

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

KB US Holdings, Inc., et al.,

Debtors.¹

Chapter 11

Case No. 20-22962

(Joint Administration Requested)

**DECLARATION OF M. BENJAMIN JONES PURSUANT TO RULE 1007-2 OF
LOCAL BANKRUPTCY RULES FOR SOUTHERN DISTRICT OF NEW YORK**

I, M. Benjamin Jones, hereby declare under penalty of perjury:

1. I am a Senior Managing Director with Ankura Consulting Group, LLC (“**Ankura**”). I have more than twenty (20) years of financial restructuring, interim management, turnaround, and management consulting experience. I have been involved in many aspects of the restructuring process, including the development and evaluation of strategic business plans, the implementation of liquidity management strategies, and advising on numerous out-of-court and chapter 11 cases.

2. On November 14, 2018, Ankura was engaged by KB US Holdings, Inc. (“**Holdings**”) and its debtor affiliates (collectively, the “**Debtors**,” “**KB**,” or the “**Company**”) to, among other things, provide KB and its other professionals financial advisory services in connection with KB’s evaluation and development of strategic alternatives and to assist KB in its negotiations with creditors.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: KB US Holdings, Inc. (1000), KB Holding, Inc. (3082), AG Kings Holdings Inc. (8681), AG Holdings II Inc. (3828), Kings Super Markets, Inc. (6769), Balducci’s Holdings LLC (1913), Balducci’s Connecticut LLC (1945), Balducci’s Maryland LLC (1926), Balducci’s Virginia LLC (1949), and Balducci’s New York LLC (1934). The location of the Debtors’ corporate headquarters is 700 Lanidex Plaza Parsippany, NJ 07054.

3. Effective as of the date hereof (the “**Commencement Date**”), I was appointed Chief Restructuring Officer (“**CRO**”) of Holdings and its affiliated debtors and debtors in possession in connection with the above-captioned chapter 11 cases. Also on the same date, Kasey Rosado, Senior Managing Director with Ankura, was appointed Restructuring Officer of Holdings and its affiliated debtors and debtors in possession in connection with the above-captioned chapter 11 cases, who will report to the CRO and assist the CRO with the discharge of his duties. As CRO, I report and provide strategic advice to the Debtors’ Board of Directors (the “**Board**”) and Chief Executive Officer in connection with the Debtors’ chapter 11 cases, and I am responsible for carrying out the Debtors’ chapter 11 strategy and objectives described herein.

4. On the Commencement Date, the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). I am knowledgeable and familiar with KB’s history, day-to-day operations, business and financial affairs, books and records, and the circumstances leading to the commencement of these chapter 11 cases (the “**Chapter 11 Cases**”).

5. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees of KB or advisors and counsel to KB, or my opinion based upon my experience, knowledge, and information concerning KB’s operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

6. This Declaration is submitted pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”) for the purpose of apprising the Court and parties in interest of the circumstances that led to the commencement of these Chapter 11 Cases and in support of the motions and applications that the Debtors have filed

with the Court, including the “first day motions” (the “**First Day Pleadings**”). I am authorized to submit this Declaration on behalf of KB.

7. Section I provides an overview of these Chapter 11 Cases. Section II provides a summary of the Debtors’ businesses. Section III describes the circumstances leading to the commencement of these Chapter 11 Cases. Section IV summarizes the Debtors’ corporate and capital structure. Section V provides a summary of the First Day Pleadings and factual bases for the relief requested therein.

I. Overview²

8. Since its founding in 1936, Kings Food Markets (“**Kings**”), headquartered in Parsippany, New Jersey, has been a leading specialty and gourmet food market across the East Coast. In 2009, Kings acquired specialty gourmet retail grocer, Balducci’s Food Lover’s Market (“**Balducci’s**”), combining two specialty supermarkets. As of the Commencement Date, the Debtors operate thirty-five (35) supermarkets³ across New York, New Jersey, Connecticut, Virginia, and Maryland, and employ over 2,900 individuals,⁴ of which 66% are represented by unions only at the Kings’ stores.⁵ In addition, the Debtors are party to five (5) collective bargaining agreements (collectively, the “**CBAs**”) with the various bargaining units of the Unions, which require the Debtors to, among other things, contribute to certain multiemployer defined benefit pension funds and defined contribution retirement funds.

² Capitalized terms used herein but not defined shall have the meanings given to such terms in the respective First Day Pleading.

³ Twenty-five (25) under the Kings name and ten (10) under the Balducci’s name.

⁴ Approximately 2,129 are employed through Kings, and approximately 784 are employed through Balducci’s.

⁵ The unions include United Food and Commercial Workers International Union (“**UFCW**”) Local 1245 (now known as Local No. 360), UFCW Local 464A, UFCW Local 1500, UFCW Local 342, and UFCW Local 371 (together with UFCW Local 360, UFCW Local 464A, and UFCW Local 1500, the “**Unions**”). None of Balducci’s employees is represented by unions.

9. KB has experienced significant challenges leading to the filing of its Chapter 11 Cases. As a result of increasing competition in the already competitive retail food industry, KB experienced historically low EBITDA generation, which has increased KB's leverage, imposed significant strains on the Company's liquidity and cash flows, and prevented KB from implementing store upgrades and enhancing its technology infrastructure. Critically, because of KB's historical liquidity challenges, it has experienced multiple defaults under its Prepetition Credit Agreement (as defined below) and has been unable to pay regularly scheduled principal and interest to its secured lenders since 2018. Pursuant to the Prepetition Credit Agreement, as of the Commencement Date, the Debtors have outstanding funded debt obligations in the amount of approximately \$114,238,935 in the aggregate, which includes (i) approximately \$3.0 million outstanding under the first-priority senior secured asset-based revolving credit facility, and (ii) approximately \$111,238,935 (which includes approximately \$10,679,602 in accrued and unpaid interest through August 21, 2020) outstanding under the first-priority senior secured term loan.

10. Given KB's challenges and multiple loan defaults, in November 2018, KB engaged Ankura Consulting Group, LLC ("**Ankura**"), as financial advisor and Proskauer Rose LLP ("**Proskauer**"), as its attorneys, to assist KB in pursuing strategic alternatives to maximize value to the Debtors' stakeholders. In addition, in March 2019, with the consent of its majority equity holder, GSSG Capital Corp. ("**GSSG**") (through KB Group Holdings Inc.), KB appointed two (2) independent directors to the Board, retained PJ Solomon, L.P. ("**Solomon**"), as investment banker, and commenced a marketing process of its stores for a going concern sale, overseen by the independent directors and KB's Chief Executive Officer.⁶

⁶ In November 2019, amidst continuing defaults under the Prepetition Credit Agreement and no principal and interest payments, the Prepetition Lenders (as defined below) exercised their voting proxy pursuant to the Prepetition

11. As described in further detail in the *Declaration of Scott Moses in Support of Debtors' Motion for Entry of (I) Order (A) Authorizing Performance Under the Stalking Horse Purchase Agreement, (B) Approving Bidding Procedures for the Sale of Assets, (C) Scheduling Hearings and Objection Deadlines with Respect to the Sale, (D) Scheduling Bid Deadline and an Auction, (E) Approving the Form and Manner of Notice Thereof, (F) Approving Contract Assumption and Assignment Procedures, and (G) Granting Related Relief; and (II) Order (A) Authorizing the Sale of Assets Free and Clear, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief*, filed contemporaneously herewith, Solomon has been conducting the marketing effort since March 2019, contacting over 114 potential buyers and identified 67 parties with interest in potentially purchasing the business (the “**Prepetition Sale Process**”). Of the parties interested in purchasing the Assets, 67 signed a nondisclosure agreement and were provided an information package compiled by Solomon. The Debtors and their advisors worked with interested parties to provide diligence and negotiate the potential bids.

12. Following extensive negotiations with various potential bidders, and discussions with their advisors, on July 13, 2020, the Debtors entered into a stalking horse asset purchase agreement (the “**Stalking Horse Purchase Agreement**”) with TLI Bedrock LLC (the “**Stalking Horse Bidder**”). The Stalking Horse Purchase Agreement provides for the sale of 30 stores,⁷ for the aggregate purchase price of approximately \$75 million (the “**Stalking Horse**

Credit Agreement and reconstituted the Board for each Debtor to comprise the two independent directors and the Chief Executive Officer.

⁷ The Acquired Assets pursuant to the Stalking Horse Purchase Agreement also include one storage facility and one office at the Company's headquarters in Parsippany, NJ.

Bid”).⁸ The Stalking Horse Purchase Agreement requires the Stalking Horse Bidder to negotiate with the Unions, in consultation with the Debtors, to seek a consensual agreement on the terms of employment with affected employees. The Stalking Horse Bid is subject to higher or better offers in accordance with the Bidding Procedures (defined below). The Debtors continue to engage with other interested parties as part of the sale process.

13. While the Prepetition Sale Process has generated some interest, no potential purchaser was willing to assume all of KB’s liabilities—particularly those relating to the Debtors’ labor and pension obligations—in connection with the purchase of the KB’s assets. The Stalking Horse Bidder and other potential purchasers in the Prepetition Sale Process have conditioned their purchase of the Debtors’ assets free and clear of all liabilities (except certain assumed liabilities), such as those arising under or related to the CBAs and multiemployer contribution and withdrawal liabilities. The Stalking Horse Purchase Agreement required the Stalking Horse Bidder to engage in negotiations with the Unions for a 30-day prepetition period, with the goal of reaching a consensual resolution that would avoid the costs and expenses associated with a protracted bankruptcy.

14. The Stalking Horse Bidder and the Unions were unable to reach a consensual deal within the 30-day prepetition period provided under the Stalking Horse Purchase Agreement. The Stalking Horse Purchase Agreement requires the Debtors to secure the modification of collective bargaining agreements required by the Stalking Horse Bidder, either through negotiations, or absent the Unions’ agreement, through seeking relief pursuant to Bankruptcy Code sections 1113 and 1114. Accordingly, the Board concluded in the exercise of

⁸ The purchase price under the Stalking Horse Purchase Agreement will be partially financed by the Debtors’ prepetition lenders.

its business judgment and as fiduciaries for all of KB's stakeholders that the best and only viable path to maximize the value of KB's business and preserve thousands of jobs is to commence these Chapter 11 Cases to facilitate a sale free and clear of liabilities and seek relief through Bankruptcy Code sections 1113 and 1114, if necessary, with respect to the Debtors' labor and pension obligations. The Debtors believe that if they cannot achieve a free and clear sale within the required time period prescribed by the Milestones (as defined below), all of the value created and preserved through the Prepetition Sale Process will be lost, and the Debtors could be left with no choice but to liquidate their business in a fire sale and piecemeal fashion. The Debtors, however, remain hopeful that negotiations with the Unions during these Chapter 11 Cases will continue and that consensual agreements can be achieved.

