UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	
	:	**Chapter 11**
FAIRWAY GROUP HOLDINGS CORP., *et al.*,	:	**Case No. 20-10161 (JLG)**
	:	**(ECF No. 16)**
Debtors.[1]	:	
	:	**(Jointly Administered)**

INTERIM ORDER (I) AUTHORIZING DEBTORS TO (A) CONTINUE TO MAINTAIN THEIR INSURANCE POLICIES AND PROGRAMS AND SURETY BOND PROGRAM AND (B) HONOR ALL OBLIGATIONS WITH RESPECT THERETO; (II) MODIFYING THE AUTOMATIC STAY WITH RESPECT TO THE WORKERS' COMPENSATION PROGRAM; AND (III) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**")[2] of Fairway Group Holdings Corp. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), pursuant to sections 105(a), 362(d), 363(b) and 503(b) of title 11 of the United States Code (the "**Bankruptcy Code**"), for entry of 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 Programs and the Debtors' Premium Financing Agreements) and the Surety Bond Program, (b) honor their Insurance and Surety Obligations in the ordinary course of business during the administration of these

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Fairway Group Holdings Corp. (2788); Fairway Group Acquisition Company (2860); Fairway Bakery LLC (4129); Fairway Broadway LLC (8591); Fairway Chelsea LLC (0288); Fairway Construction Group, LLC (2741); Fairway Douglaston LLC (2650); Fairway East 86th Street LLC (3822); Fairway eCommerce LLC (3081); Fairway Georgetowne LLC (9609); Fairway Greenwich Street LLC (6422); Fairway Group Central Services LLC (7843); Fairway Group Plainview LLC (8643); Fairway Hudson Yards LLC (9331); Fairway Kips Bay LLC (0791); FN Store LLC (9240); Fairway Paramus LLC (3338); Fairway Pelham LLC (3119); Fairway Pelham Wines & Spirits LLC (3141); Fairway Red Hook LLC (8813); Fairway Stamford LLC (0738); Fairway Stamford Wines & Spirits LLC (3021); Fairway Staten Island LLC (1732); Fairway Uptown LLC (8719); Fairway Westbury LLC (6240); and Fairway Woodland Park LLC (9544). The location of the Debtors' corporate headquarters is 2284 12th Avenue, New York, New York 10027.

[2] Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

chapter 11 cases, (c) pay any prepetition Insurance and Surety Obligations, including without limitation, amounts owed under the Premium Financing Agreements and to the Insurance Service Providers if any; (ii) modify the automatic stay if necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program; and (iii) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties, and such notice having been adequate and appropriate under the circumstances, and it appearing that no other notice need be provided; and the Court having reviewed the Motion; and the Court having held a hearing to consider the relief requested in the Motion on an interim basis (the "**Hearing**"); and upon the First Day Declarations, filed contemporaneously with the Motion, and the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003, and is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis to the extent set forth herein.

2. The Debtors are authorized, but not directed, to pay, in the ordinary course of business and not on an accelerated basis, all Insurance Obligations (including without limitation, amounts owed under the Premium Financing Agreements and to the Insurance Service Providers, if any) arising under or relating to the Insurance Policies and Programs, including without limitation, any new Insurance Policies and Programs, and whether or not such Insurance Policies and Programs are listed on **Annex 1** hereto, and any new Premium Financing Agreements, whether or not such Premium Financing Agreements are listed on **Annex 2** hereto regardless of whether accruing or relating to the period before or after the Commencement Date: provided that the Debtors are authorized, but not directed, to pay only amounts due and payable as of the Commencement Date and amounts that are or become due and payable between the Commencement Date and the date that a final order on the Motion is entered, unless otherwise ordered by the Court.

