

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Attachment

Blank lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment

Blank lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *David M. Langless* Date ▶ *1/2/19*

Print your name ▶ *David M. Langless* Title ▶ *EVP & CFO*

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Tops MBO Corporation

FEIN: 46-3684249

Attachment to Form 8937

Report of Organizational Actions Affecting Basis of Securities

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder's or note holder's specific circumstances. Shareholders and note holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the transaction.

Tops MBO Corporation
FEIN: 46-3684249
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part I, Line 10

Debt Obligation	CUSIP Number
8.750%/9.500% HoldCo Unsecured Notes due 2018 (144A)	89078XAB3
8.750%/9.500% HoldCo Unsecured Notes due 2018 (REG-S)	U89096AA6
8.000% Senior Secured Notes due 2022 (144A)	89078YAA3
8.000% Senior Secured Notes due 2022 (REG-S)	U8909PAA4

Form 8937, Part II, Line 14

On February 21, 2018, Tops MBO Corporation (“MBO”), Tops Holding II Corporation (“Holdings II”) and certain of their U.S. subsidiaries and affiliates (the “Debtors” or, collectively, “Tops”) filed voluntary petitions for relief (the “Bankruptcy Filing”) under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). On November 8, 2018 (the “Confirmation Date”), the Bankruptcy Court entered an order approving and confirming the *Second Amended Joint Chapter 11 Plan of Reorganization of Tops Holding II Corporation and its Affiliated Debtors (with Technical Modifications)*, filed with the Bankruptcy Court on November 6, 2018 (the “Plan”). On November 19, 2018 (the “Effective Date”), Tops satisfied the conditions of the Plan and the Plan became effective. Unless otherwise defined herein, capitalized terms used herein are defined as used in the Plan or in the *Disclosure Statement for the Second Amended Joint Chapter 11 Plan of Reorganization of Tops Holding II Corporation and its Affiliated Debtors*, filed with the Bankruptcy Court on September 28, 2018 (the “Disclosure Statement”).

On the Effective Date, in a series of transactions pursuant to the Plan (the “Transaction”), the Debtors distributed New Second Lien Notes in the amount of \$100 million and New Equity Interests, defined below, in settlement and exchange for the full satisfaction of the Senior Secured Notes Claims. The DIP ABL Claims were converted to and deemed to be issued under an asset-based lending credit agreement. The DIP Term Loan Claims were repaid in cash with the proceeds of the Exit Term Loans, and the Exit Term Loan Lenders funded an additional \$35 million on the Effective Date to support the Debtors’ operations.

On October 17, 2018, Tops elected to partake in the LLC Transfer, under which Tops completed the following on the Effective Date:¹

¹ *Notice of Election of LLC Transfer Pursuant to Section 5.4(a) of the Second Amended Joint Chapter 11 Plan of Reorganization of Tops Holding II Corporation and its Affiliated Debtors*, filed with the Bankruptcy Court on October 17, 2018.

1. Holdings II transferred all of its assets, which consisted of the ownership interests in Tops Markets LLC, ratably in equal parts to newly formed Tops Markets Holdings Corporation 1 and Tops Markets Holdings Corporation 2 (collectively, the "Acquisition Companies"), which are ultimately owned by newly formed Tops Markets Corporation ("Summit"), in exchange for all of the stock in Summit (the "New Equity Interests" and the transfer being known as the "LLC Transfer");
2. The Acquisition Companies assumed all of the obligations of the reorganized Debtors and the rights of the reorganized Debtors were vested in the Acquisition Companies;
3. Holdings II transferred the New Equity Interests, as well as the New Second Lien Notes issued by reorganized Tops Markets LLC to holders of Holdings II's 8.000% Senior Secured Notes due 2022 (the "Senior Secured Notes"), aggregate principal amount of \$560 million, ratably based on each holder's Senior Secured Notes Claim.

On or immediately after the Effective Date, Tops MBO Corporation, Holdings II, and Tops Markets II Corporation were dissolved in accordance with the Plan.

