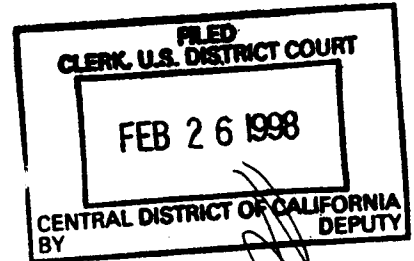


JS-6

DANIEL E. LUNGREN, Attorney General  
of the State of California  
RODERICK E. WALSTON  
Chief Assistant Attorney General  
RICHARD N. LIGHT, State Bar No. 37569  
Deputy Attorney General  
BARBARA MOTZ, State Bar No. 66933  
Acting Assistant Attorney General  
300 South Spring St.  
Los Angeles, CA 90013  
Telephone: (213) 897-2691



Attorneys for State of California

IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

STATE OF CALIFORNIA,

Plaintiff,

v.

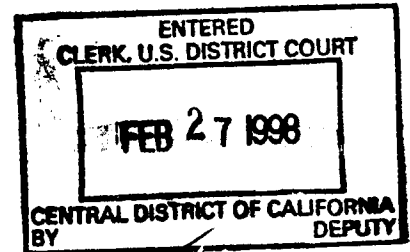
QUALITY FOOD CENTERS, INC., a  
Washington corporation; HUGHES  
MARKETS, INC., a California  
corporation; FRED MEYER, INC., a  
Delaware corporation; FOOD 4 LESS  
HOLDINGS, INC., a Delaware  
corporation; RALPHS GROCERY  
COMPANY, a Delaware corporation,

Defendants.

98- 1101 SVW (A 15x)

Civil Action No.

CONSENT DECREE



Plaintiff State of California filed its Complaint herein and defendants, Quality Food  
Centers, Inc., Hughes Markets, Inc., Fred Meyer, Inc., Food 4 Less Holdings, Inc., and  
Ralphs Grocery Company, were duly served with copies of the Summons and Complaint.  
Defendants, by and through their attorneys, have consented to the entry of this Consent  
Decree without trial or adjudication of any issue of fact or law herein and have waived notice

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..... MLD NOTICE PTYS FEB 27 1998

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CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
LOS ANGELES

2/27/98 (3)

1 of presentation of this Consent Decree. This Consent Decree does not constitute any  
2 evidence against or an admission by any party with respect to any issue of law or fact herein.

3 WHEREAS, on December 14, 1994, Food 4 Less Holdings, Inc., Food 4 Less, Inc.,  
4 Food 4 Less Supermarkets, Inc. and Ralphs Supermarkets, Inc. entered into a settlement  
5 agreement with the State of California, which resolved certain antitrust claims arising out of  
6 the merger of the Ralphs, Food 4 Less and Alpha Beta supermarket chains and which  
7 provided that the merging parties would not acquire any new stores from third parties for a  
8 period of five years in certain geographic areas, including, but not limited to, Los Angeles,  
9 Pasadena, San Fernando and Viejo;

10 WHEREAS, Food 4 Less Holdings, Inc., through its wholly-owned subsidiary,  
11 Ralphs Grocery Company, now owns and operates the Ralphs and Food 4 Less supermarket  
12 chains in southern California;

13 WHEREAS, Hughes Markets, Inc., a wholly-owned subsidiary of Quality Food  
14 Centers, Inc., operates a 57-store chain of supermarkets in southern California under the  
15 name of Hughes Family Markets;

16 WHEREAS, Fred Meyer, Inc. has entered into an agreement with Quality Food  
17 Centers, Inc., pursuant to which it will acquire the Hughes Family Markets supermarket  
18 chain in southern California;

19 WHEREAS, Food 4 Less Holdings, Inc. has entered into an agreement with Fred  
20 Meyer, Inc. pursuant to which Fred Meyer, Inc. will acquire the Ralphs and Food 4 Less  
21 supermarket chains;

22 WHEREAS, Fred Meyer, Inc. will combine the Hughes Family Markets supermarket  
23 chain with the Ralphs and the Food 4 Less supermarket chains;

24 WHEREAS, the State of California, through its Attorney General, has determined  
25 that the merger of the Ralphs and Hughes supermarket chains is unlawful in violation of  
26 federal antitrust laws and state unfair competition laws;

27 WHEREAS, defendants do not admit and continue to deny such transaction is  
28 unlawful;



1 businesses and goodwill, tangible and intangible, related to or utilized in the supermarket  
2 business operated at those locations, but shall not include any of defendants' trade marks,  
3 trade dress, service marks or trade names.