15. Pursuant to the bidding procedures motion filed contemporaneously herewith (the "**Bidding Procedures Motion**"), the Debtors seek approval of bidding and auction procedures (the "**Bidding Procedures**") for all of their stores and related assets, including the stores that are subject to the Stalking Horse Bid. Under the Bidding Procedures, interested parties will have the opportunity to bid for any of the Debtors' stores, either individually or on a package basis, whether or not a particular store or package of stores is included in the Stalking Horse Bid. Interested parties are requested to submit bids by October 2, 2020, or such other date as may be set in accordance with the Bidding Procedures. Given the Milestones in the Stalking Horse Purchase Agreement, the Bidding Procedures set forth a reasonable bidding and sale process to promote the maximization of the value of the Debtors' assets.

16. In advance of the chapter 11 filing, the Debtors sought to engage with their majority equity holder, GSSG, to provide new capital or concrete alternatives to continue the Debtors' business as a going concern, but to no avail. The Debtors also worked closely with their

prepetition lenders holding all of the Debtors' funded debt under the Prepetition Credit Agreement. One of the Debtors' prepetition lenders, Whitehorse Finance, LLC, has agreed to support the chapter 11 process by providing the Debtors with an up to \$20 million debtor-in-possession new money credit facility (together, the "**DIP Facility**"). The DIP Facility, together with the consensual use of cash collateral, should provide the Debtors with sufficient liquidity to implement the proposed sale in an orderly and value-maximizing manner.

17. In the months leading up to the commencement of these Chapter 11 Cases, the COVID-19 pandemic created unique challenges and pressures on the Debtors and their senior management team to ensure the continued operation of the business while implementing best practices and adhering to local safety guidelines to protect the health and well-being of KB's employees and guests. While the increase in sales during the COVID-19 pandemic has provided KB with a brief respite from its liquidity challenges, the Debtors recognize that the pandemic will not persist indefinitely and has created uncertain and unprecedented circumstances. Accordingly, it is more critical than ever for the Debtors to execute their sale strategy expeditiously and continue as a going concern to save jobs and supply their communities with necessary goods.

18. Given the significant costs associated with continued operations and the uncertainty created by the COVID-19 pandemic, the DIP Credit Agreement and Stalking Horse Purchase Agreement set forth reasonable milestones (the "**Milestones**") by which the Debtors must accomplish various objectives. In particular, the Milestones include, among others, the following:⁹

⁹ The following is a summary of certain Milestones and is qualified in its entirety by the Milestones set forth in the DIP Credit Agreement and the Stalking Horse Purchase Agreement.

Milestone	Deadline
<i>Sale Process Milestones</i>	
Filing of Bidding Procedures and Sale Motion	August 23, 2020 (Commencement Date)
Hearing to Consider Approval of Bidding Procedures	September 15, 2020
Deadline to Submit Qualified Bids	October 2, 2020
Auction / Sale Hearing (if no Qualified Bids Received)	October 8, 2020
Sale Hearing (if Qualified Bids Received) / Entry of Sale Order	October 22, 2020
<i>1113/1114 Process Milestones</i>	
Filing of Section 1113/1114 Motion	August 28, 2020
Hearing on Section 1113/1114 Motion	September 18, 2020
Entry of Section 1113/1114 Order	October 22, 2020
<i>Chapter 11 Plan Milestones</i>	
Filing of Plan, Disclosure Statement, and Disclosure Statement Motion	September 15, 2020
Hearing on Disclosure Statement Motion	October 22, 2020
Entry of Disclosure Statement Order	October 23, 2020
Confirmation Hearing	December 3, 2020
Chapter 11 Plan Effective Date	December 18, 2020

19. Given the foregoing, it is critical for these Chapter 11 Cases to proceed expeditiously and for negotiations to conclude as soon as possible. As evidenced by the Debtors' agreement to provide a 30-day prepetition negotiation period to the Stalking Horse Bidder, the Debtors are committed to pursuing consensual resolutions with the Unions to the extent commercially practical. The Debtors believe that all parties, including their employees, creditors, and the communities the Debtors serve, will benefit from these Chapter 11 Cases over the alternative of a piecemeal dismantlement of KB. Accordingly, it is imperative that the Debtors

maintain the timeline above to achieve the necessary relief and maximize value for all stakeholders.

II. The Debtors' Businesses

History and Current Business Operations

20. Kings is an upscale market chain serving customers throughout New Jersey, New York, and Connecticut with its twenty-five (25) stores, whose mission is to provide a unique shopping experience paired with the highest quality foods. From locally sourced, organically grown products to hand-selected cheeses from over 20 countries, Kings seeks to bring exceptional gourmet items to shoppers in all of the company's locations. Kings strives to enhance its in-store experience through store associates who are passionate about food and eager to help customers create the perfect meal.

21. Kings was founded in 1936 as Kings Super Markets with its initial store in Summit, New Jersey. In the following years, Kings would go on to open new stores along the railroad lines that traverse the New York City suburbs. From the beginning, Kings was determined to build a business through collaborative and supportive relationships with guests and their communities. In 2012, Kings changed its name to "Kings Food Markets."

22. In 2009, Kings acquired the Balducci's brand, combining two specialty supermarkets. Balducci's is a specialty gourmet retail grocer carrying exceptional foods while offering an enhanced in-store experience. Balducci's was founded as a fruit-and-vegetable stand in Brooklyn, New York in 1915 by a young immigrant from Bari, Italy named Louis "Pop" Balducci. Balducci's quickly built an outstanding reputation throughout New York City. In 1946, Pop and his son, Andy, opened their first retail store in Greenwich Village—expanding,

department by department, until a new store was opened on 9th Street. Since that time, Balducci's has continued to grow with ten (10) locations in Connecticut, Maryland, New York, and Virginia.

23. The Company leases all of its store operations from various third party landlords. The Company pays approximately \$1,875,101 per month in rent on its leased real property, inclusive of real property taxes, common area maintenance, and insurance. For each location, Kings Super Markets, Inc. is the lessee with respect to Kings stores, and either Balducci's Holdings LLC, Balducci's Connecticut, LLC, Balducci's Maryland, LLC, Balducci's New York, LLC, or Balducci's Virginia, LLC is the lessee with respect to Balducci's stores. Holdings, AG Kings Holdings Inc., AG Holdings II Inc., and Balducci's Holdings LLC guarantee some but not all of the leases.

24. The Debtors' operating cash flow depends on their ability to provide customers with high volumes of fresh, high quality, food, beverage, and other products without interruption. KB stores have an extensive offering of fresh produce, full-service butchers and fishmongers, gourmet and artisan cheeses, specialty groceries, and craft beers and wines—provided through passionate and knowledgeable employees, in-store tastings and events, and an on-site cooking studio. KB stores also feature prepared foods and catering with deep focus on seasonal and high touch service, and exceptional fresh foods from chef-driven kitchens. The Debtors experience a high turnover of inventory due to the perishability of many of their merchandise, which must be replaced quickly to satisfy customer demand.

25. As of July 25, 2020, the Debtors' unaudited consolidated financial statements reflect assets totaling approximately \$193,844 and liabilities totaling approximately \$200,213. In the 52 weeks ending July 25, 2020, the Debtors reported approximately \$589,409,000 in sales and gross profit of \$236,449,000. The Debtors reported aggregate adjusted

EBITDA of \$34,824,000 over this same period, but the Debtors lost approximately \$8,618,000 during the same period as a result of depreciation, amortization, interest expense, and other operating costs associated with supporting their thirty-five (35) stores with a declining sales base prior to the beginning of the COVID-19 pandemic.

III. Circumstances Leading to Commencement of Chapter 11 Cases

26. The Debtors are filing these Chapter 11 Cases to implement a sale strategy that will maximize value for the Debtors' stakeholders, maintain jobs for their employees, and allow KB to continue as a going concern to serve its communities.

Competitive Industry

27. The retail food industry, especially in the New York City and Washington, D.C. metro areas, is highly competitive. KB experiences competitive pressures across multiple market segments, including from local, regional, national, and international supermarket grocers such as Stop & Shop (Ahold), Shop Rite, Whole Foods (Amazon), Trader Joe's, as well as club stores such as Costco, Sam's (Walmart) and BJ's; drug store grocers such as CVS and Walgreens; discount grocers such as Aldi, Lidl, Dollar General, Family Dollar and Save-A-Lot, and numerous independent and specialty stores. The Debtors also face rapidly intensifying competition from well-capitalized online grocery giants such as Amazon, Walmart, and Target, as well as local online grocers such as FreshDirect, and meal-kit operators like Blue Apron and Hello Fresh. Furthermore, KB's extensive prepared and fresh food offerings compete directly with countless full service, casual dining, fast casual, quick service restaurants, many of which offer free delivery (including through services such as DoorDash and UberEats); specialty coffee shops such as Starbucks and other specialty retail grocers. In addition, some of KB's competitors have expanded aggressively in marketing a range of natural and organic foods, prepared foods, and quality

specialty grocery items. The density of the New York City and Washington, D.C. metro areas further compounds the competitive nature of the Debtors' business because of the geographic proximity between KB's stores and its competitors.

28. Extremely large grocers, such as Amazon/Whole Foods, Walmart/Sam's, Costco and Stop & Shop (Ahold) also have significant scale advantages over regional grocers like KB. These larger grocers all have investment grade credit ratings, which makes their cost of capital meaningfully lower and affords them extraordinary capacity to sell products at lower prices, pay higher wages, conduct more advertising, and invest in modern technology, all of which enhance the probability a consumer will become and remain their customer.

29. Additionally, excluding any of the Balducci's stores, approximately 66% of KB's workforce is unionized. Some of KB's most significant competitors have non-union workforces, resulting in lower labor, pension, and benefit costs than KB faces. As a result, these competitors can lower prices to their customers, putting pressure on KB to do the same, further reducing KB's profit margin. Non-union grocers also generally have more free cash flow to invest in advertising and technology to drive customer traffic and loyalty.

Liquidity Constraints

30. Prior to the COVID-19 pandemic, KB experienced historically low EBITDA generation as a result of the industry pressures discussed above. The reduced EBITDA increased KB's leverage and imposed significant strains on the Company's liquidity and cash flows. The strain on the Company's liquidity has been exacerbated by the costs associated with the Company's labor and pension costs, as described below. Although the Company's liquidity has improved during the COVID-19 pandemic, the Company recognizes that its current liquidity

is only temporary, and that it must seek a permanent solution to address its historical liquidity constraints.

Inability to Make Capital Investments

31. Capital improvement and investment in operations are imperative for retail grocers to keep pace with their competition. Market participants are introducing technological advances and other initiatives to customize and improve consumer experience. Companies are also implementing cost-saving technologies and practices that allow them to further lower their prices, including in the areas of labor scheduling, ordering, receiving, payment processing, and data analytics. Additionally, some KB stores are in need of renovations to enhance customers' shopping experience and generate increased revenues.