3. The Debtors are authorized, but not directed, to pay, in the ordinary course of business and not on an accelerated basis, all Surety Bond Obligations arising under or relating to the Surety Bond Program, including, without limitation, any new Surety Bonds, and whether or not such Surety Bonds are listed on **Annex 3** hereto, regardless of whether accruing or relating to the period before or after the Commencement Date; provided that, the Debtors are authorized, but not directed, to pay only amounts due and payable as of the Commencement Date and amounts that are or become due and payable between the Commencement Date and the date that a final order on the Motion is entered, unless otherwise ordered by the Court.

4. The Debtors are further authorized, but not directed, to maintain their Insurance Policies and Programs and Surety Bond Program, including the arrangements under the

Premium Finance Agreements, in accordance with practices and procedures that were in effect before the Commencement Date.

5. The Debtors are further authorized, but not directed, to revise, extend, supplement or otherwise modify their insurance coverage or Surety Bonds as needed, including without limitation, through the purchase or renewal of new or existing insurance policies or Surety Bonds or through entering into or renewing new or existing Premium Financing Agreements

6. Pursuant to section 362(d) of the Bankruptcy Code, the automatic stay shall be modified to the extent necessary to permit the Debtors' employees to proceed with any claims that they may have under the Workers' Compensation Program and for the Debtors to honor and pay such obligations whether or not arising prior to the Commencement Date.

7. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to accelerate any payments not otherwise due prior to the date of the hearing to consider the relief requested in the Motion on a final basis (the "**Final Hearing**").

8. Notwithstanding anything to the contrary contained herein, any payments made or to be made by the Debtors under this Interim Order, and any authorization contained in this Interim Order, shall be in compliance with, and shall be subject to the DIP Orders approving the Debtors' debtor-in-possession financing facility and/or use of cash collateral, and the documentation in respect of such debtor-in-possession financing facility, including, without limitation, the Budget under, and as defined in, the DIP Orders.

9. Nothing contained in the Motion or this Interim Order, nor any payment made pursuant to the authority granted by this Interim Order, is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any

claim against the Debtors; (iii) a waiver of any claims or causes of action which may exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code.

10. Nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any party.

11. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

12. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a).

13. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

14. This Interim Order is effective only from the date of entry through the Court's disposition of the Motion on a final basis; provided that the Court's ultimate disposition of the Motion on a final basis shall not impair or otherwise affect any action taken pursuant to this Interim Order.

15. The Debtors are authorized to take all action necessary to effectuate the relief granted in this Interim Order.

16. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Interim Order.

17. The Final Hearing shall be held on **February 20**, **2020**, **at 2:00 p.m.** (**Prevailing Eastern Time**) and any objections or responses to the Motion shall be in writing, filed with the Court, and served upon (i) the proposed attorneys for the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Ray C. Schrock, P.C. and

Sunny Singh, Esq.); (ii) the Office of the United States Trustee for Region 2, 201 Varick Street, Suite 1006, New York, NY 10014 (Attn: Greg Zipes, Esq. and Paul Schwartzberg, Esq.); (iii) counsel to the Ad Hoc Group and proposed DIP Lenders, King & Spalding LLP, 1185 Avenue of the Americas, New York, NY 10036 (Attn: Austin Jowers, Esq., Michael Rupe, Esq. and Michael R. Handler, Esq.); and (iv) counsel to Ankura Trust Company, LLC, as the Prepetition Agent under the Prepetition Credit Agreement, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017 (Attn: Christian Fischer, Esq.), in each case, so as to be received no later than **4:00 p.m. (Prevailing Eastern Time) on February 13, 2020**.

