

Hearing Date and Time: June 2, 2016 at 10:00 a.m. (Prevailing Eastern Time)
Objection Date and Time: May 25, 2016 at 4:00 p.m. (Prevailing Eastern Time)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
 : Chapter 11
THE GREAT ATLANTIC & PACIFIC TEA :
COMPANY, INC., *et al.*, : Case No. 15-23007 (RDD)
 :
Debtors. : (Jointly Administered)
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NOTICE OF JOINT MOTION OF DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR APPROVAL OF A GLOBAL SETTLEMENT PURSUANT TO BANKRUPTCY RULE 9019(A) AND FURTHER AMENDING DEBTORS' AUTHORITY TO USE CASH COLLATERAL

PLEASE TAKE NOTICE that a hearing on the joint motion (the "**Motion**") of The Great Atlantic & Pacific Tea Company, Inc. and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), and the Official Committee of Unsecured Creditors (the "**Creditors' Committee**") for approval of a global settlement agreement, a copy of which is attached to the Motion (the "**Global Settlement**"), among the Debtors, the Creditors' Committee, the Prepetition PIK Notes Trustee, the Prepetition Convertible Notes Trustee, Unions and the Pension Plans (each as defined in the Global Settlement; collectively, the "**Parties**") and related relief, all as more fully described in the Motion, will be held before the Honorable Robert D. Drain in the United States Bankruptcy Court for the Southern District of New York, located at 300 Quarropas Street, White Plains, New York, 10601 (the "**Bankruptcy Court**"), on **June 2, 2016 at 10:00 a.m. (Prevailing Eastern Time)** (the "**Hearing**"). A summary of the key terms of the Global Settlement is attached as Exhibit 1.

If you do not object to the approval of the Motion, you do not need to do anything. Your failure to respond will be deemed to be a "no-objection" to the Motion and the Global Settlement. You may wish to consult legal counsel. If you choose to object to the Motion, you must file a written objection, which conforms to the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York, with the Bankruptcy Court (a) by attorneys practicing in the Bankruptcy Court, including attorneys admitted *pro hac vice*, electronically in accordance with General Order M-399 (which can be found at www.nysb.uscourts.gov), and (b) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and shall be served in accordance with General Order M-399 and the *Order Pursuant to 11 U.S.C. § 105(a) and Fed. Bankr. P. 1015(c) and 9007 Implementing Certain Notice and Case Management Procedures*, dated July 20, 2015 (ECF No. 62), so as to be so filed and received no later than **May 25, 2016 at 4:00 p.m. (Prevailing Eastern Time)** (the "**Objection Deadline**"). If an Objection to the Motion is not received by the Objection Deadline, the relief requested shall be deemed unopposed, and the Bankruptcy Court may enter an order granting the relief sought.

If you would like to obtain complete copies of the Motion and/or the Global Settlement and its related documents, please visit <https://cases.primeclerk.com/aptea/> for free access to such documents. Hard copies of these documents can also be requested from Prime Clerk at 844-239-9273.

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Exhibit 1
Summary of Terms of Global Settlement¹

