other treatment required under section 1124(2) of the Bankruptcy Code for such Claim to be rendered Unimpaired.	$0	100%
3	Albertsons Settlement Claim	Unimpaired and Deemed to Accept	On or as soon as reasonably practicable after the Effective Date, the Holders of the Albertsons Settlement Claim shall receive, in full and final satisfaction of such Claim, full payment in Cash of the Albertsons Settlement Claim.	$8,250,000	100%
4	SLB Unsecured Claims	Impaired and Entitled to Vote	On or as soon as reasonably practicable after the Effective Date, each Holder of an SLB Unsecured Claim shall receive, in full and final satisfaction of such SLB Unsecured Claim, a Cash payment in an amount equal to 90% of the amount of the SLB Unsecured Claim.	$23,697,511	90%
5	General Unsecured Claims	Unimpaired and Deemed to Accept	On or as soon as reasonably practicable after (x) the Effective Date, if such General Unsecured Claim is an Allowed General Unsecured Claim as of the Effective Date or (y) the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Allowed General Unsecured Claim, a Cash payment in an amount equal to 100% of the amount of the Allowed General Unsecured Claim.	$2,545,000	100%

6	Intercompany Claims	Unimpaired and Deemed to Accept	As of the Effective Date, the Intercompany Claims shall be set off in accordance with the Subordinated Promissory Note, dated as of February 12, 2015, and such set off shall be in full and final satisfaction of such Intercompany Claims	$6,852,171	100%
7	Class A Equity Interests	Impaired and Entitled to Vote	The Holders of Class A Equity Interests shall receive, in full and final satisfaction of such Class A Equity Interests, (i) on or as soon as reasonably practicable after the Effective Date, their pro rata share of the Residual Cash as of such date of Distribution and (ii) on or as soon as reasonably practicable after the date of dissolution of the Plan Debtor, their pro rata share of (x) any Residual Cash as of such date and/or (y) the Distribution in kind of any non-Cash Debtor Assets or Propco Assets that the Plan Administrator in his, her or its sole discretion reasonably determines cannot be liquidated in a timely and efficient manner to effectuate the transactions contemplated herein.	$85,178,185	24.7%[3]
8	Other Equity Interests	Impaired and Deemed to Reject	Each Other Equity Interest shall be canceled as of the Effective Date. The Holders of Other Equity Interests shall receive no Distribution under the Plan.	N/A	0%

Underlying the estimated percentage recovery identified in the above chart are a number of assumptions that, although developed and considered reasonable by the Debtor, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor. There is no assurance that the stated estimated percentage recovery will be realized, and the actual recovery percentage for Holders of Claims in Class 4 and Equity Interests in Class 7 could vary materially from those shown here depending on the outcome of a number of variables.

4.2.1 Unclassified Claims. Except to the extent otherwise agreed to by the Holder of an Allowed Unclassified Claim, each Holder of an Allowed Unclassified Claim (other than Professional Fee Claims) shall be paid in Cash the full amount of such Allowed Unclassified Claim or as otherwise provided in Section II.A. of the Plan. Allowed Unclassified Claims (other than Professional Fee Claims) shall be paid on, or as soon as reasonably practicable after: (i) the Effective Date, if such Unclassified Claim is an Allowed Unclassified Claim as of the Effective Date or (ii) the date on which such Unclassified Claim becomes an Allowed Unclassified Claim. Professional Fee Claims will be Allowed and paid in accordance with Section II.B. of the Plan. The Debtors estimate that, as of the Effective Date, the total amount of: (a) Allowed Administrative Claims will be approximately $12,158,000; and (b) Allowed Priority Tax Claims will be approximately $0.

4.3 Implementation and Execution of the Plan.

4.3.1 Effective Date. The Plan shall become effective on the date selected by the Debtor following the Confirmation Date on which all of the conditions to consummation of the Plan shall have been satisfied or waived as provided in Section VIII.B. and Section VIII.C. of the Plan. The Effective Date shall not occur unless and until, among other things, the

[3] The Global Settlement Agreement provides that the Holders of the Class A Equity Interests shall receive an initial Distribution of no less than $21.0 million in the aggregate on account of such Class A Equity Interests.

Bankruptcy Court has entered Final Orders approving the Structured Dismissal Motion and the 9019 Motion, and such Final Orders are in full force and effect and not subject to a stay or injunction prohibiting the transactions approved thereby. Upon the occurrence of the Effective Date, the Plan Debtor shall File and serve a notice of confirmation and occurrence of the Effective Date.