The following describes the exchange of consideration between Tops and the following holders of Allowed Claims of Tops in the Transaction:

- Senior Secured Notes;
- 9.000% OpCo Unsecured Notes due 2021 ("OpCo Unsecured Notes"), issued for U.S. federal income tax purposes by Holdings II, aggregate principal amount of \$67.5 million;
- 8.750%/9.500% HoldCo Unsecured Notes due 2018 ("Holdco Unsecured Notes"), issued for U.S. federal income tax purposes by Holdings II, aggregate principal amount of \$8.6 million;
- Existing Holdings II Interests; and
- Existing MBO Interests

Treatment of Holders of Senior Secured Notes Claims

On the Effective Date, each holder of a Senior Secured Notes Claim against any Debtor was entitled to receive, in full and final satisfaction of such claim, the holder's pro rata share of the following:

- (i) The New Second Lien Notes in the aggregate principal amount of \$100 million, and
- (ii) 100% of the New Equity Interests, subject to dilution by New Equity Interests issued or issuable pursuant to the Management Incentive Plan

Further, the Senior Secured Notes Deficiency Claim was treated as a General Unsecured Claim. Holders of Allowed General Unsecured Claims were entitled to receive their pro rata share of the GUC Litigation Trust Interests, as described in the Plan.

Treatment of Holders of the OpCo Unsecured Notes and Holdco Unsecured Notes

Pursuant to the Plan, on the Effective Date, holders of Allowed OpCo Unsecured Notes Claims and Allowed HoldCo Unsecured Notes Claims were entitled to receive their pro rata share of the GUC

Litigation Trust Interests, as described in the Plan, and the OpCo Unsecured Notes and HoldCo Unsecured Notes were deemed fully satisfied, released, and discharged.

Treatment of Holders of the Existing Holdings II Interests

On the Effective Date, all Existing Holdings II Interests were deemed cancelled and holders of the Existing Holdings II Interests did not receive or retain any property.

Treatment of Holders of the Existing MBO Interests

On the Effective Date, all Existing MBO Interests were deemed cancelled and holders of the Existing MBO Interests did not receive or retain any property.

Form 8937, Part II, Line 15

Effect on Basis to U.S. Holders

As a result of the Transaction, each holder of a Senior Secured Notes Claim, a General Unsecured Claim, an Existing Holdings II Interest, and an Existing MBO Interest (together or separately, a "Claim") exchanged its Claim for the right to receive consideration discussed on Line 14 of this Form 8937. For purposes of this section, as stated in the Disclosure Statement:

A "U.S. Holder" means a beneficial owner of a Senior Secured Notes Claim, a General Unsecured Claim, New Equity Interest, or a New Second Lien Note that is for U.S. federal income tax purposes: an individual who is a citizen or resident of the United States; a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all of its substantial decisions, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon your individual circumstances. For a complete discussion of the U.S. tax consequences of the Plan, see the *Disclosure Statement for the Second Amended Joint Chapter 11 Plan of Reorganization of Tops Holding II Corporation and its Affiliated Debtors*, filed with the Bankruptcy Court on September 28, 2018 (i.e., the Disclosure Statement). All holders of Claims and Interests are urged to consult their tax advisor for the U.S. federal, state, local and other tax consequences applicable under the Plan.

Effect on Basis to U.S. Holders of Senior Secured Notes Claims and Senior Secured Notes Deficiency Claims

In the case of a fully taxable exchange, as is the case with the LLC Transfer, a U.S. holder of an Allowed Senior Secured Notes Claim generally should recognize gain or loss in an amount equal to the difference.

if any, between (i) the sum of the fair market value of the New Equity Interests received, the fair market value of the holder's undivided interest in the underlying assets of the GUC Litigation Trust (including in the case of cash, the cash amount) and the issue price of the New Second Lien Notes received (other than to the extent received in respect of a Claim for accrued but unpaid interest and possibly accrued OID), and (ii) the U.S. holder's adjusted tax basis in the Senior Secured Notes Claim exchanged therefor (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID).

As mentioned above, a holder that receives a beneficial interest in the GUC Litigation Trust will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the GUC Litigation Trust Assets (consistent with its economic rights in the trust), and in valuing its interest in the underlying assets, each holder must report consistently with the good faith valuation by the GUC Litigation Trustee.

In the event of the subsequent disallowance of any Disputed General Unsecured Claims, a holder of a previously Allowed Senior Secured Notes Claim (by reason of the related Senior Secured Notes Deficiency Claim) may have additional gain (if any) and/or imputed interest income in respect of its increased interest in the GUC Litigation Trust. In addition, it is possible that the recognition of any loss realized by a holder with respect to an Allowed Claim as to which an increased interest in the GUC Litigation Trust could be received may be deferred until all Disputed General Unsecured Claims are Allowed or Disallowed. Holders are urged to consult their tax advisors regarding the possible application (and the ability to elect out) of the "installment method" of reporting any gain that may be recognized by such holders in respect of their Claims due to the receipt of cash in a taxable year subsequent to the taxable year in which the Effective Date occurs, and the potential for deferred loss. The discussion herein assumes that the installment method does not apply, either because the exchange is not eligible or because the holder elects out of such treatment.