4 B. "Defendants" means Quality Food Centers, Inc., a Washington corporation;  
5 Hughes Markets, Inc., a California corporation; Fred Meyer, Inc., a Delaware corporation;  
6 Food 4 Less Holdings Inc., a Delaware corporation; Ralphs Grocery Company, a Delaware  
7 corporation; and their subsidiaries, affiliates, directors, officers, managers, agents and  
8 employees.

9 C. "Hughes" means the Hughes Family Markets supermarket chain.

10 D. "Ralphs" means the Ralphs and the Food 4 Less supermarket chains.

11 E. "Supermarket" means a full-line retail grocery store: (a) that carries a wide  
12 variety of food and grocery items in standard consumer sizes in particular product categories,  
13 including bakery goods, dairy products, refrigerated and frozen foods and beverages, fresh  
14 and prepared meats and poultry, produce, beverages, shelf-stable foods, staple food stuffs  
15 (such as, flour, sugar, coffee and tea), and non-food grocery items (such as, soaps,  
16 detergents, paper goods and health and beauty aids); and (b) that have over \$2,000,000 in  
17 annual sales.

18 F. "Ralphs 33" means the Ralphs supermarket, located at 380 East 17th Street,  
19 Costa Mesa, California 92627.

### 20 III.

#### 21 APPLICABILITY

22 A. The provisions of this Consent Decree apply to defendants, their successors  
23 and assigns, and all other persons in active concert or participation with any of them who  
24 shall have received actual notice of this Consent Decree by personal service or otherwise.

25 B. Nothing herein shall suggest that any portion of this Consent Decree is or has  
26 been created for the benefit of any third party and nothing herein shall be construed to  
27 provide any rights to third parties.

1 IV.

2 DIVESTITURE OF ASSETS

3 A. Defendants are hereby ordered and directed to divest absolutely, completely  
4 and in good faith, the Divestiture Assets, according to the following schedule: defendants  
5 shall present signed letters of intent or purchase agreements and to the extent required under  
6 this Consent Decree shall apply to plaintiff for approval of the proposed acquirer(s) and for  
7 the transaction(s) with respect to no fewer than thirteen (13) individual supermarkets within  
8 six (6) months and all supermarkets within nine (9) months, of the later of the entry of this  
9 Consent Decree or the closing of the transaction among defendants described in the  
10 preamble, *supra*. With respect to any individual supermarket, defendants shall complete the  
11 sale of that supermarket within the later of thirty (30) days of plaintiff's approval or the  
12 expiration of plaintiff's time to reject the proposed transaction (as described in Paragraph  
13 VII, *infra*), provided, however, that the closing of the proposed transaction may be delayed  
14 an additional thirty (30) days if requested by the proposed acquirer, because of the proposed  
15 acquirer's need to obtain any regulatory approvals, financing or other requirements for  
16 closing of the proposed transaction.

17 B. Defendants shall divest the Divestiture Assets only after plaintiff has given  
18 prior approval to the proposed acquirer(s) and to the proposed transaction itself.

19 C. The purpose of these divestitures is to ensure the continued use of the  
20 Divestiture Assets as supermarkets and to remedy the lessening of competition and the  
21 proposed act(s) or practice(s) of unfair competition resulting from the transaction as alleged  
22 in the plaintiff's Complaint.

23 D. In order to obtain the approval of a proposed acquirer, defendants shall  
24 establish to the reasonable satisfaction of the plaintiff: (1) that each proposed acquirer has the  
25 managerial, operational, and financial capability to compete effectively as a viable, ongoing  
26 retailer in the supermarket industry; (2) that the purchase is for the purpose of competing  
27 effectively in the supermarket industry; and (3) that the acquisition will not adversely affect  
28 competition in the supermarket industry.

1           E.     Pending the divestiture of each of the Divestiture Assets, defendants shall take  
2 such actions as are necessary to maintain the viability, marketability, and competitiveness of  
3 the Divestiture Assets and of Ralphs 33 and to prevent the destruction, removal, wasting,  
4 deterioration, or impairment of any of the Divestiture Assets and of Ralphs 33, except for  
5 ordinary wear and tear. Defendants shall take no action that would jeopardize the divestiture  
6 of such supermarkets.