4.3.2 Summary of Means of Implementation and Execution of the Plan. Article IV of the Plan sets forth the means by which the Plan shall be implemented and executed. Among other things, Article IV of the Plan provides for: (i) the vesting of the Debtor Assets in the Plan Debtor; (ii) the appointment of the Plan Administrator to oversee the wind-down of the Plan Debtor's affairs following the Effective Date and administer the Plan, and otherwise act in accordance with the terms and authority granted in the Plan Administration Agreement; (iii) Distributions on certain Allowed Claims and Equity Interests; (v) the administration and liquidation of the Debtor Assets; (iv) the dissolution of the Plan Debtor and any of its subsidiaries, including the Propco Entities and the Opco Debtors; (vi) the preservation of and pursuit by the Plan Administrator (on behalf of the Plan Debtor) of any and all Causes of Action not relinquished, released, compromised or settled in the Plan or any Final Order of the Bankruptcy Court; (vii) the transfer of the Albertsons Settlement Claim to the Opco Debtors in accordance with the terms of the Albertsons Settlement and the Albertsons Settlement Order; and (viii) the Global Settlement Agreement.

4.4 Executory Contracts and Unexpired Leases. Section V.A. of the Plan provides that any executory contract or unexpired lease which has not expired by its own terms on or prior to the Effective Date, which has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, or which the Debtor has obtained the authority to reject but has not rejected as of the Effective Date, or which is not the subject of a motion to assume or reject the same pending as of the Effective Date, shall be deemed rejected by the Debtor as of the Confirmation Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to sections 365(e) and 1123(b)(2) of the Bankruptcy Code.

4.5 Indemnification Obligations. Pursuant to Section V.C. of the Plan, any obligation of the Debtor pursuant to its corporate charter and bylaws or similar constituent agreements, including amendments, entered into any time prior to the Effective Date, to indemnify, reimburse, or limit the liability of any of the Debtor's members, managers and officers pursuant to the Debtor's certificate of formation, the Debtor LLC Agreement, policy of providing employee indemnification, applicable state law, or specific agreement in respect of any claims, demands, suits, causes of action, or proceedings against such Persons based upon any act or omission related to such Persons' service with, for, or on behalf of the Debtor prior to the Effective Date with respect to all present and future actions, suits, and proceedings relating to the Debtor shall continue solely to the extent there is available insurance that provides coverage for such obligation; *provided*, *however*, that notwithstanding anything contained in the Plan to the contrary, the Debtor, the Debtor's Estate, the Plan Debtor, and the Plan Administrator shall have no obligation to satisfy any amounts due and owing under any of the Debtor's insurance policies in connection therewith, including any deductible, self-insured retention or similar amount.

4.6 D&O Policies. Section V.D. of the Plan provides that, notwithstanding anything contained in the Plan to the contrary, all of the D&O Policies in effect on the Effective Date, and any agreements, documents or instruments relating thereto, shall not terminate. To the extent any or all of the D&O Policies in effect on the Effective Date are considered to be executory contracts, then, notwithstanding anything contained in the Plan to the contrary, the Plan shall constitute a motion to assume such insurance policies; *provided, however,* that no cure amounts shall be due and owing with respect to any assumption of such insurance policies. The entry of the Confirmation Order shall constitute approval of the foregoing assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtor, the Debtor's Estate and all parties in interest in the Bankruptcy Cases. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the insurers under any of the D&O Policies.

4.7 Subordination. Pursuant to Section VI.L. of the Plan, except as otherwise provided in the Plan, all subordination rights and claims relating to the subordination by the Debtor or the Plan Debtor of any Allowed Claim or Allowed Equity Interest shall remain valid, enforceable and unimpaired in accordance with section 510 of the Bankruptcy Code or otherwise. Except as otherwise ordered by the Bankruptcy Court, each Holder of a Claim or Equity Interest shall be deemed to have waived all contractual, legal and equitable subordination rights that they may have, whether arising under general principles of equitable subordination, section 510(c) of the Bankruptcy Code or otherwise, with respect to any and all Distributions to be made under the Plan, and all such contractual, legal or equitable subordination rights that each Holder has individually and collectively with respect to any such Distribution made pursuant the Plan shall be released and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined.