32. The Company's increased leverage and liquidity constraints have impeded its ability to invest in store renovations and other capital and operational improvements at the level and speed at which the food industry is evolving.

Union Wage and Employee Benefit Costs

33. The Debtors' cost structure includes certain union wage and employee benefit costs that have historically driven down their profit margins. Pursuant to CBAs with UFCW Local Union Nos. 1245 (now known as Local No. 360), 464A and 1500, the Debtors are required to contribute to multiemployer defined benefit pension funds on behalf of their employees represented by each respective local union. These multiemployer pension funds are: (i) the Local 1245 Labor-Management Pension Fund (the "**Local 1245 Plan**"), (ii) UFCW Union Local 464A Pension Plan (the "**Local 464A Plan**"), and (iii) UFCW Local 1500 Pension Fund (the "**Local 1500 Plan**") (collectively, the "**Defined Benefit Pension Plans**"). In addition, CBAs with UFCW Local Union Nos. 342 and 371 obligate the Debtors to contribute to defined contribution retirement

funds on behalf of their employees represented by each respective local union. These plans are: (i) the UFCW Local 342 Savings and 401(k) Plan and (ii) the Local 371 Annuity/401K Plan (collectively, the “**Defined Contribution Plans**”).

34. Based on the most recent information available to the Debtors, two of the Defined Benefit Pension Plans are underfunded. The underfunded plans are the Local 1245 Plan and the Local 1500 Plan. The Debtors were provided actuarial information from the Local 1245 Plan that estimated that if the Debtors terminated their participation in that plan during the plan year that ended December 31, 2019, they would have been assessed withdrawal liability in the amount of \$30,963,230. The Debtors were provided actuarial information from the Local 1500 Plan that estimated that if the Debtors terminated their participation in that plan during the plan year that ended December 31, 2018, they would have been assessed withdrawal liability in the amount of \$1,030,480. The Debtors have neither requested nor received a withdrawal liability estimate from the Local 464A Plan. The Debtors’ aggregate contributions to the Defined Benefit Pension Plans total approximately \$325,500 per month, and the Debtors’ aggregate contributions to the Defined Contribution Plans total \$4,600 per month.

35. The Debtors also contribute to the following multiemployer health and welfare funds on behalf of their employees represented by each respective local union: (i) the UFCW Local 342 Health Care Fund; (ii) the Local 371 Health Fund; (iii) the UFCW Local 464A Welfare Service Benefit Fund; (iv) the Local 1245 Health Fund; and (v) the UFCW Local 1500 Welfare Fund. In addition, the Debtors contribute to certain ancillary multiemployer welfare benefit plans that provide such benefits as education and legal services. (All health and other welfare plans are collectively, the “**Welfare Plans**”). The Debtors’ aggregate contributions to the Welfare Plans total approximately \$828,000 per month.

36. The CBAs also mandate wage increases each year irrespective of the Debtors' financial performance. The Debtors' average hourly wage increased from \$15.70 in Fiscal Year 2019 to \$15.99 in the current Fiscal Year 2020, an increase of approximately 1.9%.

37. The Debtors maintain workers' compensation insurance, as required by statute, that insures their employees in each of the states in which they operate (the "**Workers' Compensation Program**"). The Debtors' Worker's Compensation Program is self-insured up to \$250,000 per claim. The Debtors maintain an excess workers' compensation policy with a third-party insurer, The Hartford, which covers claims in excess of \$250,000 (the "**Excess Policy**"). The Debtors estimate that they pay approximately \$31,000 to \$184,000 per month on account of workers' compensation claims. The Debtors estimate that they pay approximately \$868,000 per year for premiums in connection with the Excess Policy.

Impact of COVID-19 Pandemic

38. The COVID-19 pandemic has further intensified the industry headwinds KB has faced. The Company is committed to protecting the health and well-being of its employees and guests, and has implemented various safety measures such as limiting the number of guests in a store at one time, regular cleaning and disinfecting procedures, and providing protective equipment and barriers at check-out stations. The pandemic has also put a strain on the Company's supply chain—limiting the ability of the Debtors to maintain inventory of certain items at its stores—and prevented the Company from offering some of its signature services such as catering. Despite these difficulties, the Company has continued to work diligently to provide an unparalleled shopping experience to its guests.

IV. Corporate and Capital Structure

Corporate Structure

39. The Debtors are privately-held companies and none of the Debtors' equity securities have been publicly-traded. Holdings was founded in 2016 as a Delaware corporation, and is the direct corporate parent of KB Holding, Inc., formed in 2016 as a Delaware corporation. KB Holding, Inc. is the direct corporate parent of KB's operating entity, AG Kings Holdings Inc., formed in 2006 as a Delaware corporation. AG Kings Holdings Inc. is the direct corporate parent of AG Holdings II Inc., formed in 1988 (originally as Marks & Spencer Finance Inc.) as a Delaware corporation. Separate Delaware entities (a corporation in the case of Kings, and a limited liability company for Balducci's) house each of the Kings and Balducci's brands. Thus, all of the Debtors are direct or indirect subsidiaries of Holdings. An organizational chart illustrating the corporate structure of the Debtors is annexed hereto as **Exhibit A**.

40. As of the Commencement Date, the outstanding equity interests in Holdings are currently held (either directly and/or through subsidiaries) approximately 98.62% by a subsidiary of GSSG, with approximately 1.12% held by KB's Chief Executive Officer, Judith Spires, and 0.26% held by KB's former President and Chief Operating Officer, Richard Durante.

41. Holdings' current board of directors is comprised of the following three (3) members, including two (2) independent directors:

Name	Position
Judith Spires	Chairwoman of the Board
Marc Beilinson	Director (Independent)
Scott Vogel	Director (Independent)

42. To the best of my knowledge, none of the members of the board of directors are affiliated with or employed by any of the Company's shareholders or lenders.

43. KB's current senior management team is comprised of the following individuals:

Name	Position
Judith Spires	Chief Executive Officer
Joseph Parisi	Chief Operating Officer
Stephen Corradini	Chief Merchandising Officer
Stephen Reynolds	VP – Finance, Controller
Kathe Benjamin	VP – Human Resources & Labor Relations

44. To the best of my knowledge, none of the Company's senior management is affiliated with or employed by any of the Company's shareholders or lenders.

45. Additional information regarding the Debtors' senior management team is set forth in Schedule 10 annexed hereto.

Capital Structure

46. As of the Commencement Date, the Debtors have outstanding funded debt obligations in the amount of approximately \$114,238,935 in the aggregate under the Prepetition Credit Agreement (as defined below), consisting of (i) approximately \$3.0 million outstanding under the Prepetition Revolver (as defined below) and (ii) approximately \$111,238,935 (which includes approximately \$10,679,602 in accrued and unpaid interest through August 21, 2020) outstanding under the Prepetition First Lien Term Loan (as defined below). The Debtors' secured financing obligations are described in greater detail below.

a) Prepetition Revolver

47. Pursuant to that certain Credit Agreement, dated as of August 10, 2016 (as amended or modified by that certain Limited Waiver, Consent and Amendment No. 1 to Credit Agreement, dated as of October 27, 2017, and that certain Limited Waiver and Amendment No. 2

to Credit Agreement, dated as of March 5, 2019, and as may be further amended, supplemented, or modified from time to time, the “**Prepetition Credit Agreement**”), among Holdings, KB Holding, Inc., AG Kings Holdings Inc., the persons party thereto from time to time as guarantors, the lenders party thereto from time to time (collectively, the “**Prepetition Lenders**” and each a “**Prepetition Lender**”), Wilmington Trust, National Association as term loan agent, and ACF Finco I LP, as revolving agent and collateral agent, certain Prepetition Lenders provided the Debtors with a first-priority senior secured asset-based revolving credit facility in an amount up to \$30 million, subject to a borrowing base formula (the “**Prepetition Revolver**”). Availability under the Prepetition Revolver is capped by a borrowing base which is calculated based on certain percentages of the value of the Debtors’ inventory and receivables, subject to certain reserves and sublimits. The Prepetition Revolver matures on August 10, 2021.

b) Prepetition First Lien Term Loan

48. The Prepetition Credit Agreement also provided for a first-priority senior secured term loan in the aggregate principal amount of \$120 million (the “**Prepetition First Lien Term Loan**”). The Prepetition First Lien Term Loan matures on August 10, 2021.

c) Prepetition Security Agreement

49. The obligations under the Prepetition Credit Agreement are guaranteed by Holdings and subsidiaries of Holdings and are secured, in each case, in accordance with the terms of a Security Agreement, dated as of August 10, 2016 (as amended, supplemented, or modified from time to time, the “**Prepetition Security Agreement**”). Pursuant to the terms of the Prepetition Security Agreement, each Debtor granted liens on substantially all of its assets (with certain specified exceptions) including, but not limited to, all accounts, books, chattel paper, cash and deposit accounts, equipment and fixtures, general intangibles, insurance policies, inventory,

investment property, letter of credit rights, intellectual property, commercial tort claims and certain other personal property and real estate.

d) Trade Claims

50. In the ordinary course of business, the Debtors incur various fixed, liquidated, and undisputed payment obligations (the “**Trade Claims**”) to various third-party providers of goods and services (the “**Trade Creditors**”) that are sold in the Debtors’ stores or facilitate the Debtors’ business operations. As of July 25, 2020, the Debtors estimate that the aggregate amount of Trade Claims outstanding is approximately \$20,500,000. A majority of the Debtors’ general unsecured claims are Trade Claims. Certain of the Trade Claims are entitled to statutory priority, such as under PACA or PASA or under section 503(b)(9) of the Bankruptcy Code, may give rise to shippers, warehouseman, or mechanics liens against the Debtors’ property if unpaid, relate to funds held in trust by the Debtors that are not the property of the Debtors’ estates, or are secured by letters of credit, security deposits, or rights of setoff (collectively, the “**Priority Trade Claims**”). Excluding the Priority Trade Claims, the Debtors estimate that the total Trade Claims equal approximately \$4,162,000 (the “**Non-Priority Trade Claims**”).

e) Intercompany Claims

51. Certain KB entities hold Claims against Debtor entities resulting primarily from the normal functioning of KB’s centralized cash management system, as well as expenses related to professional fees, restructuring fees, and other non-operating items. Historically, such intercompany claims are recorded in the Debtors’ books and records but not paid.

V. First Day Pleadings

52. As noted above, KB operates in a highly competitive industry. To ensure a seamless transition into chapter 11, preserve KB’s business reputation and loyalty and goodwill of

its customers, suppliers, and employees, and successfully implement the Debtors' sale strategy, the Debtors' sales and operations must continue in the ordinary course of business. The Debtors have filed various First Day Pleadings designed to facilitate such a seamless transition.