7           F.     In accomplishing the divestiture ordered by this Consent Decree, defendants  
8 shall make known, by usual and customary means, the availability of the Divestiture Assets.  
9 Defendants shall, upon request, provide a copy of the Consent Decree to any person making  
10 inquiry regarding a possible purchase. Defendants shall also offer to furnish to any bona fide  
11 prospective purchaser, subject to customary confidentiality assurances, all customary and  
12 reasonably necessary information regarding the Divestiture Assets, except such information  
13 as is subject to attorney-client privilege or attorney work product immunity or other legally  
14 recognized privilege. Defendants shall make such information available to the plaintiff, as  
15 set forth in Paragraph IV.H. Defendants shall permit bona fide prospective purchasers of the  
16 Assets to have access to corporate personnel and the district manager responsible for the  
17 individual store and to make such inspection of physical facilities and financial, operational  
18 or other documents and information that may be relevant to the divestitures required by this  
19 Consent Decree, and is of a kind that is customarily provided in the sale of supermarkets.  
20 Financial documents and information shall be limited to average weekly sales for the last  
21 fiscal year, and operating expenses, such as rents, utilities, property taxes and assessments  
22 and common area expenses for maintenance, security and similar items.

23           G.     Defendants shall take all reasonable steps to accomplish in an expeditious  
24 manner the divestitures contemplated by this Consent Decree.

25           H.     Beginning sixty (60) days from the date when this Consent Decree becomes  
26 final, and every sixty (60) days thereafter until the divestiture has been completed or a  
27 trustee is appointed, defendants shall deliver to plaintiff a written report as to the fact and  
28 manner of compliance with Paragraph IV of the Consent Decree. Each such report shall

1 identify each person who during the preceding sixty (60) days made an offer, expressed an  
2 interest or desire to acquire, entered into negotiations to acquire, or made an inquiry about  
3 acquiring any ownership interest in all or any portion of the Divestiture Assets, including the  
4 address and telephone number of that person and a summary of the contacts with that person  
5 during that period. Defendants shall maintain full records of all efforts made to divest all or  
6 any portion of the Divestiture Assets.

7 V.

8 PRIOR NOTICE

9 For a period of five years from the date this Consent Decree is entered, defendants,  
10 either individually or jointly, shall not: (1) acquire any of the Divestiture Assets without the  
11 prior approval of plaintiff and (2) acquire and operate as a supermarket, another store in the  
12 geographic markets listed in Schedule B attached hereto, without first providing thirty (30)  
13 days advanced written notice to plaintiff. If, within the thirty days after receiving such  
14 notice, plaintiff makes a written request for additional information or documentation,  
15 defendants shall not consummate the transaction until twenty (20) days after submitting such  
16 additional information or documentation. Notice under this Paragraph shall not be required  
17 if defendants acquire, develop and operate for supermarket use any undeveloped property or  
18 existing buildings which have not been used as a supermarket for the past 12 months.

VI.

APPOINTMENT OF TRUSTEE

A. In the event that defendants have not divested all of the Divestiture Assets within the time period provided in Section IV.A. and that time has not been extended by plaintiff in writing, plaintiff shall have the right to apply to the Court to appoint a trustee who shall be responsible for effecting the divestiture of the remaining Divestiture Assets. The trustee shall be selected by the plaintiff, subject to the consent of the defendants which shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If defendants have not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by plaintiff or the court of the identity of the proposed trustee, defendants shall be deemed to have consented to the selection of the proposed trustee.

B. Within ten (10) days after appointment of the trustee, defendants shall execute a trust agreement that, subject to the prior approval of plaintiff and the Court, transfers to the trustee all rights and powers necessary to permit the trustee to effect the remaining divestitures required by this Consent Decree.

C. The trustee shall have twelve (12) months from the date the trust agreement is approved to accomplish the divestiture, which shall be subject to the prior approval of plaintiff. The Court, upon plaintiff's application, may extend the time period for divestiture, if, at the end of the twelve-month period, the trustee has submitted a plan of divestiture or believes the divestiture can be accomplished within a reasonable period of time. Plaintiff may apply to the Court to extend this period only two (2) times.