Dated: January 28, 2020
New York, New York

/s/ *James L. Garrity, Jr.*

THE HONORABLE JAMES L. GARRITY, JR.
UNITED STATES BANKRUPTCY JUDGE

Annex 1

Insurance Schedule

	Type of Coverage	Insurance Carrier	Policy Number	Policy Term	Annual Premium
1.	Primary Property	AIG	025031598	5/21/2019-5/21/2020	$890,365
2.	1st Excess Property	STARR	SLSTPTY10960319	5/21/2019-5/21/2020	$120,000
3.	2nd Excess Property	Arch	ESP7303025-03	5/21/2019-5/21/2020	$50,000
4.	DIC – Excess Flood	Aspen	PCACQG019	5/21/2019-5/21/2020	$90,275
5.	DIC – Excess Flood	Allied	NPDI 0004 0609	5/21/2019-5/21/2020	$100,000
6.	DIC – Excess Flood	Axis	EAF622977-19	5/21/2019-5/21/2020	$84,364
7.	NFIP Flood – 400 Walnut Ave	Homesite	3000046643	4/1/2019-4/1/2020	$1,517
8.	NFIP Flood – 400 Walnut Ave	Homesite	3000046644	4/1/2019-4/1/2020	$1,129
9.	NFIP Flood – 101 Market Street East	Homesite	300046642	4/1/2019-4/1/2020	$2,668
10.	NFIP Flood – 475 Van Brunt St.	Homesite	3000038526	5/21/2019-5/21/2020	$12,578
11.	NFIP Flood – 480-496 Van Brunt St.	Homesite	300035873	5/21/2019-5/21/2020	$11,994
12.	NFIP Flood – 1510 US Highway 46	Homesite	3000038518	5/21/2019-5/21/2020	$1,268
13.	NFIP Flood – 847 Pelham Pkwy	Homesite	300038520	5/21/2019-5/21/2020	$27,379
14.	NFIP Flood – 2284 12th Ave	Homesite	3000038523	5/21/2019-5/21/2020	$35,814
15.	NFIP Flood – 2328-2330 12th Ave	Homesite	3000038524	5/21/2019-5/21/2020	$25,978
16.	General Liability	Axis	P-001-000011736-03	5/21/2019-5/21/2020	$1,238,883
17.	Primary Punitive Damages	HANSEATIC	HIPD204226	5/21/2019-5/21/2020	$17,655
18.	1st Excess Punitive Damages	Chubb	PD10221-001-A	5/21/2019-5/21/2020	$9,000

	Type of Coverage	Insurance Carrier	Policy Number	Policy Term	Annual Premium
19.	2nd Excess Punitive Damages	GAI	EXC 1493369	5/21/2019-5/21/2020	$6,500
20.	3rd Excess Punitive Damages (50%)	Magna Carta	MCEN205335	5/21/2019-5/21/2020	$5,000
21.	4th Excess Punitive Damages (50%)	XL	US00071281LI9A	5/21/2019-5/21/2020	$5,000
22.	5th Excess Punitive Damages	Navigators	MCNA205334	5/21/2019-5/21/2020	$10,000
23.	Workers Compensation	The Hartford	10 WB AB4HQZ	5/21/2019-5/21/2020	$4,353,298
24.	Auto	The Hartford	10 UEN HF9288	5/21/2019-5/21/2020	$337,751
25.	Primary Umbrella	Zurich	AUC 0118203-04	5/21/2019-5/21/2020	$176,548
26.	1st Excess Umbrella	Chubb	G7152466 001	5/21/2019-5/21/2020	$75,000
27.	2nd Excess Umbrella	Great American	EXC 2276600	5/21/2019-5/21/2020	$65,000
28.	3rd Excess Umbrella (50%)	XL	US00071281LI9A	5/21/2019-5/21/2020	$42,700
29.	3rd Excess Umbrella	Endurance	XSC10004962705	5/21/2019-5/21/2020	$42,750
30.	4th Excess Umbrella	Navigators	NY19MXE937746IV	5/21/2019-5/21/2020	$25,250
31.	Pollution	Ironshore	3667100	5/21/2019-5/21/2020	$96,202
32.	Employment Practice Liability (“EPLI”) – Primary	Beazley	V297D2190101	12/1/2019-12/1/2020	$150,000
33.	1st Layer Excess EPLI	Chubb	G46821245 003	12/1/2019-12/1/2020	$60,054
34.	2nd Layer Excess EPLI	AXIS	MNN774273/01/2019	12/1/2019-12/1/2020	$40,000
35.	Punitive Damages EPLI (“Puni”) – Primary Puni Wrap	Aria	V297D2190101	12/1/2019-12/1/2020	$15,000
36.	1st Layer Excess PUNI	Chubb	PD10505	12/1/2019-12/1/2020	$6,005
37.	2nd Layer Excess PUNI	Axis	1141650119QA	12/1/2019-12/1/2020	$4,000