53. I have reviewed each of the First Day Pleadings with the Debtors' attorneys, and I believe that the relief sought in each of the First Day Pleadings is tailored to meet the goals described above and is necessary to the Debtors' ability to administer these Chapter 11 Cases and is in the best interests of the Debtors' estates and stakeholders. I adopt and affirm the factual representations contained in each of the First Day Pleadings. A description of the relief requested and the facts supporting each of the First day Pleadings is set forth below.

Administrative Motions

a) *Debtors' Motion for Entry of Order Directing Joint Administration of Related Chapter 11 Cases*

54. The Debtors seek entry of an order directing joint administration of these Chapter 11 Cases for procedural purposes only, pursuant to Bankruptcy Rule 1015(b), and that the Court maintain one file and one docket for all of the Chapter 11 Cases under the lead case, KB US Holdings, Inc. Joint administration of the Chapter 11 Cases will allow for the efficient and convenient administration of the Debtors' interrelated chapter 11 cases, will yield significant cost savings, and will not prejudice the substantive rights of any party in interest. Many (if not all) of the motions, hearings, and orders that will be filed in the Chapter 11 Cases will relate to each of the Debtors. The entry of an order directing joint administration of the Chapter 11 Cases will reduce fees and costs by avoiding duplicative filings, objections, notices, and hearings, and will allow all parties in interest to monitor the Chapter 11 Cases more easily and efficiently.

b) Debtors' Motion for Entry of Order Extending Time to File Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs

55. The Debtors seek entry of an order extending the fourteen (14) day period to file their (i) schedules of assets and liabilities, (ii) schedules of executory contracts and unexpired leases, and (iii) statements of financial affairs (collectively, the “**Schedules**”), as set forth in section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, by an additional thirty (30) days, through and including October 6, 2020. Given the size and complexity of the Debtors’ operations, the vast amount of information that must be assembled and compiled, and the number of hours required to complete the Schedules, the Debtors anticipate that they will be unable to complete their Schedules in the mere fourteen (14) days provided under Bankruptcy Rule 1007(c).

56. To prepare the Schedules, the Debtors must compile information from books, records, and other documents relating to, among other things, accounts payable and receivable, real estate and capital leases, employee wages and benefits, intercompany transactions, and vendor and supplier agreements in connection with their 35 store locations.¹⁰ Collecting the necessary information to prepare the Schedules requires an enormous expenditure of time and effort on the part of the Debtors, their employees, and their professionals.

57. While the Debtors, with the assistance of their professional advisors, are mobilizing their employees to work diligently and expeditiously on preparing the Schedules, the Debtors’ resources are strained. Given the amount of work entailed in completing the Schedules, and the competing demands on the Debtors’ employees and professionals to stabilize business operations during the initial postpetition period and provide continued support to the Debtors’

¹⁰ Excludes the Balducci’s express location in the Philadelphia International Airport, which is licensed from the Debtors and operated by a third party.

efforts to maximize value through a strategic sale process, the Debtors likely will not be able to properly and accurately complete the Schedules within the required fourteen (14) day time period.

58. Although the Debtors have commenced the task of gathering the necessary information that will enable them to prepare and finalize what undoubtedly will be voluminous Schedules, the Debtors anticipate that they will require at least thirty (30) additional days to complete the Schedules.

c) Debtors' Motion for Entry of Order (I) Authorizing Debtors to (A) File a Consolidated List of Creditors and (B) File a Consolidated List of Debtors' 40 Largest Unsecured Claims, (II) Authorizing Debtors to Redact Certain Personal Identification Information for Individual Creditors and Interest Holders, and (III) Approving Form and Manner of Notifying Creditors of Commencement of These Chapter 11 Cases

59. The Debtors seek entry of an order (i) authorizing them to (a) file a consolidated list of creditors in lieu of submitting separate mailing matrices for each Debtor (the "Creditor Matrix") and (b) file a consolidated list of the Debtors' forty (40) largest unsecured claims; (ii) authorizing the Debtors to redact certain personal identification information for individual creditors and interest holders; and (iii) approving the form and manner of notifying creditors of commencement of these chapter 11 cases.

60. Permitting the Debtors to maintain one single consolidated list of creditors in lieu of filing a separate creditor matrix for each Debtor entity is warranted under the circumstances of these Chapter 11 Cases. Specifically, maintaining a single consolidated list of creditors will benefit the Debtors and their estates by allowing the Debtors to more efficiently provide required notices to parties in interest and reduce the potential for duplicate mailings. Many of the Debtors' creditors overlap and thus, to the extent that the Debtors are required to maintain separate mailing matrices, a substantial number of parties likely would receive multiple copies of the same notice.

61. Cause also exists to authorize the Debtors to redact address information of individual creditors and interest holders—many of whom are the Debtors’ employees—because such information is sensitive and could be used to perpetrate identity theft. Such information is also unnecessary to disclose.

d) *Debtors’ Motion for Entry of Order Implementing Certain Notice and Case Management Procedures*

62. The Debtors seek entry of an order approving and implementing certain notice, case management, and administrative procedures (collectively, the “**Case Management Procedures**”), pursuant to Bankruptcy Code section 105(a) and Bankruptcy Rules 1015(c), 2002(m), and 9007. Given the size and scope of these cases, the Case Management Procedures will facilitate service of notices, motions, applications, declaration, objections, responses, memoranda, briefs, supporting documents, and other papers filed in these Chapter 11 Cases that will be less burdensome and costly than serving such documents on every potentially interested party. The proposed Case Management Procedures will accordingly maximize the efficient and orderly administration of these Chapter 11 cases, while ensuring that appropriate notice is provided, particularly to parties who have expressed an interest in these cases and those directly affected by a request for relief.

Operational Motions

63. The Debtors seek immediate interim relief with respect to the following First Day Pleadings and will present these motions at the “first day” hearing.

a) Debtors' Motion Requesting Authority to (I) Continue Using Existing Cash Management System, Bank Accounts, and Business Forms, (II) Implement Changes to the Cash Management System in the Ordinary Course of Business, (III) Continue Intercompany Transactions, and (IV) Provide Administrative Expense Priority for Postpetition Intercompany Claims, and (V) For Related Relief

64. The Debtors seek entry of an order (I) authorizing the Debtors to (a) continue their existing cash management system, including the continued maintenance of their existing bank accounts and business forms, (b) implement changes to their cash management system in the ordinary course of business, including opening new or closing existing bank accounts (including as necessary to comply with any orders authorizing the Debtors to obtain postpetition debtor-in-possession financing), (c) continue to perform under and honor intercompany transactions in the ordinary course of business, in their business judgment and at their sole discretion, and (d) provide administrative expense priority for postpetition intercompany claims, and (II) granting related relief.

65. The Debtors further request that the Court authorize the financial institutions at which the Debtors maintain various bank accounts to (a) continue to maintain, service, and administer the Debtors' bank accounts, and (b) debit the bank accounts in the ordinary course of business on account of (i) wire transfers or checks drawn on the bank accounts, provided that any payments drawn, issued or made prior to the Commencement Date shall not be honored absent direction of the Debtors and an order of the Court authorizing such prepetition payment, or (ii) undisputed service charges owed to the banks for maintenance of the Debtors' cash management system, if any.

66. In the ordinary course of business, each of Kings and Balducci's utilize an integrated, centralized cash management system to collect, concentrate, and disburse funds generated by their operations (collectively, the "**Cash Management System**"). In broad terms,

the Debtors' Cash Management System is similar to the cash management systems used by other large retail enterprises. The Cash Management System is tailored to meet the Debtors' needs as operators of supermarket chains, and enables the Debtors to efficiently collect and disburse cash generated by their businesses, pay their financial obligations, centrally control and monitor corporate funds and available cash, comply with the requirements of their financing agreements, reduce administrative expenses, and obtain accurate account balances and other financial data. It is critical that the Cash Management System remains intact during these chapter 11 cases to ensure seamless continuation of transactions and uninterrupted collection of revenues.

67. In the ordinary course of business, the Debtors maintain detailed accounting of revenues and expenses for each individual store and allocate certain overhead expenses to individual stores. After the Commencement Date, the Debtors will begin grouping such store-by-store accounting by legal entity, and will record intercompany payables and receivables between legal entities in the ordinary course. In addition, in the ordinary course of business, the Debtors fund non-operating disbursements, including costs related to the administration of these chapter 11 cases, through the Kings Concentration Account.

68. To minimize expenses, the Debtors seek authorization to continue using all Business Forms and checks substantially in the forms used immediately prior to the Commencement Date, without reference to the Debtors' status as debtors in possession; provided that in the event that the Debtors generate new Business Forms and/or checks during the pendency of these cases other than from their existing stock, such Business Forms and checks will include a legend referring to the Debtors as "Debtors-In-Possession." To the extent practicable, the Debtors also will laser print such legend on any Business Forms and checks electronically generated during these cases.

b) Debtors Motion' for Authority, But Not Direction, to (A) Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (B) Pay and Honor Employee Medical and Other Benefits, and (C) Continue Employee Benefits Programs, and for Related Relief

69. The Debtors seek entry of an order authorizing, but not directing, the Debtors to pay and honor certain prepetition claims and obligations, continue programs, and maintain funding, in the exercise of their discretion, relating to, among other things: (a) Unpaid Compensation, Deductions, and Payroll Taxes; (b) compensation for their Supplemental Workforce; (c) Reimbursable Expenses and Bank of America Credit Cards Program; (d) Union and Non-Union Employee Benefit Plans; (e) Insurance Plans; (f) Union Retirement Plans; and (g) Non-Union 401(k) Savings Plans. The relief requested includes compensation for the Debtors' Full-Time and Part-Time Employees, temporary employees retained through outside agencies, and independent contractors and consultants that provide services related to various aspects of the Debtors' operations and are vital to the Debtors' business. As of the date hereof, certain prepetition obligations to such employees and supplemental workers may be due and owing.

70. Failure to satisfy certain prepetition obligations will jeopardize Employee morale and loyalty at a time when Employee support is critical to the Debtors' businesses. The majority of the Debtors' Employees rely exclusively on their compensation, benefits and reimbursement of expenses to satisfy their daily living expenses. These Employees will be exposed to significant financial difficulties and other distractions if the Debtors are not permitted to honor their obligations for unpaid compensation, benefits and reimbursable expenses. Furthermore, if the Debtors are unable to honor their various obligations under the insurance programs, the Employees will not receive health coverage and, thus, may become obligated to pay certain health care claims in cases where the Debtors have not paid the respective insurance providers. The loss of health care coverage will result in considerable anxiety for Employees (and

likely attrition) at a time when the Debtors need such Employees to perform their jobs at peak efficiency—especially during the COVID-19 pandemic. Additionally, Employee attrition would cause the Debtors to incur additional expenses to find appropriate and experienced replacements, severely disrupting the Debtors’ operations at a critical juncture.

c) Debtors’ Motion for Authority to Pay Certain Prepetition Taxes and Fees

71. The Debtors seek entry of an order authorizing, but not directing, the Debtors to pay certain taxes, assessments, fees, and other charges in the ordinary course of business (without regard to whether such obligations accrued or arose before or after the Commencement Date), including any such taxes, assessments, fees, and charges subsequently determined upon audit, or otherwise, to be owed (collectively, the “**Taxes and Fees**”). In the ordinary course of operating their businesses, the Debtors collect, withhold and incur an assortment of Taxes and Fees that they remit periodically to various federal, state and local taxing, licensing, regulatory and other governmental authorities (collectively, the “**Authorities**”).