D. After the appointment of a trustee becomes effective, only the trustee shall have the right to divest the remaining Assets. Unless plaintiff otherwise consents in writing, the divestiture shall be made to an acquirer for whom it is demonstrated to the sole satisfaction of the plaintiff: (1) that the acquirer has the managerial, operational and financial capability to compete effectively as a viable, ongoing supermarket operator; (2) that the purchase is for the purpose of competing effectively in the supermarket industry; and (3)



1 that the acquisition of the divested assets will not adversely affect competition in the  
2 supermarket industry.

3 E. In the event the trustee is charged with divestiture of Ralphs 228 and in the  
4 further event the trustee is unable to divest said store within six months of his or her  
5 appointment, the trustee shall have the authority to determine to divest Ralphs 33 in lieu of  
6 Ralphs 228, in which event the trustee shall give notice to plaintiff and defendants. Upon  
7 receipt of such notice, defendants shall have sixty (60) days within which they shall have the  
8 exclusive right to offer for sale and divest Ralphs 33. If prior to the expiration of that  
9 exclusive sixty-day period, defendants have not submitted a proposed acquirer for plaintiff's  
10 approval in accordance with Paragraph IV(B), *supra*, the trustee shall have the exclusive  
11 right to divest either Ralphs 33 or Ralphs 228.

12 F. The trustee shall have the power and authority to hire, at the cost and expense  
13 of defendants, any investment bankers, attorneys, or other agents or assistants reasonably  
14 necessary in the judgment of the trustee to carry out the trustee's duties and responsibilities.  
15 The trustee shall have the power and authority to accomplish the remaining divestiture at the  
16 earliest possible time to an acquirer acceptable to the plaintiff and shall have such other  
17 powers as this Court shall deem appropriate. Defendants shall not object to a sale by the  
18 trustee on any grounds other than (1) the trustee's malfeasance, (2) gross negligence, (3)  
19 breach of fiduciary duty, or (4) that the sale is contrary to the express terms of this Consent  
20 Decree. Any such objections by defendants must be conveyed in writing to the plaintiff and  
21 the trustee within ten (10) days after the trustee has provided the notice required under  
22 Paragraph VII.

23 G. The trustee shall serve at the cost and expense of defendants on such  
24 reasonable and customary terms and conditions as the Court may prescribe, and shall account  
25 for all monies derived from the sale of the assets sold by the trustee and all costs and  
26 expenses so incurred. After approval by the Court of the trustee's accounting, including fees  
27 for its services and those of any professionals and agents retained by the trustee, all  
28 remaining monies shall be paid to defendants and the trust shall then be terminated. The

1 compensation of such trustee, and that of any professionals and agents retained by the  
2 trustee, shall be reasonable in light of the value of the divestiture assets and based on a fee  
3 arrangement providing the trustee with an incentive tied to the price and terms of the  
4 divestiture.

5 H. Defendants shall use their best efforts to assist the trustee in accomplishing the  
6 required divestiture. The trustee, and any consultants, accountants, attorneys, and other  
7 persons retained by the trustee, shall have, to the extent relevant to the remaining Divestiture  
8 Assets, full and complete access to the personnel, books, records, and facilities of  
9 defendants, and defendants shall develop such financial or other information relevant to such  
10 assets as the trustee may reasonably request, subject to reasonable protection for privileged  
11 communications, trade secrets, or other confidential research, development, or commercial  
12 information. Defendants shall take no action to interfere with or to impede the trustee's  
13 accomplishment of the divestiture.

14 I. The trustee shall use his or her best efforts to negotiate the most favorable  
15 price and terms for the remaining assets to be divested, subject to defendants' absolute and  
16 unconditional obligation to make the divestitures required by this Consent Decree at no  
17 minimum price. The divestiture shall be made in the manner and to the purchaser as set out  
18 in Paragraph IV of this Consent Decree.

19 J. Defendants shall indemnify the trustee and hold the trustee harmless against  
20 any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the  
21 performance of the trustee's duties, including all reasonable fees of counsel and other  
22 expenses incurred in connection with the preparation for, or defense of any claim, whether or  
23 not resulting in any liability, except to the extent that such liabilities, losses, damages,  
24 claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, breach  
25 of fiduciary duty, or bad faith by the trustee.

26 K. After his or her appointment, the trustee shall file reports every sixty (60) days  
27 with the parties and the Court setting forth the trustee's efforts to accomplish the divestiture  
28 ordered under this Consent Decree.

**L. The appointment of a trustee, or failure to appoint a trustee, is not an exclusive remedy and shall not preclude the plaintiff from seeking civil penalties or any other relief available to it, for defendants' failure to comply with this Decree.**

VII.