4.8 Professional Fee Claims Escrow. Pursuant to Section VI.M. of the Plan, on or as soon as practicable after the Effective Date, the Plan Administrator shall establish and maintain a reserve (the "**Professional Fee Claims Escrow**") from Available Cash for the payment of estimated unpaid Professional Fee Claims, which Professional Fee Claims Escrow shall be held in escrow by Young Conaway Stargatt & Taylor, LLP. The Cash held in the Professional Fee Claims Escrow shall not be considered property of the Debtor's Estate or Debtor Assets. The Professional Fee Claims Escrow shall include an amount of Cash equal to the amount that the Debtors and the Committee estimate will be incurred for fees and expenses by Professionals retained in the Bankruptcy Cases up to and including the Effective Date. If, when, and to the extent any such Professional Fee Claims become Allowed Professional Fee Claims, the relevant portion of the Cash held in the Professional Fee Claims Escrow on account of such Professional Fee Claims shall be distributed by the Plan Administrator to the Professional in a manner consistent with the order of the Bankruptcy Court approving the Professional Fee Claim and similarly situated Professional Fee Claims. Any Cash remaining in the Professional Fee Claims Escrow after all Professional Fee Claims have been resolved and paid shall be distributed by the Plan Administrator to the Holders of Allowed Claims and Allowed Equity Interests in accordance with the terms of the Plan and the priorities of the Bankruptcy Code.

4.9 Prosecution of Objections to Claims and Equity Interests On and After the Effective Date. Pursuant to Section VII.A. of the Plan, on and after the Effective Date, objections to, and requests for estimation of any Claims and Equity Interests may be interposed and prosecuted only by the Plan Administrator (on behalf of the Plan Debtor). Other than with respect to Administrative Claims and Professional Fee Claims, such objections and requests for estimation shall be served on the respective claimant and Filed on or before the later of (a) ninety (90) days after the Effective Date and (b) such other date as may be fixed by the Bankruptcy Court upon a motion Filed by the Plan Debtor served only on the Rule 2002 service list. On the Effective Date, all outstanding objections to, and requests for estimation of Claims or Equity Interests will vest in the Plan Debtor.

4.10 Bar Dates. The Plan establishes deadlines for the Filing of: (i) Administrative Claims that may arise, accrue or otherwise become due and payable after the Initial Administrative Claims Period through the Effective Date (the "Supplemental Administrative Claims Period"); (ii) Proofs of Claim for any Claim arising out of the rejection of an executory contract or an unexpired lease pursuant to the Plan ("Rejection Damages Claims"); and (iii) Professional Fee Claims.

4.10.1 Administrative Claims. Pursuant to the Plan, the deadline for asserting an Administrative Claim that may arise, accrue or otherwise become due and payable during the Supplemental Administrative Claims Period (other than Professional Fee Claims or Claims for U.S. Trustee Fees) shall be thirty (30) days after the Effective Date (the "Second Administrative Claims Bar Date"). Any Holder of an Administrative Claim that does not File a Proof of Claim for such Administrative Claim and serve the Proof of Claim on counsel to the Debtor or the Plan Administrator, as applicable, on or before the Applicable Bar Date shall be forever barred from asserting such Administrative Claim against the Debtor, the Debtor's Estate, the Plan Debtor or their respective property, and such Administrative Claim shall be deemed waived and released as of the Effective Date.

4.10.2 Rejection Damages Claims. Pursuant to Section V.B. of the Plan, Rejection Damages Claims shall be Filed and served upon the Plan Debtor no later than thirty (30) days after the Effective Date. Any Rejection Damages Claims not Filed within such time shall be forever barred from assertion against the Debtor, its Estate, the Plan Debtor, and their respective properties and interests.

4.10.3 Professional Fee Claims. Pursuant to Section II.B. of the Plan, notwithstanding any other provision of the Plan concerning Administrative Claims, any Professional seeking payment of its Professional Fee Claims shall, no later than thirty (30) days after the Effective Date, File a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date in accordance with the procedures set forth in the Plan.

4.11 Reserves. Sections VI.N., VI.O., and VI.P. of the Plan provide for the establishment of the Administrative Claims Reserve, the Disputed Claims Reserve and the Operating Reserve, respectively, in each case, from Available Cash in aggregate amounts the Plan Administrator reasonably deems sufficient.