72. Many of the Taxes and Fees collected prepetition are not property of the Debtors’ estates but, rather, are held in trust for the Authorities. The Debtors also seek to pay certain Taxes and Fees to, among other things, forestall Authorities from taking actions that may interfere with the Debtors’ administration of their Chapter 11 Cases. Such interference could include bringing personal liability actions against directors, officers, and other key employees (whose full-time attention to these Chapter 11 Cases is required to avoid business disruptions and to maximize recoveries to the Debtors’ creditors), asserting liens on the Debtors’ property, or assessing penalties or significant interest on past-due taxes. In addition, non-payment of the Taxes and Fees may give rise to priority claims pursuant to section 507(a)(8) of the Bankruptcy Code.

Accordingly, the relief requested is in the best interest of the Debtors' estates and their stakeholders.

d) Debtors' Motion for Entry of Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment to Utility Providers, (II) Establishing Procedures for Determining Adequate Assurance of Payment for Future Utility Services, and (III) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Service

73. The Debtors seek an order (i) approving the Debtors' proposed form of adequate assurance of payment to utility providers, (ii) establishing procedures for determining adequate assurance of payment for future utility services, and (iii) prohibiting utility providers from altering or discontinuing utility service on account of outstanding prepetition invoices.

74. Preserving utility services on an uninterrupted basis is essential to the Debtors' ongoing operations and restructuring process. Any interruption in utility services—even for a brief period of time—would seriously disrupt the Debtors' ability to continue operations and service their customers. This disruption would adversely impact customer relationships and would result in a decline in the Debtors' revenues. It also would affect the value of inventory—particularly items like perishable goods and frozen food. Such a result could seriously jeopardize the Debtors' restructuring efforts and, ultimately, creditor recoveries. Therefore, it is critical that utility services continue uninterrupted during these chapter 11 cases.

75. The Debtors intend to pay postpetition obligations owed to the Utility Providers in a timely manner. The Debtors expect that cash flows from operations and their debtor-in-possession financing (the “**DIP Financing**”) will be sufficient to pay postpetition obligations related to their utility services in the ordinary course of business.

76. Furthermore, the Debtors propose to deposit into a segregated, interest-bearing bank account a sum equal to the cost of two (2) weeks' worth of the average utility cost for each Utility Provider (less any amounts already on deposit with any such Utility Provider that

have not been applied to outstanding prepetition amounts), based on the Debtors' average usage for the twelve (12) month period ending June 30, 2020 (collectively, the "**Adequate Assurance Deposit**"). The Debtors believe the Adequate Assurance Deposit, in conjunction with the DIP Financing, cash flow from operations and cash on hand demonstrate the Debtors' ability to pay for future utility services in the ordinary course of business and constitute sufficient adequate assurance to the Utility Providers.

e) Debtors' Motion for (I) Authority to (A) Continue to Maintain Their Insurance Policies and Programs and Surety Bond Program and (B) Honor All Obligations With Respect Thereto and (II) Modification of the Automatic Stay with Respect to the Workers' Compensation Program

77. The Debtors seek an order (i) authorizing, but not directing, the Debtors to (a) continue to maintain, and renew, in their sole discretion, their Insurance Policies and Programs (including the Workers' Compensation Program and the Debtors' premium financing arrangements), (b) honor their Insurance Obligations (as defined herein) in the ordinary course of business during the administration of these chapter 11 cases, (c) pay any prepetition Insurance Obligations, including, without limitation, amounts owed under the Premium Financing Agreement and to the Insurance Service Providers (each as defined in the motion), and (ii) modifying the automatic stay if necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program.

78. In connection with the operation of the Debtors' businesses and the management of their properties, the Debtors maintain various liability, property and other insurance policies, which provide the Debtors with insurance related to, among other things, general liability, directors' and officers' liability, property, automobile, cyber, umbrella, travel accident, flood, and workers' compensation (collectively, the "**Insurance Policies**"). The Debtors maintain the Insurance Policies to help manage and limit the various risks associated with

operating their businesses. Furthermore, in connection with the Insurance Policies, the Debtors employ certain insurance service providers to help them procure, negotiate and evaluate the Insurance Policies and process claims related thereto. The Insurance Policies are essential to the ongoing operation of the Debtors' business. Some of the Insurance Policies are required by the various regulations, laws, and contracts that govern the Debtors' commercial activities. If any of the Debtors' Insurance Policies and Programs are terminated or lapse, the Debtors could be exposed to substantial liability to the detriment of all parties in interest. Accordingly, authorization to pay all insurance-related obligations is necessary to the continued operation of the Debtors' businesses.

79. Generally, the Debtors' Insurance Policies require annual premium payments to be made at the beginning of the applicable policy period. Because it is not always economically advantageous for the Debtors to pay premiums on a lump-sum basis, the Debtors finance certain of their Insurance Premiums, including for policies relating to general liability, property, automobile, umbrella, and workers' compensation. Accordingly, in the ordinary course of business, the Debtors finance such premiums pursuant to a premium financing agreement with AFCO Credit Corporation. The Debtors request in the motion authority, but not direction, to continue making payment to the premium financing agreement, and to renew such agreement and enter into new premium financing agreements, as necessary, in the ordinary course of business.

f) Debtors' Motion for Interim and Final (I) Authority to Pay Certain Prepetition Obligations to Critical Vendors, (II) Approval of Related Procedures, and (III) Related Relief

80. The Debtors seek an order (i) authorizing, but not directing, the Debtors to pay up to \$10 million (the "**Critical Vendor Cap**") in Critical Vendor Claims, (ii) approving a

procedure to address those vendors who repudiate and refuse to honor their contractual obligations to the Debtors; and (iii) granting related relief.

81. To keep their businesses running efficiently and seamlessly, the Debtors rely on a carefully-designed inventory system through which their thirty-five (35) store locations receive daily deliveries of branded and non-branded products including baked goods, frozen foods and desserts, carbonated beverages and water, cookies and salty snacks, and beer, wine, and liquor via direct-store-delivery or similar supply processes. Direct store delivery (“**DSD**”) vendors also supply fresh and perishable foodstuffs, including bread, milk, eggs, cheese and other dairy and deli products. Many of the DSD vendors are invaluable, as they are sole- or limited-source or high-volume suppliers for certain popular branded or otherwise “in-demand” goods (as determined by particular local or regional customer preferences). In addition, many of the Debtors’ beer, wine, and liquor distributors hold exclusive distribution rights to a particular geographic region—effectively requiring the Debtors to utilize these particular merchandisers as sole-source providers in those areas.

82. The Debtors do not have long-term supply agreements with many of their DSD vendors and goods are supplied on an order-by-order, week-by-week, and even day-by-day basis. Accordingly, despite their heavy reliance on DSD vendors, the Debtors have limited leverage to compel performance on commercially reasonable terms. Additionally, in many instances, the Debtors simply cannot obtain the branded products supplied from the DSD vendors from other third-party suppliers.

83. The Debtors and their advisors engaged in a process (the “**Critical Vendor Pre-Screening Process**”) to (i) identify those vendors, suppliers and/or service-providers that may be “critical” to the Debtors’ businesses (the “**Potential Critical Vendors**”) and (ii) estimate the

aggregate unpaid amount owed to such Potential Critical Vendors as of the Commencement Date to establish the Critical Vendor Cap.

84. More specifically, the Debtors and their advisors spent significant time and effort reviewing and analyzing the Debtors' books and records, consulting operations management and purchasing personnel, reviewing contracts and supply agreements, and analyzing applicable laws, regulations, and historical practices to identify business relationships which, if lost, could materially harm the Debtors' businesses, shrink their market share, reduce their enterprise value, and/or impair their restructuring process. In this Critical Vendor Pre-Screening Process, the Debtors considered a variety of factors, as set forth in the motion.

g) Debtors' Motion for Interim and Final Authority to (A) Pay Prepetition Claims of Shippers and Miscellaneous Lien Claimants, (B) Confirm Administrative Expense Priority of Undisputed Commencement Date Orders and Satisfy Such Obligations in the Ordinary Course of Business and (C) Pay PACA/PASA Claims

85. The Debtors seek an order authorizing, but not directing, the Debtors to pay (a) Shipping Charges, (b) Miscellaneous Lien Claims, (c) certain amounts in connection with Commencement Date Orders to suppliers, and (d) the PACA/PASA Claims (each as defined below). In operating thirty-five (35) stores (the "Stores"), the Debtors must ensure the Stores are continuously replenished with a supply of goods including, but not limited to, fresh produce, canned goods, baked goods, dairy products, eggs, meats, seafood, floral products, alcoholic beverages and various non-food products (the "Merchandise") for sale directly to the Debtors' customers. Some suppliers deliver Merchandise directly to the Stores. Certain suppliers' Merchandise is delivered by third-party transporters (collectively, the "Shippers").

86. In the event the Debtors fail to reimburse the Shippers for charges incurred in connection with the transport of the Merchandise, various state laws permit the Shippers to assert a statutory lien against the Merchandise in their possession that is the subject of any

delinquent charges, securing such charges and potentially blocking the Debtors' access to the Merchandise. To maintain access to the Merchandise that is essential to the continued viability of the Debtors' retail operations and preserve the value of the Merchandise, the Debtors seek authority to honor outstanding invoices related to the shipping services provided to the Debtors prior to the Commencement Date (collectively, the "**Shipping Charges**").

87. The Debtors also regularly make improvements and repairs to their property (including the Stores) and the equipment that the Debtors use in the operation of their business, including refrigeration equipment, electrical systems, plumbing, elevator and escalator systems, and various types of food service equipment. To do so, the Debtors contract with a number of third parties (collectively, the "**Miscellaneous Lien Claimants**") along with certain subcontractors (collectively, the "**Subcontractors**") to the Miscellaneous Lien Claimants. The Miscellaneous Lien Claimants could potentially assert liens, including mechanic's liens, artisan's liens, and materialman's liens against the Debtors' property for amounts the Debtors owe to these third parties (collectively, the "**Miscellaneous Lien Claims**"). If the Debtors are unable to pay the Miscellaneous Lien Claims, the Debtors risk losing access to equipment and other property that is critical to the continued operation of the Stores.

