

SUMMARY OF TERMS OF AGREEMENT BETWEEN
OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
LEVITZ HOME FURNISHINGS, INC., ET AL.
AND
PRENTICE CAPITAL MANAGEMENT, LP

WITH RESPECT TO THE FUNDING OF A TRUST FOR GENERAL UNSECURED
CREDITORS IN CONNECTION WITH THE SALE OF SUBSTANTIALLY
ALL OF THE DEBTORS' ASSETS TO PLVTZ, LLC AND THE PRIDE CAPITAL GROUP, LLC
d/b/a GREAT AMERICAN GROUP

This term sheet ("Term Sheet") describes the principal terms of the agreement entered into by and between the Official Committee of Unsecured Creditors of Levitz Home Furnishings, Inc., et al. (the "Official Committee") and Prentice Capital Management, L.P. ("Prentice"), with respect to the funding of a trust for general unsecured creditors (the "GUC Trust") in connection with the sale of substantially all of the assets (the "Assets") of Levitz Home Furnishings, Inc. ("Levitz") and certain of its subsidiaries (collectively, the "Debtors"),¹ to Prentice's affiliate, PLVTZ, LLC ("PLVTZ"), together with Pride Capital Group ("Pride Capital").

As set forth below, this Term Sheet contemplates that upon the closing of the sale under the Asset Purchase Agreement² and, to the extent necessary, thereafter, PLVTZ will settle the GUC Trust and fund it with consideration or assets that Prentice or PLVTZ own, are purchasing or are entitled to receive either under the Asset Purchase Agreement or the DIP

¹ On Wednesday, December 7, 2005, Judge Burton R. Lifland of the United States Bankruptcy Court for the Southern District of New York, approved the sale of the Assets (the "Sale") to Prentice and PLVTZ. A description of the settlement embodied by this Term Sheet was announced on the record. In the event of any inconsistencies between the summary description announced orally and this Term Sheet, this Term Sheet shall control.

² That certain Asset Purchase Agreement, dated as of November 30, 2005, by and among PVLVTZ, Pride Capital, and the Debtors.

Credit Agreement.³ Following *In re SPM Manufacturing Corp.*, 984 F2d 1305 (1st Cir. 1993), this type of trust is often called an “SPM trust.” The beneficiaries of the GUC Trust will be holders of allowed general nonpriority unsecured claims against the Debtors, including, without limitation, the non-priority unsecured claims of the Debtors’ noteholders.

The GUC Trust will be funded with the following considerations and assets:

1) Augmentation Proceeds

The Additional Return⁴ in connection with the sale of Additional Agent Merchandise, including:

- \$20,000/store for the first 25 Additional Agent Merchandise Stores;
- \$40,000/store for the 26th – 50th Additional Agent Merchandise Stores;
- and
- \$50,000/store the balance of the Additional Agent Merchandise Stores.

In all events, the Additional Return will be at least \$150,000.

³ Prentice, along with its affiliate, PVLVTZ, are lenders under that certain Senior Secured, Super-Priority Debtor-In-Possession Credit Agreement, dated as of October 12, 2005, among Levitz Furniture, LLC (“Levitz LLC”) and Seaman Furniture Company, Inc. (“Seaman”), as Borrowers, certain other credit parties signatory thereto, the lenders signatory thereto (from time to time), General Electric Capital Corporation (“GECC”) as Agent and Lender, BECC Captial Markets Group, Inc. (“GE Capital”), as sole Lead Arranger and Book Runner, Prentice, as Tranche C Agent and Tranche C Arranger, and PLVTZ, as Lender.

⁴ The capitalized terms in this section are the same as those in the agency agreement (the “Agency Agreement”), dated as of this 30th day of November 2005, by and among a joint venture consisting of The Pride Capital Group, LLC, d/b/a Great American Group, Zimmer-Hester Furniture Liquidations, Inc., Hilco Merchant Resources, LLC, The Nassi Group, LLC, SB Capital Group, LLC and PLVTZ, LLC, (the “Agent”), and the Debtors.

2) Expense Savings:

Pursuant to the Asset Purchase Agreement, PVL TZ are assuming various liabilities, which liabilities are capped. If PVL TZ does not actually pay the full amount of the capped liability on or before the date that these cases are dismissed or such later date as agreed to by PVL TZ and the Official Committee, the following savings will be added to the GUC Trust.

- 100% of the winddown expenses (2.8(e));
- 50% of the October stub rent;
- 50% of cure amounts for assumed or designated leases and contracts (2.3(c));
- 50% of the transaction fee (payable to Blackstone (2.8(b)));
- 50% of the accrued and unpaid payroll obligations of the Debtors (2.8(d));
- and
- 50% of the accrued and unpaid sales tax owed by the Debtors (2.8(e)).

3) Designation Rights:

25% of the proceeds, net of commissions paid to nonaffiliated third parties, in excess of \$3 million received by PVL TZ or any affiliate of Prentice, in consideration for the disposition of a Lease or Contract as such terms are defined in the Asset Purchase Agreement (2.5).

4) Lease and Contract Proceeds:

100% of the proceeds from the dispositions of Leases and Contracts that revert to the Debtors after the Designation Deadline (as defined in the Asset Purchase Agreement) or issuance of Dropout Notices and that thereafter sold.

5) Avoidance Actions/Causes of Actions:

50% of the proceeds of Avoidance Actions (as defined in the Asset Purchase Agreement) and other causes of action of the Debtors, net of the costs of collection; provided that PVL TZ will have the option, in its sole discretion, to offer trade creditors waivers and releases from Avoidance Actions without sharing any consideration with the GUC Trust.

6) Release of Prentice:

The Official Committee and its members, solely in their capacity as members of the Official Committee, shall release, extinguish and discharge all rights, claims and causes of action they may have against Prentice and PLVTZ together with its directors, officers, employees, affiliates, shareholders, attorneys, agents, representatives or other related entities to the extent accrued prior to [December 14, 2005.]

The trust agreement will be in a form satisfactory to Prentice and the Official Committee and will be executed at the Closing of the sale under the Asset Purchase Agreement or as soon thereafter as is reasonably practicable.