4.12 Conditions Precedent to the Effective Date. Article VIII of the Plan sets forth the conditions that must occur prior to the occurrence of the Effective Date. This Article also describes the Debtor's ability to waive such conditions, as well as the effect of non-occurrence of the conditions to the Effective Date, including the vacation of the Confirmation Order. If the Confirmation Order is vacated pursuant to Section VIII.E. of the Plan, the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims against or Equity Interests in the Debtor or release of any claims or interests by the Debtor or the Debtor's Estate.

4.13 Payment of Statutory Fees. Section II.C. of the Plan provides that the Debtor or the Plan Debtor, as applicable, shall pay all outstanding U.S. Trustee Fees of the Debtor on an ongoing basis on the later of: (i) the Effective Date and (ii) the date such U.S. Trustee Fees become due, until such time as a final decree is entered closing the Debtor's Bankruptcy Case, such Bankruptcy Case is converted or dismissed, or the Bankruptcy Court orders otherwise.

4.14 Miscellaneous Provisions. Article XII of the Plan contains several miscellaneous provisions, including: (i) the Plan Administrator's payment, on behalf of the Plan Debtor, of the reasonable professional fees and expenses incurred by the Plan Debtor, and any professionals retained by such Plan Debtor, related to the consummation and implementation of the Plan and (ii) the Plan Administrator's closing of, on behalf of the Plan Debtor, the Debtor's Bankruptcy Case. In addition, Article X of the Plan contains provisions governing the retention of jurisdiction by the Bankruptcy Court over certain matters following the Confirmation Date and the Effective Date.

5. FEASIBILITY

5.1 Financial Feasibility Analysis.

5.1.1 Bankruptcy Code Standard. The Bankruptcy Code requires that, in order to confirm a plan, the Bankruptcy Court must find that confirmation of such plan is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor(s) unless contemplated by the plan.

5.1.2 No Need for Further Reorganization of Debtor. The Plan provides for the transfer to and vesting of all of the Debtor Assets in the Plan Debtor. The Plan Administrator, on behalf of the Plan Debtor, will liquidate, monetize, and distribute the Debtor Assets to Holders of Allowed Claims and Equity Interests pursuant to the terms of the Plan. The Debtor believes that the Available Cash on hand as of the Effective Date and the proceeds of any remaining non-Cash Debtor Assets will be sufficient to allow the Plan Debtor to make all Distributions required under the Plan. Further, the Debtor, which has already ceased operations, will not be a going concern and will be dissolved as provided for herein.

6. BEST INTERESTS OF CREDITORS AND ALTERNATIVES TO PLAN

6.1 Chapter 7 Liquidation.

6.1.1 Bankruptcy Code Standard. Notwithstanding acceptance of a plan by the requisite number of creditors in an impaired class, the Bankruptcy Court must still independently determine that such plan provides each member of each impaired class of claims and interests a recovery that has a value at least equal to the value of the recovery that each such member would receive if the debtor was liquidated under Chapter 7 of the Bankruptcy Code on the effective date of such plan.

6.1.2 Best Interests of Creditors—Liquidation Analysis. Notwithstanding acceptance of the Plan by a voting Impaired Class, in order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each Holder of a Claim or Equity Interest in any such Impaired Class which has not voted to accept the Plan. Accordingly, if an Impaired Class does not vote unanimously to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Equity Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtor was liquidated under Chapter 7 on such date.

The Debtor believes that the Plan satisfies the best interests test, because, among other things, the recoveries expected to be available to Holders of Allowed Claims and Equity Interests under the Plan will be greater than or at least equal to the recoveries expected to be available in a Chapter 7 liquidation, and Distributions under the Plan will commence at an earlier point in time than they would if a Chapter 7 trustee were put in place, for the reasons discussed more fully below.

Having ceased their business operations by the end of 2016, the Debtors have diligently proceeded with monetizing or attempting to monetize all assets of their Estates other than assets with a de minimis value and certain remaining Causes of Action, if any, which will be settled, dismissed or otherwise resolved prior to the Effective Date or under the Global Settlement Agreement and the Plan.