## NOTIFICATION OF PROPOSED DIVESTITURE

Within five (5) business days following execution of a letter of intent or a definitive agreement for the proposed sale of any one or more of the Divestiture Assets, defendants or the trustee, whichever is then responsible for effecting the divestiture required herein, shall notify the plaintiff of any proposed divestiture required by Paragraph IV or VI of this Consent Decree. If the trustee is responsible, he or she shall likewise notify defendants. The notice shall set forth the details of the proposed transaction and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire, entered into negotiations to acquire or made an inquiry about acquiring any ownership interest in all or any portion of the Divestiture Assets for which notice is being provided, together with a summary of the contacts with each such person. Within fifteen (15) days after receipt of the notice, the plaintiff may request additional information concerning the proposed divestiture, the proposed purchaser, and any other potential purchaser. Defendants or the trustee shall furnish the additional information within fifteen (15) days of the receipt of the request. Within thirty (30) days after receipt of the notice or within fifteen (15) days after receipt of the additional information, whichever is later, plaintiff shall notify in writing defendants and the trustee, if there is one, if it objects to the proposed divestiture, specifying the basis for its objection. If plaintiff fails to object within the period specified, or if plaintiff notifies in writing defendants and the trustee, if there is one, that it does not object, then the divestiture may be consummated, subject only to defendants' limited right to object to the sale under Paragraph VI.F. Upon objection by the plaintiff, or upon objection by defendants under Paragraph VI.F., the proposed divestiture shall not be accomplished unless approved by the Court.

VIII.

COMPLIANCE INSPECTION

A. For the purpose of determining or securing compliance with this Consent Decree, and subject to any legally recognized privilege, from time to time:

1. Duly authorized representatives of plaintiff, including consultants and other persons, shall, upon the written request of the plaintiff, and on reasonable notice to defendants made to its principal offices, be permitted:

- a. access during office hours to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of defendants, which may have counsel present, relating to this Consent Decree; and
- b. subject to the reasonable convenience of defendants and without restraint or interference from them, to interview directors, officers, employees, and agents of defendants, which may have counsel present, regarding any such matters.

2. Upon the written request of the plaintiff, made to defendants at their principal offices, defendants shall submit written reports, under oath if requested, with respect to any of the matters contained in this Consent Decree as may be requested.

3. No information nor any documents obtained by the means provided in Paragraph IV or Paragraph VIII shall be divulged by any representative of the plaintiff to any person other than a duly authorized representative of the California Attorney General, except in the course of legal proceedings to which the plaintiff is a party, or for the purpose of securing compliance with this Consent Decree, or as otherwise required by law.

4. If, at the time information or documents are furnished by defendants to the plaintiff, defendants represent and identify in writing the material in any such information or documents for which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendants mark each pertinent page of such material, "Confidential" or "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of

1 Civil Procedure," then plaintiff shall give ten (10) days' notice to the marking defendant  
2 prior to divulging such material in any legal proceeding, except in proceedings to enforce  
3 compliance with this Consent Decree, in which case the documents shall be filed under seal.  
4

5 IX.

6 NOTICES

7 Any notices required by this Consent Decree shall be delivered to the parties at the  
8 following addresses:

9 A. For Defendants Food 4 Less Holdings, Inc. and Ralphs Grocery  
10 Company, Inc.:

- 11 1. Patrick Barber, Vice President, Real Estate,  
12 1100 West Artesia  
Compton, California 90220  
13 2. Terrence Wallock  
General Counsel  
14 1100 West Artesia  
Compton, California 90220  
15 3. Bruce J. Prager, Esq.  
16 Latham & Watkins  
885 Third Avenue  
17 New York, New York 10022

18 B. For Defendants Fred Meyer, Inc.:

19 Roger A. Cooke, Senior Vice President and General Counsel  
20 2800 S.E. 22nd Avenue  
Portland, Oregon 97201

21 C. For Defendants Quality Food Centers, Inc. and Hughes Family  
22 Markets, Inc.:

23 Daniel Kourkouvelis, President and Chief Executive Officer  
Hughes Family Markets  
14005 Live Oak Avenue  
24 Irwindale, California 91706

25 D. For Plaintiff:

26 Barbara M. Motz  
Assistant Attorney General for the Antitrust Section  
Office of the California Attorney General  
300 South Spring St.  
27 Los Angeles, California 90013  
28

1 X.

2 RETENTION OF JURISDICTION

3 Jurisdiction is retained by this Court for the purpose of enabling any of the parties to  
4 this Consent Decree to apply to this Court at any time for such further orders and directions  
5 as may be necessary or appropriate for the construction, implementation, or modification of  
6 any of the provisions of this Consent Decree, for the enforcement of compliance herewith,  
7 and for the punishment of any violations hereof.