88. Furthermore, prior to the Commencement Date, and in the ordinary course of business, the Debtors ordered Merchandise that will not be delivered until on or after the Commencement Date (the "**Commencement Date Orders**"). To avoid becoming general unsecured creditors of the Debtors' estates with respect to related Merchandise, certain suppliers may refuse to ship or transport such Merchandise or may recall such shipments with respect to such Commencement Date Orders or refuse to deliver future orders unless the Debtors issue

substitute purchase orders postpetition or pay for such Merchandise. Therefore, the Debtors require the relief requested in the motion to prevent any disruption to the Debtors' business.

89. The Debtors also believe that a certain portion of the Merchandise sold in the Stores may qualify as "perishable agricultural commodities" under the Perishable Agricultural Commodities Act of 1930. Similarly, certain of the Debtors' suppliers (the "**PASA Claimants**") and, together with the PACA Claimants, the "**PACA/PASA Claimants**") may be eligible to assert claims under the Packers and Stockyards Act of 1921. The Debtors believe the PACA/PASA Claimants may be eligible to assert potential claims under the respective statutes for outstanding payments owed on account of applicable Merchandise (collectively, the "**PACA/PASA Claims**"). To maintain the goodwill of the Debtors' customer base, which relies on the Debtors as a primary source of fresh fruits, produce, meats, and poultry, it is critical that the Debtors preserve the ability to source such Merchandise. Accordingly, the Debtors seek authority to pay PACA/PASA Claims in the ordinary course of business, pursuant to the terms of any contracts under which such claims arose.

h) Debtors' Motion for Interim and Final Authority to (I) Maintain and Administer Customer Programs, Promotions and Practices and (II) Pay and Honor Related Prepetition Obligations

90. The Debtors seek an order authorizing the Debtors to, in the ordinary course of business and consistent with past practice, (i) maintain and administer customer programs, promotions, and practices and (ii) pay and otherwise honor their obligations to customers relating thereto, whether arising prior to or after the Commencement Date, as necessary and appropriate in the Debtors' business judgment.

91. The Debtors' businesses depend upon the loyalty of their customers. To maximize customer loyalty, the Debtors have maintained and followed, in the ordinary course of

business, various practices and programs (collectively, the “**Customer Programs**”) to reward and provide incentives to existing customers and to attract new customers to the Debtors’ stores. Customer programs are standard in the retail food business. As noted above, the Debtors operate stores under two brands: Kings and Balducci’s, each of which maintain certain Customer Programs. The ability to continue administering the Customer Programs without interruption is absolutely critical to the Debtors’ valuable customer relationships and goodwill, which will inure to the benefit of all of the Debtors’ stakeholders. If the Debtors are unable to continue the Customer Programs postpetition or honor obligations thereunder, the Debtors risk alienating certain customer constituencies (who then could form relationships with the Debtors’ competitors) and could suffer corresponding losses in customer loyalty and goodwill that will harm their prospects for maximizing recoveries to their stakeholders.

92. The Debtors’ Customer Programs also are essential marketing strategies for attracting new customers. Failure to continue the Customer Programs and offer even basic programs such as the Return and Exchange Policies will place the Debtors at a significant—and potentially insurmountable—competitive disadvantage in the marketplace, amplifying the negative effect of customer uncertainty that may arise from these chapter 11 cases. Such uncertainty could erode the Debtors’ hard-earned reputation and brand loyalty, which, in turn, could adversely impact their ability to successfully administer their chapter 11 cases and maximize recoveries to stakeholders. The relief requested will pay dividends with respect to their businesses, both in terms of profitability and the engendering of goodwill, especially at this critical time following the filing of these Chapter 11 Cases.

i) Debtors' Motion for (I) Authority to (A) Maintain Certain Trust Programs, (B) Release Certain Funds Held in Trust, and (C) Continue to Perform and Honor Related Obligations and (II) Related Relief

93. The Debtors seek an order authorizing, but not directing, the Debtors to continue to perform and honor obligations under programs or other arrangements requiring the Debtors to release certain funds held in trust for the benefit and on behalf of non-Debtor third parties (collectively, the “**Trust Programs**”). In the ordinary course of their business, the Debtors engage in certain marketing and sales practices that are, among other things, designed to offer a convenience to their customers, attract new customers, promote loyalty among the existing customer base, and produce alternative streams of income. Such practices include selling lottery tickets, third-party retail gift cards and special event tickets, offering charitable donation opportunities, and coin and bottle depository. The Debtors are also parties to other beneficial relationships with certain vendors or suppliers that allow them to receive additional streams of income by way of commission payments. It is important for the Debtors to honor their obligations in connection with such services and arrangements to preserve reputational integrity and continue to attract existing and new customers to their stores. The value of the Debtors’ businesses could be significantly harmed if the Debtors are unable to continue to offer the Trust Programs and may drive customers to the Debtors’ competitors for access to these programs and products. Thus, it is essential for the Debtors’ chapter 11 strategy to continue to offer the Trust Programs without interruption.

Information Required by Local Rule 1007-2

94. In accordance with Local Rule 1007-2, the schedules attached hereto provide certain information related to the Debtors.

95. Pursuant to Local Rule 1007-2(a)(3), Schedule 1 hereto lists the names and addresses of the members of, and attorneys for, any official committee organized prior to the Commencement Date and a brief description of the circumstances surrounding the formation of the committee and the date of its formation.

96. Pursuant to Local Rule 1007-2(a)(4), Schedule 2 hereto lists the holders of the Debtors' forty (40) largest unsecured claims on a consolidated basis, excluding claims of insiders.

97. Pursuant to Local Rule 1007-2(a)(5), Schedule 3 hereto lists the holders of the five (5) largest secured claims against the Debtors on a consolidated basis.

98. Pursuant to Local Rule 1007-2(a)(6), Schedule 4 hereto provides a summary of the (unaudited) consolidated assets and liabilities for the Debtors and their non-Debtor affiliates.

99. Pursuant to Local Rule 1007-2(a)(7), Schedule 5 hereto provides the following information: the number and classes of shares of stock, debentures, and other securities of the Debtors that are publicly held and the number of record holders thereof; and the number and classes of shares of stock, debentures, and other securities of the Debtors that are held by the Debtors' directors and officers, and the amounts so held.

100. Pursuant to Local Rule 1007-2(a)(8), Schedule 6 hereto provides a list of all of the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity, giving the name, address, and telephone number of each such entity and the location of the court in which any proceeding relating thereto is pending.

101. Pursuant to Local Rule 1007-2(a)(9), Schedule 7 hereto provides a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their businesses.

102. Pursuant to Local Rule 1007-2(a)(10), Schedule 8 hereto provides the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

103. Pursuant to Local Rule 1007-2(a)(11), Schedule 9 hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

104. Pursuant to Local Rule 1007-2(a)(12), Schedule 10 hereto provides a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

105. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), Schedule 11 hereto provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, stockholders, and partners) and the estimated amount to be paid to officers, stockholders, directors, members of any partnerships, and financial and business consultants retained by the Debtors for the thirty (30) day period following the filing of the Debtors' Chapter 11 Cases as the Debtors intend to continue to operate their businesses.

106. Pursuant to Local Rule 1007-2(b)(3), Schedule 12 hereto provides, for the thirty (30) day period following the filing of the Chapter 11 Cases, a list of estimated cash receipts

and disbursements, net cash gain or loss, obligations, and receivables expected to accrue that remain unpaid, other than professional fees.

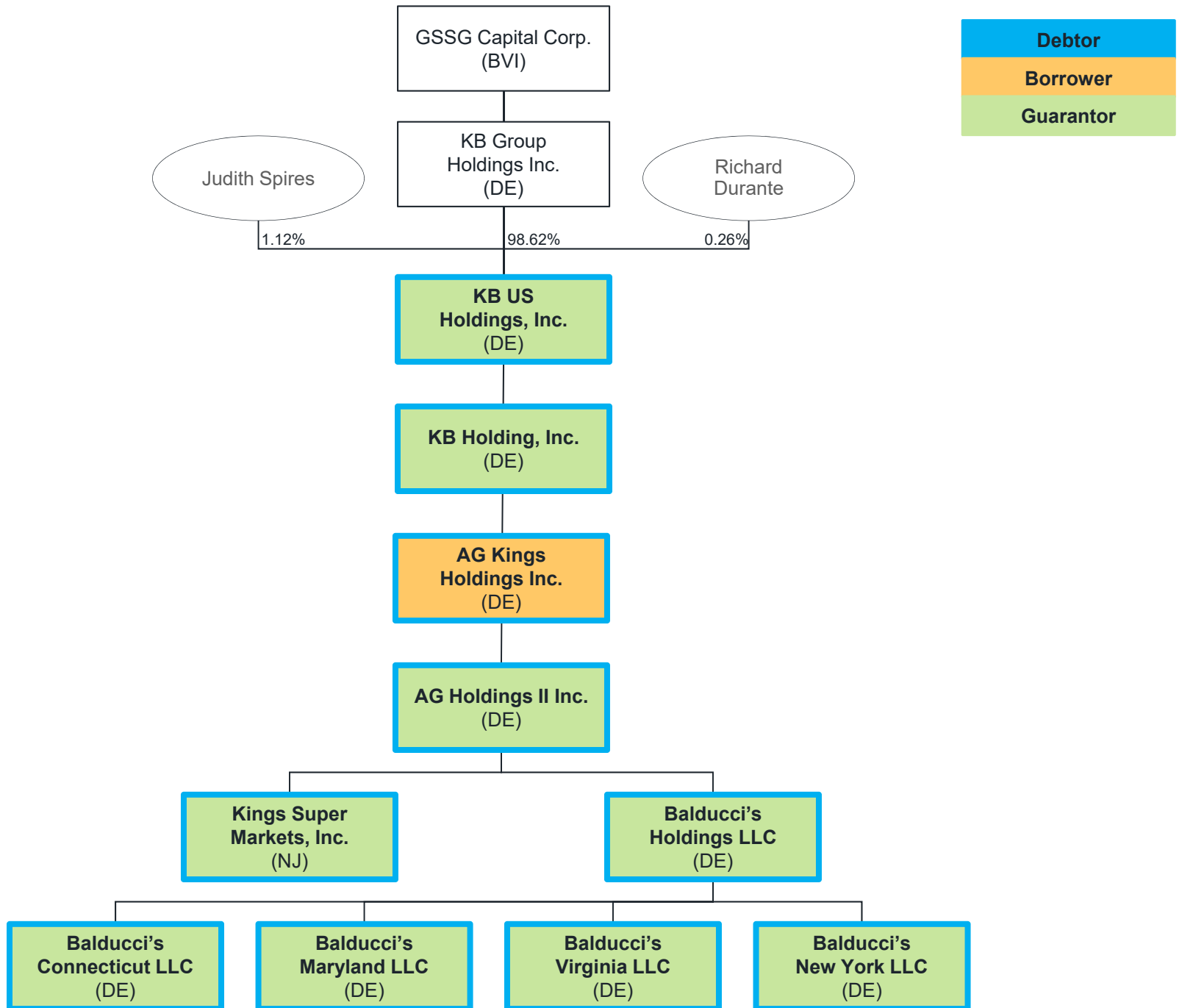
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing statements are true and correct.