Cash Consideration	Eleven million two hundred fifty thousand dollars (\$11,250,000.00) of cash (the “ Cash Consideration ”) from the Collateral of the Secured Lenders will be made available for the Debtors’ estates, including those claimants who asserted Deferred Administrative Expense and Priority Claims. The Cash Consideration is inclusive of \$600,000 on account of the Management Trust and \$5,000,000 on account of the settlement of the Creditors’ Committee’s potential challenge to the prepayment fee asserted by the Prepetition Term Loan Secured Parties.
Substantial Contribution Claim	The aggregate amount of \$1.5 million of the Cash Consideration will be used to pay the reasonable fees and expenses of UFCW professionals CWS (up to \$500,000) and Glanzer (\$1,000,000) in connection with services for the UFCW in these chapter 11 cases, which shall be in full and complete settlement and release of all claims by the UFCW for professional fees pursuant to Section 503(b)(4) of the Bankruptcy Code and otherwise.
Avoidance Actions	The Secured Creditors and the Debtors’ estates will share the net recoveries from the prosecution of avoidance actions as follows: (i) 75% to the Secured Creditors and 25% to the Debtors’ estates from the first \$10 million of net proceeds, (ii) a 50% split thereafter until that aggregate recovery for the Secured Creditors from proceeds of avoidance actions equals \$11.5 million, and (iii) thereafter, 100% of the net proceeds will be distributable to the Debtors’ estates.
Oversight Committee	The Avoidance Actions shall be prosecuted by the Creditors’ Committee, which shall have full standing on behalf of the Debtors’ estates to commence, prosecute, and compromise the Avoidance Actions, subject to the oversight and direction of an Oversight Committee. The Oversight Committee will consist of three individuals comprised of one designee by each of the Debtors, the Creditors’ Committee, and the Prepetition Notes Secured Parties.
Amex Litigation	The class action lawsuit captioned <i>In re American Express Anti-Steering Rules Antitrust Litigation (II)</i> , Master File No.: 11-MD-02221(NGG) (RER), pending in the United States District Court for the Eastern District of New York, in which one or more of the Debtors is a member of the plaintiff class (the “ Amex Litigation ”), shall be prosecuted by the Debtors, subject to the oversight and direction of the Majority PIK Noteholders and Majority Convertible Noteholders with respect to the prosecution, settlement, abandonment or other decisions regarding the Amex Litigation. The Prepetition Notes Secured Parties and the Pension Plans shall share in the Amex Litigation Proceeds on a dollar for dollar basis as follows: ninety-five percent (95%) shall be distributed to the Prepetition Notes Secured Parties, and five percent (5%) to the Pension Plans (it being understood and agreed that the recovery to the Debtors’ estates from the Amex Litigation proceeds shall in no case exceed one million five hundred thousand dollars (\$1,500,000.00)).
Allowance of Secured Claims, Validation of Liens and Pay Down	<p>The stipulations, admissions, waivers and agreements of the Debtors contained in the Final DIP Order shall become irrevocably binding on all parties in interest and the Debtors’ estates, including the Creditors’ Committee and any subsequently appointed trustee. On the effective date of the settlement, the Challenge Period Termination Date will be deemed to have occurred and all rights or reservations to assert a Challenge will be extinguished.</p> <p>The Prepetition PIK Notes Secured Parties shall have an allowed Secured Claim against each of the Debtors on account of the Prepetition PIK Notes Documents in the aggregate amount of \$337,628,551.52 as of December 31, 2015; <i>plus</i> interest for the period from and after April 1, 2016. The Prepetition PIK Note Secured Parties are waiving their entitlement to (i) postpetition interest only for the period arising from and after January 1, 2016 through and including March 31, 2016, and (ii) only that portion of Original Issue Discount that accreted from and after the Commencement Date. For the period after April 1, 2016 through the date in which the Allowed Prepetition PIK Notes Claims are paid in full in cash, interest shall accrue at the rate of 12.50% per annum, plus an additional 1.00% per annum, plus interest on defaulted interest, on all amounts outstanding under the Prepetition PIK Notes shall accrue (for the avoidance of doubt, such interest shall be payable-in-kind and shall be calculated on a continuous daily basis until the next succeeding semi-annual interest payment date, upon which date the principal amount of the Prepetition PIK Notes outstanding shall be increased by an amount equal to the amount of such accrued interest) for period from and after April 1, 2016 through the date the Allowed Prepetition</p>

¹ Capitalized terms used but not defined herein shall have the meanings ascribed in the Global Settlement. To the extent there is any inconsistency between this summary and the Global Settlement, the Global Settlement controls.