8  
9 XII.

10 OTHER RELIEF

11 A. If defendants fail to comply with the terms of this Consent Decree, the Court,  
12 in addition to ordering any other appropriate relief, may enter an award of civil penalties,  
13 pursuant to Calif. Bus. & Prof. Code section 17207, for violations of this Consent Decree,  
14 on motion of plaintiff for cause.

15 B. Plaintiff is awarded its attorneys' fees and costs in the amount of \$102,275.00.  
16 Defendants shall pay this sum to plaintiff within thirty (30) days of entry of this Consent  
17 Decree. In addition, defendants shall make supplemental payments for reasonable attorneys  
18 fees and costs incurred by plaintiff related to implementation and compliance with this  
19 Consent Decree between the time of entry of this Consent Decree and divestiture of the last  
20 of the Divestiture Assets. Such payment(s) shall be made with thirty days of plaintiff  
21 submitting a bill.

22 XIII.

23 TERMINATION OF PROVISIONS

24 This Consent Decree will expire on the fifth anniversary of the date of its entry.  
25  
26  
27  
28

XIV.

PUBLIC INTEREST


Entry of this Consent Decree is in the public interest.

DATED this 20<sup>th</sup> day of February, 1998.

  
UNITED STATES DISTRICT JUDGE

Presented by:

State of California, by:  
DANIEL E. LUNGREN, Attorney General  
of the State of California  
RODERICK E. WALSTON,  
Chief Assistant Attorney General  
RICHARD N. LIGHT  
Deputy Attorney General

  
BARBARA M. MOTZ,  
Acting Assistant Attorney General  
Attorneys for Plaintiff

FOOD 4 LESS HOLDINGS, INC.  
and RALPHS GROCERY COMPANY:

\_\_\_\_\_  
GEORGE G. GOLLEHER,  
Chief Executive Officer

Approved as to Form:

  
\_\_\_\_\_  
Bruce J. Prager, Esq.  
LATHAM & WATKINS

XIV.

**PUBLIC INTEREST**


Entry of this Consent Decree is in the public interest.

DATED this \_\_\_\_ day of February, 1998.

**UNITED STATES DISTRICT JUDGE**

Presented by:

State of California, by:  
**DANIEL E. LUNGREN**, Attorney General  
 of the State of California  
**RODERICK E. WALSTON**,  
 Chief Assistant Attorney General  
**RICHARD N. LIGHT**  
 Deputy Attorney General

  
**BARBARA M. MOTZ**,  
 Acting Assistant Attorney General  
 Attorneys for Plaintiff

**FOOD 4 LESS HOLDINGS, INC.**  
 and **RALPHS GROCERY COMPANY:**

  
**GEORGE G. GOLLEHER**,  
 Chief Executive Officer

Approved as to Form:

  
**Bruce J. Pipher, Esq.**  
**LATHAM & WATKINS**



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FRED MEYER, INC.:

  
ROBERT G. MILLER  
President and Chief Executive Officer

Approved as to Form:

Joseph F. Tringali, Esq.  
SIMPSON THACHER & BARTLETT

QUALITY FOOD CENTERS, INC.  
and HUGHES MARKETS, INC.:

DANIEL KOURKOUMELIS  
President & Chief Executive Officer

Approved as to Form:

Richard J. Favretto, Esq.  
MAYER BROWN & PLATT

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**FRED MEYER, INC.:**

**ROBERT G. MILLER**

**President and Chief Executive Officer**

**Approved as to Form:**

  
**Joseph F. Tringali, Esq.**  
**SIMPSON THACHER & BARTLETT**

**QUALITY FOOD CENTERS, INC.  
and HUGHES MARKETS, INC.:**

**DANIEL KOURKOUMELIS**

**President & Chief Executive Officer**

**Approved as to Form:**

  
**Richard J. Favretto, Esq.**  
**MAYER BROWN & PLATT**

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FRED MEYER, INC.:

**ROBERT G. MILLER**  
President and Chief Executive Officer

Approved as to Form:

**Joseph F. Tringali, Esq.**  
SIMPSON THACHER & BARTLETT

QUALITY FOOD CENTERS, INC.  
and HUGHES MARKETS, INC.:

  
**DANIEL KOURKOUMELIS**  
President & Chief Executive Officer

Approved as to Form:

**Richard J. Favretto, Esq.**  
MAYER BROWN & PLATT

1 FRED MEYER, INC.:

2  
3 ROBERT G. MILLER  
4 President and Chief Executive Officer

5 Approved as to Form:

6  
7 Joseph F. Tringali, Esq.  
8 SIMPSON THACHER & BARTLETT

9 QUALITY FOOD CENTERS, INC.  
10 and HUGHES MARKETS, INC.:

11  
12 DANIEL KOURKOUMELIS  
13 President & Chief Executive Officer

14 Approved as to Form:

15   
16  
17 Richard J. Favretto, Esq.  
18 MAYER BROWN & PLATT

**SCHEDULE A**

**DIVESTITURE ASSETS**

**Costa Mesa Trade Area:**

Ralphs #226, 18040 Culver Drive, Irvine, CA 92612

Ralphs #228, 1870 Harbor Blvd., Costa Mesa, CA 92627

Ralphs #230, 8930 Warner Avenue, Fountain Valley, CA 92708

**Los Angeles Trade Area:**

Ralphs #259, 2655 Pacific Coast Hwy., Torrance, CA 90501

Ralphs #290, 7871 Santa Monica Blvd., West Hollywood, CA 90046

**Pasadena Trade Area:**

Ralphs #43, 3035 Huntington Drive, Pasadena, CA 91107

Ralphs #204, 3701 E. Foothill, Pasadena, CA 91107

**San Fernando Trade Area:**

**Canoga Park:**

Ralphs #122, 8201 Topanga Canyon Blvd., Canoga Park, CA 91304

Ralphs #640, 23221 Saticoy, Canoga Park, CA 91304

**Studio City:**

Hughes #7, 4520 Van Nuys Blvd., Sherman Oaks, CA 91403

Ralphs #150, 4033 Laurel Canyon Blvd., Studio City, CA 91604

**Chatsworth/Granada Hills**

Ralphs #45, 20440 Devonshire Street, Chatsworth, CA 91311

Ralphs #153, 10201 Reseda Blvd., Northridge, CA 91324

**Santa Clarita Trade Area:**

Hughes #18, 26518 Bouquet Canyon Road, Santa Clarita, CA 91350

Ralphs #184, 19331 Soledad Canyon Road, Santa Clarita, CA 91351

**Thousand Oaks Trade Area:**

Ralphs #98, 820 Arneill Road, Camarillo, CA 93010

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**Viejo Trade Area:**

Hughes #58, 28751 Los Alisos Blvd., Mission Viejo, CA 92691

Ralphs #222, 30252 Crown Valley Parkway, Laguna Niguel, CA 92677

Ralphs #225, 23330 El Toro Road, El Toro, CA 92630

**SCHEDULE B**

**MARKET BOUNDARIES**

**TRADE AREAS**

**MARKET BOUNDARIES DEFINED**

**Costa Mesa**

North of this market is the Santa Ana River and the San Diego Freeway, and to the west and south is the Pacific Ocean

**Los Angeles**

To the west and the south is the Pacific Ocean to the east the Southern Pacific Railroad, and to the north the Santa Monica Mountains. Los Angeles is 16 miles from the Long Beach and 24 miles from the San Fernando market.

**Pasadena**

To the North are the San Gabriel Mountains and Angeles National Forest to the south the Pomona Freeway, to the west the Los Angeles River and to the east is the city boundary line.

**San Fernando**

San Fernando is 21 miles from the Los Angeles market and 24 miles from the Pasadena market. To the north are the Susana Mountains, to the east the San Gabriel Mountains, and to the South the Santa Monica Mountains

**Santa Clarita**

To the east is the Angeles National Forest and San Gabriel Forest, to the south the Susana Mountains, and to the west is the county boundary. It is 8 miles to the San Fernando market and 28 miles to the Pasadena market.

**Thousand Oaks**

Distance between Thousand Oaks and the Oxnard market is 18 miles. The southern boundary is a freeway and to the north the county line.

**Viejo**

To the east is O'Neal Park, to the west Aliso Creek Wood Canyon, and north of this market is El Toro US Marine Corp. Air Station.