Dated: August 23, 2020
New York, New York

/s/ M. Benjamin Jones
M. Benjamin Jones
Chief Restructuring Officer

Exhibit A

Capital and Corporate Organization Chart



Schedule 1

Committee

Pursuant to Local Rule 1007-2(a)(3), to the best of the Debtors' knowledge and belief, no official committee has been organized prior to the Commencement Date.

Schedule 2

Consolidated List of 40 Largest Unsecured Claims (Excluding Insiders)¹¹

Pursuant to Local Rule 1007-2(a)(4), the following is a list of creditors holding, as of the Commencement Date, the forty (40) largest, unsecured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

No.	Creditor	Complete mailing address, telephone number, and name of employee, agent, or department	Nature of the claim	Amount of Claim	Contingent, Liquidated, Disputed or Partially Secured
1	Porky Products	Attn: Nicole Musselman, Credit Dept 198 Emmet Street Newark NJ 07114-2720; 732-541-0200 732-359-9171	Trade Vendor	2,799,795	
2	Fresh Pro Food Distributors/ Rlb Food Distributors	Attn: Teri Torack, Controller 2 Dedrick Place CN2285 West Caldwell, NJ 07006 973-575-9526 973-276-3559	Trade Vendor	2,661,679	
3	Kehe Distributors Llc	Attn: Pamela Mobley, AR Analyst 1245 E. Diehl Road, Suite 200 Naperville, IL 60563 630-343-0000 800-995-5343	Trade Vendor	2,087,227	
4	Inter-County Bakers, Inc.	Attn :Brittany Gervasi, AR 1095 Long Island Avenue Deer Park, NY 11729 631-957-1350 800-696-1350	Trade Vendor	705,781	
5	Chex Finer Foods	Attn: Robin Broberg, A/R Credit Specialist 71 Hampden Road, Mansfield MA 02048 800-227-8114 508-226-0660	Trade Vendor	456,725	
6	The Chefs Warehouse Llc	Attn: Courtney Denkovich, VP, Credit and Collections 240 Food Center Drive Bronx, NY 10474 203-894-1345 x 10124	Trade Vendor	431,988	

¹¹ The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. All claims are subject to customary offsets, rebates, discounts, reconciliations, credits, and adjustments, which are not reflected on this Schedule.

No.	Creditor	Complete mailing address, telephone number, and name of employee, agent, or department	Nature of the claim	Amount of Claim	Contingent, Liquidated, Disputed or Partially Secured
7	Dora's Naturals	Attn: Cyrus Schwartz 21 Empire Boulevard South Hackensack, New Jersey 07606 201-229-0500	Trade Vendor	418,853	
8	Valley & Plainfield Associates, L.P.	Attn: Wilma Lew 395 Pleasant Valley Way, West Orange, NJ 07052 908-604-6837	Rent	417,966	Disputed
9	Farmlind Produce LLC	Attn: Matthew Lind 802 Bergen St, Newark NJ 07108 724-541-5786 201-321-1123	Trade Vendor	385,044	
10	Block 4 LLC	Attn: Stephanie Friedman or Rich Ellis 2220 Pennsylvania Avenue, NW, Suite 200W, Washington, DC 20037 (202)-585-0806; (202) 585-0843	Rent	370,040	
11	Sushi Maru Express	Attn: John Kim, General Manager 65 Challenger Road, Suite 202 Ridgefield Park, NJ 07660 201-654-0422	Trade Vendor	327,817	
12	Wakefern Food Corp.	33 Northfield Ave Edison, NJ 08837	Trade Vendor	258,026	
13	Aetna Health Inc	PO Box 804735 Chicago, IL 60680	Benefits	240,967	
14	Bimbo Foods, Inc	Attn: Nimika Baldsing PO Box 827810 Philadelphia, PA 19182-7810 519-620-6941 866-492-2242 x 6941	Trade Vendor	214,734	
15	Congressional Seafood Co. Inc	Attn: Michelle LeBlanc, AR 7775 Chesapeake Bay Court, Jessup MD 20794; 410-799-8626	Trade Vendor	214,391	
16	Horizon Blue Cross	PO Box 10130 Newark, NJ 07101-3130	Benefits	213,683	
17	World'S Best Cheese, Inc.	Attn: Legal Department 111 Business Park Drive Armonk, New York, 10504 800-922-4337	Trade Vendor	208,091	
18	Acme Paper & Supply Co, Inc.	Attn: Michael Attman PO Box 75087 Baltimore, MD 21275 410-792-2333 800-462-5812	Trade Vendor	194,554	

No.	Creditor	Complete mailing address, telephone number, and name of employee, agent, or department	Nature of the claim	Amount of Claim	Contingent, Liquidated, Disputed or Partially Secured
19	Liberty Coca Cola Beverages	Attn: Nathalya Granada, AR 701 Zerega Avenue, Bronx NY 10473 718-518-8707	Trade Vendor	193,294	
20	Precision Mechanical	Attn: Kerry Roselle 54 Montesano Road, Fairfield NJ 07004 973-227-7020 973-445-4697	Utility	189,980	
21	Montgomery County, Maryland	255 Rockville Pike 2nd Floor, Rockville, MD 20850	Tax	183,686	
22	Jersey Central Power & Light	300 Madison Ave, Morristown, NJ 07960	Utility	178,204	
23	Bunzl Distribution Northeast	27 Distribution Way Monmouth, New Jersey 08852 732-821-7000	Trade Vendor	173,648	
24	Liberty Coca Cola Beverages	PO Box 780810 Philadelphia, PA 19178 800-628-6189	Trade Vendor	173,643	
25	Precision Mechanical	1360 Industrial Blvd, Southampton, PA 18966 215-396-2627	Repairs & Maintenance	153,486	
26	Pepperidge Farm Incorporated	PO Box 640758 Pittsburgh, PA 15264-0758	Trade Vendor	144,120	
27	Euro Usa	PO Box 63471 Charlotte, NC 28263-3471	Trade Vendor	133,368	
28	Madison Seafood Inc.	228 Wright St. Newark, NJ 07114	Trade Vendor	132,266	
29	Goya Foods Inc	350 County Rd. Jersey City, NJ 07307	Trade Vendor	122,915	
30	Frito Lay Inc.	74 Remittance Dr. Suite 1217 Chicago, IL 60675-1217	Trade Vendor	122,291	
31	Public Service Electric & Gas	PO Box 14444 New Brunswick, NJ 08906-4444	Utility	114,445	
32	Raritan Building Services Corp	2 Gourment Lane Suite 2-600 Edison, NJ 08837	Repairs & Maintenance	112,423	
33	Mondelez Global Llc	PO Box 13428 Newark, NJ 07188-0428	Trade Vendor	112,405	
34	Canada Dry Bottling Co	PO Box 741098 Atlanta, GA 30374-1078	Trade Vendor	110,321	
35	Metropolitan Foods Inc	174 Delawanna Ave. Clifton, NJ 07014	Trade Vendor	110,206	
36	McMahon'S Farm	305 Jackson Road Hopewell Junction, NY 12533	Trade Vendor	109,267	
37	Pete D'Andrea Provisions	178 Scharer Ave. Northvale NJ 07647	Trade Vendor	106,904	
38	Peet's Coffee & Tea	PO Box 3900 San Francisco, CA 94139	Trade Vendor	90,946	
39	Garelick Farms, Llc	PO Box 844358 Boston, MA 02284-4358	Trade Vendor	90,735	
40	Jim Bolognese	251 Dahlgren Place Brooklyn, NY 11228	Trade Vendor	89,848	

Schedule 3

Consolidated List of Holders of Five Largest Secured Claims

Pursuant to Local Rule 1007-2(a)(5), to the best of the Debtors' knowledge, belief, and understanding, the following chart lists the creditors holding, as of the Commencement Date, the five (5) largest secured, non-contingent claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101(31).

No.	Creditor	Complete mailing address, telephone number, and name of employee, agent, or department	Nature of the claim	Amount of Claim	Contingent, Liquidated, Disputed or Partially Secured
1	Wilmington Trust, National Association , as Term Loan Agent	Attn: Jennifer K. Anderson 1100 North Market Street Wilmington, DE 19890 Phone: 302-636-4145 Email: jkanderson@wilmingtontrust.com <i>With copy to:</i> Kaye Scholar LLP Attn: Alan Glantz 250 West 55th Street New York, New York 10019 Phone: 212-836-6763 Email: alan.glantz@kayescholar.com and Latham & Watkins LLP Attn: Noah Weiss 330 North Wabash Avenue, Suite 2800 Chicago, IL 60611 Phone: 312-993-9767 Email: noah.weiss@lw.com	Term Loan	\$111,238,935	
2	Cortland f/b/o WhiteHorse Capital Management, LLC	Attn: Javier Casillas 1450 Brickell Avenue 31st Floor Miami, Florida 33131 Phone: 305-381-4306 Email : jcasillas@higcapital.com	Letter of Credit & L/C Cash Collateral	\$3,000,000	
3	Cortland f/b/o WhiteHorse Capital Management, LLC	Attn: Javier Casillas 1450 Brickell Avenue 31st Floor Miami, Florida 33131 Phone: 305-381-4306 Email : jcasillas@higcapital.com and Attn: Josh Weinstein 5400 LBJ Freeway, Suite 1300 Dallas, Texas 75240 Phone: 214-884-3835 Email: jweinstein@capitalsouthwest.com	Revolver	\$4,555,000	

Schedule 4

Condensed Consolidated Balance Sheet (Unaudited)

**KB US Holdings, Inc.
Consolidated Balance Sheets
July 25, 2020
(\$ In thousands)**

	(Unaudited) July 25, 2020
ASSETS	
Current assets	
Cash	\$ 8,290
Accounts receivable, net of allowance for doubtful accounts	7,280
Inventories	19,840
Prepaid income taxes	8,295
Deferred income taxes	-
Other current assets	7,908
Total current assets	51,612
Property and equipment, net	57,825
Deferred income taxes	-
Goodwill	13,987
Intangible assets, net	69,284
Other assets	1,136
Total assets	193,844
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accounts payable and accrued expenses	16,926
Accrued employee related costs	11,225
Insurance claims payable (1)	2,025
Other current liabilities	33,403
Revolver borrowings	
Current portion of long-term debt	13,567
Income taxes payable	-
Capital lease obligations	-
Total current liabilities	77,146
Insurance claims payable (1)	3,722
Deferred Income Tax LT	17,593
Deferred gain on sale of assets	-
Long-term debt less \$2,948 and \$5,820 of unamortized debt issuance costs	81,143
Other long-term liabilities	20,609
Total liabilities	200,213
Commitments and contingencies	
Stockholders' Equity	(6,368)
Total liabilities and stockholders' equity	\$ 193,844

(1) Insurance claims payable recorded on a net basis.