	<p>PIK Note Claims are paid in full in cash.</p> <p>The Prepetition PIK Notes Secured Parties have received distributions on account of the Allowed PIK Notes Claim in the amount of \$203,484,992 plus professional fees permitted under paragraph 18(c) of the Final DIP Order. One (1) business day following the Effective Date, the Debtors will make a cash payment to the (a) the Prepetition Indenture Trustees their outstanding fees and expenses in accordance with the wind down budget in an amount not to exceed \$250,000 in the aggregate and (b) Prepetition PIK Notes Trustee (for the benefit of the Prepetition PIK Noteholders) in the amount of \$90 million. From and after the making of such payment, the Debtors shall, on a weekly basis, distribute all Cash Collateral to the Prepetition Indenture Trustees for the benefit of the Prepetition Notes Secured Parties (which payments, for the avoidance of doubt, shall be subject to Prepetition Notes Secured Parties Payment Priority) other than amounts set forth in the wind-down budget.</p> <p>The Prepetition Convertible Notes Secured Parties shall have an allowed Claim against each of the Debtors on account of the Prepetition Convertible Notes Documents in the principal amount of \$388,678,953.00 (inclusive of prepetition interest, fees, expenses, charges and other prepetition obligations chargeable); <i>plus</i> professional fees permitted under paragraph 18(c) of the Final DIP Order, Amended Cash Collateral Order or other order of the Court (and subject to the Prepetition Notes Secured Parties Payment Priority) which claim shall be deemed secured to the extent of the value of the collateral.</p>
<i>Treatment of Liquor Store Assets:</i>	<p>On or before June 23 2016, the Debtors shall determine (subject to the prior written consent of each of the Majority PIK Noteholders (to the extent not paid in full, in cash, prior to such date) and the Majority Convertible Noteholders, in their sole and absolute discretion) whether or not to pursue a plan of reorganization for the Debtors that would provide for the continued operation by the Reorganized Debtors of their liquor stores and related assets (“<u>Liquor Store Assets</u>”) and the preservation of the Debtors’ tax attributes, including the Debtors’ net operating loss carry-forwards (the “<u>Plan</u>”). If by June 23, 2016, the Debtors have not obtained the requisite written consent or are advised by the Secured Creditors that they do not wish to pursue the Plan, then the Debtors shall as soon as commercially practicable (A) take such actions as may be reasonably necessary to solicit offers for and identify the highest and/or best bids for the Liquor Store Assets, with the intention of obtaining binding offers in writing on or before July 8, 2016, (B) conduct an auction on or before July 22, 2016, (C) obtain an order approving the sale of all the Liquor Store Assets no later than August 1, 2016, and (D) consummate a sale of all Liquor Store Assets no later than September 30, 2016.</p>
<i>Plan Support:</i>	<p>Subject to the receipt of a disclosure statement approved by the Bankruptcy Court, the Unions and the Pension Plans (on behalf of their respective members and constituents) shall agree to accept the consideration provided for in the Global Settlement on account of all allowed Deferred Administrative Expense and Priority Claims held by the Unions and the Pension Plans (and their respective members and constituents) under Section 1129(a)(9) of the Bankruptcy Code, and shall otherwise support (and shall not oppose directly or indirectly) confirmation of such plan of reorganization, except that the Unions reserve their right to object to any plan of reorganization that includes the sale of the Liquor Store Assets solely on the grounds that such sale does not comply with the requirements under the CBA, and the Debtors and other Parties reserve the right to oppose any such objection.</p>
<i>Resolution of Litigation with Pension Plans:</i>	<p>The litigation among the Debtors and the Pension Plans regarding the asserted administrative expense claims of the Pension Plans is resolved pursuant to the Global Settlement. The administrative expense claims of the Pension Plans will be allowed in agreed upon amounts to be filed with the Court prior to the hearing on the motion.</p>
<i>Releases:</i>	<p>Pursuant to the Global Settlement, the Debtors and the Creditors’ Committee, on their own behalf and on behalf of the Debtors’ estates, will issue a broad release of the Secured Creditors and the Debtors’ officers and directors of all claims or causes of action belonging to the Debtors or their estates against the released parties for any acts or omissions against or in relation to the Debtors, including with respect to the Management Trust. The Debtors, their estates and the Creditors’ Committee are receiving mutual releases.</p>
<i>Reservation of Rights</i>	<p>The Global Settlement provides for and fixes the aggregate consideration that will be made available to pay deferred administrative expense and priority claims. Except as expressly provided, it does not allow any such claims or approve the priority of any such asserted claims. It also does not fix the mechanic for distributions to creditors. The parties will work in good faith to determine the means for distribution of the settlement consideration, the parties to receive such distribution, and the process for resolving these chapter 11 cases.</p>