In the case of a taxable exchange, a U.S. holder's tax basis in the New Equity Interests and in its undivided interest in the underlying non-cash assets of the GUC Litigation Trust will equal the fair market value of such New Equity Interests and undivided interest, and its tax basis in the New Second Lien Notes received equal to their issue price. The U.S. holder's holding period in the New Equity Interests, notes and undivided interest generally will begin on the day following the Effective Date.

Effect on Basis to U.S. Holders of General Unsecured Claims (other than Senior Secured Notes Deficiency Claims)

Pursuant to the Plan, and in complete and final satisfaction of their Claims, holders of General Unsecured Claims will receive beneficial interests in the GUC Litigation Trust. The following discussion applies to holders of Allowed General Unsecured Claims other than Senior Secured Notes Deficiency Claims.

Each holder of an Allowed General Unsecured Claim that receives a GUC Litigation Trust interest will be treated for U.S. federal income tax purposes as directly receiving, and as a direct owner of, its respective share of the GUC Litigation Trust Assets (consistent with its economic rights in the trust). Pursuant to the Plan, the GUC Litigation Trustee will in good faith value the assets transferred to the GUC Litigation Trust, and all parties to the GUC Litigation Trust (including U.S. holders of General Unsecured Claims

receiving GUC Litigation Trust Interests) must consistently use such valuation for all U.S. federal income tax purposes.

In general, a U.S. holder of a General Unsecured Claim will recognize gain or loss with respect to its General Unsecured Claim in an amount equal to the difference between (i) the fair market value of its undivided interest in the underlying assets of the GUC Litigation Trust, including in the case of cash, the cash amount (other than any amount received attributable to a Claim for accrued but unpaid interest or possibly OID) and (ii) the U.S. Holder's adjusted tax basis in such Claim (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID).

In the event of the subsequent disallowance of any Disputed General Unsecured Claims, a holder of a previously Allowed General Unsecured Claim may have additional gain (if any) and/or imputed interest income in respect of its increased interest in the GUC Litigation Trust. In addition, it is possible that the recognition of any loss realized by a holder with respect to an Allowed Claim as to which an increased interest in the GUC Litigation Trust could be received may be deferred until all Disputed General Unsecured Claims are Allowed or Disallowed. Holders are urged to consult their tax advisors regarding the possible application (and the ability to elect out) of the "installment method" of reporting any gain that may be recognized by such holders in respect of their Claims due to the receipt of cash in a taxable year subsequent to the taxable year in which the Effective Date occurs, and the potential for deferred loss. The discussion herein assumes that the installment method does not apply, either because the exchange is not eligible or because the holder elects out of such treatment.

A U.S. holder's tax basis in its undivided interest in the underlying non-cash assets of the GUC Litigation Trust will equal the fair market value of such undivided interest, and the holding period for such interest generally will begin on the day following the Effective Date.

Form 8937, Part II, Line 16

In the case of a taxable exchange, a U.S. holder's tax basis in the New Equity Interests and in its undivided interest in the underlying non-cash assets of the GUC Litigation Trust will equal the fair market value of such New Equity Interests and undivided interest, and its tax basis in the New Second Lien Notes received equal to their issue price.

A U.S. holder's tax basis in its undivided interest in the underlying non-cash assets of the GUC Litigation Trust will equal the fair market value of such undivided interest, and the holding period for such interest generally will begin on the day following the Effective Date.

Form 8937, Part II Line 17

Internal Revenue Code Sections 1001, 1012, and 1223(1).

Form 8937, Line 18

Claim Holders

In the case of a fully taxable exchange, as is the case with the LLC Transfer, the Transaction would result in a recognizable gain or loss to a U.S. holder equal to the difference of its tax basis in their Claim compared to the fair market value of the cash or other consideration received in exchange therefor.

Existing Holdings II Equity Holders and Existing MBO Equity Holders

A U.S. Holder of MBO or Holdings II stock may be eligible for a worthless stock deduction pursuant to Section 165 of the Internal Revenue Code. The rules governing the character, timing, and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the U.S. Holder, the obligor, and the instrument with respect to which a deduction is claimed. U.S. Holders of MBO stock, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.