Although the Plan effects a liquidation of the Estate's remaining assets and a Chapter 7 liquidation would have the same goal, the Debtor believes that the Plan provides the best source of recovery to holders of Allowed Claims and Equity Interests. As described above, the Debtors have ceased operations, and substantially all of their assets have already been liquidated. Liquidating the remaining Debtor Assets under Chapter 7 would require the appointment of a Chapter 7 trustee. Such an appointment would delay distributions to Holders of Allowed Claims and Equity Interests and would likely provide a smaller distribution to Holders of Allowed Claims and Equity Interests because of the additional fees and expenses which would be incurred during a Chapter 7 liquidation, including potential added time and expense incurred by a Chapter 7 trustee and any of its retained professionals who would need to familiarize themselves with the Bankruptcy Case. *See, e.g.*, 11 U.S.C. § 326(a) (providing for compensation of a Chapter 7 trustee up to three percent of the value of the assets); 11 U.S.C. 503(b)(2) (providing administrative expense status for compensation and expenses of a Chapter 7 trustee and such trustee's professionals).

The Debtor's Estate would continue to be obligated to pay all unpaid expenses incurred by the Debtor during its Bankruptcy Case (such as compensation for Professionals), which may

constitute Allowed Claims in any chapter 11 case. Moreover, the conversion to Chapter 7 would also require entry of a new bar date for filing claims that would be more than 90 days following conversion of the case to Chapter 7. *See* Fed. R. Bankr. P. 1019(2); 3002(c). Thus, the amount of Claims ultimately Filed and Allowed against the Debtor could materially increase, thereby further reducing creditor recoveries under a Chapter 7 liquidation versus those available under the Plan.

In light of the foregoing, the Debtor submits that a Chapter 7 liquidation would result in immaterial sale proceeds, increased expenses, delayed distributions, and the prospect of additional Claims that were not asserted in the Debtor's Bankruptcy Case. Accordingly, the Debtor believes that the Plan is in the best interests of creditors.

6.2 Continuation of the Bankruptcy Case. The Debtor has already ceased operations and monetized all assets of its Estate other than assets with a de minimis value and certain remaining Causes of Action, if any, which will be settled, dismissed or otherwise resolved prior to the Effective Date or under the Global Settlement Agreement and the Plan, and will not be a going concern; thus, there is no benefit to remaining in Chapter 11.

6.3 Alternative Plan(s). The Debtor does not believe that there are any alternative plans. The Debtor believes that the Plan, as described herein, enables Holders of Claims and Equity Interests to realize the greatest possible value under the circumstances, and that, compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

7. INJUNCTION, EXCULPATION, AND RELEASES

7.1 Non-Discharge of the Debtor; Injunction. In accordance with section 1141(d)(3) of the Bankruptcy Code, [the] Plan does not discharge the Debtor. Section 1141(c) of the Bankruptcy Code nevertheless provides, among other things, that the property dealt with by the Plan is free and clear of all Claims and Equity Interests against the Debtor. As such, no Entity holding a Claim or Equity Interest against the Debtor may receive any payment from, or seek recourse against, any assets that are to be distributed under [the] Plan other than assets required to be distributed to that Entity under the Plan. As of the Confirmation Date, all parties are precluded from asserting against any property to be distributed under [the] Plan any Claims, rights, causes of action, liabilities, or Equity Interests based upon any act, omission, transaction, or other activity that occurred before the Effective Date except as expressly provided in [the] Plan or the Confirmation Order.

Except as otherwise expressly provided for in the Plan or in the Confirmation Order, all Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against the Debtor's Estate, the Plan Administrator, the Plan Debtor, their successors and assigns, and any of their assets and properties; (b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against the Debtor's Estate, the Plan Administrator, the Plan Debtor, their successors and assigns, and any of their assets and properties; (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtor's Estate, the Plan

Administrator, the Plan Debtor, their successors and assigns, and any of their assets and properties; (d) asserting any right of setoff or subrogation of any kind against any obligation due from the Debtor's Estate, the Plan Administrator, the Plan Debtor or their successors and assigns, or against any of their assets and properties, except to the extent a right to setoff or subrogation is asserted with respect to a timely filed Proof of Claim; or (e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or cause of action released or settled hereunder.