	Type of Coverage	Insurance Carrier	Policy Number	Policy Term	Annual Premium
38.	Cyber Liability	AIG	02-309-92-21	10/31/2019-11/1/2020	$278,949[3]
39.	Primary Crime	AIG	02-406-03-82	11/1/2019-11/1/2020	$30,125
40.	Excess Crime	AXA XL	ELU164682-18	11/1/2019-11/1/2020	$14,000
41.	D&O and Fiduciary Primary	AIG	02-146-16-71	10/1/2019-10/1/2020	$1,150,000
42.	Excess D&O	XL	ELU157946-18	10/1/2019-10/1/2020	$600,000

[3] On January 16, 2019 the Debtors were notified that due to a one day change on the expiration of its Cyber policy, that they will be charged an additional, one-time payment, of $1,522 which will be paid upon receipt.

Annex 2

Premium Financing Agreements

Premium Financing Agreements

	Type of Coverage	Insurer	Policy Term	Financed Premium	Premium Financier	Down Payment	Installment Amount	No. of Installments Outstanding
1.	EPL	Beazley, ACE, AXIS	12/1/2019 - 12/1/2020	$250,054	AFCO Premium Credit LLC	$87,519	$23,626	6
2.	Over 20 total policies	Various	5/21/2019 - 5/21/2020	$8,290,702	AFCO Premium Credit LLC	$2,487,210	$739,744	1

Annex 3

Surety Bonds

	Obligee	Surety	Type of Bond	Bond Amount	Premium	Surety Bond Number(s)
1.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$500,000	$29,890	1-19-00-05
2.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$75,000	$4,484	1-19-00-06
3.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$22,500	$1,345	1-19-00-07
4.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$40,000	$2,391	1-19-00-08
5.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$50,000	$2,989	1-19-00-09
6.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$30,000	$1,793	1-19-00-10
7.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$35,000	$2,092	1-19-00-11

	Obligee	Surety	Type of Bond	Bond Amount	Premium	Surety Bond Number(s)
8.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$25,000	$1,495	1-19-00-12
9.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$30,000	$1,793	1-19-00-13
10.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$37,500	$2,242	1-19-00-14
11.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$3,500	$2,092	1-19-00-15
12.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$32,500	$1,943	1-19-00-16
13.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$45,000	$2,690	1-19-00-17
14.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$32,500	$1,943	1-19-00-18

	Obligee	Surety	Type of Bond	Bond Amount	Premium	Surety Bond Number(s)
15.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$22,500	$1,345	1-19-00-19
16.	USA – Secretary of Agriculture – Washington D.C.	American Financial Group	Perishable Agricultural Commodities Act License	$25,000	$1,604	1-19-00-20
17.	US Customs and Boarder Protections	American Alternative Ins Corp./Roanoke Trade Services	Customs Bond	$50,000	$400	2095957843
18.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 2 Year (Restaurant Liquor)	$1,000	$50	882422
19.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	882868
20.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	1079870
21.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	1079233

	Obligee	Surety	Type of Bond	Bond Amount	Premium	Surety Bond Number(s)
22.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	1081543
23.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	884538
24.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	884541
25.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	884540
26.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	882371
27.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	882019
28.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	884265

	Obligee	Surety	Type of Bond	Bond Amount	Premium	Surety Bond Number(s)
29.	New York State Liquor Authority	RLI Insurance Company	Penal Bond for New York Liquor License – 3 Year (Grocery, Liquor)	$1,000	$75	1082179