Schedule 5

Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), no shares of stock, debentures, and other securities (“**Securities**”) of the Debtors are publicly held. The Securities held by the Debtors’ directors and officers are listed separately below.

KB US Holdings, Inc. Common Stock Held by the Debtors’ Officers

Name of Officer	Approximate Number of Shares	As of
Judith Spires (CEO)	53,750 (1.12%)	8/19/20

KB US Holdings, Inc. Preferred Stock Held by the Debtors’ Officers

Name of Officer	Approximate Number of Shares	As of
Judith Spires (CEO)	53,750 (1.12%)	8/19/20

KB US Holdings, Inc. Common Stock Held by Debtors’ Directors

Name of Director	Approximate Number of Shares	As of
Judith Spires (Chairwoman)	53,750 (1.12%)	8/19/20

KB US Holdings, Inc. Preferred Stock Held by Debtors’ Directors

Name of Director	Approximate Number of Shares	As of
Judith Spires (Chairwoman)	53,750 (1.12%)	8/19/20

Schedule 6

Debtors' Property Not in the Debtors' Possession

Local Rule 1007-2(a)(8) requires the Debtors to list property that is in the possession or custody of any custodian, public officer, mortgage, pledgee, assignee of rents, secured creditor, or agent for any such entity.

In the ordinary course of business, on any given day, property of the Debtors (including security deposits or other collateral with counterparties to certain commercial relationships) is likely to be in the possession of various third parties, including vendors, shippers, common carriers, materialmen, distributors, warehousemen, fulfillment houses, service providers, custodians, public officers, or agents, where the Debtors' ownership interest is not affected. Because of the constant movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting the property would be impractical.

Schedule 7

Pursuant to Local Rule 1007-2-(a)(9), the following lists the property or premises owned, leased, or held under other arrangement from which the Debtors operate their businesses.

Leased Property¹²

Debtor	Street Address	City	State	Zip Code	Country
Kings Super Markets, Inc.	159 Maplewood Avenue	Maplewood	NJ	07040	USA
Kings Super Markets, Inc.	650 Valley Road	Montclair	NJ	07043	USA
Kings Super Markets, Inc.	784 Springfield Avenue	Summit	NJ	07901	USA
Kings Super Markets, Inc.	70 Union Avenue	Cresskill	NJ	07626	USA
Kings Super Markets, Inc.	255 S. Livingston Avenue	Livingston	NJ	07039	USA
Kings Super Markets, Inc.	191 South Street	Morristown	NJ	07960	USA
Kings Super Markets, Inc.	393 Main Street	Chatham	NJ	07928	USA
Kings Super Markets, Inc.	112 N. Maple Avenue	Ridgewood	NJ	07450	USA
Kings Super Markets, Inc.	300 Pompton Avenue	Verona	NJ	07044	USA
Kings Super Markets, Inc.	100 Morristown Road	Bernardsville	NJ	07924	USA
Kings Super Markets, Inc.	778 Morris Turnpike	Short Hills	NJ	07078	USA
Kings Super Markets, Inc.	300 South Avenue	Garwood	NJ	07027	USA
Kings Super Markets, Inc.	381 Washington Avenue	Hillsdale	NJ	07642	USA
Kings Super Markets, Inc.	450 Route 206N & Hills Drive	Bedminster	NJ	07921	USA
Kings Super Markets, Inc.	86 East Main Street	Mendham	NJ	07945	USA
Kings Super Markets, Inc.	64 Mountain Boulevard	Warren	NJ	07059	USA
Kings Super Markets, Inc.	531 US 22 E	Whitehouse Station	NJ	08889	USA
Kings Super Markets, Inc.	184 Columbia Turnpike	Florham Park	NJ	07932	USA
Kings Super Markets, Inc.	1212 Shipyard lane	Hoboken	NJ	07030	USA
Kings Super Markets, Inc.	115 Hawkins Place	Boonton	NJ	07005	USA
Kings Super Markets, Inc.	85 Godwin Avenue	Midland Park	NJ	07432	USA
Kings Super Markets, Inc.	870-888 Franklin Avenue	Garden City	NY	11530	USA
Kings Super Markets, Inc.	325 River St.	Hoboken South	NJ	07030	USA
Kings Super Markets, Inc.	977 Valley Rd	Gillette	NJ	07933	USA
Kings Super Markets, Inc.	26 Arcadia Road	Old Greenwich	CT	06870	USA
Balducci's Maryland LLC	10323 Old Georgetown Rd	Bethesda	MD	20814	USA
Balducci's Virginia LLC	600 Franklin St	Alexandria	VA	22314	USA
Balducci's Virginia LLC	6655 Old Dominion Dr	McLean	VA	22101	USA
Balducci's New York LLC	301 West 56th St	New York	NY	10019	USA
Balducci's Maryland LLC	1800 Orleans St	Baltimore	MD	21287	USA
Balducci's Connecticut LLC	1385 Post Rd E	Westport	CT	06880	USA

¹² The classification of the contractual agreements listed herein as real property leases or property held by other arrangements is not binding upon the Debtors.

Debtor	Street Address	City	State	Zip Code	Country
Balducci's Connecticut LLC	1050 E Putnam Ave	Riverside	CT	06878	USA
Balducci's New York LLC	15 Palmer Ave	Scarsdale	NY	10583	USA
Balducci's Holdings LLC	144 South Ridge Street	Rye Brook	NY	10573	USA
Balducci's Virginia LLC	1871 Fountain Drive	Reston	VA	20190	USA
Kings Super Markets, Inc.	700 Lanidex Plaza	Parsippany	NJ	07054	USA
Balducci's Holdings LLC	Suite 340, 9201 Corporate Boulevard	Rockville	MD	20850	USA
Kings Super Markets, Inc.	725 Valley Brook Ave.	Lyndhurst	NJ	07071	USA

Schedule 8

Location of Debtors' Assets, Books, and Records

Pursuant to Local Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

As of July 25, 2020, the Debtors has assets of approximately \$193,844, as provided in Schedule 4, with substantial assets in Connecticut, Maryland, New Jersey, New York, and Virginia.

Books and Records

The Debtors' books and records are located at 700 Lanidex Plaza Parsippany, NJ 07054.

Debtors' Assets Outside the United States

The Debtors do not have assets located outside the territorial limits of the United States.

Schedule 9

Litigation

Pursuant to Local Rule 1007-2(a)(11), to the best of the Debtors' knowledge, belief, and understanding, there are no actions or proceedings, pending or threatened, against the Debtors or their properties where a judgment against the Debtors or a seizure of their property may be imminent.

Schedule 10

Senior Management

Pursuant to Local Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors’ existing senior management, a description of their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

Name & Position	Responsibilities & Experience
<p>Judith Spires <i>Chief Executive Officer</i></p>	<p>Judy Spires has served as KB’s Chief Executive Officer since 2010, after earning positions of increasing importance throughout her career in the retail food industry. Prior to joining KB, Judy served as President of ACME Markets, President of Albertsons DFW Division, and President of Albertsons Rocky Mountain Division.</p> <p>Judy has a B.A. and M.B.A. from LaSalle University and is a graduate of the Food Executive Program at Cornell University. Judy has received countless honors for leadership and performance, including NJBIZ’s 2017 Lifetime Achievement Award.</p>
<p>Joseph Parisi <i>Chief Operating Officer</i></p>	<p>Joe Parisi was promoted to Chief Operating Officer in 2018 and began working at KB in 1990. As Chief Operating Officer, Joe leads the KB Operations, Engineering, Maintenance and Real Estate teams. Joe has 38 years of retail experience, beginning as an Assistant Store Manager at Pathmark. Prior to holding his current position at KB, Joe served as Store Manager, Area Director, Senior Director of Operations, and Vice President of Operations at Kings.</p> <p>Joe attended Fairleigh Dickinson University and was name Industry Achievement Honoree by the NJ Food Council in 2019.</p>
<p>Stephen Corradini <i>Chief Merchandising Officer</i></p>	<p>Stephen Corradini was promoted to Chief Merchandising Officer in 2018 shortly after joining KB. Stephen brings 15 years of retail food experience, having previously served as South Region Vice President and Director of Specialty Foods at Whole Foods and Chief Operating Officer of High Road Craft Ice Cream.</p> <p>Stephen has a B.A. and M.A. from the University of Wisconsin. He has Executive MBA Certificates in Digital Marketing from MIT’s Sloan School of Management, and Mergers and Acquisitions from Kennesaw State University. Stephen received the AC Jordan Award for his M.A. thesis.</p>
<p>Stephen Reynolds <i>Vice President – Finance Controller</i></p>	<p>Stephen Reynolds has served as KB’s Vice President of Finance and Controller since 2019 and began working at KB in 2008. Previously, Stephen served as KB’s Controller and Accounting and Financial Systems Manager. Prior to joining KB, Stephen served as Director of Corporate Accounting at Matheson Tri-Gas.</p> <p>Stephen has a B.S. from Seton Hall University and is a Certified Public Accountant in New Jersey.</p>
<p>Kathe Benjamin <i>Vice President – Human Resources & Labor Relations</i></p>	<p>Kathe Benjamin was promoted to Vice President of Human Resources & Labor Relations in 2018. Kathe is responsible for the company-wide human resources function with a focus on people at the corporate and operational levels. Kathe has spent 40 years in the retail food industry, beginning in an administrative role at Kings and taking on increased levels of responsibility in the area of human resources, most recently as Director of Human Resources.</p> <p>Kathe holds a B.S. from Rutgers University.</p>

Schedule 11

Payroll

Pursuant to Local Rule 1007-2(b)(1)-(2)(A) and (C), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, and stockholders) and the estimated amount to be paid to officers, stockholders, directors, and financial and business consultants retained by the Debtors for the 30-day period following the filing of the chapter 11 petitions.

Payment to Employees (Not Including Officers, Directors, and Stockholders)	\$7 million
Payment to Officers, Stockholders, and Directors	\$100,000
Payments to Financial and Business Consultants	\$0

Schedule 12

**Cash Receipts and Disbursements,
Net Cash Gain or Loss, Unpaid Obligations and Receivables**

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the chapter 11 petition, the estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	\$56,714,692
Cash Disbursements	\$43,342,473
Net Cash Gain	\$13,372,219
Unpaid Obligations	\$9,776,334
Uncollected Receivables	\$1,866,597