From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtor, the Debtor's Estate, the Released Parties, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

7.2 Releases and Related Matters.

(a) Releases by the Debtor. For good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise provided in [the] Plan or the Confirmation Order, as of and subject to the occurrence of the Effective Date, the Debtor and the Plan Debtor, in its individual capacity and as a debtor in possession, on behalf of itself and the Debtor's Estate, shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, remedies, causes of action and liabilities (other than the rights of the Debtor or Plan Debtor to enforce [the] Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder, including in the Plan Supplement) that could have been asserted by or on behalf of the Debtor, its Estate or Plan Debtor, whether directly, indirectly, derivatively or in any representative or any other capacity, against the Released Parties (and each such Released Party shall be deemed forever released, waived and discharged by the Debtor and the Plan Debtor), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, its affiliates and former affiliates, the Plan Debtor, the Debtor's Bankruptcy Case, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Debtor's Bankruptcy Case, the negotiation, formulation, or preparation of [the] Plan, the Disclosure Statement, the Global Settlement Agreement, the Pension Fund Settlement Agreement, the Benefit Fund Settlement Agreement, the structured dismissal of the Opco Debtors' Bankruptcy Cases, the Plan Supplement, or related agreements, instruments, or other documents; provided, however, that the foregoing provisions of this release shall not operate to waive or release (i) any causes of action expressly set forth in and preserved by the Plan or the Plan Supplement; (ii) any causes of action arising from fraud, gross negligence, or willful misconduct as determined by Final Order of the Bankruptcy Court or final order of any other court of

competent jurisdiction; and/or (iii) the rights of the Debtor or Plan Debtor to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to Final Order of the Bankruptcy Court. The foregoing release shall be effective as of and subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule, or the vote, consent, authorization or approval of any Person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any Person or Entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to this release.

(b) Releases by Certain Holders of Claims and Equity Interests. Except as otherwise provided in [the] Plan or the Confirmation Order, as of and subject to the occurrence of the Effective Date, (i) each of the Released Parties; (ii) each holder of an Allowed SLB Unsecured Claim and Allowed Class A Equity Interest that voted to accept [the] Plan but that did not validly exercise the Release Opt-Out; and (iii) each holder of a Claim deemed in [the] Plan to have accepted [the] Plan that did not File, prior to the deadline to object to Confirmation of [the] Plan, an objection to the granting of the releases in [the] Plan, in consideration for the obligations of the Debtor and the Plan Debtor under [the] Plan, the Distributions, and other contracts, instruments, releases, agreements or documents executed and delivered in connection with [the] Plan, will be deemed to have consented to [the] Plan for all purposes and the restructuring embodied herein and deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, demands, debts, rights, causes of action or liabilities against the Released Parties (and each such Released Party shall be deemed forever released, waived and discharged by such Holder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, its affiliates and former affiliates, the Plan Debtor, the Debtor's Bankruptcy Case, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Debtor's Bankruptcy Case, the negotiation, formulation, or preparation of [the] Plan, the Disclosure Statement, the Plan Supplement, the Global Settlement Agreement, the Pension Fund Settlement Agreement, the Benefit Fund Settlement Agreement, and the structured dismissal of the Opco Debtors' Bankruptcy Cases; provided, however, that the foregoing provisions of this release shall not operate to waive or release (i) any causes of action expressly set forth in and preserved by the Plan or the Plan Supplement; (ii) any causes of action arising from fraud, gross negligence, or willful misconduct as determined by Final Order of the Bankruptcy Court or final order of any other court of competent jurisdiction; and/or (iii) the rights of such Holder to enforce the obligations of any party under the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to Final Order of the Bankruptcy Court. The foregoing release shall be effective as of and

subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any Person or Entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to this release.

(c) Entry of the Confirmation Order shall constitute (i) the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases set forth in [Section IX.D. of the Plan], and (ii) the Bankruptcy Court's findings that such releases are (1) in the best interests of the Debtor, its Estate, and all Holders of Claims and Equity Interests, (2) fair, equitable, and reasonable, (3) given and made after due notice and opportunity for hearing, and (4) a bar to any of the parties granting releases in [the] Plan from asserting any released claim against any of the Released Parties.

(d) Each Entity deemed to grant a release under [Section IX.D. of the Plan] shall be deemed to have granted such release notwithstanding that such Entity may hereafter discover facts in addition to, or different from, those which such Entity now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such Entity expressly waives any and all rights that such Entity may have under any statute or common law principle, including, without limitation, section 1542 of the California Civil Code, to the extent such section is applicable, which would limit the effect of such releases to those claims or causes of action actually known or suspected to exist at the time of Confirmation. Section 1542 of the California Civil Code generally provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(e) Notwithstanding any provision in [the] Plan or the Confirmation Order to the contrary, no release, injunction, or exculpation provided for in [the] Plan or the Confirmation Order in favor of any Released Party shall be granted by, otherwise apply to, or be effective against, the UFCW Benefit Fund unless and until: (i) the Benefit Fund Settlement Agreement is approved by the Bankruptcy Court; and (ii) the settlement payment of $1,322,297.67 in the aggregate set forth in Section IV.N. [t]hereof is paid to the UFCW Benefit Fund in cash, in full, no later than December 31, 2018. In addition, notwithstanding any provision in [the] Plan or the Confirmation Order to the contrary, no release, injunction, or exculpation provided for in [the] Plan or the Confirmation Order in favor of any Released Party shall be granted by, otherwise apply to, or be effective against, the UFCW Pension Fund unless and until: (i) the Pension Fund Settlement Agreement is approved by the Bankruptcy Court; and (ii) the settlement payment of $8,285,561.15 in the aggregate set forth in Section IV.N. [t]hereof is paid to the UFCW Pension Fund in cash, in full, no later than December 31, 2018.

7.3 <u>Exculpation</u>. The Exculpated Parties shall neither have, nor incur, any

liability to any Entity for any act taken or omitted to be taken in connection with, relating to, or arising out of, (a) the Bankruptcy Cases, and (b) formulating, negotiating, soliciting, preparing, disseminating, implementing, confirming, or effecting the consummation of the Plan, the Disclosure Statement, the Plan Supplement, the administration of the Plan or the property to be distributed under the Plan or related to the issuance, distribution, and/or sale of any security, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan through and including the Effective Date; provided, however, that the foregoing shall not affect the liability of any Entity that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted fraud, willful misconduct or gross negligence.

8. RISK FACTORS

Holders of Claims and Equity Interests who are entitled to vote on the Plan should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement and the Plan, before deciding whether to vote to accept or reject the Plan.

8.1 Certain Bankruptcy Considerations. Even if an Impaired Class votes to accept the Plan, and with respect to any Impaired Class deemed to have rejected the Plan, the requirements for "cramdown" are met, the Bankruptcy Court may exercise substantial discretion and may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of Distributions to dissenting Holders of Claims or Equity Interests may not be less than the value such Holders would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. Although the Debtor believes that the Plan will meet such requirement, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

8.2 Conditions Precedent to the Effective Date. As more fully set forth in Section VIII.B. of the Plan, the Effective Date is subject to a number of conditions precedent, including, without limitation, (a) entry of the Confirmation Order; (b) the Filing of the final version of the Plan and the Plan Supplement; (c) execution of the Plan Administration Agreement; (d) approval of the Structured Dismissal Motion, the 9019 Motion, and the motions seeking approval of the Benefit Fund Settlement Agreement and the Pension Fund Settlement Agreement; and (e) the funding of the Reserves and the Professional Fee Claims Escrow. If such conditions precedent are not met or waived, absent a waiver of these conditions (where possible), the Effective Date will not occur.

8.3 Claims and Asset Value Estimation. There can be no assurance that the estimated amount of Claims and Equity Interests set forth herein and in the Plan is correct. Additionally, there can be no assurance that the Debtor's estimate of the value of the Debtor Assets is correct. Any increase in the amount of Claims and Equity Interests or decrease in the value of the Debtor Assets versus the Debtor's estimates of each could result in decreased recoveries to creditors. The actual allowed amounts of Claims and Equity Interests may differ from the Debtor's estimates. Any value given as to the Claims against or Equity Interests in the Debtor and the Debtor Assets is based upon an estimation of such value only and no formal appraisal of either has been done in connection with this Disclosure Statement. The Debtor,

however, believes that the same factors described herein are present in and significantly greater to creditors in a Chapter 7 case.

9. TAX CONSEQUENCES OF THE PLAN

A detailed discussion of the potential federal income tax consequences of the Plan can be found in the *Analysis of Certain Federal Income Tax Consequences of the Plan* annexed hereto as **Exhibit 2**.

10. CONCLUSION

It is important that you exercise your right to vote on the Plan. The Debtor believes that the Plan fairly and equitably provides for the treatment of all Claims against and Equity Interests in the Debtor and recommends that you cast your Ballot in favor of the Plan.

IN WITNESS WHEREOF, the Debtor has executed this Disclosure Statement this 24th day of August 2018.

HH LIQUIDATION, LLC

By: */s/ Marc Beilinson*
Name: Marc Beilinson
Title: Authorized Signatory